


# Minnesota Attorney General: Administrative Rules Proceedings

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Version 3
August 20, 2018

RULE REVIEW CHECKLIST

File No. 1322 Docket No. 05.0009.0422

DATE RECEIVED 10-9-86
REVIEW DATE 10-17-86
DUE DATE 10-23-86

APPROVED 10.23.86
DISAPPROVED
WITHDRAWN

ADOPTED W/O HEARING ✓
EMERGENCY RULE

REVISOR APPROVED 10-23-86
REVISOR DISAPPROVED
FILED W/SEC. STATE 10-29-86
RETURNED TO AGENCY 10-31-86

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✓ Rule as adopted (4 copies)

___ Notice to Solicit Outside Information/Opinion
Date published in State Register
Comments

___ Petition for Adoption of a Rule

✓ ~~Board~~ Authorizing Resolution

✓ Proposed rule
Revisor's Certificate

✓ Notice of Intent to Adopt Rule
116J.961 subd 9 Statutory Authority
yes Small business statement
no Expenditure of public money statement
n/a Signature

✓ Statement of Need and Reasonableness

✓ Affidavit of Mailing Notice of Intent to Adopt Rule
Aug 27, 1986 Date (30)/25 days before adoption

✓ Publication in State Register
Sept 1, 1986 Date (30)/25 days before adoption

✓ Resolution Adopting [redacted] by Commissioner of DEED

N/A Findings of Fact, Conclusions & Order Adopting
Date

✓ Written requests, submissions or comments

✓ Declaration of attorney
Christie B Eller Name of SAAG representing agency

___ Notice of Submission to Attorney General

___ Affidavit of Mailing Notice to Attorney General

✓ Certificate
✓ Certificate of 6 RDC Resolution Concerning an Adoption of Rules

SF-00006-03

STATE OF MINNESOTA

DEPARTMENT ATTORNEY GENERAL

# Office Memorandum

TO: MARK B. DAYTON
Commissioner, Department of Energy & Economic Development

DATE: 10-29-86

ATTN: CHRISTIE B. ELLER
Special Assistant Attorney General

FROM: MARTHA J. CASSERLY
Special Assistant Attorney General

PHONE: 296-4692

SUBJECT: Adopted Permanent Rules Relating to the Governor's Rural Development Council, Rural Development Grants

The above-referenced rule has been approved as to its legality by the Attorney General on October 23, 1986.

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.

MJC:pmf

Enclosures

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

Duane Harves
Chief Administrative Law Judge
Office of Administrative Hearings

RR1322

Department of Energy and Economic Development

Adopted Permanent Rules Relating to the Governor's Rural Development Council, Rural Development Grants

Rules as Adopted

## RURAL DEVELOPMENT GRANTS

### 4360.0100 DEFINITIONS.

Subpart 1. **Scope.** As used in parts 4360.0100 to 4360.1100, the terms defined in this part and in Minnesota Statutes, section 116J.951 have the meanings given them.

Subp. 2. **Agricultural.** "Agricultural" means relating to activities of establishments primarily engaged in food production, processing, sale and transport of goods and commodities classified under the industry code numbers used in the standard industrial classification code as published in the standard industrial classification manual adopted by incorporation by reference in part 4360.1200, for the following coded activities:

A. Major Group 01-Crops;

B. Major Group 02-Livestock;

C. Major Group 07-Agricultural Services;

D. Major Group 09-Fishing, Hunting and Trapping;

E. Major Group 20-Food and Kindred Products;

F. Group 514-Groceries and Related Products;

G. Group 515-Farm Products Raw Materials; and

H. Major Group 54-Food Stores.

Subp. 3. **Demonstration grant.** "Demonstration grant" means a grant for an innovative project that has potential statewide applications and meets the needs of farmers or low-income rural residents.

Subp. 4. **Enterprise development.** "Enterprise development" means the gradual emergence or expansion of new rural small businesses.

Subp. 5. **Farmer.** "Farmer" means one engaged in the

production of agricultural commodities (including persons engaged in the production of fish under controlled conditions), ranchers, farm tenants, and farm laborers.

Subp. 6. **Fiscal agent.** "Fiscal agent" means any Minnesota unit of state or local government, special district nonprofit organization or public institution, employing a certified public accountant for the purpose of the agent's activities, that acts on behalf of a project sponsor.

Subp. 7. **Grant funds.** "Grant funds" means money provided by the council in the form of a demonstration grant, seed grant, or pilot marketing grant.

Subp. 8. **Grant year.** "Grant year" means the year during which the council makes grant funds available.

Subp. 9. **In-kind support.** "In-kind support" means contributions made by a project sponsor other than money, usually services, facilities, goods, or equipment, meant to supplement the grant funds awarded by the council.

Subp. 10. **Letter of commitment.** "Letter of commitment" means a written statement from an organization or individual providing matching funds in conjunction with a project application submitted to the council.

Subp. 11. **Low-income.** "Low-income" means low income as defined in Code of Federal Regulations, title 24, section 813.102.

Subp. 12. **Management assistance.** "Management assistance" means assistance provided to rural small businesses in managing the day-to-day operations of the enterprise, and as opposed to financial assistance.

Subp. 13. **Matching funds.** "Matching funds" means the share, including in-kind support, of total project costs raised by the grantee used to supplement grant funds. Matching funds may not consist solely of in-kind support but may consist solely of money from any source.

Subp. 14. **Nonprofit organization.** "Nonprofit organization" means an organization that is a tax-exempt entity under section 501(c)(3) of the Internal Revenue Code of 1954, as amended

through December 31, 1985.

Subp. 15. **Operating capital.** "Operating capital" means money or credit used by the owner of a for-profit business to pay the day-to-day operating expenses of the enterprise, such as for the purchase of goods, inventory, machinery, equipment, or other overhead costs.

Subp. 16. **Priority rural development issues or priority issue areas.** "Priority rural development issues" or "priority issue areas" means family farm and agricultural land protection, value added processing and marketing, or rural small business assistance or any combination of those issues.

Subp. 17. **Program.** "Program" means the grant-making activities of the council.

Subp. 18. **Project or rural development project.** "Project" or "rural development project" means any activity funded or to be funded by the council that seeks to accomplish one or more of the goals specified in part 4360.0300 in one or more of the priority rural development issue areas.

Subp. 19. **Project evaluation.** "Project evaluation" means a comparison between the activities implementing the work program and anticipated project results, as identified in the project application, and the actual outcome of the project.

Subp. 20. **Project promotion.** "Project promotion" means a method of informing the general public and others about project activities, including the use of appropriate media, responding to individual inquiries, mailings to appropriate groups, and reporting to the council on project activities.

Subp. 21. **Project sponsor or sponsor.** "Project sponsor" or "sponsor" means the person or entity that implements or intends to implement a rural development project, whether or not acting through a fiscal agent.

Subp. 22. **Project sponsor or fiscal agent.** "Project sponsor or fiscal agent" means, unless a contrary meaning is clearly intended, that the project sponsor is ultimately responsible for the required action and that if a fiscal agent is used, the fiscal agent is responsible to the sponsor to take

the required act and the project sponsor is responsible for the same act only in the event that the fiscal agent is unwilling or unable to take the required action.

Subp. 23. **Rural.** "Rural" means places within the state other than first class cities as defined in Minnesota Statutes, section 410.01.

Subp. 24. **Rural small business.** "Rural small business" means a business entity, including its affiliates, that:

A. is independently owned and operated for a profit;

B. is not dominant in its field;

C. employs fewer than 50 full-time employees or has gross annual sales less than $4,000,000; and

D. is located in rural Minnesota.

Subp. 25. **Seed grant.** "Seed grant" means a small initial award of funds to a project sponsor awarded to attract other grants and contributions to the project from other sources.

Subp. 26. **Start-up capital.** "Start-up capital" means money or credit used by the owner of a for-profit business to begin operating that business for the first time.

Subp. 27. **Value added.** "Value added" means the increased worth of Minnesota agriculture and forest resources that is caused by the introduction of higher cost crops into the state, or the additional processing of existing crops, livestock, and forest products that occur within a locality or the state, rather than outside of the state.

4360.0200 COUNCIL PURPOSE.

The council serves as a forum for identifying the priority rural development issues in Minnesota and developing goals and strategies for addressing those issues through the use of technical and financial resources available to the council.

4360.0300 PRIORITY RURAL DEVELOPMENT ISSUE AREAS AND GOALS.

Subpart 1. **Scope.** The council, through the rural development grant programs, provides grants to qualified organizations to implement rural development projects. To most effectively meet the needs of rural Minnesota, the council has

established the three priority issue areas in subparts 2 to 4 and goals for projects within each area. To the extent of legislative appropriations, the council makes funds available for projects that seek to accomplish one or more of the goals in one or more of the priority issue areas.

Subp. 2. **Family farm and agricultural land protection issue area; goals.** The council's goals in the family farm and agricultural land protection issue area are to:

A. protect the quality and quantity of the agricultural land in the state through the use of resource management practices or land use planning and zoning;

B. promote an agricultural land protection awareness and understanding by the farm and nonfarm populations of all ages;

C. preserve the family farm structure by enhancing the potential for increased farm income, especially for beginning farmers, through business management and other nonloan forms of assistance; and

D. provide information and education programs that will increase the appreciation and understanding of basic agricultural production, its role in the economy, and current farm issues, by consumers, nonfarm segments of the population, members of the state legislature and congress, and other residents of the state.

Subp. 3. **Value-added processing and marketing issue area; goals.** The council's goals in the value-added processing and marketing issue area are to:

A. research and identify new products, processes, and services to add value to Minnesota agricultural and forest resources;

B. inform Minnesotans about opportunities and the skills required to take advantage of processes, products, growing crops, and markets that add value to Minnesota resources;

C. provide resources to Minnesotans to act on growing, processing, and marketing opportunities through grants, matching funds, and help from state organizations and agencies;

and

D. measure project results and inform the public about the results from experimental projects.

Subp. 4. **Rural small business assistance issue area; goals.** The council's goals in the rural small business assistance issue area are to:

A. provide technical and management assistance for rural small businesses;

B. establish formal networks to assist rural small businesses and technical resources in rural Minnesota with information sharing; and

C. encourage enterprise development to improve management, marketing, business skills, and availability of risk capital.

4360.0400 PROJECT START AND END DATE.

The project start date for each project is 30 days after approval of the project by the council at its annual meeting. A project sponsor or fiscal agent shall not make a contract for services or supplies before receiving written notification of funding from the council. Grant program guidelines shall be published in the State Register 90 days before the deadline for submission of grant applications. No grant may be made to cover a period longer than one year from the project start date.

4360.0500 FISCAL AGENT.

A project sponsor not meeting the requirements for an eligible applicant under part 4360.0800, subpart 2 or 4360.1000, subpart 2 shall use, and a project sponsor meeting those requirements may use, the services of a fiscal agent to accept council grant funds on the sponsor's behalf, pay project expenses, and prepare financial reports and the final audit. The sponsor and the fiscal agent must both sign the application and, if a grant is received, the sponsor and the fiscal agent must both sign the grant agreement. When a fiscal agent is used, the project sponsor remains ultimately responsible for the completion of the project, the proper management of the grant

funds and other acts of the fiscal agent, notwithstanding any agreement between the sponsor and the fiscal agent requiring the agent to take any acts on behalf of the sponsor. The portion of fiscal agent fees directly attributable to the grant, up to a maximum of ten percent of the grant, may be included in the amount of grant funds requested from the council.

4360.0600 RESTRICTIONS.

Subpart 1. **Equipment.** The use of council grant funds for the purchase of equipment is prohibited except as provided in this subpart. A project sponsor desiring to purchase equipment with grant funds must show that equipment is essential to the implementation of the project, and that the equipment is not available for lease or rent during the grant period or that the equipment will cost more to rent or lease than to buy.

Subp. 2. **Application costs.** Grant funds shall not be used to pay any cost incurred in the preparation or submission of any grant application to the council.

Subp. 3. **Late applications.** A project application that is incomplete or received after the deadline for application will not be considered for funding in the fiscal year in which it is received.

Subp. 4. **Discussion of applications.** Council staff, council members, employees of the Department of Energy and Economic Development, employees of the State Board of Investments, and other persons advising the council or the commissioner shall not discuss a project application with either a project sponsor or fiscal agent at any time between the time the project application is submitted to the council and the time the council makes its recommendation to the commissioner.

4360.0700 APPLICATION PROCESS.

Subpart 1. **In general.** To apply for grant funds, the project sponsor and any fiscal agent shall submit a completed and signed application form to the commissioner on a form approved by the commissioner.

Subp. 2. **Contents.** A complete application consists of the

following:

A. 20 copies of the completed and signed application form; and

B. 20 copies of all letters of commitment for all matching funds. Sources of matching funds and the type (for example, money or in-kind support) and amount of the funds must also be stated in the application form.

Subp. 3. **Application submission deadlines.** A completed application for grant funds shall be submitted to the council according to the following schedule:

A. Demonstration grants - the last business day of the third week in January.

B. Seed grants - the last business day of the second week in December.

Subp. 4. **Submission to regional development commissions.** A project sponsor or any fiscal agent that is a governmental unit or a public educational institution must submit one copy of the completed application form and letters of commitment for requested matching funds to the appropriate regional development commission for review and comment where a commission exists, or the Metropolitan Council, where it has jurisdiction, in accordance with Minnesota Statutes, section 462.391, subdivision 3, or 473.171, respectively, no later than the appropriate application deadline date.

Subp. 5. **Address.** Application materials must be submitted to: Governor's Rural Development Council, Minnesota Department of Energy and Economic Development, 900 American Center Building, 150 East Kellogg Boulevard, Saint Paul, Minnesota 55101.

Subp. 6. **Council review.** Within 90 days after the application deadline, the council shall complete its review and select those projects to be recommended to the commissioner for grants.

Subp. 7. **Notification.** Immediately following approval or disapproval of a grant by the commissioner, the council staff shall notify the project sponsor or fiscal agent, as

appropriate, of the action taken by the commissioner.

Subp. 8. **Grant agreement.** The sponsor and fiscal agent, if a fiscal agent is used, of a project that is recommended by the council to the commissioner must sign a grant agreement that states the conditions to which the grant is subject. Upon approval of the grant by the commissioner, the grant agreement must be processed by the commissioner and the Department of Finance. The council staff shall provide a copy of the fully executed grant agreement, forms for all required reporting, and other information to the project sponsor and any fiscal agent.

Subp. 9. **Grant close-out.** At the next council meeting following receipt of the reports required by part 4360.0900, or 4360.1100, the council shall review the reports received and determine whether the project sponsor or fiscal agent has complied with parts 4360.0100 to 4360.1100 and the conditions of the grant agreement, and notify each project sponsor or fiscal agent whether it has complied.

Subp. 10. **Unexpended grant funds.** If, during the grant close-out required by subpart 9, the council determines that any grant funds have not yet been expended for project purposes, the council shall require the sponsor or fiscal agent to return the unexpended grant funds to the council. Upon request of the council, a project sponsor or fiscal agent shall return unexpended funds to the council.

Subp. 11. **Denial and revocation of grant funds.** If the council determines on the basis of a quarterly, final, or other report that a project sponsor or fiscal agent has violated or may violate a provision of parts 4360.0100 to 4360.1100 or a condition of the grant agreement, or both, the council may withhold grant funds not yet released or may require the return of grant funds already released. Upon request of the council, the project sponsor or fiscal agent shall return grant funds to the council.

## TYPES OF GRANTS AVAILABLE

4360.0800 DEMONSTRATION GRANTS.

Subpart 1. **Purpose.** The council, through the demonstration grant program, provides grant funds to nonprofit organizations, public institutions, units of state and local government, and special districts within the state for innovative projects with potential statewide applications that seek to accomplish one or more of the goals in one or more of the priority issue areas established in part 4360.0110. The intent of the demonstration grants program is to assist organizations unable to provide financing from their own resources or unable to obtain financing from conventional sources.

Subp. 2. **Eligible applicants.** Nonprofit organizations, units of state and local government, public institutions, and special districts within Minnesota are eligible to apply for demonstration grants.

Subp. 3. **Eligible use of funds.** The council shall consider applications for grant funds for proposed demonstration projects begun before or after the effective date of parts 4360.0100 to 4360.1100 that:

A. will use grant funds for action-oriented, as opposed to studies or plans, components of the project;

B. provide direct benefit to farmers, immediate farm family members, or low income rural residents of Minnesota;

C. have objectively measurable short-term (less than 12 months) results;

D. inform those regional development commissions or other entities referred to in part 4360.0700, subpart 4 of the existence of the project; and

E. seek to accomplish any of the goals in one or more of the three priority issue areas related to the project.

Subp. 4. **Ineligible use of funds.** The council shall not consider an application for grant funds for a proposed project that:

A. does not primarily serve the needs of farmers, immediate farm family members, or low income rural residents of Minnesota;

B. will use council grant funds for physical construction or improvement of existing facilities;

C. duplicates or is substantially similar to other programs or efforts already being made within the state;

D. uses council grant funds to provide operating capital or start-up capital for for-profit private businesses or enterprises;

E. has not been submitted by the project sponsor or fiscal agent to regional development commissions or other entities for review and comment as required by law; or

F. does not seek to accomplish any of the goals in one or more of the three priority areas related to the project.

Subp. 5. **Grant limits.** A request for a demonstration grant may not exceed:

A. $60,000 or 70 percent of the total cost of the project, whichever is less, for the first year of a project;

B. $40,000 or 50 percent of the total cost of the project, whichever is less, for the second year of a project; or

C. $20,000 or 30 percent of the total cost of the project, for the third year of a project, whichever is less.

Subp. 6. **Continued support.** Support for demonstration projects is determined annually by the council on a competitive basis. Support for a project in the first year does not obligate the council to continue the support in a second or third year. The determination whether to continue support for a project must be based on the success of the project and the need for further grant-supported activities. A project sponsor must provide at least 15 percent of the total project cost in cash.

Subp. 7. **Letters of commitment.** Letters verifying the commitment of required matching funds must be submitted to the council at the time of application for demonstration project grants.

Subp. 8. **Criteria for application review and selection.** Demonstration project grant applications shall be reviewed by council staff, technical advisors to the council, and subcommittees as the council may direct, who shall make

recommendations to the council. Applications shall be ranked by the council based upon the following factors:

A. the extent to which the project will meet the council's issue area goals (maximum 15 points);

B. the innovative qualities of the project, or the extent to which project results will provide new knowledge and benefits to rural residents (maximum 15 points);

C. the potential for future project replication in other areas of rural Minnesota, or the statewide impact of the project (maximum 15 points);

D. the merit of the project design and implementation plan (maximum 15 points);

E. the feasibility of the project work program, budget, and timeline for completion (maximum ten points);

F. the project sponsor's experience and ability to successfully implement the demonstration project (maximum ten points);

G. the potential for future leveraging of other sources of funds, or the ability to become self-sufficient (maximum ten points);

H. the proposed methods for publicizing project activities and results (maximum five points); and

I. the level of proposed coordination with appropriate local, state, and federal agencies and organizations with expertise in the project area (maximum five points).

Subp. 9. **Deadline for release of funds.** The council shall release grant funds to the sponsor or, if a fiscal agent is used, to the fiscal agent, according to the schedule contained in items A to C and the sponsor should plan expenditures with the following deadlines in mind:

A. The council shall release the initial 40 percent of the total grant funds upon execution of the grant agreement.

B. The council shall release an additional 40 percent of the total grant funds upon receipt of an expenditure report covering the portion of grant funds released under item A, that demonstrates compliance with parts 4360.0100 to 4360.1100 and

the conditions of the grant agreement.

C. The council shall release the final 20 percent of the total grant funds upon receipt of all reports required by part 4360.0900.

Subp. 10. **Accounts required.** The sponsor or fiscal agent shall establish and maintain for each project separate bookkeeping accounts for grant funds, matching funds in the form of money, and in-kind matching funds.

4360.0900 DEMONSTRATION GRANT REPORTING REQUIREMENTS.

A project sponsor or fiscal agent receiving a demonstration grant shall submit the following reports to the council:

A. quarterly reports, on a form provided by the council, shall be submitted once each calendar quarter in the third week of the last month of the quarter according to the following schedule: first quarter (January, February, March); second quarter (April, May, June); third quarter (July, August, September); and fourth quarter (October, November, December), and a time period not covered in any report shall be addressed in the next subsequent report; the quarterly report shall include a project promotion and publicity component that will clearly show the progress of the project during the quarter in order to provide the general public, target population groups, members of the council, and other funders with timely communication on major project activities;

B. an expenditure report, showing in detail the purposes for which the initial 40 percent of the grant funds were spent and showing that those purposes complied with parts 4360.0100 to 4360.1100 and the conditions of the grant agreement;

C. a final expenditure report, showing in detail the purposes for which the second 40 percent of the grant funds were spent, and showing that those purposes complied with parts 4360.0100 to 4360.1100 and the conditions of the grant agreement;

D. a final project evaluation report, on a form provided by the council, to be submitted at least three weeks before the close of the final grant year for the project;

E. a brief narrative report, suitable for publication, explaining the project, the activities conducted during the grant period, and any suggestions based upon the experience of the sponsor that can be shared with organizations or individuals interested in replicating the project, to be submitted at least three weeks before the close of the final grant year for the project; and

F. a final audit, based upon generally accepted principals of accounting, of both grant funds and matching funds, demonstrating compliance with parts 4360.0100 to 4360.1100 and the conditions of the grant agreement, to be submitted at least three weeks before the close of the final grant year for the project; and

G. a publicity report outlining the results of the project sponsor's ongoing promotion and publicity activities, to be submitted at least three weeks before the close of the final grant year for the project.

4360.1000 SEED GRANT.

Subpart 1. **Purpose.** The council, through the seed grant program, provides grant funds to encourage promising projects by providing funds that will attract other grants and contributions.

Subp. 2. **Eligible applicants.** Nonprofit organizations, units of state and local government, public institutions, and special districts within the state are eligible to apply for seed grants.

Subp. 3. **Eligible uses of funds.** The council shall consider applications for seed grant funds for proposed projects that:

A. seek to accomplish one or more of the goals in one or more of the three priority issue areas that are related to the project;

B. will use seed grant funds to leverage other public or private funds or both public and private funds;

C. provide direct benefit to farmers, immediate farm family members, or low-income rural residents of Minnesota;

D. have objectively measurable short-term (less than 12 months) results;

E. will use seed grant funds to implement new and innovative projects and programs; and

F. inform appropriate agencies and organizations of the existence of the project.

Subp. 4. **Ineligible uses of funds.** The council shall not consider an application for seed grant funds for a proposed project that:

A. is receiving or has received council demonstration or seed grant funds;

B. does not primarily serve the needs of farmers, immediate farm family members, or low-income rural residents of Minnesota;

C. will use seed grant funds for physical construction or improvement of existing facilities;

D. duplicates or is substantially similar to other efforts already being made in the state;

E. uses seed grant funds to provide operating capital or start-up capital for for-profit private businesses or enterprises;

F. will replicate a council demonstration project in another geographic area of the state;

G. has not been submitted by the project sponsor to other agencies of federal, state, or local government for review and comment, as required by law; or

H. does not seek to accomplish one or more of the goals in one or more of the three priority issue areas related to the project.

Subp. 5. **Matching funds required.** A project sponsor must demonstrate the ability to secure matching funds equal to 70 percent of the total project cost for the grant period. Matching funds that have been secured before the time of application must be documented by submitting a letter of commitment from the source of the matching funds. A project sponsor must include in its application a fundraising strategy

and identification of potential sources of matching funds. A project sponsor must provide at least 15 percent of the total project cost in cash.

Subp. 6. **Grant limits.** Seed grants may be made for up to the lesser of 30 percent of the total project cost for the grant period or $10,000. Seed grants are available on a one-time basis and may not be considered as a source of future or continuing support for projects.

Subp. 7. **Criteria for application review and selection.** Seed grant applications shall be reviewed by council staff, technical advisors to the council, and subcommittees as the council may direct, who shall make recommendations to the council. Applications shall be ranked by the council based upon the following factors:

A. the extent to which the project will meet the council's issue area goals (maximum ten points);

B. the potential for leveraging other sources of funds to meet local match requirements (maximum ten points);

C. the merit of the project design and implementation plan (maximum ten points);

D. the innovative qualities of the project or whether the project results will provide new knowledge and benefits to rural residents (maximum ten points);

E. the feasibility of the project work program, budget, and timeline for completion (maximum five points); and

F. the project sponsor's experience and ability to successfully implement the project (maximum five points).

Subp. 8. **Deadline for release of funds.** The council shall release grant funds to the sponsor or, if a fiscal agent is used, to the fiscal agent according to the schedule contained in items A to C, and the project sponsor should plan grant-related expenditures with the following deadlines in mind:

A. The council shall release the initial 40 percent of the total grant funds upon execution of the grant agreement.

B. The council shall release an additional 40 percent of the total grant funds upon receipt of an expenditure report

covering the portion of grant funds released under item A, that demonstrates compliance with parts 4360.0100 to 4360.1100 and the conditions of the grant agreement.

C. The council shall release the final 20 percent of the total grant funds upon receipt of letters of commitment for matching funds and all reports required by part 4360.1100.

4360.1100 SEED GRANT REPORTING REQUIREMENTS.

A project sponsor or fiscal agent shall submit to the council quarterly reports, an expenditure report, a final expenditure report, a final project evaluation report, a brief narrative report, a final audit, and a publicity report containing the same material and subject to the same requirements as the reports required in part 4360.0900, except that the reports required by this part shall contain information on and be submitted for the purpose of seed grants.

4360.1200 INCORPORATION BY REFERENCE.

The Office of Management and Budget's Standard Industrial Classification Manual (Manual), published by the Office of Federal Statistical Policy and Standards, U.S. Department of Commerce, is adopted by incorporation by reference. The Manual was last published in 1977, is not subject to frequent change. It is available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402 (Stock Number 4101-0066), and the State Law Library, 117 University Avenue, St. Paul, Minnesota 55155.

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED

OCT 29 1986

Joan Anderson Growe 3:17 P.M.
Secretary of State

APPROVED AS TO FORM AND LEGALITY
October 23 1986
HUBERT H. HUMPHREY, III
ATTORNEY GENERAL
BY MJ Cassedy
SPECIAL ASSISTANT ATTORNEY GENERAL

Department of Energy and Economic Development

Proposed Permanent Rules Relating to the Governor's Rural Development Council, Rural Development Grants

Rules as Proposed (all new material)

## RURAL DEVELOPMENT GRANTS

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APPROVED IN THE REVISOR OF STATUTES OFFICE BY:

DSN

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Subp. 6. **Fiscal agent.** "Fiscal agent" means any Minnesota unit of state or local government, special district nonprofit organization or public institution, employing a certified public accountant for the purpose of the agent's activities, that acts on behalf of a project sponsor.

Subp. 7. **Grant funds.** "Grant funds" means money provided by the council in the form of a demonstration grant, seed grant, or pilot marketing grant.

Subp. 8. **Grant year.** "Grant year" means the year during which the council makes grant funds available.

Subp. 9. **In-kind support.** "In-kind support" means contributions made by a project sponsor other than money, usually services, facilities, goods, or equipment, meant to supplement the grant funds awarded by the council.

Subp. 10. **Letter of commitment.** "Letter of commitment" means a written statement from an organization or individual providing matching funds in conjunction with a project application submitted to the council.

Subp. 11. **Low-income.** "Low-income" means low income as defined in Code of Federal Regulations, title 24, section 813.102.

Subp. 12. **Management assistance.** "Management assistance" means assistance provided to rural small businesses in managing the day-to-day operations of the enterprise, and as opposed to financial assistance.

Subp. 13. **Matching funds.** "Matching funds" means the share, including in-kind support, of total project costs raised by the grantee used to supplement grant funds. Matching funds may not consist solely of in-kind support but may consist solely of money from any source.

Subp. 14. **Nonprofit organization.** "Nonprofit organization" means an organization that is a tax-exempt entity under section 501(c)(3) of the Internal Revenue Code of 1954, as amended



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through December 31, 1985.

Subp. 15. **Operating capital.** "Operating capital" means money or credit used by the owner of a for-profit business to pay the day-to-day operating expenses of the enterprise, such as for the purchase of goods, inventory, machinery, equipment, or other overhead costs.

Subp. 16. **Priority rural development issues or priority issue areas.** "Priority rural development issues" or "priority issue areas" means family farm and agricultural land protection, value added processing and marketing, or rural small business assistance or any combination of those issues.

Subp. 17. **Program.** "Program" means the grant-making activities of the council.

Subp. 18. **Project or rural development project.** "Project" or "rural development project" means any activity funded or to be funded by the council that seeks to accomplish one or more of the goals specified in part 4360.0300 in one or more of the priority rural development issue areas.

Subp. 19. **Project evaluation.** "Project evaluation" means a comparison between the activities implementing the work program and anticipated project results, as identified in the project application, and the actual outcome of the project.

Subp. 20. **Project promotion.** "Project promotion" means a method of informing the general public and others about project activities, including the use of appropriate media, responding to individual inquiries, mailings to appropriate groups, and reporting to the council on project activities.

Subp. 21. **Project sponsor or sponsor.** "Project sponsor" or "sponsor" means the person or entity that implements or intends to implement a rural development project, whether or not acting through a fiscal agent.

Subp. 22. **Project sponsor or fiscal agent.** "Project sponsor or fiscal agent" means, unless a contrary meaning is clearly intended, that the project sponsor is ultimately responsible for the required action and that if a fiscal agent is used, the fiscal agent is responsible to the sponsor to take

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the required act and the project sponsor is responsible for the same act only in the event that the fiscal agent is unwilling or unable to take the required action.

Subp. 23. **Rural.** "Rural" means places within the state other than first class cities as defined in Minnesota Statutes, section 410.01.

Subp. 24. **Rural small business.** "Rural small business" means a business entity, including its affiliates, that:

A. is independently owned and operated for a profit;

B. is not dominant in its field;

C. employs fewer than 50 full-time employees or has gross annual sales less than $4,000,000; and

D. is located in rural Minnesota.

Subp. 25. **Seed grant.** "Seed grant" means a small initial award of funds to a project sponsor awarded to attract other grants and contributions to the project from other sources.

Subp. 26. **Start-up capital.** "Start-up capital" means money or credit used by the owner of a for-profit business to begin operating that business for the first time.

Subp. 27. **Value added.** "Value added" means the increased worth of Minnesota agriculture and forest resources that is caused by the introduction of higher cost crops into the state, or the additional processing of existing crops, livestock, and forest products that occur within a locality or the state, rather than outside of the state.

4360.0200 COUNCIL PURPOSE.

The council serves as a forum for identifying the priority rural development issues in Minnesota and developing goals and strategies for addressing those issues through the use of technical and financial resources available to the council.

4360.0300 PRIORITY RURAL DEVELOPMENT ISSUE AREAS AND GOALS.

Subpart 1. **Scope.** The council, through the rural development grant programs, provides grants to qualified organizations to implement rural development projects. To most effectively meet the needs of rural Minnesota, the council has

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established the three priority issue areas in subparts 2 to 4 and goals for projects within each area. To the extent of legislative appropriations, the council makes funds available for projects that seek to accomplish one or more of the goals in one or more of the priority issue areas.

Subp. 2. **Family farm and agricultural land protection issue area; goals.** The council's goals in the family farm and agricultural land protection issue area are to:

A. protect the quality and quantity of the agricultural land in the state through the use of resource management practices or land use planning and zoning;

B. promote an agricultural land protection awareness and understanding by the farm and nonfarm populations of all ages;

C. preserve the family farm structure by enhancing the potential for increased farm income, especially for beginning farmers, through business management and other nonloan forms of assistance; and

D. provide information and education programs that will increase the appreciation and understanding of basic agricultural production, its role in the economy, and current farm issues, by consumers, nonfarm segments of the population, members of the state legislature and congress, and other residents of the state.

Subp. 3. **Value-added processing and marketing issue area; goals.** The council's goals in the value-added processing and marketing issue area are to:

A. research and identify new products, processes, and services to add value to Minnesota agricultural and forest resources;

B. inform Minnesotans about opportunities and the skills required to take advantage of processes, products, growing crops, and markets that add value to Minnesota resources;

C. provide resources to Minnesotans to act on growing, processing, and marketing opportunities through grants, matching funds, and help from state organizations and agencies;

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and

D. measure project results and inform the public about the results from experimental projects.

Subp. 4. **Rural small business assistance issue area; goals.** The council's goals in the rural small business assistance issue area are to:

A. provide technical and management assistance for rural small businesses;

B. establish formal networks to assist rural small businesses and technical resources in rural Minnesota with information sharing; and

C. encourage enterprise development to improve management, marketing, business skills, and availability of risk capital.

4360.0400 PROJECT START AND END DATE.

The project start date for each project is 30 days after approval of the project by the council at its annual meeting. A project sponsor or fiscal agent shall not make a contract for services or supplies before receiving written notification of funding from the council. Grant program guidelines shall be published in the State Register 90 days before the deadline for submission of grant applications. No grant may be made to cover a period longer than one year from the project start date.

4360.0500 FISCAL AGENT.

A project sponsor not meeting the requirements for an eligible applicant under part 4360.0800, subpart 2 or 4360.1000, subpart 2 shall use, and a project sponsor meeting those requirements may use, the services of a fiscal agent to accept council grant funds on the sponsor's behalf, pay project expenses, and prepare financial reports and the final audit. The sponsor and the fiscal agent must both sign the application and, if a grant is received, the sponsor and the fiscal agent must both sign the grant agreement. When a fiscal agent is used, the project sponsor remains ultimately responsible for the completion of the project, the proper management of the grant

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funds and other acts of the fiscal agent, notwithstanding any agreement between the sponsor and the fiscal agent requiring the agent to take any acts on behalf of the sponsor. The portion of fiscal agent fees directly attributable to the grant, up to a maximum of ten percent of the grant, may be included in the amount of grant funds requested from the council.

4360.0600 RESTRICTIONS.

Subpart 1. **Equipment.** The use of council grant funds for the purchase of equipment is prohibited except as provided in this subpart. A project sponsor desiring to purchase equipment with grant funds must show that equipment is essential to the implementation of the project, and that the equipment is not available for lease or rent during the grant period or that the equipment will cost more to rent or lease than to buy.

Subp. 2. **Application costs.** Grant funds shall not be used to pay any cost incurred in the preparation or submission of any grant application to the council.

Subp. 3. **Late applications.** A project application that is incomplete or received after the deadline for application will not be considered for funding in the fiscal year in which it is received.

Subp. 4. **Discussion of applications.** Council staff, council members, employees of the Department of Energy and Economic Development, employees of the State Board of Investments, and other persons advising the council or the commissioner shall not discuss a project application with either a project sponsor or fiscal agent at any time between the time the project application is submitted to the council and the time the council makes its recommendation to the commissioner.

4360.0700 APPLICATION PROCESS.

Subpart 1. **In general.** To apply for grant funds, the project sponsor and any fiscal agent shall submit a completed and signed application form to the commissioner on a form approved by the commissioner.

Subp. 2. **Contents.** A complete application consists of the

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following:

A. 20 copies of the completed and signed application form; and

B. 20 copies of all letters of commitment for all matching funds. Sources of matching funds and the type (for example, money or in-kind support) and amount of the funds must also be stated in the application form.

Subp. 3. **Application submission deadlines.** A completed application for grant funds shall be submitted to the council according to the following schedule:

A. Demonstration grants - the last business day of the third week in January.

B. Seed grants - the last business day of the second week in December.

Subp. 4. **Submission to regional development commissions.** A project sponsor or any fiscal agent that is a governmental unit or a public educational institution must submit one copy of the completed application form and letters of commitment for requested matching funds to the appropriate regional development commission for review and comment where a commission exists, or the Metropolitan Council, where it has jurisdiction, in accordance with Minnesota Statutes, section 462.391, subdivision 3, or 473.171, respectively, no later than the appropriate application deadline date.

Subp. 5. **Address.** Application materials must be submitted to: Governor's Rural Development Council, Minnesota Department of Energy and Economic Development, 900 American Center Building, 150 East Kellogg Boulevard, Saint Paul, Minnesota 55101.

Subp. 6. **Council review.** Within 90 days after the application deadline, the council shall complete its review and select those projects to be recommended to the commissioner for grants.

Subp. 7. **Notification.** Immediately following approval or disapproval of a grant by the commissioner, the council staff shall notify the project sponsor or fiscal agent, as



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appropriate, of the action taken by the commissioner.

Subp. 8. **Grant agreement.** The sponsor and fiscal agent, if a fiscal agent is used, of a project that is recommended by the council to the commissioner must sign a grant agreement that states the conditions to which the grant is subject. Upon approval of the grant by the commissioner, the grant agreement must be processed by the commissioner and the Department of Finance. The council staff shall provide a copy of the fully executed grant agreement, forms for all required reporting, and other information to the project sponsor and any fiscal agent.

Subp. 9. **Grant close-out.** At the next council meeting following receipt of the reports required by part 4360.0900, or 4360.1100, the council shall review the reports received and determine whether the project sponsor or fiscal agent has complied with parts 4360.0100 to 4360.1100 and the conditions of the grant agreement, and notify each project sponsor or fiscal agent whether it has complied.

Subp. 10. **Unexpended grant funds.** If, during the grant close-out required by subpart 9, the council determines that any grant funds have not yet been expended for project purposes, the council shall require the sponsor or fiscal agent to return the unexpended grant funds to the council. Upon request of the council, a project sponsor or fiscal agent shall return unexpended funds to the council.

Subp. 11. **Denial and revocation of grant funds.** If the council determines on the basis of a quarterly, final, or other report that a project sponsor or fiscal agent has violated or may violate a provision of parts 4360.0100 to 4360.1100 or a condition of the grant agreement, or both, the council may withhold grant funds not yet released or may require the return of grant funds already released. Upon request of the council, the project sponsor or fiscal agent shall return grant funds to the council.

## TYPES OF GRANTS AVAILABLE

4360.0800 DEMONSTRATION GRANTS.

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Subpart 1. **Purpose.** The council, through the demonstration grant program, provides grant funds to nonprofit organizations, public institutions, units of state and local government, and special districts within the state for innovative projects with potential statewide applications that seek to accomplish one or more of the goals in one or more of the priority issue areas established in part 4360.0110. The intent of the demonstration grants program is to assist organizations unable to provide financing from their own resources or unable to obtain financing from conventional sources.

Subp. 2. **Eligible applicants.** Nonprofit organizations, units of state and local government, public institutions, and special districts within Minnesota are eligible to apply for demonstration grants.

Subp. 3. **Eligible use of funds.** The council shall consider applications for grant funds for proposed demonstration projects begun before or after the effective date of parts 4360.0100 to 4360.1100 that:

A. will use grant funds for action-oriented, as opposed to studies or plans, components of the project;

B. provide direct benefit to farmers, immediate farm family members, or low income rural residents of Minnesota;

C. have objectively measurable short-term (less than 12 months) results;

D. inform those regional development commissions or other entities referred to in part 4360.0700, subpart 4 of the existence of the project; and

E. seek to accomplish any of the goals in one or more of the three priority issue areas related to the project.

Subp. 4. **Ineligible use of funds.** The council shall not consider an application for grant funds for a proposed project that:

A. does not primarily serve the needs of farmers, immediate farm family members, or low income rural residents of Minnesota;

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B. will use council grant funds for physical construction or improvement of existing facilities;

C. duplicates or is substantially similar to other programs or efforts already being made within the state;

D. uses council grant funds to provide operating capital or start-up capital for for-profit private businesses or enterprises;

E. has not been submitted by the project sponsor or fiscal agent to regional development commissions or other entities for review and comment as required by law; or

F. does not seek to accomplish any of the goals in one or more of the three priority areas related to the project.

Subp. 5. **Grant limits.** A request for a demonstration grant may not exceed:

A. $60,000 or 70 percent of the total cost of the project, whichever is less, for the first year of a project;

B. $40,000 or 50 percent of the total cost of the project, whichever is less, for the second year of a project; or

C. $20,000 or 30 percent of the total cost of the project, for the third year of a project, whichever is less.

Subp. 6. **Continued support.** Support for demonstration projects is determined annually by the council on a competitive basis. Support for a project in the first year does not obligate the council to continue the support in a second or third year. The determination whether to continue support for a project must be based on the success of the project and the need for further grant-supported activities. A project sponsor must provide at least 15 percent of the total project cost in cash.

Subp. 7. **Letters of commitment.** Letters verifying the commitment of required matching funds must be submitted to the council at the time of application for demonstration project grants.

Subp. 8. **Criteria for application review and selection.** Demonstration project grant applications shall be reviewed by council staff, technical advisors to the council, and subcommittees as the council may direct, who shall make

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recommendations to the council. Applications shall be ranked by the council based upon the following factors:

A. the extent to which the project will meet the council's issue area goals (maximum 15 points);

B. the innovative qualities of the project, or the extent to which project results will provide new knowledge and benefits to rural residents (maximum 15 points);

C. the potential for future project replication in other areas of rural Minnesota, or the statewide impact of the project (maximum 15 points);

D. the merit of the project design and implementation plan (maximum 15 points);

E. the feasibility of the project work program, budget, and timeline for completion (maximum ten points);

F. the project sponsor's experience and ability to successfully implement the demonstration project (maximum ten points);

G. the potential for future leveraging of other sources of funds, or the ability to become self-sufficient (maximum ten points);

H. the proposed methods for publicizing project activities and results (maximum five points); and

I. the level of proposed coordination with appropriate local, state, and federal agencies and organizations with expertise in the project area (maximum five points).

Subp. 9. **Deadline for release of funds.** The council shall release grant funds to the sponsor or, if a fiscal agent is used, to the fiscal agent, according to the schedule contained in items A to C and the sponsor should plan expenditures with the following deadlines in mind:

A. The council shall release the initial 40 percent of the total grant funds upon execution of the grant agreement.

B. The council shall release an additional 40 percent of the total grant funds upon receipt of an expenditure report covering the portion of grant funds released under item A, that demonstrates compliance with parts 4360.0100 to 4360.1100 and

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the conditions of the grant agreement.

C. The council shall release the final 20 percent of the total grant funds upon receipt of all reports required by part 4360.0900.

Subp. 10. **Accounts required.** The sponsor or fiscal agent shall establish and maintain for each project separate bookkeeping accounts for grant funds, matching funds in the form of money, and in-kind matching funds.

4360.0900 DEMONSTRATION GRANT REPORTING REQUIREMENTS.

A project sponsor or fiscal agent receiving a demonstration grant shall submit the following reports to the council:

A. quarterly reports, on a form provided by the council, shall be submitted once each calendar quarter in the third week of the last month of the quarter according to the following schedule: first quarter (January, February, March); second quarter (April, May, June); third quarter (July, August, September); and fourth quarter (October, November, December), and a time period not covered in any report shall be addressed in the next subsequent report; the quarterly report shall include a project promotion and publicity component that will clearly show the progress of the project during the quarter in order to provide the general public, target population groups, members of the council, and other funders with timely communication on major project activities;

B. an expenditure report, showing in detail the purposes for which the initial 40 percent of the grant funds were spent and showing that those purposes complied with parts 4360.0100 to 4360.1100 and the conditions of the grant agreement;

C. a final expenditure report, showing in detail the purposes for which the second 40 percent of the grant funds were spent, and showing that those purposes complied with parts 4360.0100 to 4360.1100 and the conditions of the grant agreement;

D. a final project evaluation report, on a form provided by the council, to be submitted at least three weeks before the close of the final grant year for the project;

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E. a brief narrative report, suitable for publication, explaining the project, the activities conducted during the grant period, and any suggestions based upon the experience of the sponsor that can be shared with organizations or individuals interested in replicating the project, to be submitted at least three weeks before the close of the final grant year for the project; and

F. a final audit, based upon generally accepted principals of accounting, of both grant funds and matching funds, demonstrating compliance with parts 4360.0100 to 4360.1100 and the conditions of the grant agreement, to be submitted at least three weeks before the close of the final grant year for the project; and

G. a publicity report outlining the results of the project sponsor's ongoing promotion and publicity activities, to be submitted at least three weeks before the close of the final grant year for the project.

4360.1000 SEED GRANT.

Subpart 1. **Purpose.** The council, through the seed grant program, provides grant funds to encourage promising projects by providing funds that will attract other grants and contributions.

Subp. 2. **Eligible applicants.** Nonprofit organizations, units of state and local government, public institutions, and special districts within the state are eligible to apply for seed grants.

Subp. 3. **Eligible uses of funds.** The council shall consider applications for seed grant funds for proposed projects that:

A. seek to accomplish one or more of the goals in one or more of the three priority issue areas that are related to the project;

B. will use seed grant funds to leverage other public or private funds or both public and private funds;

C. provide direct benefit to farmers, immediate farm family members, or low-income rural residents of Minnesota;

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D. have objectively measurable short-term (less than 12 months) results;

E. will use seed grant funds to implement new and innovative projects and programs; and

F. inform appropriate agencies and organizations of the existence of the project.

Subp. 4. **Ineligible uses of funds.** The council shall not consider an application for seed grant funds for a proposed project that:

A. is receiving or has received council demonstration or seed grant funds;

B. does not primarily serve the needs of farmers, immediate farm family members, or low-income rural residents of Minnesota;

C. will use seed grant funds for physical construction or improvement of existing facilities;

D. duplicates or is substantially similar to other efforts already being made in the state;

E. uses seed grant funds to provide operating capital or start-up capital for for-profit private businesses or enterprises;

F. will replicate a council demonstration project in another geographic area of the state;

G. has not been submitted by the project sponsor to other agencies of federal, state, or local government for review and comment, as required by law; or

H. does not seek to accomplish one or more of the goals in one or more of the three priority issue areas related to the project.

Subp. 5. **Matching funds required.** A project sponsor must demonstrate the ability to secure matching funds equal to 70 percent of the total project cost for the grant period. Matching funds that have been secured before the time of application must be documented by submitting a letter of commitment from the source of the matching funds. A project sponsor must include in its application a fundraising strategy



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and identification of potential sources of matching funds. A project sponsor must provide at least 15 percent of the total project cost in cash.

Subp. 6. **Grant limits.** Seed grants may be made for up to the lesser of 30 percent of the total project cost for the grant period or $10,000. Seed grants are available on a one-time basis and may not be considered as a source of future or continuing support for projects.

Subp. 7. **Criteria for application review and selection.** Seed grant applications shall be reviewed by council staff, technical advisors to the council, and subcommittees as the council may direct, who shall make recommendations to the council. Applications shall be ranked by the council based upon the following factors:

A. the extent to which the project will meet the council's issue area goals (maximum ten points);

B. the potential for leveraging other sources of funds to meet local match requirements (maximum ten points);

C. the merit of the project design and implementation plan (maximum ten points);

D. the innovative qualities of the project or whether the project results will provide new knowledge and benefits to rural residents (maximum ten points);

E. the feasibility of the project work program, budget, and timeline for completion (maximum five points); and

F. the project sponsor's experience and ability to successfully implement the project (maximum five points).

Subp. 8. **Deadline for release of funds.** The council shall release grant funds to the sponsor or, if a fiscal agent is used, to the fiscal agent according to the schedule contained in items A to C, and the project sponsor should plan grant-related expenditures with the following deadlines in mind:

A. The council shall release the initial 40 percent of the total grant funds upon execution of the grant agreement.

B. The council shall release an additional 40 percent of the total grant funds upon receipt of an expenditure report

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covering the portion of grant funds released under item A, that demonstrates compliance with parts 4360.0100 to 4360.1100 and the conditions of the grant agreement.

C. The council shall release the final 20 percent of the total grant funds upon receipt of letters of commitment for matching funds and all reports required by part 4360.1100.

4360.1100 SEED GRANT REPORTING REQUIREMENTS.

A project sponsor or fiscal agent shall submit to the council quarterly reports, an expenditure report, a final expenditure report, a final project evaluation report, a brief narrative report, a final audit, and a publicity report containing the same material and subject to the same requirements as the reports required in part 4360.0900, except that the reports required by this part shall contain information on and be submitted for the purpose of seed grants.

4360.1200 INCORPORATION BY REFERENCE.

The Office of Management and Budget's Standard Industrial Classification Manual (Manual), published by the Office of Federal Statistical Policy and Standards, U.S. Department of Commerce, is adopted by incorporation by reference. The Manual was last published in 1977, is not subject to frequent change. It is available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402 (Stock Number 4101-0066), and the State Law Library, 117 University Avenue, St. Paul, Minnesota 55155.

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# Office of the Revisor of Statutes

## Administrative Rules

**TITLE:** Proposed Permanent Rules Relating to the Governor's Rural Development Council, Rural Development Grants

**AGENCY:** Department of Energy and Economic Development

**MINNESOTA RULES:** Chapter 4360

**INCORPORATIONS BY REFERENCE:** Rule Number: 4360.1200

Material Incorporated: Standard Industrial Classification Manual

The attached rules are approved for publication
in the State Register

DSN

David S. Niss
Assistant Revisor

DEPARTMENT of ENERGY and ECONOMIC DEVELOPMENT
Proposed Rules Governing Rural Development Grants
Notice of Intent to Adopt Rules without a Public Hearing

Notice is hereby given that the Commissioner of the Department of Energy and Economic Development with the concurrance of the Governor's Rural Development Council purposes to adopt the above-entitled rules without a public hearing following procedures set forth in Minnesota Statutes, sections 14.22 to 14.28. The specific statuatory authority to adopt the rules is Minnesota Statutes 116J.961, subd. 9.

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:

Lori Widmark
Governor's Rural Development Council
900 American Center Building
150 East Kellogg Boulevard
St. Paul, MN 55101
Telephone: 612/296-3993

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

The proposed rules do not affect small business directly.

These rules govern application procedures for the Rural Development Council Grant program. The Rural Development Grant program makes grants available to local units of government and non-profit organizations to develop innovative projects which address the needs of farmers and/or low-income rural residents.

Additional copies of the rules are available for review from Lori Widmark at the aforementioned 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 Lori Widmark upon request at the aforementioned address.

If no hearing is required, upon adoption of the rules, the rules and the required supporting documents will be delieved 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 recieve a copy of the final rules as proposed for adoption, must submit the written request to Lori Widmark at the aforementioed address.

August 18, 1986

Mark Dayton
Commisioner,
Minnesota Department of
Energy and Economic
Development

Minnesota Department of Energy and Economic Development

In the Matter of the Proposed Rules of the Department of Energy and Economic Development Governing Administration of the Rural Development Grant Program

STATEMENT OF NEED AND REASONABLENESS.

Introduction

The 1985 Minnesota Legislature established the Governor's Rural Development Council (Council) Minn. Stat. 116J.951-116J.965 (1985 Supp.) to advise the governor and legislature on matters of public policy relating to rural development. The council is also directed to identify prominent rural issues and formulate and advocate policies that serve the needs of the rural population of the state.

Under this legislation the council shall administer the annual investment income from the rural rehabilitation revolving fund by administering a rural development grant program including the establishment of grant eligibility criteria, solicitation and review of grant applications and determination of projects to be funded. The Commissioner of the Department of Energy and Economic Development with the concurrance of the council,is authorized to adopt rules for administration of the grant program by Minn. Stat. 116.961 Subd. 9 (1985 Supp.).

Rule Justification

The format used in preparing this Statement of Need and Reasonableness is as follows: each rule is stated first, followed by a discussion of the intent of the proposed rule, and its reasonableness.

Minn. Rule 4360.0100 Rural Development Grant Program; definitions.

1. Scope.As used in parts 4360.0100 to 4360.1100, the terms defined in this part and in Minnesota Statutes, section 116J.951 have the meanings given them.

2. "Agriculture" means relating to activities of establishments primarily engaged in food production, processing, sale and transport of goods and commodities classified under the industry code numbers used in the standard industrial classification code as published in the standard industrial classification manual adopted by incorporation by reference in part 4360.1200, for the following coded activities:

   A. Major Group 01--Crops;
   B. Major Group 02--Livestock;
   C. Major Group 07--Agricultural Services;
   D. Major Group 09--Fishing, Hunting and Trapping;
   E. Major Group 20--Food and Kindred Products;
   F. Group 514--Groceries and Related Products;
   G. Group 515--Farm Products Raw Materials, and

   H. Major Group 54--Food Stores.

Discussion: This definition is necessary because it describes one of the types of resources the program is designed to protect. It is reasonable because it is the same definition used by the Farmers Home Administration. The Standard Industrial Classification Manual is widely available at public libraries.

3. Demonstration grant. "Demonstration grant" means a grant for an innovative project that has potential statewide applications and meets the needs of farmers or low-income rural residents.

Discussion: This definition is necessary because it describes one of two types of grant programs administered by the council. It is reasonable because it clearly defines what the council intends demonstration grant recipients to accomplish.

4. Enterprise development. "Enterprise development" means the gradual emergence or expansion of new rural small business.

Discussion: This definition is necessary because it describes one of the goals of the program. It is reasonable because it expresses the council's philosophy of fostering or nurturing business ideas already existing within a rural community rather than looking outside a community for new businesses.

5. Farmer. "Farmer" means one engaged in the production of agricultural commodities (including persons engaged in the production of fish under controlled conditions), ranchers, farm tenants, and farm laborers.

Discussion: This definition is necessary because it provides a strict interpretation of a widely used term. It is reasonable because it allows for the widest possible interpretation of the term.

6. Fiscal Agent. "Fiscal agent means any Minnesota unit of state or local government, special district nonprofit organization or public institution, employing a certified public accountant for the purpose of the agent's activities, that acts on behalf of a project sponsor.

Discussion: A grant is a legal agreement between the council and the grantee. A grantee needs to identify an appropriate legal entity that will be responsible for carrying out the tasks associated with fiscal responsibilities. Since the state (through the council) is responsible to the federal government (through the Farmers Home Administration) for the proper use of rural development funds, it is reasonable to require the grantee to identify a similar legal entity.

7. Grant funds. "Grant funds" means money provided by the council in the form of a demonstration grant or seed grant.

Discussion: This term is necessary to distinguish council provided funds from funds raised through other sources. It is a reasonable definition because it is broad enough to cover both types of council grant programs yet focused enough to avoid confusion with non-council funds.

8. Grant year. "Grant year" means the year during which the council makes grant funds available.

Discussion: While funds are encumbered by the fiscal year beginning July 1st and ending June 30 grants may vary and overlap fiscal years. Therefore, it is necessary to distinguish the period in which grant funds are made available. This definition is reasonable since it provides greater flexibility on the part of the grantee and grantor when establishing the project time frame.

9. In-kind support. "In-kind support" means contributions made by a project sponsor other than money, usually services, facilities, goods, or equipment, meant to supplement the grant awarded by the council.

Discussion: This term is necessary since in-kind contributions are one form of the required matching funds. It is reasonable since contributions can take a variety of forms. The in-kind designation allows for equal consideration of cash and other types of contributions.

10. Letter of commitment. "Letter of commitment" means a written statement from an organization or individual providing matching funds in conjunction with a project application submitted to the council.

Discussion: This term is necessary so that potential applicants understand that written proof of additional funds is necessary as part of the application process. It is reasonable since grant funds are only intended to cover part of the total cost of a project. They are partially awarded on the potential for leveraging other funds. It is therefore reasonable to require written proof of these funds.

11. Low-income. "Low-income" means low income as defined in Code of Federal Regulations, title 24, section 813.102.

Discussion: Grant funds are intended to benefit farmers, immediate farm family members or low income rural residents. Therefore it is necessary to explicitly define low income. This definition is reasonable since it is the same as used in other federal programs.

12. Management assistance. "Management assistance" means assistance provided to rural small businesses in managing the day-to-day operations of the enterprise, and as opposed to financial assistance.

Discussion: This term is necessary to clarify the kind of assistance available to rural small business. It is reasonable since the council has determined that it is inappropriate for it to provide financial assistance directly to small business. This term clearly identifys the type of assistance available to rural small business.

13. Matching funds. "Matching funds" means the share, including in-kind support, of total project costs raised by the grantee used to supplement grant funds. Matching funds may not consist solely of in-kind support but may consist solely of money from any source.

Discussion: The council requires a match as a sign of commitment to project goals. It is reasonable because it demonstrates a capacity to involve others and to move towards future self-sufficiency.

14. Nonprofit organization. :Nonprofit organization" means an organization that is a tax-exempt entity under section 501(c)(3) of the Internal Revenue Code of 1954, as amended through December 31, 1985.

Discussion: This term is necessary to define a nonprofit organization for the purposes of these rules. Because the state, through the council, is responsible to the federal government for the proper expenditure of rural development funds, it is reasonable to limit the interpretation of nonprofit to that of the Internal Revenue Service.

15. Operating capital. "Operating capital" means money or credit used by the owner of a for-profit business to pay the day-to-day operating expenses of the enterprise, such as for the purchase of goods, inventory, machinery, equipment, or other overhead costs.

Discussion: This term is necessary to inform prospective applicants on the council's interpretation of operating capital. This definition is reasonable since it is consistant with generally understood business concepts.

16. Priority rural development issues or priority issue areas. "Priority rural development issues" or "priority issue areas" means family farm and agricultural land protection, value added processing and marketing, or rural small business assistance or any combination of those issues.

Discussion: This term is necessary to inform prospective applicants of the council' determination of the priority rural development needs. It is reasonable since Minn. Stat. 116J.951-116J.965 specifically empowers the council to identify prominent rural issues.

17. Program. "Program" means the grant-making activities of the council.

Discussion: This term is necessary to provide an abbreviation for the council program and all applicable rules and regulations. It is reasonable since it is a clearly understood concept.

18. Project or rural development project. "Project" or "Rural development project" means any activity funded or to be funded by the council that seeks to accomplish one or more of the priority rural development issue areas.

Discussion: This term is necessary to define activities undertaken by sponsors and funded by the council. It is a reasonable definition in that it clearly identifys what constitutes a project.

19. Project evaluation. "Project evaluation" means a comparison between the activities implementing the work program and anticipated project results, as identified in the project application, and the actual outcome of the project.

Discussion: This term is necessary since it describes basis by which projects will be evaluated. It is reasonable because it clearly states what the council will be looking for when it determines whether or not the grant funds are being used to effectively meet the needs of rural Minnesota.

20. Project promotion. "Project promotion" means a method of informing the general public and others about project activities, including the use of appropriate media, responding to individual inquires, mailings to appropriate groups, and reporting to the council on project activities.

Discussion: Since the stated use of grant funds is to demonstrate a possible solution to an identified rural problem or opportunity, it is necessary to communicate project results with the public or other agencies. This definition is reasonable since it clearly states the manner in which to accomplish this task.

21. Project sponsor or sponsor. "Project sponsor" or "sponsor" means the perso or entity that implements or intends to implement a rural development project, whether or not acting through a fiscal agent.

Discussion: This term is necessary to define the person or persons, group or groups responsible for implementing the project. It is reasonable because it clearly identifies who will be responsible for implementing the project.

22. Project sponsor or fiscal agent. "Project sponsor or fiscal agent" means, unless a contrary meaning is clearly intended, that the project sponsor is ultimately responsible for the required action and that if a fiscal agent is used, the fiscal agent is responsible to the sponsor to take the required act and the project sponsor is responsible for the same act only in the event that the fiscal agent is unwilling or unable to take the required action.

Discussion: This term is necessary because it describes the legal responsibilities of each party when a fiscal agent is used. It is reasonable because it again clarifys who is responsible for the ultimate implementation of a project.

23. Rural. "Rural" means places within the state other than first class cities as defined in Minnesota Statutes, section 410.01.

Discussion: This definition is necessary because it explicitly states what the council understands rural to be. It is reasonable since it allows for the broadest possible interpretation of the term.

24. Rural small business. "Rural small business" means a business entity, including its affiliates, that:

A. is independently owned and operated for a profit;

B. is not dominant in its field;

C. employs fewer than 50 full-time employees or has gross annual sales less than $4,000,000; and

D. is located in rural Minnesota.

Discussion: This term is necessary because it describes the types of rural small businesses eligible for technical assistance. It is reasonable because it is consistant with Minn. Stat. section 14-115, which is the definition used for small business for state agricultural programs.

25. Seed grant. "Seed grant" means a small initial award of funds to a project sponsor awarded to attract other grants and contributions to the project from other sources.

Discussion: This term is necessary to define what is meant by seed grants. It is reasonable since seed grants are short term, one time-grants.

26. Start-up capital. "Start-up capital" means money or credit used by the owner of a for-profit business to begin operating that business for the first time.

Discussion: It is necessary to define this term in order to avoid confusion, especially in part 4360.0800, subpart 4,D and 4360.1000, subpart 4, E. It is reasonable since the council feels it would be inappropriate to use public funds to assist private businesses.

27. Value added. "Value added" means the increased worth of Minnesota agricultural and forest resources that is caused by the introduction of higher cost crops into the state, or the additional processing of existing crops, livestock, and forest products that occur within a locality or the state, rather than outside of the state.

Discussion: Value added is a broadly used term which necessitates clarification for use in this program. The definition establishes activities the council considers as value added. This definition is reasonable since it is consistant with overall council goals expressed in these rules.

Minn. Rule 4360.0200 Council Purpose

The council serves as a forum for identifying the priority rural development issues in Minnesota and devloping goals and strategies for addressing those issues through the use of technical and financial resources available to the council.

Discussion: This rule is necessary to infor prospective applicants of the purpose behind the council. It is reasonable because it clearly identifys how the council will carry out it's charge under Minn. Stat. 116J.961 (1985 Supplement, Sec. 3, Subd. 7).

Minn. Rule 4360.0300 Priority Rural Development Issue Areas and Goals.

1. Scope. The council, through the rural development grant programs, provides grants to qualified organizations to implement rural development projects. To most effectively meet the needs of rural Minnesota, the council has established the three priority issue areas in subparts 2 to 4 and goals for projects within each area. To the extent of legislative appropriations, the council makes funds available for projects that seek to accomplish one or more of the goals in one or more of the priority issue areas.

Discussion: This paragraph is necessary because it defines the scope of the council's program as identified in section 4360.0200. It is reasonable because it provides applicants with wide discretion in designing rural development projects.

2. Family Farm and agricultural land protection issue area; goals. The council's goals in the family farm and agricultural land protection issue area are to:

   A. protect the quality and quantity of the agricultural land in the state through the use of resource management practices or land use planning and zoning;

   B. promote an agricultural land protection awareness and understanding by the farm and nonfarm populations of all ages;

C. preserve the family farm structure by enhancing the potential for increased farm income, especially for beginning farmers, through business management and other nonloan forms of assistance; and

D. provide information and education programs that will increase the appreciation and understanding of basic agricultural production, its role in the economy, and current farm issues, by consumers, nonfarm segments of the population, members of the state legislature and congress, and other residents of the state.

Discussion: This paragraph is necessary because Minn. Stat. 116J.961 (1985 Supp.) expressedly requires the council to identify prominent rural issues and formulate and advocate policies that serve the needs of the rural population of the state. Since agriculture is an important aspect of the rural economy of the state, projects which protect this resource are within the intent of this statute. It is reasonable therefore, to place considerable emphasis in this area.

3. Value-added processing and marketing issue area; goals. The council's goals in the value-added processing and marketing issue area are to:

A. research and identify new products, processes, and services to add value to Minnesota agricultural and forest resources;

B. inform Minnesotans about opportunities and the skills required to take advantage of processes, products, growing crops, and markets that add value to Minnesota resources;

C. provide resources to Minnesotans to act on growing, processing, and marketing opportunities through grants, matching funds, and help from state organizations and agencies; and

D. measure project results and inform the public about the results from experimental projects.

Discussion: This paragraph is necessary to inform applicants of the third priority issue area of value added and marketing. It is reasonable because it provides applicants with an understanding of what the council means and attempts to address. This permits applicants to design projects with council goals clearly in mind.

4. Rural small business assistance issue area; goals. The council's goals in the rural small business assistance issue area are to:

A. provide technical and management assistance for rural small business;

B. establish formal networks to assist rural small businesses and technical resources in rural Minnesota with information sharing; and

C. encourage enterprise development to improve management, marketing, business skills, and availability of risk capital.

Discussion: The purpose of this paragraph is to describe the types of small business assistance the council feels are important to address through project responses. It is reasonable since it allows applicants to know ahead of time what areas in small business assistance the council feels are important and address project applications accordingly.

Minn. Rule 4360.0400 Project Start and End Date.

The project start date for each project is 30 days after approval of the project by the council at its annual meeting. A project sponsor or fiscal agent shall not make a contract for services or supplies before receiving written notification of funding from the council. Grant program guidelines shall be published in the State Register 90 days before the deadline for submission of grant applications. No grant may be made to cover a period longer than one year from the project start date.

Discussion: This rule is necessary to describe the procedure and timeline for begining council funded projects. It is reasonable since it clearly identifies the rights and responsibilities of both the grantee and grantor.

Minn. Rule 4360.0500 Fiscal Agent.

A project sponsor not meeting the requirements for an eligible applicant under part 4360.0800, subpart 2 or 4360.1000, subpart 2 shall use, and a project sponsor meeting those requirements may use, the services of a fiscal agent to accept council grant funds on the sponsor's behalf, pay project expenses, and prepare financial reports and the final audit. The sponsor and fiscal agent must both sign the application and, if a grant is recieved, the sponsor and the fiscal agent must both sign the grant agreement. When a fiscal agent is used, the project sponsor remains ultimately responsible for the completion of the project, the proper management of the grant funds and other acts of the fiscal agent, notwithstanding any agreement between the sponsor and the fiscal agent requiring the agent to take any acts on behalf of the sponsor. The portion of fiscal agent fees directly attributable to the grant, up to a maximum of ten percent of the grant, may be included in the amount of grant funds requested from the council.

Discussion: The council realizes that not all project sponsors will have the technical staff resources to handle all aspects of project grant administration. Therefore, this rule is necessary since it allows such a project sponsor to work with a fiscal agent to meet the requirements under part 4360.0800, subpart 2 or 4360.1000, sunpart 2. It is reasonable in that it clearly defines the responsibilities and duties of each party.

Minn. Rule 4360.0600 Restrictions.

1. Equipment. The use of council grant funds for the purchase of equipment is prohibited except as provided in this subpart. A project sponsor desiring to purchase equipment with grant funds must show that equipment is essential to the implementation of the project, and that the equipment is not available for lease or rent during the grant period or that the equipment will cost more to rent or lease than to buy.

Discussion: This paragraph is necessary to inform prospective applicants of the restrictions on the use of grant funds for the purchasing of equipment. Since grant funds are limited, the council feels it is reasonable to restrict their use in purchasing of equipment if at all possible.

2. Application costs. Grant funds shall not be used to pay any costs incurred in the preparation or submission of any grant application to the council.

Discussion: This paragraph is necessary to inform prospective applicants of the prohibition against using grant funds to pay for application costs. It is reasonable since grant funds are to be used only for direct costs of implementing the project. Diverting funds to pay for application expenses only dilutes their effectiveness.

3. Late applications. A project application that is incomplete or received after the deadline for application will not be considered for funding in the fiscal year in which it is received.

Discussion: This paragraph is necessary to inform prospective applicants of the procedure for dealing with late applications used by the council. Since the council meets only four times per year, it must consider all applications for each program at once. It would not be feasible or fair to allow late applications to be considered at the next council meeting. Therefore, it is reasonable to disqualify late applications.

4. Discussion of applications. Council staff, council members, employees of the Department of Energy and Economic Development, employees of the State Board of Investments, and other persons advising the council or the commissioner shall not discuss a project application with either a project sponsor or fiscal agent at any time between the time the project application is submitted to the council and the time the council makes its recommendation to the commissioner.

Discussion: This paragraph is necessary to inform prospective applicants of restrictions on discussion of applications by council members or related staff. This is reasonable since it helps assure unbiased evaluation of applications by the council.

Minn. Rules 4360.0700 Application Process.

1. In general. To apply for grant funds, the project sponsor and any fiscal agent shall submit a completed and signed application form to the commissioner on a form approved by the commissioner.

Discussion: This paragraph is necessary to explain to prospective applicants the proceess involved in applying for grant funds. It is reasonable since it assures that all will have equal access to grant funds.

2. Contents. A complete application consists of the following:

A. 20 copies of the completed and signed application form; and

B. 20 copies of all letters of commitment for all matching funds. Sources of matching funds and the type (for example, money or in-kind support) and amount of the funds must also be stated in the application form.

Discussion: This paragraph is necessary to inform prospective applicants of what a complete application will consist of. It is reasonable to require every applicant to submit the same types of data concerning an application. This helps insure an orderly and fair evaluation of all applications.

3. Application submission deadlines. A completed application for grant funds shall be submitted to the council according to the following schedule:

A. Demonstration grants-the last business day of the third week in January.

B. Seed grants-the last business day of the second week in December.

Discussion: This paragraph is necessary to identify the deadlines for submitting applications for both the demonstration grant program and the seed grant program. It is reasonable since it clearly establishes annually when grant applications are due.

4. Submission to regional development commissions. A project sponsor or any fiscal agent that is a governmental unit or public educational institution must submit one copy of the completed application form and letters to of commitment for requested matching funds to the appropriate regional development commission for review and comment where a commission exists, or the Metropolitan Council, where it has jurisdiction, in accordance with Minnesota Statutes, section 462.391, subdivision 3, or 473.171, respectively, no later than the appropriate application deadline date.

Discussion: This paragraph is necessary to inform prospective applicants of the requirement for submitting plans to regional review bodies where required. It is reasonable because it is required under Minn. Stat. 462.391, subd. 3, and Minn. Stat. 473.171.

5. Address. Application materials must be submitted to: Governor's Rural Development Council, Minnesota Department of Energy and Economic Development, 900 American Center Building, 150 east Kellogg Boulevard, Saint Paul, Minnesota 55101.

Discussion: This paragraph is necessary to inform prospective applicants of the address to which all applications are to be submitted. it is reasonable to require that all applications be submitted to one address for speed and efficiency as well as equity in processing grant applications.

6. Council review. Within 90 days after the application deadline, the council shall complete its review and select those projects to be recommended to the commissioner for grants.

Discussion: This rule is necessary to inform prospective applicants of the time involved for review and selection of grant applications. It is a resonable amount of time since the council must complete indepth evaluations of all applications to determine the most effective and promising projects to recommend to the commissioner for funding.

7. Notification. Immediately following approval or disapproval of a grant by the commissioner, the council staff shall notify the project sponsor or fiscal agent, as appropriate, of the action taken by the commissioner.

Discussion: This paragraph is necessary to let applicants know the time and procedure for notification. It is reasonable to require the council staff to notify applicants as soon as possible as to their status so that they can make arrangments for begining project tasks or seek other sources of funds.

8. Grant agreement. The sponsor and fiscal agent, if a fiscal agent is used, of a project that is recommended by the council to the commissioner must sign a grant agreement that states the conditions to which the grant is subject. Upon approval of the grant by the commissioner , the grant agreement must be processed by the commissioner and the Department of Finance. The council staff shall provide a copy of the fully executed grant agreement, forms for all required reporting, and other information to the project sponsor and any fiscal agent.

Discussion: This paragraph is necessary to inform prospective applicants of the requirement of a grant agreement prior to the exchange of funds. Since the grant agreement is the vehicle through which funds are transfered from the commissioner to the grantee, it is reasonable to require a contract be signed stating the rights and responsibilities of both parties before releasing funds.

9. Grant close-out. At the next council meeting following reciept of the reports required by part 4360.0900, or 4360.1100, the council shall review the reports recieved and determine whether the project sponsor or fiscal agent has complied with parts4360.0100 to 4360.1100 and the conditions of the grant agreement, and notify each project sponsor or fiscal agent whether it has complied.

Discussion: This paragraph is necessary to inform the grantee of his or her rights under these rules as they relate to grant close-out. It is reasonable since it allows ample time for the council to review the documents and gives the grantee an idea of when this procedure will be carried out.

10. Unexpended grant funds. If, during the grant close-out required by subpart 9, the council determines that any grant funds have not yet been expended for project purposes, the council shall require the sponsor or fiscal agent to return the unexpended funds to the council. Upon request of the council, a project sponsor or fiscal agent shall return unexpended funds to the council.

Discussion: This paragraph is necessary to establish the precedent for dealing with unspent funds. It is reasonable since grant funds are awarded on the basis of project proposals. The council assumes that project cost estimates are as accurate as possible. Since it is the intention of the council to fund as amny projects as possible, it is reasonable to require the return of unexpended funds.

11. Denial and revocation of grant funds. if the council determines on the basis of a quarterly, final, or other report that a project sponsor or fiscal agent has violated or may violate a provision of parts 4360.0100 to 4360.1100 or a condition of the grant agreement, or both, the council may withhold grant funds not already released. Upon request of the council, the project sponsor or fiscal agent shall return grant funds to the council.

Discussion: This paragraph is necessary to inform prospective applicants of the penalty for violating these rules. Since grant funds are awarded on the basis of the application, it is reasonable to require their return if the sponsor is not meeting the requirements of the grant agreement.

## TYPES OF GRANTS AVAILABLE

Minn. Rule 4360.0800 Demonstration Grants.

1. Purpose. The council, through the demonstration grant program, provides grant funds to nonprofit organizations, public institutuions, units of state and local government, and special districts within the state for innovative projects with potential statewide applications that seek to accomplish one or more of the goals in one or more of the priority issue areas established in part 4360.0110. The intent of the demonstration grants program is to assist organizations unable to provide financing from their own resources or unable to obtain financing from conventional sources.

Discussion: This paragraph is necessary to inform prospective applicants of the purpose behind the demonstration grant program. It is reasonable since these criteria will later be used in evaluating applications.

2. Eligible applicants. Nonprofit organizations, units of state and local government, public institutions, and special districts within Minnesota are eligible to apply for demonstration grants.

Discussion: This paragraph is necessary identify who is eligible to apply for demonstration grants. It is reasonable because it specifically details who may request grant funds. Since the council feels it would be inappropriate to financially assist private businesses, it is reasonable to limit eligibility to these applicants.

3. Eligible uses of funds. The council shall consider applications for grant funds for proposed demonstration projects begun before or after the effective date of parts 4360.0100 to 4360.1100 that:

   A. will use grant funds for action-oriented, as opposed to studies or plans, components of the project;

   B. provide direct benefit to farmers, immediate farm family members, or low income rural residents of Minnesota;

   C. have objectively measurable short-term (less than 12 months) results;

   D. inform those regional development commissions or other entities referred to in part 4360.0700, subpart 4 of the existence of the project; and

   E. seek to accomplish any of the goals in one or more of the three priority issue areas related to the project.

Discussion: This paragraph is necessary to inform prospective applicants of the uses to which grant funds may be put. It is reasonable since these uses are consistant with council goals expressed in part 4360.0300.

4. Ineligible use of funds. The council shall not consider an application for grant funds for a proposed project that:

   A. does not primarily serve the needs of farmers, immediate farm family members, or low income rural residents of Minnesota;

B. will use council grant funds for physical construction or improvement of existing facilities;

C. duplicates or is substantially similar to other programs or efforts already being made within the state;

D. uses council grant funds to provide operating capital or start-up capital for for-profit private businesses or enterprises;

E. has not been submitted by the project sponsor or fiscal agent to regional development commissions or other entities for review and comment as required by law; or

F. does not seek to accomplish any of the goals in one or more of the three priority areas related to the project.

Discussion: This paragraph is necessary to inform prospective applicants of the uses to which grant funds may not be placed. It is reasonable since these prohibitions are consistant with part 4360.0300.

5. Grant Limits. A request for a demonstration grant may not exceed:

A. $60,000 or 70 percent of the total cost of the project, whichever is less, for the first year of a project;

B. $40,000 or 50 percent of the total cost of the project, whichever is less, for the second year of a project; or

C. $20,000 or 30 percent of the total cost of the project, whichever is less.

Discussion: This paragraph is necessary to inform prospective applicants of the grant limits for the demonstration grant program. Since funds are extremely limited each year, and since grant funds are to assist in leveraging other funds, the limits imposed here are seen as reasonable.

6. Continued support. Support for demonstration projects is determined annually by the council on a competitive basis. Support for a project in the first year does not obligate the council to continue the support in a second or third year. The determination whether to continue support for a project must be based on the success of the project and the need for further grant-supported activities. A project sponsor must provide at least 15 percent of the total project cost in cash.

Discussion: This paragraph is necessary to inform prospective applicants of the amount and type of continuing support from outside sources necessary in order to remain eligible for demonstration grant funds in the second and third years. it is reasonable to require additional, outside support by project sponsors in order to demonstrate ongoing commitment and the ability to involve others in the project. Since council funds will be available for a maximum of three years, it is reasonable to insist that outside sources contribute a proportionately larger share of support in subsequent years.

7. Letters of commitment. Letters verifying the commitment of required matching funds must be submitted to the council at the time of application for demonstration project grants.

Discussion: This paragraph is necessary to inform prospective applicants of the requirement of Letters of Commitment from all funding sources verifying that the organization or individual is providing matching or in-kind support. It is reasonable to require this since the council will make it's determination of project feasibility based on the total budget, including outside sources of support.

8. Criteria for application review and selection. Demonstration project grant applications shall be reviewed by council staff, technical advisors to the council, and subcommittees as the council may direct, who shall make recommendations to the council. Applications shall be ranked by the council based upon the following factors:

A. the extent to which the project will meet the council's issue area goals (maximum 15 points);

B. the innovative qualities of the project, or the extent to which project results will provide new knowledge and benefits to rural residents (maximum 15 points);

C. the potential for future project replication in other areas of rural Minnesota, or the statewide impact of the project (Maximum 15 points);

D. the merit of the project design and implementation plan (maximum 15 points);

E. the feasibility of the project work program, budget, and timeline for completion (maximum ten points);

F. the project sponsor's experience and ability to successfully implement the demonstration project (maximum ten points);

G. the potential for future leveraging of other sources of funds, or the ability to become self-sufficient (maximum ten points);

H. the proposed methods for publicizing project activities and results (maximum five points); and

I. the level of proposed coordination with appropriate local, state, and federal agencies and organizations with expertise in the project area (maximum five points)

Discussion: This paragraph is necessary to inform prospective applicants of the criteria to be used in the review and selection process. It is necessary for the council to evaluate proposals in order to assess compatibility with program objectives, as well as to assess the need for and the feasibility of the proposed activities. Since the council expects more applications for funds than will be available for distribution, it is both necessary and reasonable to evaluate applications so that they can be ranked for purposes of making recommendations to the commissioner.

9. Deadline for release of funds. The council shall release grant funds to the sponsor or, if a fiscal agent is used, to the fiscal agent, according to the schedule contained in items A to C and the sponsor should plan expenditures with the following deadlines in mind:

A. The council shall release the initial 40 percent of the total grant funds upon execution of the grant agreement.

B. The council shall release an additional 40 percent of the total grant funds upon receipt of an expenditure report covering the portion of grant funds released under item A, that demonstrates compliance with parts 4360.0100 to 4360.1100 and the conditions of the grant agreement.

C. The council shall release the final 20 percent of the total grant funds upon receipt of all reports required by part 4360.0900.

Discussion: This paragraph is necessary to inform prospective applicants of the deadline for the release of funds. It is reasonable since it allows the grantee to plan project related expenditures with a clear understanding of when those funds will be available.

10. Accounts required. The sponsor or fiscal agent shall establish and maintain for each project seperate bookkeeping accounts for grant funds, matching funds in the form of money, and in-kind matching funds.

Discussion: This paragraph is necessary to inform prospective applicants of the requirement for seperate accounts for grant funds. it is a reasonable requirement since the council is responsible to the federal government (through the Farmers Home Administration) for the proper expenditure of funds. Seperate accounts allow for more accurate and timely accounting reports.

Minn. Rule 4360.0900 Demonstration Grant Reporting Requirements.

A project sponsor or fiscal agent recieving a demonstration grant shall submit the following reports to the council:

A. quarterly reports, on a form provided by the council, shall be submitted once each calendar quarter in the third week of the last month of the quarter according to the following schedule: first quarter (January, February, March); second quarter (April, May, June); third quarter (July, August, September); and fourth quarter (October, November, December), and a time period not covered in any report shall be addressed in the next subsequent report; the quarterly report shall include a project promotion and publicity component that will clearly show the progress of the project during the quarter in order to provide the general public, target population groups, members of the council, and other funders with timely communication on major project activities;

B. an expenditure report, showing in detail the purposes for which the second 40 percent of the grant funds were spent, and showing that those purposes complied with parts 4360.0100 to 4360.1100 and the conditions of the grant agreement;

C. a final expenditure report, showing in detail the purposes for which the second 40 percent of the grant funds were spent, and showing that those purposes complied with parts 4360.0100 to 4360.1100 and the conditions of the grant agreement;

D. a final project evaluation report, on a form provided by the council, to be submitted at least three weeks before the close of the final grant year for the project;

E. a brief narrative report, suitable for publication, explaining the project, the activities conducted during the grant period, and any suggestions based upon the experience of the sponsor that can be shared with organizations or individuals interested in replicating the project, to be submitted at least three weeks before the close of the final grant year for the project; and

F. a final audit, based upon generally accepted principals of accounting, of both grant funds and matching funds, demonstrating compliance with parts 4360.0100 to 4360.1100 and the conditions of the grant agreement, to be submitted at least three weeks before the close of the final grant year for the project.; and

G. a publicity report outlining the results of the project sponsor's

Discussion: This rule is necessary to inform prospective applicants of the reporting requirements. it is reasonable to demand timely, accurate periodic and final reports from all grantees since the state (through the council) is responsible to the federal government (through the Farmers Home Administrtation) for proper expenditure of rural development funds.

Minn. Rule 4360.1000 Seed Grant.

1. Purpose. The council, through the seed grant program, provides grant funds to encourage promising projects by providing funds that will attract other grants and contributions.

Discussion: This paragraph is necessary to inform prospective applicants of the purpose and intent of the seed grant program. It is reasonable to inform applicants since these criteria will be used in evaluating applications.

2. Eligible applicants. Nonprofit organizations, units of state and local government, public institutions, and special districts within the state are eligible to apply for seed grants.

Discussion: This paragraph is necessary to inform prospective applicants specifically who is eligible for grants under this program. It is reasdonable to limit eligibility to these organizations since the council feels public funds should not be used to directly aid profit-making concerns.

3. Eligible uses of funds. The council shall consider applications for seed grant funds for proposed projects that:

   A. seek to accomplish one or more of the goals in one or more of the three priority issue areas that are related to the project;

   B. will use seed grant funds to leverage other public or private funds or both public and private funds;

   C. provide direct benefit to farmers, immediate farm family members, or low income rural residents of Minnesota;

   D. have objectively measurable short-term (less than 12 months) results;

   E. will use seed grant funds to implement new and innovative projects and programs; and

   F. inform appropriate agencies and organizations of the existence of the project.

Discussion: This paragraph is necessary to inform prospective applicants of the uses to which seed grant funds may be used. It is reasonable since these uses are consistant with council goals expressed in part 4360.0300.

4. Ineligible uses of funds. The council shall not consider an application for seed grant funds for a proposed project that:

   A. is recieving or has recieved council demonstration or seed grant funds;

B. does not primarily serve the needs of farmers, immediate farm family members, or low income rural residents of Minnesota;

C. will use seed grant funds for physical construction or improvement of existing facilities;

D. duplicates or is substantially similar to other efforts already being made in the state;

E. uses seed grant funds to provide operating capital or start-up capital for for-profit private businesses or enterprises;

F. will replicate a council demonstration project in another geographic area of the state;

G. has not been submitted by the project sponsor to other agencies of federal, state, or local government for review and comment, as required by law; or

H. does not seek to accomplish one or more of the goals in one or more of the three priority issue areas related to the project.

Discussion: This paragraph is necessary to inform prospective applicants of the uses to which seed grant funds may not be placed. It is reasonable since these prohibitions are consistant with parts 4360.0300.

5. Matching funds required. A project sponsor must demonstrate the ability to secure matching funds equal to 70 percent of the total project cost for the grant period. Matching funds that have been secured before the time of application must be documented by submitting a letter of commitment from the source of the matching funds. A project sponsor must include in its application a fundraising strategy and identification of potential sources of matching funds. A project sponsor must provide at least 15 percent of the total project cost in cash.

Discussion: This paragraph is necessary to inform prospective applicants of the requirement for matching funds. It is reasonable to require project sponsors to raise additional outside support since seed grant funds are awarded on a one time only basis. if a project is to reach self-sufficiency, it must be able to include others and raise significant amounts of it's own budget.

6. Grant limits. Seed grants may be made for up to the lesser of 30 percent of the total project cost for the grant period or $10,000. Seed grants are available on a one-time basis and may not be considered as a source of future or continuing support for projects.

Discussion: This paragraph is necessary to inform prospective applicants of grant limits for all seed grant projects. Again, since funds are expected to be limited, the inclusion of ggrant limits is deemed reasonable by the council.

7. Criteria for application review and selection. Seed grant applications shall be reviewed by council staff, technical advisors to the council, and subcommittees as the council may direct, who shall make recommendations to the council. Applications shall be ranked by the council based upon the following factors:

A. the extent to which the project will meet the council's issue area goals (maximum ten points);

B. the potential for leveraging other sources of funds to meet local match requirements (maximum ten points);

C. the merit of the project design and implementation plan (maximum ten points);

D. the innovative qualities of the project or whether the project results will provide new knowledge and benefits to rural residents (maximum ten points);

E. the feasibility of the project work program, budget, and timeline for completion (maximum five points); and

F. the project sponsor's experience and ability to successfully implement the project (maximum five points).

Discussion: This paragraph is necessary to inform prospective applicants of the method by which seed grant applications will be reviewed and evaluated. It is a reasonable method of evaluation since it provides for seperate evaluation of special aspects of each application. The overall rating system is designed to afford the maximum feasible flexibility to organizations in their project design.

8. Deadline for release of funds. The council shall release grant funds to the sponsor or, if a fiscal agent is used, to the fiscal agent according to the schedule contained in items A to C, and the project sponsor should plan grant-related expenditures with the following deadlines in mind:

A. The council shall release the initial 40 percent of the total grant funds upon execution of the grant agreement.

B. The council shall release an additional 40 percent of the total grant funds upon receipt of an expenditure report covering the portion of grant funds released under item A, that demonstrates compliance with parts 4360.0100 to 4360.1100 and the conditions of the grant agreement.

C. The council shall release the final 20 percent of the total grant funds upon receipt of letters of commitment for matching funds and all reports required by part 4360.1100.

Discussion: This paragraph is necessary to inform prospective applicants of the deadline for the release of funds. Since project sponsors need to know when grant funds will be available in order to plan grant-related expenditures, it is reasonable to require the council to clearly state the deadline for the release of funds.

Minn. Rule 4360.1100 Seed Grant Reporting Requirements.

A project sponsor or fiscal agent shall submit to the council quarterly reports, an expenditure report, a final expenditure report, a final project evaluation report, a brief narrative report, a final audit, and a publicity report containing the same material and subject to the same requirements as the reports required in part 4360.0900, except that the reports required by this part shall contain information on and be submitted for the purpose of seed grants.

Discussion: This rule is necessary to inform prospective applicants of the types of reports required of all seed grant receipients. It is reasonable to demand timely, accurate reports from all grantees since the state (through the council) is responsible to the federal government (through the Farmers Home Administration) for the proper expenditure of rural development funds.

Minn. Rule 4360.1200 Incorporation by Reference.

The Office of management and Budget's Standard Industrial Classification Manual (Manual), published by the Office of Federal Statistical policy and Standards, U.S. Department of Commerce, is adopted by incorporation by reference. The Manual was last published in 1977, is not subject to frequent change, and is available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402 (Stock Number 4101-0066).

Discussion: This rule is necessary to inform applicants of the adoption by reference of the Standard Industrial Classification Manual. This is a reasonable practice since the Manual is a widely used source that is available through most libraries or for purchase from the U.S. Government Printing Office.

In the Matter of the Proposed Adoption
of Rule of the State, Department of Energy
and Economic Development, Governing Rules
Relating to the Governor's Rural Development
Council, Rural Development Grants

**AFFIDAVIT OF MAILING**

**STATE OF MINNESOTA )**
**)ss**
**COUNTY OF RAMSEY )**

I, Leanne Blahna, being duly sworn deposes and says:

That on the 27th day of August, 1986, at the City of St. Paul, County of Ramsey, State of Minnesota, she served the attached Notice of Hearing/Intent to Adopt Rules Without 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 Department of Energy and Economic Development for the purpose of receiving notice of the proposed adoption of rules by this Department

Leanne Blahna

Leanne Blahna, GRDC

Subscribed and sworn to before me
this 27th day of August, 1986

Mary Joan Kruger Berg
Notary Public

Mary Joan Kruger Berg
NOTARY PUBLIC — MINNESOTA
WASHINGTON COUNTY
My commission expires Sept. 26, 1990

STATE OF MINNESOTA

# STATE REGISTER

DEPARTMENT OF ADMINISTRATION—DOCUMENTS DIVISION




**Monday 1 September 1986**

**VOLUME 11, NUMBER 9**

**Pages 369-416**

# STATE REGISTER

**The *State Register* is the official publication of the State of Minnesota, containing executive orders of the governor, proposed and adopted rules of state agencies, official notices to the public, state and non-state public contracts, grants, and supreme court and tax court decisions. Judicial notice shall be taken of material published in the *State Register*.**

## Volume 11 Printing Schedule and Submission Deadlines

| Vol. 11 Issue Number | *Submission deadline for Executive Orders, Adopted Rules and **Proposed Rules | *Submission deadline for State Contract Notices and other **Official Notices | Issue Date |
|---|---|---|---|
| 9 | Monday 18 August | Monday 25 August | Monday 1 September |
| 10 | Monday 25 August | Friday 29 August | Monday 8 September |
| 11 | Friday 29 August | Monday 8 September | Monday 15 September |
| 12 | Monday 8 September | Monday 15 September | Monday 22 September |

*Deadline extensions may be possible at the editor's discretion; however, none will be made beyond the second Wednesday (12 calendar days) preceding the issue date for rules, proposed rules and executive orders, or beyond the Wednesday (5 calendar days) preceding the issue date for official notices. Requests for deadline extensions should be made only in valid emergency situations.
**Notices of public hearings on proposed rules and notices of intent to adopt rules without a public hearing are published in the Proposed Rules section and must be submitted two weeks prior to the issue date.
Instructions for submission of documents may be obtained from the Office of the State Register editorial offices, 504 Rice Street, St. Paul, Minnesota 55103, (612) 296-4273.

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Contact: House Information Office
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(612) 296-2146

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**The PROPOSED RULES section contains:**

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- Proposed emergency rules.
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**The ADOPTED RULES section contains:**

- Notice of adoption of new rules and rule amendments adopted without change from the previously published proposed rules. (Unchanged adopted rules are not republished in full in the *State Register* unless requested by an agency.)
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**The OFFICIAL NOTICES section includes (but is not limited to):**

- Notice of intent to solicit outside opinion before promulgating rules.
- Additional hearings on proposed rules not listed in original proposed rules calendar.

ALL ADOPTED RULES and ADOPTED AMENDMENTS TO EXISTING RULES published in the *State Register* and filed with the Secretary of State before April 8, 1985 are published in the *Minnesota Rules 1985*. ADOPTED RULES and ADOPTED AMENDMENTS TO EXISTING RULES filed after April 8, 1985 are included in a supplement published in Spring, 1986. Proposed and adopted EMERGENCY (formerly called TEMPORARY) RULES appear in the *State Register* but are generally not published in the *Minnesota Rules* due to the short-term nature of their legal effectiveness. Those that are long-term may be published.

The *State Register* publishes partial and cumulative listings of rule in the MINNESOTA RULES AMENDMENTS AND ADDITIONS list on the following schedule:

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# EXECUTIVE ORDERS

## Executive Order No. 86-8

### Providing for Assistance to Officials of St. Louis County, Minnesota

I, RUDY PERPICH, GOVERNOR OF THE STATE OF MINNESOTA, by virtue of the authority vested in me by the Constitution and the applicable statutes, do hereby issue this Executive Order:

WHEREAS, the Sheriff of St. Louis County has requested assistance in the search for a rescue of a lost eighty-six year man; and

WHEREAS, the size and terrain of the search area are beyond the capabilities of local resources;

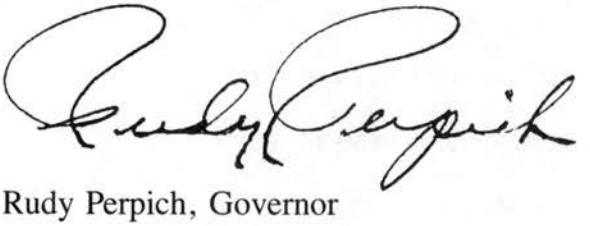
NOW, THEREFORE, I hereby order that:

1. The Adjutant General of Minnesota order to active duty on or after August 4, 1986, in service of the State, such elements and equipment of the military forces of the State as required and for such periods of time necessary to ensure the safety of our citizens.

2. Cost of subsistence, transportation, fuel, and pay and allowances of said individuals shall be defrayed from the General Fund of the State as provided for by Minnesota Statutes, Section 192.49, Subdivision 1, Section 192.51, and Section 192.52.

PURSUANT to Minnesota Statutes, Section 4.035, this Order shall be effective retroactive to August 4, 1986, and shall remain in effect until such date as elements of the military forces of the State are no longer required.

IN TESTIMONY WHEREOF I have set my hand this eighth day of August, 1986.



Rudy Perpich, Governor

# PROPOSED RULES

**Pursuant to Minn. Stat. of 1984, §§ 14.22, an agency may propose to adopt, amend, suspend or repeal rules without first holding a public hearing, as long as the agency determines that the rules will be noncontroversial in nature. The agency must first publish a notice of intent to adopt rules without a public hearing, together with the proposed rules, in the *State Register*. The notice must advise the public:**

1. **that they have 30 days in which to submit comment on the proposed rules;**
2. **that no public hearing will be held unless 25 or more persons make a written request for a hearing within the 30-day comment period;**
3. **of the manner in which persons shall request a hearing on the proposed rules; and**
4. **that the rule may be modified if the modifications are supported by the data and views submitted.**

**If, during the 30-day comment period, 25 or more persons submit to the agency a written request for a hearing of the proposed rules, the agency must proceed under the provisions of §§ 14.14-14.20, which state that if an agency decides to hold a public hearing, it must publish a notice of intent in the *State Register*.**

**Pursuant to Minn. Stat. §§ 14.29 and 14.30, agencies may propose emergency rules under certain circumstances. Proposed emergency rules are published in the *State Register* and, for at least 25 days thereafter, interested persons may submit data and views in writing to the proposing agency.**

# Department of Energy and Economic Development

## Proposed Permanent Rules Relating to the Governor's Rural Development Council, Rural Development Grants

### Notice of Intent to Adopt Rules without a Public Hearing

Notice is hereby given that the Commissioner of the Department of Energy and Economic Development with the concurrance of the Governor's Rural Development Council purposes to adopt the above-entitled rules without a public hearing following procedures set forth in Minnesota Statutes, sections 14.22 to 14.28. The specific statuatory authority to adopt the rules is Minnesota Statutes 116J.961, subd. 9.

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:

Lori Widmark
Governor's Rural Development Council
900 American Center Building
150 East Kellogg Boulevard
St. Paul, MN 55101
Telephone: 612/296-3993

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

The proposed rules do not affect small business directly.

These rules govern application procedures for the Rural Development Council Grant program. The Rural Development Grant program makes grants available to local units of government and non-profit organizations to develop innovative projects which address the needs of farmers and/or low-income rural residents.

A copy of the rules follows. Additional copies of the rules are available for review from Lori Widmark at the aformentioned address upon request.

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.

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 Lori Widmark upon request at the aforementioned address.

If no hearing is required, upon adoption of the rules, the rules 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 receive a copy of the final rules as proposed for adoption, must submit the written request to Lori Widmark at the aforementioned address.

Dated: 18 August 1986

Mark Dayton, Commissioner
Department of Energy and Economic Development

## Rules as Proposed (all new material)

### RURAL DEVELOPMENT GRANTS

**4360.0100 DEFINITIONS.**

Subpart 1. **Scope.** As used in parts 4360.0100 to 4360.1100, the terms defined in this part and in Minnesota Statutes, section 116J.951 have the meanings given them.

Subp. 2. **Agricultural.** "Agricultural" means relating to activities of establishments primarily engaged in food production, processing, sale and transport of goods and commodities classified under the industry code numbers used in the standard industrial classification code as published in the standard industrial classification manual adopted by incorporation by reference in part 4360.1200, for the following coded activities:

A. Major Group 01-Crops;

B. Major Group 02-Livestock;

C. Major Group 07-Agricultural Services;

D. Major Group 09-Fishing, Hunting and Trapping;

E. Major Group 20-Food and Kindred Products;

F. Group 514-Groceries and Related Products;

G. Group 515-Farm Products Raw Materials; and

H. Major Group 54-Food Stores.

Subp. 3. **Demonstration grant.** "Demonstration grant" means a grant for an innovative project that has potential statewide applications and meets the needs of farmers or low-income rural residents.

Subp. 4. **Enterprise development.** "Enterprise development" means the gradual emergence or expansion of new rural small businesses.

Subp. 5. **Farmer.** "Farmer" means one engaged in the production of agricultural commodities (including persons engaged in the production of fish under controlled conditions), ranchers, farm tenants, and farm laborers.

Subp. 6. **Fiscal agent.** "Fiscal agent" means any Minnesota unit of state or local government, special district nonprofit organization or public institution, employing a certified public accountant for the purpose of the agent's activities, that acts on behalf of a project sponsor.

Subp. 7. **Grant funds.** "Grant funds" means money provided by the council in the form of a demonstration grant, seed grant, or pilot marketing grant.

Subp. 8. **Grant year.** "Grant year" means the year during which the council makes grant funds available.

Subp. 9. **In-kind support.** "In-kind support" means contributions made by a project sponsor other than money, usually services, facilities, goods, or equipment, meant to supplement the grant funds awarded by the council.

Subp. 10. **Letter of commitment.** "Letter of commitment" means a written statement from an organization or individual providing matching funds in conjunction with a project application submitted to the council.

Subp. 11. **Low-income.** "Low-income" means low income as defined in Code of Federal Regulations, title 24, section 813.102.

Subp. 12. **Management assistance.** "Management assistance" means assistance provided to rural small businesses in managing the day-to-day operations of the enterprise, and as opposed to financial assistance.

Subp. 13. **Matching funds.** "Matching funds" means the share, including in-kind support, of total project costs raised by the grantee used to supplement grant funds. Matching funds may not consist solely of in-kind support but may consist solely of money from any source.

Subp. 14. **Nonprofit organization.** "Nonprofit organization" means an organization that is a tax-exempt entity under section 501(c)(3) of the Internal Revenue Code of 1954, as amended through December 31, 1985.

Subp. 15. **Operating capital.** "Operating capital" means money or credit used by the owner of a for-profit business to pay the day-to-day operating expenses of the enterprise, such as for the purchase of goods, inventory, machinery, equipment, or other overhead costs.

Subp. 16. **Priority rural development issues or priority issue areas.** "Priority rural development issues" or "priority issue areas" means family farm and agricultural land protection, value added processing and marketing, or rural small business assistance or any combination of those issues.

Subp. 17. **Program.** "Program" means the grant-making activities of the council.

Subp. 18. **Project or rural development project.** "Project" or "rural development project" means any activity funded or to be funded by the council that seeks to accomplish one or more of the goals specified in part 4360.0300 in one or more of the priority rural development issue areas.

Subp. 19. **Project evaluation.** "Project evaluation" means a comparison between the activities implementing the work program and anticipated project results, as identified in the project application, and the actual outcome of the project.

Subp. 20. **Project promotion.** "Project promotion" means a method of informing the general public and others about project activities, including the use of appropriate media, responding to individual inquiries, mailings to appropriate groups, and reporting to the council on project activities.

Subp. 21. **Project sponsor or sponsor.** "Project sponsor" or "sponsor" means the person or entity that implements or intends to implement a rural development project, whether or not acting through a fiscal agent.

Subp. 22. **Project sponsor or fiscal agent.** "Project sponsor or fiscal agent" means, unless a contrary meaning is clearly intended, that the project sponsor is ultimately responsible for the required action and that if a fiscal agent is used, the fiscal agent is responsible to the sponsor to take the required act and the project sponsor is responsible for the same act only in the event that the fiscal agent is unwilling or unable to take the required action.

Subp. 23. **Rural.** "Rural" means places within the state other than first class cities as defined in Minnesota Statutes, section 410.01.

Subp. 24. **Rural small business.** "Rural small business" means a business entity, including its affiliates, that:

A. is independently owned and operated for a profit;

B. is not dominant in its field;

C. employs fewer than 50 full-time employees or has gross annual sales less than $4,000,000; and

D. is located in rural Minnesota.

Subp. 25. **Seed grant.** "Seed grant" means a small initial award of funds to a project sponsor awarded to attract other grants and contributions to the project from other sources.

Subp. 26. **Start-up capital.** "Start-up capital" means money or credit used by the owner of a for-profit business to begin operating that business for the first time.

Subp. 27. **Value added.** "Value added" means the increased worth of Minnesota agriculture and forest resources that is caused by the introduction of higher cost crops into the state, or the additional processing of existing crops, livestock, and forest products that occur within a locality or the state, rather than outside of the state.

**4360.0200 COUNCIL PURPOSE.**

The council serves as a forum for identifying the priority rural development issues in Minnesota and developing goals and strategies for addressing those issues through the use of technical and financial resources available to the council.

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**4360.0300 PRIORITY RURAL DEVELOPMENT ISSUE AREAS AND GOALS.**

Subpart 1. **Scope.** The council, through the rural development grant programs, provides grants to qualified organizations to implement rural development projects. To most effectively meet the needs of rural Minnesota, the council has established the three priority issue areas in subparts 2 to 4 and goals for projects within each area. To the extent of legislative appropriations, the council makes funds available for projects that seek to accomplish one or more of the goals in one or more of the priority issue areas.

Subp. 2. **Family farm and agricultural land protection issue area; goals.** The council's goals in the family farm and agricultural land protection issue area are to:

A. protect the quality and quantity of the agricultural land in the state through the use of resource management practices or land use planning and zoning;

B. promote an agricultural land protection awareness and understanding by the farm and nonfarm populations of all ages;

C. preserve the family farm structure by enhancing the potential for increased farm income, especially for beginning farmers, through business management and other nonloan forms of assistance; and

D. provide information and education programs that will increase the appreciation and understanding of basic agricultural production, its role in the economy, and current farm issues, by consumers, nonfarm segments of the population, members of the state legislature and congress, and other residents of the state.

Subp. 3. **Value-added processing and marketing issue area; goals.** The council's goals in the value-added processing and marketing issue area are to:

A. research and identify new products, processes, and services to add value to Minnesota agricultural and forest resources;

B. inform Minnesotans about opportunities and the skills required to take advantage of processes, products, growing crops, and markets that add value to Minnesota resources;

C. provide resources to Minnesotans to act on growing, processing, and marketing opportunities through grants, matching funds, and help from state organizations and agencies; and

D. measure project results and inform the public about the results from experimental projects.

Subp. 4. **Rural small business assistance issue area; goals.** The council's goals in the rural small business assistance issue area are to:

A. provide technical and management assistance for rural small businesses;

B. establish formal networks to assist rural small businesses and technical resources in rural Minnesota with information sharing; and

C. encourage enterprise development to improve management, marketing, business skills, and availability of risk capital.

**4360.0400 PROJECT START AND END DATE.**

The project start date for each project is 30 days after approval of the project by the council at its annual meeting. A project sponsor or fiscal agent shall not make a contract for services or supplies before receiving written notification of funding from the council. Grant program guidelines shall be published in the *State Register* 90 days before the deadline for submission of grant applications. No grant may be made to cover a period longer than one year from the project start date.

**4360.0500 FISCAL AGENT.**

A project sponsor not meeting the requirements for an eligible applicant under part 4360.0800, subpart 2 or 4360.1000, subpart 2 shall use, and a project sponsor meeting those requirements may use, the services of a fiscal agent to accept council grant funds on the sponsor's behalf, pay project expenses, and prepare financial reports and the final audit. The sponsor and the fiscal agent must both sign the application and, if a grant is received, the sponsor and the fiscal agent must both sign the grant agreement. When a fiscal agent is used, the project sponsor remains ultimately responsible for the completion of the project, the proper management of the grant funds and other acts of the fiscal agent, notwithstanding any agreement between the sponsor and the fiscal agent requiring the agent to take any acts on behalf of the sponsor. The portion of fiscal agent fees directly attributable to the grant, up to a maximum of ten percent of the grant, may be included in the amount of grant funds requested from the council.

**4360.0600 RESTRICTIONS.**

Subpart 1. **Equipment.** The use of council grant funds for the purchase of equipment is prohibited except as provided in this subpart. A project sponsor desiring to purchase equipment with grant funds must show that equipment is essential to the implementation of the project, and that the equipment is not available for lease or rent during the grant period or that the equipment will cost more to rent or lease than to buy.

Subp. 2. **Application costs.** Grant funds shall not be used to pay any cost incurred in the preparation or submission of any grant application to the council.

Subp. 3. **Late applications.** A project application that is incomplete or received after the deadline for application will not be considered for funding in the fiscal year in which it is received.

Subp. 4. **Discussion of applications.** Council staff, council members, employees of the Department of Energy and Economic Development, employees of the State Board of Investments, and other persons advising the council or the commissioner shall not discuss a project application with either a project sponsor or fiscal agent at any time between the time the project application is submitted to the council and the time the council makes its recommendation to the commissioner.

**4360.0700 APPLICATION PROCESS.**

Subpart 1. **In general.** To apply for grant funds, the project sponsor and any fiscal agent shall submit a completed and signed application form to the commissioner on a form approved by the commissioner.

Subp. 2. **Contents.** A complete application consists of the following:

A. 20 copies of the completed and signed application form; and

B. 20 copies of all letters of commitment for all matching funds. Sources of matching funds and the type (for example, money or in-kind support) and amount of the funds must also be stated in the application form.

Subp. 3. **Application submission deadlines.** A completed application for grant funds shall be submitted to the council according to the following schedule:

A. Demonstration grants - the last business day of the third week in January.

B. Seed grants - the last business day of the second week in December.

Subp. 4. **Submission to regional development commissions.** A project sponsor or any fiscal agent that is a governmental unit or a public educational institution must submit one copy of the completed application form and letters of commitment for requested matching funds to the appropriate regional development commission for review and comment where a commission exists, or the Metropolitan Council, where it has jurisdiction, in accordance with Minnesota Statutes, section 462.391, subdivision 3, or 473.171, respectively, no later than the appropriate application deadline date.

Subp. 5. **Address.** Application materials must be submitted to: Governor's Rural Development Council, Minnesota Department of Energy and Economic Development, 900 American Center Building, 150 East Kellogg Boulevard, Saint Paul, Minnesota 55101.

Subp. 6. **Council review.** Within 90 days after the application deadline, the council shall complete its review and select those projects to be recommended to the commissioner for grants.

Subp. 7. **Notification.** Immediately following approval or disapproval of a grant by the commissioner, the council staff shall notify the project sponsor or fiscal agent, as appropriate, of the action taken by the commissioner.

Subp. 8. **Grant agreement.** The sponsor and fiscal agent, if a fiscal agent is used, of a project that is recommended by the council to the commissioner must sign a grant agreement that states the conditions to which the grant is subject. Upon approval of the grant by the commissioner, the grant agreement must be processed by the commissioner and the Department of Finance. The council staff shall provide a copy of the fully executed grant agreement, forms for all required reporting, and other information to the project sponsor and any fiscal agent.

Subp. 9. **Grant close-out.** At the next council meeting following receipt of the reports required by part 4360.0900, or 4360.1100, the council shall review the reports received and determine whether the project sponsor or fiscal agent has complied with parts 4360.0100 to 4360.1100 and the conditions of the grant agreement, and notify each project sponsor or fiscal agent whether it has complied.

Subp. 10. **Unexpended grant funds.** If, during the grant close-out required by subpart 9, the council determines that any grant funds have not yet been expended for project purposes, the council shall require the sponsor or fiscal agent to return the unexpended grant funds to the council. Upon request of the council, a project sponsor or fiscal agent shall return unexpended funds to the council.

Subp. 11. **Denial and revocation of grant funds.** If the council determines on the basis of a quarterly, final, or other report that a project sponsor or fiscal agent has violated or may violate a provision of parts 4360.0100 to 4360.1100 or a condition of the grant

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agreement, or both, the council may withhold grant funds not yet released or may require the return of grant funds already released. Upon request of the council, the project sponsor or fiscal agent shall return grant funds to the council.

## TYPES OF GRANTS AVAILABLE

### 4360.0800 DEMONSTRATION GRANTS.

Subpart 1. **Purpose.** The council, through the demonstration grant program, provides grant funds to nonprofit organizations, public institutions, units of state and local government, and special districts within the state for innovative projects with potential statewide applications that seek to accomplish one or more of the goals in one or more of the priority issue areas established in part 4360.0110. The intent of the demonstration grants program is to assist organizations unable to provide financing from their own resources or unable to obtain financing from conventional sources.

Subp. 2. **Eligible applicants.** Nonprofit organizations, units of state and local government, public institutions, and special districts within Minnesota are eligible to apply for demonstration grants.

Subp. 3. **Eligible use of funds.** The council shall consider applications for grant funds for proposed demonstration projects begun before or after the effective date of parts 4360.0100 to 4360.1100 that:

A. will use grant funds for action-oriented, as opposed to studies or plans, components of the project;

B. provide direct benefit to farmers, immediate farm family members, or low income rural residents of Minnesota;

C. have objectively measurable short-term (less than 12 months) results;

D. inform those regional development commissions or other entities referred to in part 4360.0700, subpart 4 of the existence of the project; and

E. seek to accomplish any of the goals in one or more of the three priority issue areas related to the project.

Subp. 4. **Ineligible use of funds.** The council shall not consider an application for grant funds for a proposed project that:

A. does not primarily serve the needs of farmers, immediate farm family members, or low income rural residents of Minnesota;

B. will use council grant funds for physical construction or improvement of existing facilities;

C. duplicates or is substantially similar to other programs or efforts already being made within the state;

D. uses council grant funds to provide operating capital or start-up capital for for-profit private businesses or enterprises;

E. has not been submitted by the project sponsor or fiscal agent to regional development commissions or other entities for review and comment as required by law; or

F. does not seek to accomplish any of the goals in one or more of the three priority areas related to the project.

Subp. 5. **Grant limits.** A request for a demonstration grant may not exceed:

A. $60,000 or 70 percent of the total cost of the project, whichever is less, for the first year of a project;

B. $40,000 or 50 percent of the total cost of the project, whichever is less, for the second year of a project; or

C. $20,000 or 30 percent of the total cost of the project, for the third year of a project, whichever is less.

Subp. 6. **Continued support.** Support for demonstration projects is determined annually by the council on a competitive basis. Support for a project in the first year does not obligate the council to continue the support in a second or third year. The determination whether to continue support for a project must be based on the success of the project and the need for further grant-supported activities. A project sponsor must provide at least 15 percent of the total project cost in cash.

Subp. 7. **Letters of commitment.** Letters verifying the commitment of required matching funds must be submitted to the council at the time of application for demonstration project grants.

Subp. 8. **Criteria for application review and selection.** Demonstration project grant applications shall be reviewed by council staff, technical advisors to the council, and subcommittees as the council may direct, who shall make recommendations to the council. Applications shall be ranked by the council based upon the following factors:

A. the extent to which the project will meet the council's issue area goals (maximum 15 points);

B. the innovative qualities of the project, or the extent to which project results will provide new knowledge and benefits to rural residents (maximum 15 points);

C. the potential for future project replication in other areas of rural Minnesota, or the statewide impact of the project (maximum 15 points);

D. the merit of the project design and implementation plan (maximum 15 points);

E. the feasibility of the project work program, budget, and timeline for completion (maximum ten points);

F. the project sponsor's experience and ability to successfully implement the demonstration project (maximum ten points);

G. the potential for future leveraging of other sources of funds, or the ability to become self-sufficient (maximum ten points);

H. the proposed methods for publicizing project activities and results (maximum five points); and

I. the level of proposed coordination with appropriate local, state, and federal agencies and organizations with expertise in the project area (maximum five points).

Subp. 9. **Deadline for release of funds.** The council shall release grant funds to the sponsor or, if a fiscal agent is used, to the fiscal agent, according to the schedule contained in items A to C and the sponsor should plan expenditures with the following deadlines in mind:

A. The council shall release the initial 40 percent of the total grant funds upon execution of the grant agreement.

B. The council shall release an additional 40 percent of the total grant funds upon receipt of an expenditure report covering the portion of grant funds released under item A, that demonstrates compliance with parts 4360.0100 to 4360.1100 and the conditions of the grant agreement.

C. The council shall release the final 20 percent of the total grant funds upon receipt of all reports required by part 4360.0900.

Subp. 10. **Accounts required.** The sponsor or fiscal agent shall establish and maintain for each project separate bookkeeping accounts for grant funds, matching funds in the form of money, and in-kind matching funds.

**4360.0900 DEMONSTRATION GRANT REPORTING REQUIREMENTS.**

A project sponsor or fiscal agent receiving a demonstration grant shall submit the following reports to the council:

A. quarterly reports, on a form provided by the council, shall be submitted once each calendar quarter in the third week of the last month of the quarter according to the following schedule: first quarter (January, February, March); second quarter (April, May, June); third quarter (July, August, September); and fourth quarter (October, November, December), and a time period not covered in any report shall be addressed in the next subsequent report; the quarterly report shall include a project promotion and publicity component that will clearly show the progress of the project during the quarter in order to provide the general public, target population groups, members of the council, and other funders with timely communication on major project activities;

B. an expenditure report, showing in detail the purposes for which the initial 40 percent of the grant funds were spent and showing that those purposes complied with parts 4360.0100 to 4360.1100 and the conditions of the grant agreement;

C. a final expenditure report, showing in detail the purposes for which the second 40 percent of the grant funds were spent, and showing that those purposes complied with parts 4360.0100 to 4360.1100 and the conditions of the grant agreement;

D. a final project evaluation report, on a form provided by the council, to be submitted at least three weeks before the close of the final grant year for the project;

E. a brief narrative report, suitable for publication, explaining the project, the activities conducted during the grant period, and any suggestions based upon the experience of the sponsor that can be shared with organizations or individuals interested in replicating the project, to be submitted at least three weeks before the close of the final grant year for the project; and

F. a final audit, based upon generally accepted principals of accounting, of both grant funds and matching funds, demonstrating compliance with parts 4360.0100 to 4360.1100 and the conditions of the grant agreement, to be submitted at least three weeks before the close of the final grant year for the project; and

G. a publicity report outlining the results of the project sponsor's ongoing promotion and publicity activities, to be submitted at least three weeks before the close of the final grant year for the project.

**4360.1000 SEED GRANT.**

Subpart 1. **Purpose.** The council, through the seed grant program, provides grant funds to encourage promising projects by providing funds that will attract other grants and contributions.

Subp. 2. **Eligible applicants.** Nonprofit organizations, units of state and local government, public institutions, and special districts within the state are eligible to apply for seed grants.

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Subp. 3. **Eligible uses of funds.** The council shall consider applications for seed grant funds for proposed projects that:

A. seek to accomplish one or more of the goals in one or more of the three priority issue areas that are related to the project;

B. will use seed grant funds to leverage other public or private funds or both public and private funds;

C. provide direct benefit to farmers, immediate farm family members, or low-income rural residents of Minnesota;

D. have objectively measurable short-term (less than 12 months) results;

E. will use seed grant funds to implement new and innovative projects and programs; and

F. inform appropriate agencies and organizations of the existence of the project.

Subp. 4. **Ineligible uses of funds.** The council shall not consider an application for seed grant funds for a proposed project that:

A. is receiving or has received council demonstration or seed grant funds;

B. does not primarily serve the needs of farmers, immediate farm family members, or low-income rural residents of Minnesota;

C. will use seed grant funds for physical construction or improvement of existing facilities;

D. duplicates or is substantially similar to other efforts already being made in the state;

E. uses seed grant funds to provide operating capital or start-up capital for for-profit private businesses or enterprises;

F. will replicate a council demonstration project in another geographic area of the state;

G. has not been submitted by the project sponsor to other agencies of federal, state, or local government for review and comment, as required by law; or

H. does not seek to accomplish one or more of the goals in one or more of the three priority issue areas related to the project.

Subp. 5. **Matching funds required.** A project sponsor must demonstrate the ability to secure matching funds equal to 70 percent of the total project cost for the grant period. Matching funds that have been secured before the time of application must be documented by submitting a letter of commitment from the source of the matching funds. A project sponsor must include in its application a fundraising strategy and identification of potential sources of matching funds. A project sponsor must provide at least 15 percent of the total project cost in cash.

Subp. 6. **Grant limits.** Seed grants may be made for up to the lesser of 30 percent of the total project cost for the grant period or $10,000. Seed grants are available on a one-time basis and may not be considered as a source of future or continuing support for projects.

Subp. 7. **Criteria for application review and selection.** Seed grant applications shall be reviewed by council staff, technical advisors to the council, and subcommittees as the council may direct, who shall make recommendations to the council. Applications shall be ranked by the council based upon the following factors:

A. the extent to which the project will meet the council's issue area goals (maximum ten points);

B. the potential for leveraging other sources of funds to meet local match requirements (maximum ten points);

C. the merit of the project design and implementation plan (maximum ten points);

D. the innovative qualities of the project or whether the project results will provide new knowledge and benefits to rural residents (maximum ten points);

E. the feasibility of the project work program, budget, and timeline for completion (maximum five points); and

F. the project sponsor's experience and ability to successfully implement the project (maximum five points).

Subp. 8. **Deadline for release of funds.** The council shall release grant funds to the sponsor or, if a fiscal agent is used, to the fiscal agent according to the schedule contained in items A to C, and the project sponsor should plan grant-related expenditures with the following deadlines in mind:

A. The council shall release the initial 40 percent of the total grant funds upon execution of the grant agreement.

B. The council shall release an additional 40 percent of the total grant funds upon receipt of an expenditure report covering the portion of grant funds released under item A, that demonstrates compliance with parts 4360.0100 to 4360.1100 and the conditions of the grant agreement.

C. The council shall release the final 20 percent of the total grant funds upon receipt of letters of commitment for matching funds and all reports required by part 4360.1100.

**4360.1100 SEED GRANT REPORTING REQUIREMENTS.**

A project sponsor or fiscal agent shall submit to the council quarterly reports, an expenditure report, a final expenditure report, a final project evaluation report, a brief narrative report, a final audit, and a publicity report containing the same material and subject to the same requirements as the reports required in part 4360.0900, except that the reports required by this part shall contain information on and be submitted for the purpose of seed grants.

**4360.1200 INCORPORATION BY REFERENCE.**

The Office of Management and Budget's Standard Industrial Classification Manual (Manual), published by the Office of Federal Statistical Policy and Standards, U.S. Department of Commerce, is adopted by incorporation by reference. The Manual was last published in 1977, is not subject to frequent change. It is available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402 (Stock Number 4101-0066), and the State Law Library, 117 University Avenue, St. Paul, Minnesota 55155.

# Pollution Control Agency

## Proposed Permanent Rules Relating to Waste Tire Dump Abatement

### Notice of Intent to Adopt Permanent Rules without a Public Hearing

Notice is hereby given that the Minnesota Pollution Control Agency (MPCA) intends to adopt without a public hearing, in accordance with the provisions of Minn. Stat. §§ 14.22 to 14.28 (1984, permanent rules governing the abatement of waste tires dumps.

The proposed rules, if adopted, will provide for the administration of the MPCA's waste tire dump abatement program. The proposed rules provide a procedure by which MPCA will take action to abate waste tire dumps in the State. The proposed rules are authorized by Minn. Stat. § 115A.914, subd. 1 (1984). A copy of the proposed rules is published below. One free copy of the proposed rules is available upon request from the MPCA. Please contact the person whose name and address appears below.

The MPCA has prepared a Statement of Need and Reasonableness that describes the need for and reasonableness of each provision of the proposed rules and identifies the data and information relied upon by the MPCA to support the proposed rules. Copies of the Statement of Need and Reasonableness and of the proposed rules are available and may be obtained by contacting:

Patrick Carey
Minnesota Pollution Control Agency
Solid and Hazardous Waste Division
1935 West County Road B2
Roseville, Minnesota 55113
Telephone: 612/296-7321

Copies of the proposed rules and of the Statement of Need and Reasonableness may also be viewed at the MPCA regional offices at the following locations:

Duluth Region
Duluth Government Center
320 West Second Street
Duluth, Minnesota 55802
218/723-4660

Brainerd Region
304 East River Road
Suite 3
Brainerd, Minnesota 54601
218/828-2492

Detroit Lakes Region
714 Lake Avenue
Suite 220
Detroit Lakes, Minnesota 56501
218/847-1519

Marshall Region
RLC Building
109 South Fifth Street
Marshall, Minnesota 56258
507/537-7146

Rochester Region
2116 Campus Drive Southeast
Rochester, Minnesota 55901
507/285-7343

Interested parties have until 4:30 p.m. on October 1, 1986 to submit comments on the proposed rules. Comments should be submitted to Patrick Carey at the address stated above. The proposed rules may be modified if the data and views received by the

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MPCA before the end of the comment period warrant modification and the modification does not result in a substantial change in the proposed rules.

Unless 25 or more persons submit written requests for a public hearing on the proposed rules within the comment period, a public hearing will not be held. In the event that a public hearing is required, the MPCA will proceed according to the provisions of Minn. Stat. §§ 14.131 to 14.20 (1984). If a person desires to request a public hearing, the MPCA requests that the person identify the particular provisions objected to, the suggested modifications to the proposed language, and the reasons and data relied on to support the suggested modifications.

Upon adoption of the rules by the MPCA Board, the rules as proposed, this Notice, the Statement of Need and Reasonableness, all written comments received, and the final rules as adopted will be sent to the Attorney General for review as to form and legality. Persons who wish to be advised of the submission of this material to the Attorney General, or wish to receive a copy of the final rules as adopted, should submit a written statement of such request to Patrick Carey at the address previously stated.

Dated 15 August 1986

Thomas J. Kalitowski
Executive Director

## Rules as Proposed (all new material)

**7035.8000 SCOPE.**

Parts 7035.8000 to 7035.8080 establish the procedures that the agency shall follow in moving to abate tire dumps, the procedures that a responsible tire collector shall follow in abating a tire dump pursuant to agency request, and the technical standards that a responsible tire collector must meet during the abatement process.

**7035.8010 DEFINITIONS.**

Subpart 1. **Applicability.** For the purposes of parts 7035.8000 to 7035.8080, the terms in subparts 2 to 22 have the meanings given them.

Subp. 2. **Abate or abatement.** "Abate" or "abatement" means processing and removing waste tires in a manner accepted by the agency.

Subp. 3. **Abatement increment.** "Abatement increment" means period of time, not greater than six months and not less than one month, as specified in an abatement plan, during which a specified number of waste tires will be removed from the tire dump and processed.

Subp. 4. **Agency.** "Agency" means the Minnesota Pollution Control Agency.

Subp. 5. **Director.** "Director" means the executive director of the Minnesota Pollution Control Agency.

Subp. 6. **Flood plain.** "Flood plain" means any land area that is subject to a one percent or greater chance of flooding in any given year from any source.

Subp. 7. **Operator.** "Operator" means the person responsible for the overall operation of the tire dump. A tire dump operator is a tire collector as defined in Minnesota Statutes, section 115A.90, subdivision 8.

Supb. 8. **Owner.** "Owner" means a person who owns, in whole or in part, the waste tires located in a tire dump, or the land on which the tire dump is located. As used in parts 7035.8000 to 7035.8080, "owner" includes one who holds an interest in the property on which the tire dump is located, as in the case of a lessee. An owner is a tire collector as defined in Minnesota Statutes, section 115A.90, subdivision 8.

Subp. 9. **Person.** "Person" has the meaning given in Minnesota Statutes, section 115A.90, subdivision 5.

Subp. 10. **Processing.** "Processing" has the meaning given in Minnesota Statutes, section 115A.90, subdivision 6.

Subp. 11. **Ravine.** "Ravine" means a deep, narrow cleft or gorge in the earth's surface. A ravine cannot be smoothed out by ordinary tillage.

Subp. 12. **Residuals from processing.** "Residuals from processing" means the unusable material resulting from any chemical or physical processing of waste tires.

Subp. 13. **Responsible tire collector.** "Responsible tire collector" means a person who is the recipient of the abatement request. A responsible tire collector is an owner or operator of a tire dump, as defined in this part.

Subp. 14. **Shoreland.** "Shoreland" means land located within 1,000 feet from the normal high water mark of a lake, pond, or flowage, or land within 300 feet of a river or stream, or a flood plain as established by ordinance.

Subp. 15. **Sinkhole.** "Sinkhole" means a closed depression formed by subsidence of the underlying bedrock.

Subp. 16. **Tire.** "Tire" has the meaning given in Minnesota Statutes, section 115A.90, subdivision 7.

Subp. 17. **Tire collector.** "Tire collector" has the meaning given in Minnesota Statutes, section 115A.90, subdivision 8.

Subp. 18. **Tire-derived products.** "Tire-derived products" means usable materials produced from the chemical or physical processing of a waste tire.

Subp. 19. **Tire dump.** "Tire dump" has the meaning given in Minnesota Statutes, section 115A.90, subdivision 9.

Subp. 20. **Tire processor.** "Tire processor" has the meaning given in Minnesota Statutes, section 115A.90, subdivision 10.

Subp. 21. **Waste tire.** "Waste tire" has the meaning given in Minnesota Statutes, section 115A.90, subdivision 11.

Subp. 22. **Wetland.** "Wetland" means any area that is covered by standing water during any portion of a year. As used in this part, "wetland" includes but is not limited to wetlands as defined in Classification of Wetlands and Deep Water Habitats of the United States, 1979. This publication was issued by the United States Department of the Interior, Fish and Wildlife Service, Washington, D.C. 20402. This publication is available at the Minnesota State Government Law Library, Ford Building, 117 University Avenue, Saint Paul, Minnesota. This publication is incorporated into this definition by reference and is not subject to frequent change.

**7035.8020 ABATEMENT PROCEDURES.**

Subpart 1. **Scope.** Subparts 2, 3, and 4 describe the criteria the agency shall use in deciding which tire dumps to abate first, the procedures that the agency shall follow in abating tire dumps, and the actions that responsible tire collectors must take to comply with an agency request to abate.

Subp. 2. **Abatement priorities.** The agency shall issue a request for abatement action to tire collectors responsible for tire dumps that meet the following priority criteria:

A. First priority: tire dumps with over 1,000,000 waste tires. Tire dumps with over 1,000,000 waste tires shall be ranked based on the priority criteria in items B and C.

B. Second priority: tire dumps posing fire hazards. In ranking tire dumps that are fire hazards, the agency shall consider the number of waste tires in the tire dump; the proximity of the tire dump to population concentrations; the proximity of the tire dump to natural resources that would be affected by a fire at the tire dump; and the characteristics of the tire dump that might make it susceptible to fire, including but not limited to the absence of fire lanes, the lack of emergency equipment, the presence of easily combustible materials, and the lack of site access control.

C. Third priority: tire dumps in densely populated areas. In ranking tire dumps located in densely populated areas, the agency shall consider the population concentration within five miles of the tire dump; the number of waste tires in the tire dump; the hazardous characteristics of the tire dump, including but not limited to its susceptibility to fire or to mosquito infestation; and whether the tire dump is visible from any public way.

D. Fourth priority: remaining tire dumps. For tire dumps that do not meet the priority criteria in subpart 3, items A to C, the agency shall consider the number of waste tires located at the tire dump; the hazardous characteristics of the tire dump, including but not limited to its susceptibility to fire or mosquito infestation; and the population and natural resources that might be affected by the presence of the tire dump.

Subp. 3. **Request for abatement action.** The agency shall issue a request for abatement action to all responsible tire collectors. A request for abatement action shall be in writing, specify the action that must be taken to comply, the time allowed for response, the reasons for requesting the action, and the actions that the agency will take if the requested action is not taken in the requested time.

Subp. 4. **Requested action.** The request for abatement action shall require that the responsible tire collector or collectors submit to the director an abatement plan meeting the criteria established in part 7035.8030. The request for abatement action shall require that the responsible tire collector or collectors agree to implement the abatement plan by entering into a stipulation agreement with the agency.

**7035.8030 CONTENTS OF ABATEMENT PLAN.**

Subpart 1. **Goal.** The abatement of a tire dump subject to an agency abatement action shall be accomplished through the processing and removal of the waste tires present in the tire dump. Abatement action must be in accordance with a plan that meets the

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criteria in this part. If approved by the director, a plan that meets the criteria in this part shall be incorporated into a stipulation agreement signed by the responsible tire collector or collectors and the agency.

Subp. 2. **Processing on-site.** If the responsible tire collector elects to process the waste tires on the tire dump site, the following information must be included in the abatement plan submitted to the director in compliance with the request for abatement action:

A. A description of the processing techniques.

B. A description of the equipment that will be used on the site to process and remove the waste tires. The function of each piece of equipment should be specifically noted.

C. The name, address, and telephone number of the ultimate user of the tire-derived products produced from the processing of the waste tires constituting the tire dump.

D. A description of how any residuals from processing the waste tires will be disposed.

E. A time schedule for removal and processing of the waste tires constituting the tire dump. Abatement of the tire dump must be completed within five years of the execution of the stipulation agreement incorporating the abatement plan. Abatement increments must be established.

F. A time schedule for bringing the tire dump into compliance with the technical and operational standards in parts 7035.8050 to 7035.8060. The tire dump must be in compliance with all technical and operational standards within six months, unless otherwise agreed to in the stipulation agreement incorporating the abatement plan. An emergency preparedness manual meeting the standards in part 7035.8060, subpart 8, must be submitted to the director as part of the abatement plan.

G. A description of how records on the number of waste tires processed and removed will be maintained.

H. If the responsible tire collector will seek reimbursement under part 7035.8070, an estimate of the net cost of processing the waste tires using the most cost-effective processing alternative. This estimate must be supported through submission of documentation of the net cost of processing the waste tires.

Subp. 3. **Processing off-site.** If the responsible tire collector elects to remove the waste tires to another location for processing, the following information must be included in the abatement plan submitted to the director in compliance with the request for abatement action.

A. A description of the equipment that will be used to pick up and transport the waste tires to the tire processor.

B. If the responsible tire collector will contract with another person or firm for the transportation of the waste tires, the name, address, and telephone number of that person or firm.

C. The name, address, and telephone number of the facility at which the waste tires will be processed, and a description of the processing techniques employed by that tire processor.

D. A time schedule for the removal of the waste tires constituting the tire dump. The abatement of the tire dump must be completed within five years of the execution of the stipulation agreement incorporating the abatement plan. Abatement increments must be established.

E. A time schedule for bringing the tire dump into compliance with the technical and operational standards in parts 7035.8050 to 7035.8060. The tire dump must be in compliance with all technical standards within six months, unless otherwise agreed to in the stipulation agreement incorporating the abatement plan. An emergency preparedness manual meeting the standards in part 7035.8060, subpart 8, must be submitted to the director as part of the abatement plan.

F. A description of how records on the number of waste tires removed will be maintained.

G. If the responsible tire collector will seek reimbursement under part 7035.8070, an estimate of the net cost of processing the waste tires using the most cost-effective processing alternative. This estimate must be supported through submission of documentation of the net cost of processing the waste tires.

Subp. 4. **Permitting during abatement.** If the responsible tire collector wishes to obtain an agency permit for the site that is the subject of the abatement action, the responsible tire collector must notify the director of this intent at the time the abatement plan is submitted, and agree to develop a plan for bringing the site into compliance with the technical rules for waste tire storage, transfer, or processing facilities once rules governing these facilities are in place.

Subp. 5. **New waste tires.** If the responsible tire collector wants to continue to receive new waste tires during the time the tire dump is being abated, the responsible tire collector must notify the director of this intent at the time the abatement plan is submitted, and agree to develop a plan for processing and removal of the new waste tires.

**7035.8040 INADEQUATE RESPONSE TO A REQUEST FOR ABATEMENT ACTION.**

Subpart 1. **Inadequate response.** The agency shall determine if a responsible tire collector has failed to make an adequate response to a request for abatement action. The agency may find that response has been inadequate if:

A. the responsible tire collector has not responded to the request for abatement action within the time period specified in the request for abatement action;

B. the responsible tire collector has failed to submit an abatement plan that meets the criteria in part 7035.8030;

C. the responsible tire collector has failed to sign a stipulation agreement incorporating the abatement plan approved by the director; or

D. the responsible tire collector has failed to comply with a term or condition of the stipulation agreement incorporating the abatement plan.

Subp. 2. **Abatement order.** If the agency determines that a responsible tire collector has failed to make an adequate response to a request for abatement action, the agency may issue a tire dump abatement order to the responsible tire collector. A tire dump abatement order may provide for entering the property where the tire dump is located, taking the waste tires into public custody, and arranging for their processing and removal.

**7035.8050 TECHNICAL STANDARDS.**

Subpart 1. **Scope.** During the time a tire dump is being abated according to an abatement plan approved by the director, the responsible tire collector shall operate and maintain the tire dump in compliance with the following standards.

Subp. 2. **Indoor storage.** Waste tires stored indoors shall be stored under conditions that meet or exceed those in The Standard for Storage of Rubber Tires, NFPA 231D-1980 edition, adopted by the National Fire Protection Association, San Diego, California. This publication is available at the Minnesota State Government Law Library, Ford Building, 117 University Avenue, Saint Paul, Minnesota; the Office of Public Safety, Fire Marshal Division; or any local fire department. This publication is incorporated by reference and is not subject to frequent change.

Subp. 3. **Location of waste tire piles.** No waste tires shall be stored in any area where they may be subjected to immersion in water, including but not limited to flood plains, wetlands, shorelands, sinkholes, or ravines.

Subp. 4. **Dimensions of waste tire piles.** No individual waste tire pile shall have an area greater than 10,000 square feet or a vertical height greater than 20 feet. A 50-foot fire lane shall be placed around the perimeter of each waste tire pile. This fire lane shall be maintained free of rubbish, equipment, and vegetation at all times.

**7035.8060 OPERATIONAL STANDARDS.**

Subpart 1. **Scope.** During the time a tire dump is being abated pursuant to an abatement plan approved by the director, the tire dump must be operated in compliance with the following standards.

Subp. 2. **Burning.** No operations involving the use of open flames, blow torches, or highly flammable substances shall be conducted within ten feet of a waste tire pile.

Subp. 3. **Emergency equipment.** Equipment for the control of accidental fires shall be provided and maintained at the tire dump.

Subp. 4. **Emergency communications.** Communication equipment shall be provided and maintained at the tire dump. Arrangements to acquire fire protection services for the tire dump shall be made through agreement with local fire protection authorities.

Subp. 5. **Access.** An approach and access road to the tire dump shall be maintained passable for any vehicle at all times. Access to the tire dump shall be strictly controlled through use of fences and gates.

Subp. 6. **Vegetation.** The tire dump shall be maintained free of grass, underbrush, and other potentially flammable vegetation at all times.

Subp. 7. **Storage limitation.** Only waste tires or tire-derived products may be stored at the tire dump.

Subp. 8. **Emergency manual.** The operator of the tire dump shall prepare and maintain at the tire dump site an emergency preparedness manual containing the following elements:

A. a list of names and numbers of persons to be contacted in the event of a fire, flood, or other emergency involving the tire dump;

B. a list of the emergency response equipment present at the tire dump, its location, and how it should be used in the event of a fire or other emergency; and

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C. a description of the procedures that should be followed in the event of a fire at the tire dump, including procedures to contain and dispose of the oily material generated by the combustion of large numbers of tires.

The procedures in the emergency preparedness manual shall be followed in the event of an emergency at the tire dump. The emergency preparedness manual shall be updated once a year, upon changes in operations at the tire dump, or if required by the director.

Subp. 9. **Emergency notification and reports.** The operator of the tire dump shall immediately notify the director in the event of a fire or other emergency at the tire dump with potential off-site impacts. Within two weeks of any emergency involving potential off-site impact, the operator of the tire dump shall submit to the director a report on the emergency. This report shall set out the origins of the emergency, the actions that were taken to deal with the emergency, the results of the actions that were taken, and an analysis of the success or failure of the actions.

Subp. 10. **Operational record.** The operator of the tire dump shall maintain records of the number of waste tires received at the tire dump, stored at the tire dump, and shipped from the tire dump. Records shall also be kept of the amount of tire-derived products received, stored, or shipped from the tire dump. At the completion of an abatement increment, the responsible tire collector shall submit to the director a record of the approximate number of waste tires remaining in the tire dump; the amount of tire-derived products stored at the tire dump; and the number of waste tires or amount of tire-derived products received at the tire dump and shipped from the tire dump during the abatement increment. For waste tires and tire-derived products shipped to another location, the date and the amount shipped must be included.

Subp. 11. **Inspection.** At the completion of each abatement increment, the responsible tire collector shall notify the director so that an inspection of the tire dump may be conducted to certify the completion of the required abatement.

**7035.8070 REIMBURSEMENT.**

Subpart 1. **Scope.** The agency may reimburse a responsible tire collector for the cost of abating the tire dump according to the criteria and limits in this part and as set out in the stipulation agreement incorporating the abatement plan.

Subp. 2. **Eligibility of responsible tire collector.** Only those tire collectors who notified the agency under part 7035.8030 [Emergency], who are recipients of an agency request to abate a tire dump, and who have entered into a stipulation agreement incorporating an abatement plan may request the agency for abatement cost reimbursement.

Subp. 3. **Eligible costs.** Only the cost of abatement of waste tires collected before November 21, 1985, is eligible for reimbursement.

Subp. 4. **Reimbursement rate.** A reimbursement rate shall be established in the stipulation agreement incorporating the abatement plan. The director shall establish the reimbursement rate. The reimbursement rate shall be based on the most cost-effective means of abating the tire dump, considering all alternatives available to the responsible tire collector, and the amount of money available to the agency for tire dump abatement. In calculating the reimbursement rate for waste tires that do not exceed an 18-inch rim diameter, 35-inch outside diameter, and a 14-inch tire width, the director shall use the following formula to determine which abatement alternative is the most cost effective.

| | |
|---|---|
| R = (M x $0.125) | + or – PC |
| (transport cost) | (processing cost) |

Where R is the potential reimbursement rate in dollars per ton; M is the miles needed to transport the waste tires to the processing facility; the figure $0.125 represents the cost of transporting a ton of waste tires one mile; and PC is the net dollar cost per ton to the responsible tire collector of processing these waste tires. If the responsible tire collectors processing revenues exceed processing costs, for example, there is no net cost but instead a net profit, the amount of revenue shall be subtracted from the transportation cost portion of the formula. PC may not exceed $66 per ton.

The reimbursement rate for waste tires exceeding an 18-inch rim diameter, a 35-inch outside diameter, or a 14-inch tire width, shall be established by the director on a case-by-case basis. If the responsible tire collector seeks reimbursement for the cost of abating these waste tires, the responsible tire collector must submit information on the most cost-effective method of transporting (if the waste tires are to be processed off-site) and processing these waste tires when submitting the information required in part 7035.8030, subpart 2, item H, and subpart 3, item G. The director will choose a reimbursement rate that reflects the most cost-effective method of transporting and processing these waste tires.

Subp. 5. **Reimbursement total.** The director shall establish the total amount of money that will be available for reimbursement of all eligible abatement costs incurred at any site. This total shall be based on the reimbursement rate, the total amount of money available to the agency for abatement of tire dumps, and the spending priorities established by the legislature in Minnesota Statutes, section 115A.912, subdivision 2. This total shall be incorporated into the stipulation agreement incorporating the abatement plan. To change the total, an amendment of the stipulation agreement shall be required. The agency shall not consider or approve requests for reimbursement for more than ten percent above the dollar amount established in the original stipulation agreement.

**7035.8080 REIMBURSEMENT DISBURSEMENT.**

Subpart 1. **Request for disbursement.** After the completion of an abatement increment, the responsible tire collector may request the director for reimbursement of the costs incurred during that abatement increment.

Subp. 2. **Findings.** Before any money is disbursed as reimbursement for the cost of abatement, the director shall make the following determinations:

A. the abatement increment for which reimbursement is sought has been certified as complete;

B. the abatement cost for which reimbursement is sought was actually incurred; and

C. the responsible tire collector is in compliance with all terms and conditions of the stipulation agreement.

Subp. 3. **Documentation.** The director may request the responsible tire collector to submit any documentation the director deems necessary to enable the director to make the determinations in subpart 1.

Subp. 4. **Disbursement.** The amount of money to be disbursed as reimbursement for the cost of abatement shall be based on the actual costs to the responsible tire collector, provided that those costs are not in excess of the reimbursement rate established in the stipulation agreement. No money shall be disbursed to reimburse abatement expenses that exceed the total reimbursement amount set under part 7035.8070, subpart 5, and as incorporated into the stipulation agreement.

# ADOPTED RULES

**The adoption of a rule becomes effective after the requirements of Minn. Stat. § 14.14-14.28 have been met and five working days after the rule is published in *State Register*, unless a later date is required by statutes or specified in the rule.**

**If an adopted rule is identical to its proposed form as previously published, a notice of adoption and a citation to its previous *State Register* publication will be printed.**

**If an adopted rule differs from its proposed form, language which has been deleted will be printed with strikeouts and new language will be underlined. The rule's previous *State Register* publication will be cited.**

**An emergency rule becomes effective five working days after the approval of the Attorney General as specified in Minn. Stat. § 14.33 and upon the approval of the Revisor of Statutes as specified in § 14.36. Notice of approval by the Attorney General will be published as soon as practicable, and the adopted emergency rule will be published in the manner provided for adopted rules under § 14.18.**

# Department of Commerce

## Adopted Rules Relating to Cancellation of Commercial Policies

The rules proposed and published at *State Register*, Volume 10, Number 50, pages 2448-2449, June 9, 1986 (10 S.R. 2448) are adopted as proposed.

# Department of Commerce

## Adopted Rules Relating to Cosmetology

The rules proposed and published at *State Register*, Volume 10, Number 44, pages 2201-2211, April 28, 1986 (10 S.R. 2201) are adopted with the following modifications:

### Rules as Adopted

**2640.0100 DEFINITIONS.**

Subp. 18. ~~**Office**~~ **Department.** ~~"Office"~~ "Department" means the Department of Commerce.

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**2640.0500 UNREGULATED SERVICES.**

Subp. 2. **Disclosure of courses.** Each school shall clearly identify those courses and clinical experiences in its curriculum which are not required by the ~~office~~ department and which pertain to services not licensed by the state. These courses shall be clearly identified in all recruitment advertising and written material used for the purposes of soliciting prospective students.

Nonrequired courses and unregulated services shall be conspicuously identified in all written material, in type of the same size as the course or service name.

Instructional time and clinical experience in unregulated services shall not be included in the minimum hours of schooling required for licensure.

**2640.0700 INSPECTIONS.**

Subpart 1. **~~Office~~ Department staff to conduct.** Salons and schools shall be inspected by the ~~office~~ department staff. Advance notice of inspections shall not be given.

Subp. 2. **Grading.** Inspectors shall grade items "S" for compliance with Minnesota Statutes, chapter 155A and these rules and "U" for noncompliance.

All items graded "U" shall be corrected within ten business days, and written notification of the correction shall be sent to the ~~office~~ department within that time.

Failure to correct a noncompliance item may be grounds for suspension or revocation of the salon or school license, and of the individual license of the manager and the cosmetologist, manicurist, esthetician, or instructor involved.

Subp. 3. **Business hours and location.** Each salon owner shall provide the ~~office~~ department with an accurate schedule of the hours that the salon is open for business. If the salon is open by appointment only, the salon owner shall designate one-half day a month when he or she shall be available at the salon for inspection of the salon.

For country shops, owners shall supply a detailed map indicating the salon's exact location and directions for driving to that salon.

**2640.1100 EXAMINATION ADMINISTRATION.**

Subpart 1. **Schedules and sites.** Examination schedules and sites shall be determined by the ~~office~~ department.

Subp. 2. **Exam space.** Each school shall make space available on its premises for the performance of the licensing examinations upon request by the ~~office~~ department, if the request is reasonable and timely.

Subp. 3. **Instructor examination.** Instructor examination:

A. The ~~office~~ department shall have access to the clinic area of a licensed school no more than once per year and to licensed instructors no more than twice per year for assistance in conducting the practical examination for instructors.

B. Each examinee is responsible for providing his or her own model for the practical examination and shall be responsible for insuring the suitability of that model for the examination. Models shall be over 16 years of age and shall be required to sign a waiver releasing the ~~office~~ department, the examiners, the host school, and the examinee of all professional liability. The model shall not be a licensed cosmetologist or a cosmetology student.

**2640.1300 COSMETOLOGISTS, MANICURISTS, AND ESTHETICIANS.**

In addition to the requirements of part 2640.1200, the applicant shall provide documentation of having completed the following professional training, within three years prior to this application:

C. current licensure from another state, District of Columbia, territory, or country. A certified statement from the licensing body that the applicant is currently licensed shall be attached to the application. If the other jurisdiction does not issue a license, the applicant shall provide documentation of lawful practice for at least 1,800 hours within three years prior to the application. Applicants claiming training and experience in a foreign country shall supply official English language transcripts of all documentation and evidence submitted to the ~~office~~ department.

**2640.1500 INSTRUCTORS.**

Subpart 1. **Full instructors.** In addition to the requirements of part 2640.1200, the applicant shall pay a processing fee and shall successfully complete a practical examination demonstrating teaching skills and techniques as related to the instruction of cosmetology practices and provide documentation of:

B. successful completion of at least 38 hours of training in a program or programs approved by the ~~office~~ department and which will provide the knowledge and skills necessary to instruct in the field of cosmetology;

**2640.1800 MAINTAINING INDIVIDUAL LICENSES.**

Subp. 2. **Change of name or address.** The licensee shall advise the ~~office~~ department of a change of name or address in writing, including both new and old name and address, within 30 days of the change, and pay the duplicate license fee.

Subp. 6. **Additional requirements for instructor.** In addition to the requirements of subparts 1 to 4, the instructor shall carry out the curriculum of the school, as approved by the ~~office~~ department, preparing students for licensure under the laws of Minnesota.

**2640.1900 LICENSE RENEWAL FOR INDIVIDUALS.**

Subpart 1. **Application.** All licenses expire on December 31 of the year due and each licensee is responsible for renewing his or her license. An individual who does not renew his or her license by December 31 of the year in which it is due is considered unlicensed as of January 1. A postmark of December 31 constitutes timely renewal. Failure to receive a notice of renewal from the ~~office~~ department does not constitute a valid excuse for not renewing the license.

Subp. 2. **Practical and educational requirements.** The licensee shall establish that his or her knowledge and skills are up to date, by meeting the following requirements no later than the expiration of his or her current license:

B. An instructor shall pay the processing fee and shall provide evidence of having successfully completed 45 hours of continuing education approved by the ~~office~~ department, including at least 15 hours of teaching-related material and 15 hours related to analysis and use of professional clinical products.

**2640.2100 REINSTATEMENT AFTER DENIAL, SUSPENSION, OR REVOCATION.**

An applicant shall have a license reinstated for the remainder of its unexpired term or shall be relicensed in the following circumstances:

A. after suspension of license, by meeting the following requirements:

(2) the applicant shall make application for reinstatement of license, in writing and on forms supplied by the ~~office~~ department;

B. after revocation or if the suspended license has expired, reinstatement will be accomplished by meeting the following requirements:

(2) the applicant shall make application for relicensure, in writing and on forms provided by the ~~office~~ department;

**2640.3200 SALON LICENSURE.**

Subpart 1. **All salon licenses.** The requirements of parts 2640.3100, 2640.3200, 2640.3700, 2640.3800, and 2640.4100 shall be met by all applicants proposing to establish a salon. Upon compliance, the ~~office~~ department will issue a provisional license which will enable the salon to open for business. The salon's compliance with all applicable provisions of Minnesota Statutes, chapter 155A and these rules shall be confirmed by an operational inspection by the ~~office staff~~ department. A permanent license for the balance of the three-year license cycle shall be issued upon confirmation of the salon's compliance.

Subp. 2. **Application.** The person, association, firm, or corporation proposing to establish a cosmetology, esthetician, or manicure salon shall apply in writing to the ~~office~~ department, on forms supplied by the ~~office~~ department, giving the following information:

**2640.3300 MAINTAINING A SALON LICENSE.**

The following requirements shall be met by all salons:

B. The manager shall advise the ~~office~~ department of a change in name of the salon in writing, including both new and old name and address, within 30 days of the change.

**2640.3400 SALON LICENSE RENEWAL.**

Subp. 2. **Request for renewal.** All licenses expire on December 31 of the year due and each licensee is responsible for renewing his or her license. A salon license that is not renewed by December 31 of the year due is considered unlicensed as of January 1. A postmark of December 31 constitutes timely renewal. Not receiving a notice of renewal from the ~~office~~ department does not constitute a valid excuse for not renewing the license.

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**2640.3600 SALON REQUIREMENTS.**

Subp. 5. **Change of name.** The salon manager or owner shall inform the ~~office~~ department in writing, within 60 days, of a name change, including old and new name, and pay the processing fee. A license will be issued in the new name for the remaining term of the old license. The old license shall be returned to the ~~office~~ department upon receipt of the license in the new name.

**2640.4000 SALON SUPERVISION.**

E. The manager shall maintain, on the salon premises, the work time records of each employee, as required by Minnesota Statutes, section 177.30. Time records shall be provided upon written request to the licensee or to the ~~office~~ department.

**2640.5100 COMPLIANCE BY PRESENT LICENSEES AND STUDENTS.**

Subp. 8. **Interpreters.** Foreign language students whose enrollment registration is on file in the ~~office~~ department on April 1, 1983, may use an interpreter at the examinations, provided that they have first demonstrated to the ~~office~~ department that they have a sufficient grasp of the English language to read, comprehend, and follow chemical product labels and instructions.

Subp. 10. **Variances.** The ~~director~~ commissioner may grant a variance from physical requirements to schools not otherwise exempted by this rule upon receipt of documentation demonstrating an existing physical limitation or economic hardship in excess of reasonably anticipated costs of meeting the requirement.

**2640.5200 SCHOOL LICENSURE.**

Subpart 1. **Application contents.** The person, association, firm, or corporation proposing to establish a cosmetology school shall make written application to the ~~office~~ department, on forms supplied by the ~~office~~ department, giving the following information:

Subp. 4. **Surety bond.** The applicant shall file with the ~~director of the office~~ commissioner a continuous corporate surety bond in the amount of $10,000, conditioned upon the faithful performance of all contracts and agreements with students made by the applicant. The bond shall run to the state of Minnesota and to any person who may have a cause of action against the applicant arising at any time after the bond is filed and before it is canceled for breach of any contract or agreement made by the applicant with any student. The aggregate liability of the surety for all breaches of the conditions of the bond shall not exceed $10,000. The surety of the bond may cancel it upon giving 60 days notice in writing to the ~~director of the office~~ commissioner and shall be relieved of liability for any breach of condition occurring after the effective date of cancellation.

**2640.5300 MAINTAINING A SCHOOL LICENSE.**

Subp. 2. **Notification of changes.** Each school shall notify the ~~office~~ department within 30 days of the effective date, unless otherwise indicated below, and in writing, of all alterations, additions, and deletions in the information contained in its original license application, and supply current information, including but not limited to:

A. changes in managerial or instructional staff including additions and terminations, or changes in employment status (full-time, part-time, or number of hours worked). The school shall notify the ~~office~~ department of all such changes within ten days of the effective date of the change;

Subp. 3. **Retention of ad copies.** The school shall maintain copies of all advertisements for clinic services for three years. They shall be provided to the ~~office~~ department at its request.

**2640.5400 SCHOOL LICENSE RENEWAL.**

All of the following requirements shall be met in order to renew a license:

A. The licensee shall be responsible for requesting renewal of his or her school license, in writing, before that license expires. This may be accomplished on the license renewal notice form provided by the ~~office~~ department. However, if this renewal notice is not received, it is still the licensee's responsibility to properly renew the school license.

F. The licensee shall have filed with the ~~director of the office~~ commissioner a surety bond as required by part 2640.5200, subpart 4.

**2640.5500 DELINQUENT SCHOOL LICENSES.**

Failure to renew a school license prior to its expiration date shall result in a delinquent license. The applicant shall comply with the following:

B. If more than 30 days have elapsed since the expiration of the license, the licensee shall reapply for a school license as if no license had been previously issued. The school's operation without a valid license shall be a violation of the law and no student training provided during that period will be recognized by the ~~office~~ department.

**2640.5600 CERTIFICATE OF IDENTIFICATION.**

Subpart 1. **Issuance.** Upon written request to the ~~office~~ department, a licensee may be issued a certificate of identification

authorizing his or her lawful practice in a place other than a licensed salon. To obtain the certificate, the individual shall:

B. provide documentation to the ~~office~~ department of at least 2700 hours of lawful practice in Minnesota;

**2640.5700 DUPLICATE LICENSE.**

A duplicate license will be issued only upon the loss or destruction of the initial license. The licensee shall submit to the ~~office~~ department an affidavit indicating why a duplicate license is required, and submit the required fee.

**2640.5800 BASIC REQUIREMENTS FOR SCHOOLS.**

Subp. 5. **Change of name.** The school owner or manager shall inform the ~~office~~ department, in writing, of a name change within 60 days of the effective date of the change and pay the school name change fee. A license will be issued in the new name for the unexpired term of the old license, which shall be returned to the ~~office~~ department upon receipt of the license in the new name.

**2640.5900 FACILITIES REQUIREMENTS FOR LICENSURE.**

In addition to the requirements of parts 2640.5200 and 2640.5800, the requirements contained in parts 2640.6000 to 2640.7500 shall be met by the school before a license will be issued. Compliance with these requirements shall be confirmed by an inspection by ~~cosmetology unit staff~~ the department. The license shall be issued after a satisfactory initial inspection.

**2640.6000 PHYSICAL REQUIREMENTS.**

Subpart 1. **Space.** Space:

A. There shall be a combined clinic and classroom size of at least 25 square feet for each enrollee to be accommodated. This space shall exclude all ~~office~~ department space, storage areas, lounge facilities, and restrooms.

**2640.6200 SUPPLIES AND MATERIALS.**

Subp. 4. **Instructional aids.** The school shall have instructional aids to provide the required instruction to all enrollees. There shall be at least one bulletin board, located in the student lounge, which shall contain, but not be limited to, all communications addressed to the students from the ~~office~~ department and copies of the student rules and disciplinary policies. There shall be at least one blackboard in each classroom.

**2640.6600 CURRICULUM APPROVAL AND CONTENT.**

Each cosmetology school shall have a curriculum approved by the ~~office~~ department to provide instruction, divided into daily lesson plans. The curriculum shall include theory and practical application of skills, including the instruction set forth in parts 2640.6700 to 2640.7000.

**2640.6700 COSMETOLOGIST TRAINING.**

E. Documentation of the student's completion of the required quotas in each category in item D shall be sent to the ~~office~~ department with the documentation of successful completion of the entire course of training.

**2640.6800 ESTHETICIAN TRAINING.**

D. There shall be planned clinical instruction and experience of approximately 200 hours in the applied sciences.

(2) Documentation of the student's completion of the required facials or makeup applications shall be sent to the ~~office~~ department with the documentation of successful completion of the entire course of training.

**2640.6900 MANICURIST TRAINING.**

D. There shall be planned clinical instruction and experience of approximately 150 hours in applied sciences and skills.

(2) The documentation of the student's completion of the required manicures shall be sent to the ~~office~~ department with documentation of successful completion of the course of training.

**2640.7000 REFRESHER COURSES.**

A licensed cosmetology school, salon, or a professional association may plan and offer a refresher course taught by licensed instructors of at least 40 hours in length for cosmetologists, estheticians, and/or manicurists. The course shall focus on knowledge, skills, and product types related to chemical services and shall balance lectures, demonstrations, and clinical experiences. It shall be held in a licensed salon or school. Sponsors of a proposed course shall apply for ~~office~~ department approval at least ten business days prior to the course date. The course sponsor shall pay the processing fee. The course sponsor shall provide the individuals who

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successfully pass a final course examination with course completion certificates. The class attendees are then responsible for providing a copy of the completion certificates to the Department of Commerce when required.

**2640.7800 INSTRUCTORS.**

A. There shall be at least two licensed instructors on the school premises during the time students are present; and each school shall have a minimum ratio of one instructor for each 1 to 20 students to be accommodated; and all students shall be under the supervision of an instructor at all times when in a classroom, clinic, or other area in which they are performing cosmetology services.

(2) The school shall notify the ~~office~~ department in writing within ten days of each occurrence of failure to meet the required instructor quota.

B. If a school is not in compliance with item A, students will be notified by the ~~office~~ department that it will not accept hours accrued during the period of noncompliance.

**2640.8200 STUDENT RECORDS.**

Student records shall be maintained as follows:

A. All records relating to students shall be maintained and up-to-date, in a secure and orderly fashion and shall be kept on the school premises. All student records shall be legible and shall be available for inspection by a representative of the ~~office~~ department during normal business hours of the school or by mail upon the written request of the ~~office~~ department.

E. The school shall maintain the following reports for each student:

(4) a progress evaluation report. Upon completion of one-half of the total required hours, the school shall give the student and the ~~office~~ department a written progress evaluation assessing the student's progress towards successful fulfillment of the license requirements;

(5) certification of readiness to take the written examination. Documentation signed by school owner or manager, shall indicate that the student has successfully completed 1,350, 500, and 315 hours, for cosmetologist, esthetician, and manicurist respectively, of preclinical and clinical training, and is prepared to take the written state licensing examinations. This certification must be received by the ~~student~~ department before the student will be scheduled for the written examinations;

(6) documentation signed by school owner or manager, shall indicate that the student has successfully completed the course of training for which he or she enrolled , including documentation of the student's completion of the practical exercises, as required by parts 2640.6700, item D, 2640.6800, item D, subitem (1), and 2640.6900, item D, subitem (1), and documentation of the student's successful completion of the skills certification review, on a form provided by the ~~office~~ department;

# Department of Commerce

## Adopted Rules Relating to Real Estate Broker Licensing and Education

The rules proposed and published at *State Register*, Volume 10, Number 50, pages 2449-2459, June 9, 1986 (10 S.R. 2449) are adopted with the following modifications:

### Rules as Adopted

**2800.6800 CONTINUING EDUCATION.**

Subp. 10. **Professional designations.** Courses leading to the following professional designations shall automatically qualify for continuing education credit:

H. Certified Real Estate Broker (CRB) offered by the National Association of Realtors.

I. Certified Residential Specialist (CRS) offered by the National Association of Realtors.

# Department of Jobs and Training

## Adopted Rules Relating to Sheltered Workshops

The rules proposed and published at *State Register*, Volume 10, Number 37, pages 1838-1851, March 10, 1986 (10 S.R. 1838) are adopted with the following modifications:

### Rules as Adopted

**3300.2050 DEFINITIONS.**

Subp. 6. **Disability adjusted average hourly earnings factor.** "Disability adjusted average hourly earnings factor" means an

average wage calculation for the extended employment program. The calculation has as its numerator the sum of the products which result from multiplying each participant's disability index conversion score by each participant's total wages in the reporting period. Total wages include remuneration for paid holidays and paid sick, vacation, and other paid leave. The calculation has as its denominator the total number of hours worked in the reporting period by the total unduplicated number of participants. Number of hours worked is defined in subpart ~~19~~ 20. The mathematical formula for the wage calculation is represented as follows:

$$\frac{\text{Sum of (the sum of wages in the reporting period for each program participant multiplied by that participant's disability index conversion score)}}{\text{Total number of hours worked by the total unduplicated number of participants in the reporting period}} = \text{Disability adjusted average hourly earnings factor}$$

Subp. 7. **Disability index.** "Disability index" means an index which measures the effect that disability levels have on sheltered employees in achieving their vocational potential. The disability index incorporates by reference the Functional Assessment Inventory (FAI) as revised in May 1983. This inventory was developed and authored by Nancy M. Crewe, Ph.D., and Gary T. Athelstan, Ph.D. and is published by the University of Minnesota. The inventory is not subject to frequent change. It is available for loan and inspection at the State Law Library and for inspection at the Minnesota Department of Jobs and Training, Division of Rehabilitation Services, 390 North Robert Street, Fifth Floor, Saint Paul, Minnesota 55101. The elements of the disability index and the relative power of each element are the following:

C. the FAI adaptivity factor score which is based upon FAI items ~~18, 19, 20, 21, 22, 23, and 26~~ 24, 25, 26, 27, 28, and 29 with a relative power of 3.15;

Subp. 11. **Extended employment programs.** "Extended employment programs" means programs providing paid work and service hours as a step in the rehabilitation process for those who cannot be readily absorbed in the competitive labor market, or during such time as employment opportunities for them in the competitive labor market do not exist. Extended employment programs are the following:

A. long-term employment program as defined in subpart 16;

B. work activity program as defined in subpart ~~32~~ 33;

C. work component program as defined in subpart ~~33~~ 34;

D. community based employment program as defined in subpart 3.

Subp. 19. **Nonemployment income.** "Nonemployment income" means regular income that is received by the sheltered employee from human services programs or other legally obligated sources.

Subp. 20. **Number of hours worked.** "Number of hours worked" means the hours for which a sheltered employee receives pay for performing work, including hours of paid holidays and paid sick, vacation, and other leave, but not including service hours as defined in subpart ~~29~~ 30.

Subp. ~~20~~ 21. **Opportunities for sheltered employees to participate in decisions affecting their employment.** "Opportunities for sheltered employees to participate in decisions affecting their employment" means organized activities sponsored by the long-term sheltered workshop to encourage sheltered employees' participation in decisions affecting their employment and must include the following:

A. sheltered employee representation on safety committees in long-term sheltered workshops;

B. at least quarterly meetings where sheltered employees may discuss with staff matters of concern affecting their employment; and

C. at least semi-annual consultation with sheltered employees' representatives at management staff meetings.

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Subp. ~~21~~ 22. **Participant.** "Participant" means a sheltered employee who receives one or more days of service or paid work in a specified extended employment program during a reporting period.

Subp. ~~22~~ 23. **Placement.** "Placement" means an offer by an employer and acceptance by a sheltered employee of competitive employment after a written plan has been developed which specifies the number of hours per week of employment and the provision of services reasonably expected to assure continued employment or work.

Subp. ~~23~~ 24. **Program efficiency.** "Program efficiency" means a measurement of the cost of providing a combination of paid work and service hours to program participants in the reporting period. The cost per hour rate results when the allocation for the extended employment program in the reporting period is divided by the combined total of the sum of the number of hours worked by program participants and the sum of the number of service hours provided to program participants in the reporting period. The mathematical calculation is represented as follows:

$$\frac{\text{Program allocation}}{\text{Total hours worked and service hours provided}} = \text{Program efficiency}$$

Subp. ~~24~~ 25. **Rate of placement in competitive employment.** "Rate of placement in competitive employment" means a ratio in which the numerator is the sum of the disability index conversion scores of all participants placed in competitive employment during a reporting period and in which the denominator is the total unduplicated number of participants in all extended employment programs offered by a long-term sheltered workshop during that reporting period. Participants not counted are described in part 3300.2450, subpart 1. The mathematical formula for the calculation is represented as follows:

$$\frac{\text{Sum of disability index conversion scores of participants placed in competitive employment}}{\text{Total unduplicated number of participants in all extended employment programs}} = \text{Rate of placement in competitive employment}$$

Subp. ~~25~~ 26. **Rate of retention in competitive employment.** "Rate of retention in competitive employment" means a ratio in which the numerator is the sum of the disability index conversion scores of participants for each extended employment program who were placed during the previous reporting period and who continued in competitive employment one year or more and in which the denominator is the total unduplicated number of participants in all extended employment programs in the previous reporting period. Participants not counted are described in part 3300.2450, subpart 1. The mathematical formula is represented as follows:

$$\frac{\text{Sum of disability index conversion scores for all participants placed in competitive employment during the previous reporting period who were employed twelve months or more}}{\text{Total unduplicated number of participants in all extended employment programs in the previous reporting period}} = \text{Rate of retention in competitive employment}$$

Subp. ~~26~~ 27. **Rate of transfer to long-term employment.** "Rate of transfer to long-term employment" means a rate derived from a calculation for the work activity program and the work component program in which the numerator is the sum of the disability index conversion scores of the participants who were transferred to long-term employment during the reporting period and in which the denominator is the total unduplicated number of participants of the work activity and work component programs of the long-term sheltered workshop during the reporting period. The mathematical formula for the calculation is represented as follows:

$$\frac{\text{Sum of the disability index conversion scores for participants transferred to long-term employment in the reporting period}}{\text{Total unduplicated number of participants of the work activity and work component programs in the reporting period}} = \text{Rate of transfer to long-term employment}$$

Subp. ~~27~~ 28. **Rate of work and service in community based employment.** "Rate of work and service in community based employment" means a ratio in which the numerator is the sum in all extended employment programs of each participant's number of hours worked and paid service hours provided in community based settings multiplied by each participant's disability index conversion score and in which the denominator is the total number of hours of work and paid service hours provided in all extended employment programs offered by a long-term sheltered workshop. Participants not counted are described in part 3300.2450, subpart 1. The mathematical formula for the calculation is represented as follows:

$$\frac{\text{Number of hours worked and paid service hours provided in community based employment multiplied by each participant's disability index conversion score}}{\text{Total number of hours worked and paid service hours provided in all extended employment programs}} = \text{Rate of work and service in community based employment}$$

Subp. ~~28~~ 29. **Responsiveness to grievances.** "Responsiveness to grievances" means that (1) a grievance resolution procedure has been implemented with binding arbitration as its final step (2) education and training of participants in the use of the procedure has occurred (3) the procedure has accommodated participants' disabling conditions and (4) the grievances have been responded to in accordance with the approved procedure.

Subp. ~~29~~ 30. **Service hours.** "Service hours" means the hours of service which an extended employment program provides to participants to maximize their vocational potential, whether paid or unpaid, which are recognized as an expense incurred by the program. Service hours may be provided either on or off the premises of a long-term sheltered workshop. Each of the following categories qualifies as hours of service:

A. money management training;

B. training in independent living skills;

C. utilization of public transportation training and drivers training;

D. training in grooming and personal care skills;

E. training in job seeking skills;

F. job and safety training;

G. coordination of support services;

H. behavioral management;

I. sign language training;

J. social skill training; ~~and~~

K. simulated work training; and

L. orientation, mobility, braille, and electronic communications training.

Subp. ~~30~~ 31. **Sheltered employee.** "Sheltered employee" means an individual with severe physical, mental, emotional, or behavioral disabilities working for pay while participating in any extended employment program offered through a long-term sheltered workshop.

Subp. ~~31~~ 32. **Sheltered employee productivity.** "Sheltered employee productivity" means the extent to which a sheltered employee is using the employee's own current capacity for work in an extended employment program.

Subp. ~~32~~ 33. **Work activity program.** "Work activity program" means a program within the meaning of Minnesota Statutes, section 129A.01, paragraph (f) and which complies with state and federal law, including the federal Fair Labor Standards Act of 1938, as amended, which provides paid work and other services and which permits a level of production below that required for a long-term employment program.

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Subp. ~~33~~ 34. **Work component program.** "Work component program" means a cooperative effort agreed to between a long-term sheltered workshop for a long-term employment or a work activity program and a developmental achievement center licensed by the Minnesota Department of Human Services or other facility to provide a work activity program on a limited scale designed so that the primary responsibility over vocational outcomes will be vested in the long-term employment or work activity program.

**3300.2150 CERTIFICATION REQUIREMENTS AND TYPES OF CERTIFICATES.**

Subp. 2. **Full certificate.** Requirements for a full long-term sheltered workshop certificate are the following:

J. Each long-term employment program must provide participants with fundamental personnel benefits as defined in part 3300.2050, subpart 14, with a procedure for resolution of grievances which has binding arbitration as a final step and provides responsiveness to grievances as defined in part 3300.2050, subpart ~~28~~ 29, and with opportunities for sheltered employees to participate in decisions affecting their employment as defined in part 3300.2050, subpart ~~20~~ 21.

Subp. 3. **Provisional certificate.** A provisional long-term sheltered workshop certificate may be issued to new entities for new extended employment programs or to existing long-term sheltered workshops for expanded programs for a specified period of time, not to exceed 18 months. In order to obtain a provisional certificate, all new or expanded extended employment programs covered by the certificate must be in full compliance with all the requirements of subpart 2, except item B. However, the extended employment programs must demonstrate that there is a reasonable likelihood that the programs will meet the requirements in subpart 2, item B, within 18 months. If at the end of the 18-month period all of the programs covered by the provisional certificate have not met the requirements in subpart 2, item B, or are no longer meeting any of the other requirements of subpart 2, the commissioner will not issue a full long-term sheltered workshop certificate for the programs. However, a long-term sheltered workshop has the option of removing any noncomplying program from consideration for inclusion under a full certificate. Denial of a full certificate under this subpart means the termination of program certification as provided in part 3300.2250, subpart 7, for all the programs covered by the provisional certificate.

**3300.2350 STANDARDS FOR STATE FUNDING.**

Subpart 1. **Evaluation factors in general.** After fulfilling the certification requirements of part 3300.2150 and submitting approved plans and budgets as provided in Minnesota Statutes, section 129A.08, subdivision 2, extended employment programs are eligible to receive state funding. Funding of extended employment programs by the commissioner must take into consideration an evaluation of individual program effectiveness. The evaluation factors to be considered are the following:

Subp. 2. **Nonquantifiable evaluation factors.** Before an individual program offered by a long-term sheltered workshop, except a new or expanded program as provided in subpart 6, may receive state funding under part 3300.2550 the individual program must be in full compliance with the nonquantifiable evaluation factors listed in subpart 1, items B, F, G, H, and I. An individual program, except a new or expanded program as provided in subpart 6, must remain in full compliance with the nonquantifiable evaluation factors during the reporting period as established by audit or have all allocated funds withdrawn as authorized by part 3300.2650, item C.

Subp. 3. **Quantifiable evaluation factors.** The quantifiable evaluation factors are listed in subpart 1, items A, C, D, E, J, K, and M. The quantifiable evaluation factors applicable to a long-term employment program and a community based employment program are those at subpart 1, items A, C, D, E, J, and K. The quantifiable evaluation factors applicable to a work activity program and a work component program are listed in subpart 1, items A, C, D, E, J, K, and M. An individual program, except a new or expanded program as provided in subpart 6, must attain the applicable minimum standard as provided in subpart 4 or have all allocated funds withdrawn as authorized by part 3300.2650, item D.

Subp. 4. **Minimum standard for quantifiable evaluation factors.** A program will fail to meet minimum standards when its performance on quantifiable evaluation factors appropriate to the program averages more than one half of one standard deviation below the mean or in the bottom ~~17~~ 31 percent compared with similar programs. The minimum standard is one half of one standard deviation below the mean on a scale which averages the conversion point scales for the quantifiable evaluation factors. A new or expanded program is exempt from attaining the applicable minimum standard during its initial two years of operation as described in subpart 6.

Subp. 5. **Audit.** Before the end of each state fiscal year, the Division of Rehabilitation Services will assess each individual program at least once on its effectiveness as measured by all the evaluation factors in subpart 1, the number of FTEs, the FAI data, and the nonemployment income data. The applicable audited figures from the evaluation factors in subpart 1 and the audited number of FTEs will be used to adjust allocations as found in part 3300.2550, subpart 7. If the total disability indexes resulting from the audited FAI and nonemployment income data vary more than ten percent plus or minus from disability indexes calculated by each individual program, the audited data will be used as the basis to adjust allocations as found in part 3300.2550, subpart 7. If the results of an audit reveal that an individual program, except a new or expanded program as provided in subpart 6, is not fully complying with the nonquantifiable factors in subpart 2, allocated funds will be withdrawn as authorized by part 3300.2650, item C. If the results of an audit reveal that an individual program, except a new or expanded program as provided in subpart 6, has not attained the applicable

minimum standard as described in subpart 4, the individual program will be placed on funding probation. After two continuous years on funding probation as established by audit, the individual program must attain the applicable minimum standard by the end of the following year or have all allocated funds withdrawn as authorized by part 3300.2650, item D.

Subp. 6. **New program evaluation.** An entity offering a new or expanded extended employment program must have been issued a certificate as provided in part 3300.2250 and have submitted an approved plan and budget before it may be eligible to receive state funding and be evaluated under this part. A new or expanded program from its startup must be in full compliance with the nonquantifiable factors listed in subpart 1, items B, F, and G, and must remain in full compliance with those factors during the reporting period as established by audit or have all allocated funds withdrawn as authorized by part 3300.2650, item C. As measured at the end of the first year of operation, a new or expanded individual program must also be in full compliance with the nonquantifiable evaluation factors listed in subpart 1, items H and I as established by audit, or have all allocated funds withdrawn as authorized by part 3300.2650, item C. As measured at the end of the second year of operation, a new or expanded individual program must meet the applicable minimum standard in subpart 4 or the new or expanded program will be placed on funding probation. After two continuous years on funding probation as established by audit, a new or expanded program must attain the applicable minimum standard by the end of the following year or have all its allocated funds withdrawn as authorized by part 3300.2650, item D.

**3300.2450 OPERATIONAL POLICIES FOR FUNDING STANDARDS.**

Subpart 1. **Exclusions in calculating rates of placement in competitive employment, retention in competitive employment, and work and service in community based employment.** For purposes of the formulas in part 3300.2050, subparts ~~24~~ 25, ~~25~~ 26, and ~~27~~ 28, for rates of placement in competitive employment, retention in competitive employment, and work and service in community based employment, respectively, sheltered employees who are over the age of 60 or who have physically degenerative diseases may be excluded from the denominators in the formulas if:

Subp. 2. **Policies for calculating the rate of placement in competitive employment.** If a sheltered employee is placed twice in competitive employment in a given year, both placements may be included in calculating the placement rate as defined in part 3300.2050, subpart ~~24~~ 25. Any subsequent placement of that sheltered employee in the reporting period will not be considered in calculating the rate of placement. When a sheltered employee is placed in competitive employment but also continues on a part-time basis with an extended employment program, the sheltered employee will be considered to have been placed in competitive employment if the sheltered employee's wages from participation in the extended employment program are at or above 100 percent of the prevailing wage rate for the work performed.

**3300.2550 ALLOCATION OF FUNDS.**

Subpart 1. **Statewide program allocation.** From the total grant funds available each state fiscal year, the commissioner will establish a statewide program allocation for each of the four extended employment programs unless otherwise directed by the legislature and will determine the ~~approved~~ number of full-time equivalents for each individual program. The total of the individual program FTEs will constitute the ~~approved~~ statewide FTE level. The elements of the statewide allocation for each of the extended employment programs ~~will be determined by the commissioner based upon~~ and the weighted relative power of each element in terms of percentages are the following:

A. the net program costs for each statewide program in the previous state fiscal year, with a relative power of ten percent;

B. the net program costs for each statewide program based on budgets submitted for the current state fiscal year, with a relative power of ten percent;

C. the number of FTEs for each statewide program at the end of the previous state fiscal year, with a relative power of 20 percent;

D. the number of hours worked in each statewide program in the previous state fiscal year, with a relative power of ten percent;

E. the need for the services of each statewide program in the current state fiscal year as demonstrated by periodic surveys of the incidence of disability levels and disability types, by periodic surveys of rehabilitation counselors and staff, by research and by waiting lists maintained by long-term sheltered workshops, with a relative power of 40 percent; and

F. the effect on services provided to current participants in each statewide program of changes in the level of statewide allocation from the previous state fiscal year, with a relative power of ten percent.

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Subp. 2. **Statewide program allocation base rate.** The commissioner will use ~~65~~ 49 percent of each statewide program allocation as calculated in subpart 1 to provide a base rate allocation to each individual program offered by a long-term sheltered workshop in direct proportion to the number of ~~approved~~ FTEs in these individual programs. The base rate per FTE is determined by dividing ~~65~~ 49 percent of the statewide program allocation by the total number of full-time equivalents ~~approved~~ for the statewide program. The mathematical calculation is represented as follows:

$$\frac{(\text{~~.65~~ .49 x statewide program allocation})}{\text{~~approved~~ full-time equivalents}} = \text{Uniform per-FTE base rate}$$

The base rate allocation for each individual program is determined by multiplying the per-FTE base rate from the above formula by the number of ~~approved~~ FTEs in the individual program.

Subp. 3. **Statewide program allocation set aside.** The commissioner will set aside ~~35~~ 51 percent of each statewide program allocation in each current state fiscal year as determined in subpart 1 in order to distribute allocations to individual programs as provided in subpart 4. The distribution in subpart 4, will be based on evaluation factors found in part 3300.2350, subpart 1. The evaluation factors applicable to each statewide program will be weighted in terms of percentages of each statewide program allocation. The factors and percentages applicable to the extended employment programs are the following:

**FUNDING FACTOR WEIGHTINGS BY PROGRAM, EXPRESSED AS PERCENTAGES OF TOTAL PROGRAM ALLOCATION**

| FACTOR | PROGRAM | | | |
|---|---|---|---|---|
| | Long-term | Work Activity | Work Comp. | Community-based |
| 1. Disability Level | ~~5~~ 6 | ~~5~~ 6 | ~~5~~ 6 | ~~5~~ 6 |
| 2. Economic Conditions | ~~10~~ 23 | ~~10~~ 23 | ~~10~~ 23 | ~~10~~ 23 |
| 3. Program Efficiency | 2 | 2 | 2 | 2 |
| 4. Hourly Earnings | ~~5~~ 6 | ~~5~~ 6 | ~~5~~ 6 | ~~5~~ 6 |
| 5. Community based Employment rate | ~~5~~ 6 | ~~5~~ 6 | ~~5~~ 6 | ~~5~~ 6 |
| 6. Competitive Employment Placement Rate | 4 | 3 | 3 | 4 |
| 7. Competitive Employment Retention Rate | 4 | 3 | 3 | 4 |
| 8. Transfer rate to Long-term | | 2 | 2 | |
| TOTAL | ~~35~~ 51 | ~~35~~ 51 | ~~35~~ 51 | ~~35~~ 51 |

Subp. 6. **New or expanded program funding.** The commissioner will accept a new or expanded individual program for funding based upon the following:

A. the need for the new or expanded individual program;

B. the relationship of the new or expanded individual program to any current programs in terms of defined needs;

C. the performance of current individual programs; and

D. the geographic distribution of current programs and the new or expanded program in relationship to geographic needs.

When a new or expanded individual program offered by a long-term sheltered workshop is accepted for funding, the commissioner will fund its first and second years of operation based upon its relative percentage of the statewide FTE in that program. A new or expanded program's funding will be determined by dividing its FTE by the statewide FTE, and multiplying that fraction times the statewide allocation for that program. A new or expanded individual program has the right to appeal the commissioner's denial of initial funding as provided in part 3300.3050.

$$\frac{\text{New or expanded individual program FTE}}{\text{Total program FTE}} \times \text{Total program allocation} = \text{New or expanded program allocation}$$

Beginning with their third year of operation, new or expanded programs will be funded in the same manner as all other programs.

Subp. 7. **Reconciliation.** Allocations based on the ~~approved~~ number of FTEs each fiscal year, the quantifiable evaluation factors, the FAI data, and the nonemployment income data will be reconciled with the actual ~~number of FTEs~~ numbers and data at the end of the reconciliation period as provided in part 3300.2350, subpart 5. Adjustments to the allocations resulting from reconciliations, if any, will be made to allocations for the following state fiscal year. Any long-term sheltered workshop aggrieved by a decision of the commissioner under this subpart has the right to appeal using the procedures of part 3300.3050.

**3300.2650 WITHDRAWAL OF ALLOCATED STATE FUNDS.**

Subpart 1. **Criteria for withdrawal of allocated state funds.** The commissioner may withdraw allocated state funds from an individual extended employment program which has been accepted for state funding. A program is eligible to receive allocated state funds after it has fulfilled the certification requirements of part 3300.2150 and submitted an approved plan and budget. Allocated state funds ~~may~~ will be withdrawn when:

A. unencumbered but allocated state funds are not needed for the individual program to which they were allocated; or

B. an individual program is not being administered in accordance with its approved plan and budget as provided in Minnesota Statutes, section 129A.08, subdivision 2; or

C. an individual program, including a new or expanded individual program as provided in part 3300.2350, subpart 6, has not fully complied with the nonquantifiable evaluation factors found in part 3300.2350, subpart 2, as established by audit; or

D. an individual program, including a new or expanded individual program as provided in part 3300.2350, subpart 6, which has been placed on funding probation, has failed to meet the applicable minimum standard of effectiveness in part 3300.2350, subpart 4, as established by audit for three continuous years following the onset of probation; or

Subp. 3. **Right of appeal.** Any long-term sheltered workshop, including a new entity or existing long-term sheltered workshop operating an extended employment program under a provisional certificate, has the right to appeal the commissioner's withdrawal of allocated state funds from any of its individual programs. The appeal procedure is provided for in part 3300.3050.

Subp. 5. **Reallocation.** Withdrawn funds will be reallocated by the commissioner whenever possible. The commissioner will reallocate by increasing the number of ~~approved~~ full-time equivalents for extended employment programs capable of serving additional persons.

**3300.3050 APPEAL PROCEDURE.**

Subpart 1. **Scope.** The procedure in this part governs all appeals initiated by an aggrieved party having a right of appeal under part 3300.2650, subpart 3, or 3300.2550, subpart 6 or 7.

# Pollution Control Agency

## Adopted Permanent Rules Relating to Acid Deposition Control

The rules proposed and published at *State Register*, Volume 10, Number 25, pages 1354-1357, December 16, 1985 (10 S.R. 1354) are adopted with the following modifications:

### Rules as Adopted

**7005.4010 DEFINITIONS.**

Subp. 2. **Electric utility.** "Electric utility" means persons, corporations, or other legal entities, their lessees, trustees, and receivers operating, maintaining, or controlling in Minnesota facilities used for the generation of electricity.

Subp. 3. **Offsets.** "Offsets" means any documented reductions in actual emissions of sulfur dioxide that are legally enforceable.

Subp. 4. **Reasonably available control technology (RACT).** "Reasonably available control technology" (RACT) means the lowest emmission limit that a particular source is capable of meeting by the application of control technology that is reasonably available considering technological and economic feasibility.

Subp. ~~3~~ 5. **Sensitive areas.** "Sensitive areas" means the areas listed by the agency pursuant to Minnesota Statutes, section 116.44 because the agency has determined these areas contain natural resources sensitive to the impacts of acid deposition.

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.

**7005.4050 ACID DEPOSITION CONTROL REQUIREMENTS IN MINNESOTA.**

Subpart 1. **~~Specific~~ Emission limitations.** ~~The owners and operators listed below may not emit from their emission facilities within Minnesota total emissions of sulfur dioxide in excess of the amount of emissions listed below. These limitations shall apply beginning January 1, 1990.~~

| ~~Owner/Operator~~ | ~~Sulfur Dioxide Emissions~~ |
|---|---|
| ~~Northern States Power Company~~ | ~~91,000 tons per year~~ |
| ~~Minnesota Power Company~~ | ~~39,000 tons per year~~ |

Any electric utility whose electric generating facilities located in Minnesota have a total combined net generating capacity greater than 1,000 megawatts may not emit from the emission facilities which it owns, operates, maintains, or controls in Minnesota total emissions of sulfur dioxide in excess of 130 percent of the number of tons of sulfur dioxide emitted from the electric utility's emissions facilities in 1984. This limitation shall apply beginning January 1, 1990. The determination as to the number of tons emitted by an electric utility's emission facilities shall be made by the director based on emission information obtained from the electric utility pursuant to Minnesota Rules, part 7005.1870.

Subp. 2. **Offsets required.** In the event that an ~~owner or operator listed~~ electric utility described in subpart 1 intends to increase emissions of sulfur dioxide from its emission facilities in Minnesota after January 1, 1990, beyond the limitations specified in subpart 1, ~~such owner or operator~~ the electric utility shall obtain sulfur dioxide emission offsets equal to the amount to be emitted in excess of the limitation specified.

Subp. 3. **Transfer requiring reduced emissions.** ~~In the event of the sale or other transfer of ownership of~~ If any ~~of the~~ emission ~~facilities~~ facility owned by ~~Northern States Power Company on July 1, 1985, or of any of the emission facilities owned by Minnesota Power Company~~ an electric utility described in subpart 1 on July 1, 1985, is sold or transferred to any person other than another electric utility described in subpart 1, and if the transfer results in the operation of the transferred emission facility by a person other than the seller, the amount of sulfur dioxide emissions allowed by ~~Northern States Power Company or Minnesota Power Company~~ the seller under subpart 1 shall be reduced by the amount of sulfur dioxide emissions emitted by the transferred emission facility in 1984 or the maximum $SO_2$ emissions allowed under the permit issued to the new owner or operator whichever is greater. If any emission facility owned by an electric utility described in subpart 1 on July 1, 1985, is sold or transferred to another electric utility described in subpart 1, and if the transfer results in the operation of the transferred emission facility by a person other than the seller, the amount of sulfur dioxide emissions allowed by the seller under subpart 1 shall be reduced by the maximum amount of sulfur dioxide emissions allowed under the permit issued to the new operator, and the amount of emissions allowed by the buyer under subpart 1 shall be increased by the maximum amount of sulfur dioxide emissions allowed under the permit issued to the new operator.

Subp. 5. **~~King facility limitation~~ Requirement for application of reasonably available control technology.** On and after January 1, 1990, the owner or operator of ~~the Allen S. King~~ any electric generating facility that contains indirect heating equipment with a rated heat input of greater than 5,000 million BTU per hour shall ~~limit the emissions of~~ reduce sulfur dioxide ~~from~~ emissions at the facility to ~~an annual average of 1.2 pounds per million BTU~~ a level consistent with RACT.

Subp. 6. **~~Boswell facility limitation.~~** ~~On and after January 1, 1990, the owner or operator of the Clay Boswell electric generating facility, units 1 through 4, shall limit the emissions of sulfur dioxide from the facility to an annual average of 0.75 pounds per million BTU.~~

~~Subp. 7.~~ **1994 recommendations required.** On or before February 1, 1992, the director shall make a recommendation to the agency as to what, if any, additional regulatory requirements need to be imposed on emission facilities in Minnesota in order to maintain or achieve a statewide sulfur dioxide emission limitation of 194,000 tons per year on and after January 1, 1994.

# OFFICIAL NOTICES

**Pursuant to the provisions of Minn. Stat. § 15.0412, subd. 6, an agency, in preparing proposed rules, may seek information or opinion from sources outside the agency. Notices of intent to solicit outside opinion must be published in the *State Register* and all interested persons afforded the opportunity to submit data or views on the subject, either orally or in writing.**

**The *State Register* also publishes other official notices of state agencies, notices of meetings, and matters of public interest.**

## Department of Energy and Economic Development Business Financial Management Division

### Tax Exempt Financing Issuance Authority

#### Notice of Availability

**Pursuant to Minn. Laws 1986, Ch. 465, Article 1, Section 22**

The Department gives notice that the amounts of tax exempt financing issuance authority available to qualified issuers as of August 25, 1986, is as follows:

#### Competitive Pool (Existing Law)

**Pursuant to Minn. Laws 1986, Ch. 465, Article 1, Section 13**

| | |
|---|---|
| Total Pool Available (Priority to Manufacturing Projects) | $295,471,015. |
| For: | |
| Pollution Control/Waste Management Projects | $ 49,564,560. |
| Commercial Redevelopment Projects | $106,731,195. |

#### Competitive Pool (Federal Volume Limitation Act)

**Pursuant to Minn. Laws 1986, Ch. 465, Article 1, Section 19**

| | |
|---|---|
| Total Pool Available (Priority to a-General Obligation Projects, b-Manufacturing Projects) | $264,834,452. |
| For: | |
| Pollution Control/Waste Management Projects | $ 59,856,247. |
| Commercial Redevelopment/Multifamily Housing Projects | $ 82,301,647. |

#### Qualified 501(c)(3) Bond Pool (Federal Volume Limitation Act)

**Pursuant to Minn. Laws 1986, Ch. 465, Article 1, Section 20**

| | |
|---|---|
| Total Pool Available | $ 31,865,000. |

Pursuant to Minn. Laws 1986, Ch. 465, Article 1, Section 13, Subd. 2, Section 19, Subd. 2, Section 20, Subd. 3, and Section 21, Subd. 2, issuers requesting allocations of issuance authority must submit applications, any applicable deposit and any other supporting documents required. Application forms are available from the Department upon request.

## Department of Human Services Long Term Care Management Division

### End of Solicitation Period for Comment Concerning Proposed Amendments to the Permanent Rules of the State Department of Human Services Governing the Determination of Payment Rates for Nursing Homes Participating in the Medical Assistance Program, Parts 9549.0010 to 9549.0080 (Permanent Rule 50)

Notice is hereby given that the comment period for the notice of intent to solicit outside opinion concerning proposed amendments to the permanent rules of the Department of Human Services governing the determination of payment rates for nursing homes

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participating in the medical assistance program, parts 9549.0010 to 9549.0080 (permanent rule 50) published in the *State Register* on July 14, 1986, will end on September 5, 1986.

Questions concerning the comment period may be addressed to:

Jane Delage
Rules Unit
4th Floor, Centennial Building
St. Paul, Minnesota 55155
Telephone: 612/297-4302

# Department of Revenue
# Special Taxes Division

## Outside Opinion Sought Regarding Proposed Rules Governing the Ethanol Development Fund

Notice is hereby given that the Minnesota Department of Revenue is seeking information or opinions from sources outside the agency in preparing to promulgate rules governing the administration of the Ethanol Development Fund. The promulgation of these rules is authorized by M.S. 41.09, subd. 4.

Interested persons or groups may submit written statements of information. Statements will be accepted until September 30, 1986, and should be sent to:

Gregory J. Heck
Minnesota Department of Revenue
Legal and Legislative Affairs Division
P.O. Box 64446
St. Paul, Minnesota 55164

Any written material shall become part of the record in the event a rule is proposed and a public hearing is held.

21 August 1986

# Office of the Secretary of State

## Notice of Vacancies in Multi-Member State Agencies

Notice is hereby given to the public that vacancies have occurred in multi-member state agencies, pursuant to Minn. Stat. § 15.0597, subd. 4. Application forms may be obtained at the Office of the Secretary of State, 180 State Office Building, St. Paul 55155-1299; (612)296-2805. Application deadline is September 23, 1986.

**ADVISORY COUNCIL ON THE MINNESOTA STATE ACADEMY FOR THE DEAF AND MINNESOTA STATE ACADEMY FOR THE BLIND** has 1 vacancy open for a member. Preference will be given to applicants who reside in Congressional Districts #3, 6, 7 and 8. The council shall advise the Board of Education on policies pertaining to the control, management, and administration of these academies. Members shall be representative of the various geographic regions of the state. All members shall have knowledge, experience and interest in the problems of visually disabled or hearing impaired children. Members are appointed by the Board of Education. Members receive $35 per diem. For specific information contact the Advisory Council on the Minnesota State Academy for the Deaf and Minnesota State Academy for the Blind, Wade M. Karli, P.O. Box 308, Faribault 55021; (507)332-3363.

**COMPENSATION COUNCIL** has 8 vacancies open immediately for members (one from each congressional district of whom no more than four may belong to the same political party). The council is created each even numbered year to assist the legislature in establishing the compensation of constitutional officers, members of the legislature, justices of the supreme court and judges of the court of appeals, district court, county court and county municipal courts. The Council will be appointed by October 1. Members are appointed by the Governor. members receive $35 per diem. For specific information contact the Compensation Council, Rachel Wobschall, 130 Capitol, St. Paul 55155; (612)296-0057.

**BOARD FOR COMMUNITY COLLEGES** has 1 vacancy open for a person who is a community college student or who has been a student within one year of appointment. The board sets rules and policies for management of community college system. Members are appointed by the Governor and confirmed by the Senate. Members must file with the Ethical Practices Board.

Bimonthly meetings alternate between St. Paul and various community college campuses. For specific information contact the Board for Community Colleges, 203 Capitol Square Bldg., St. Paul 55101; (612)296-3356.

**MEDICAL SERVICES REVIEW BOARD** has 1 vacancy open for an alternate member for a specialty neurologist-physician. The board advises the department on medical matters relating to workers compensation and hears appeals on decisions of the department. Members are appointed by the Commissioner of Labor and Industry. Members receive $35 per diem plus expenses. Members must file with the Ethical Practices Board. For specific information contact the Medical Services Review Board, Dept. of Labor and Industry, Office of Public Affairs, 444 Lafayette Rd., St. Paul 55101; (612)297-4373.

# Board of Teaching

## Notice of Intent to Solicit Outside Opinion Concerning Proposed Rules Relating to the Licensure of School Librarians, Teachers of Business Education, Teachers of Computer Science, and Teachers of Early Childhood/Family Education; Continuing Education; Provisional Licensure; and Teacher Examinations

Notice is hereby given that the Board of Teaching is seeking information or opinions from sources outside the Board in preparing to propose the adoption and/or amendment of rules governing the licensure of School Librarians, Teachers of Business Education, Teachers of Computer Science, and Teachers of Early Childhood/Family Education; Continuing Education; Provisional Licensure; and Teacher Examinations. Any interested persons may submit data or views on these subjects in writing or orally to:

Kenneth L. Peatross
Minnesota Board of Teaching
608 Capitol Square Building
550 Cedar Street
St. Paul, Minnesota 55101
(612) 296-2415

Any written material received by the Board shall become part of the hearing record in the event that the rules governing these subjects are promulgated.

Dated: 22 August 1986

Kenneth L. Peatross, Executive Secretary
Minnesota Board of Teaching

# Department of Transportation Program Management Division

## Notice of Intent to Solicit Outside Opinion Regarding Rules and the Definitions of "Significant Centers of Population and Commerce" and "Temporary Emergency Service"

NOTICE IS HEREBY GIVEN THAT that State Department of Transportation (Mn/DOT) is seeking information and opinions from sources outside the agency in preparing proposed rules to define "significant centers of population and commerce" and "temporary emergency service". The adoption of rules is authorized by Minnesota Statutes, section 169.832, subdivision 13 (c) (Laws 1986, Chapter 398, Article 13, Section 10) which requires the Commissioner to adopt rules which define "significant centers of population and commerce" and "temporary emergency service" to assist in determining which state trunk highways will serve as market artery routes.

Minnesota Statutes, section 169.832, subdivision 13 identifies a market artery as "a trunk highway or segment thereof that:

(i) connects significant centers of population or commerce;

(ii) connects highways described in clause (i);

(iii) provides access to a transportation terminal; or

(iv) provides temporary emergency service to a particular shipping or receiving point on a market artery."

State trunk highways which are determined to be market artery routes are intended to be unrestricted for maximum allowable vehicle weights. Minnesota Statutes, section 169.832, subdivision 13 specifies that the Commissioner may impose seasonal load

restrictions on a market artery only after providing advance notice of weight restrictions on market artery routes to certain committees of the state House of Representatives and Senate. Minnesota Statutes, section 169.832, subdivision 13 also specifies that the Commissioner shall provide with each notice a plan to improve the market artery within the next three years so that seasonal load restrictions will not be necessary on it.

An interim definition of "significant centers of population and commerce" has been provided in the statute. Until rules are effective, "significant centers of population and commerce" means "all home rule charter or statutory cities that had total retail sales of at least $50,000,000 as reported in the 1982 Census of Retail Trade of the United States Department of Commerce."

These rules may have an effect on the transportation activities of small businesses. Minnesota Statutes, section 14.115 states that small business means "a business entity, including its affiliates, that (a) is independently owned and operated; (b) is not dominant in its field; and (c) employs fewer than 50 full-time employees or has gross annual sales of less than $4,000,000." Trunk highways which are determined to be market arteries will represent the principal access routes for the shipment of commodities to and from geographic areas of supply and demand in Minnesota. As such, small businesses located on state trunk highway market artery routes may achieve some shipping advantage.

Promulgation of these rules will not result in the imposition of agency fees as described in Minnesota Statutes, section 16A.128. The rules will not require the expenditure of public monies by local public bodies as defined in Minnesota Statutes, section 14.11, subdivision 1. Additionally, the rules will not result in mandated costs for local agencies or school districts described in Minnesota Statutes, section 3.982.

The State Department of Transportation requests information and comments concerning the subject matter of these rules. Interested or affected persons or groups may submit statements of information or comments orally or in writing. Written statements should be addressed to: Jonette Kreideweis, Highway Planning Unit, Room 807, Transportation Building, St. Paul, Minnesota, 55155.

Oral statements will be received during regular business hours over the telephone at (612) 296-8477. In addition, at least four public meetings will be held in various parts of the state prior to preparing the final draft of the rule. Notice of these public meetings will be published in the *State Register.*

All statements of information and comment shall be accepted until December 15, 1986. Any written material received by the State Department of Transportation will become part of the record in the event that the rules are adopted.

Dated: 25 August 1986

Richard P. Braun, Commissioner
Minnesota Department of Transportation

# STATE CONTRACTS

**Pursuant to the provisions of Minn. Stat. § 16.098, subd. 3, an agency must make reasonable effort to publicize the availability of any consultant services contract or professional and technical services contract which has an estimated cost of over $2,000.**

**Department of Administration procedures require that notice of any consultant services contract or professional and technical services contract which has an estimated cost of over $10,000 be printed in the *State Register*. These procedures also require that the following information be included in the notice: name of contact person, agency name and address, description of project and tasks, cost estimate, and completed contract proposal. Certain quasi-state agencies are exempted from some of the provisions of this statute.**

**Commodities contracts with an estimated value of $5,000 or more are listed under the Procurement Division, Department of Administration. All bids are open for 7-10 days before bidding deadline. For bid specifics, time lines, and other general information, contact the appropriate buyers by calling 296-6152. If the appropriate buyer is not available, contact Harvey Leach or Barbara Jolly at 296-3779.**

## Department of Administration—Procurement Division

### Contracts and Requisitions Open for Bid

**Call 296-6152 for Referral to Specific Buyers.**

| Commodity for Bid | Bid Closing Date at 2 pm | Department or Division | Delivery Point | Requisition # |
|---|---|---|---|---|
| Valves | September 2, 1986 | Various | Various | Price-Contract |
| Snow Removal | September 3, 1986 | Lakewood Community College | White Bear Lake | 27-154-45466 |

| Commodity for Bid | Bid Closing Date at 2 pm | Department or Division | Delivery Point | Requisition # |
|---|---|---|---|---|
| Gas Salt Kiln—Rebid | September 3, 1986 | State University | Bemidji | 26-070-12063 |
| Snow Removal Capitol Complex | September 3, 1986 | Administration—Plant Management | Plant Management | Price-Contract |
| Developer/Toner—Rebid | September 3, 1986 | Administration—Information Management | St. Paul | 02-410-51380 |
| Virginia Metal Partitions—Rebid | September 3, 1986 | Economic Security | Economic Security | 21-200-13535 |
| Rubbish Removal—Rebid | September 3, 1986 | Lakewood Community College | White Bear Lake | 27-154-46569-2 |
| VHF Radio Communications Equipment—Rebid | September 3, 1986 | Correctional Facility | Shakopee | 02-310-14941 |
| Used Cad System | September 3, 1986 | Correctional Facility | Stillwater | 78-620-00037 |
| Snow Removal Contract | September 4, 1986 | Anoka Ramsey Community College | Anoka | 27-152-46275-Price-Contract |
| Continuous Data Processing Forms—Carbon Interleaved and One Part | September 4, 1986 | Various | Various | Price-Contract |
| Geodetic Survey Disk | September 4, 1986 | Transportation | St. Paul | 79-000-70818 |
| Liquid Petroleum Gas | September 5, 1986 | Various | Various | Sch.-93A-Rebid |
| Color Coded Folders | September 5, 1986 | Labor & Industry | St. Paul | 42-203-10018 |
| Welding Equip. | September 5, 1986 | Correctional Facility | Stillwater | 78-620-00046 |
| Display Cubes | September 8, 1986 | State University | Bemidji | 26-070-12122 |
| Cotton for Mattresses | September 8, 1986 | Correctional Facility | St. Cloud | 78-830-08340 |
| Repair Aircraft Mechanical Body | September 8, 1986 | Public Safety | St. Paul | 07-500-39531 |
| Wood Office Furniture | September 8, 1986 | Pollution Control | St. Paul | 02-310-15015 |
| Computer Equip. | September 8, 1986 | Finance—Central Payroll | St. Paul | 10-100-02742 |
| Photo Supplies | September 12, 1986 | State University | Bemidji | 26-070-12042-Rebid |
| Drafting Tables | September 8, 1986 | Community College | Hibbing | 27-143-43024 |
| Terminals | September 8, 1986 | Transportation | St. Paul | 79-000-70795 |

# Department of Energy and Economic Development Division of Science and Technology Office of Software Technology Development

## Notice of Request for Proposals for Agency to Provide Evaluation and Advisory Services

Notice is hereby given that the Office of Software Technology Development, Minnesota Department of Energy and Economic Development (DEED) requires the services of a qualified agency with established expertise to provide necessary evaluation and advisory services relating to the Technology Product Investment Program.

The Technology Product Investment Program was implemented to provide low-interest loans to eligible applicants for the development and marketing of technology-related products that exist as completed products, prototypes, or as conceptual product designs. Under the direction of the Office, the loan application process includes an evaluation analysis of the marketing and financial plans of applicant companies as well as a review of managerial strengths and weaknesses. It is anticipated that 6-10 reviews will be conducted by the Office this fiscal year. The awarded agency will also provide advisory (i.e., marketing, financial, technical advice) and referral services to software producers which have limited operating capital. Also, the agency will maintain a listing of software producers and their capabilities for referral purposes. Further, the agency will be responsible for the development and coordination of seminars and workshops to assist groups of software developers in common problem areas.

These activities will be conducted in the most effective and efficient manner possible. Therefore, due to the specific industry focus of the Technology Product Investment Program and the diverse types of services needed by loan applicants, it is recommended that RFP applicants have staffs with expertise in the following areas: research and evaluation, business services (i.e., legal, management and fiscal), quality assurance, market needs assessment and personnel development and supply. Also, due to the confidential nature of investment program applications, agency staffs must be without possible conflicts of interest. In addition, technical consultation services will be provided over a broad range of application fields (i.e., education, agriculture, medical) as well as the computer technology field. Special consideration will be given to those agencies which have access to these fields in terms of technical support.

The estimated fee range for this project is $22,000 to $28,000. Firms desiring consideration should request a copy of the Request for Proposals (RFP) Statement of Work or direct inquiries to:

Dr. Rosemary T. Fruehling, Director
Office of Software Technology Development
Minnesota Department of Energy and Economic Development
900 American Center Building
150 East Kellogg Boulevard
St. Paul, MN 55101

The deadline for submission of proposals will be 4:30 p.m. on September 22, 1986.

Dated: 1 September 1986

Rosemary T. Fruehling

# Department of Energy and Economic Development Division of Science and Technolgy Office of Software Technology

## Notice of Request for Proposals for Education and Training/Industry/Software Development Consultant

Notice is hereby given that the Office of Software Technology Development (OSTD), Minnesota Department of Energy and Economic Development (DEED) requires the services of a qualified, part-time consultant knowledgeable about education and training programs as they relate to the computer software development industry in Minnesota. This position is available from October, 1986 through June 30, 1987.

In an effort to realize support and implementation of the "Center for the Development of the Software Industry," technical assistance is required by the OSTD to further refine objectives and strategies. Responsibilities of the consultant will include providing

leadership in further developing the Center concept. The primary purposes of the industry-based concept include providing industry-specific services to the Minnesota software industry, creating more direct industry involvement and retaining a close relationship with the educational community. Services to the software industry available through the "Center for the Development of the Software Industry" could include the following:

1. The Center will use available business and technical services to help software companies solve problems that would otherwise hinder their success; and the Center staff will use an up-to-date data bank to link qualified service providers to companies and individuals in need of these services.

2. The Center will use/develop educational programs to keep the industry and the consumer knowledgeable and qualified in using and/or developing software; and the Center staff will work with educational institutions to develop and provide the industry-specific educational seminars, forums and workshops.

3. The Center will identify sources for research or quality control assistance available in Minnesota post-secondary institutions; and the Center staff will assist individuals and companies to gain easy access to these services.

4. The Center will promote markets for the Minnesota software industry within the state, nationally and internationally; and the Center staff, with assistance from the software industry, will develop and carry out the promotional plans.

This activity will be conducted in the most effective and efficient manner possible. Therefore, due to the education and training focus of this project, it is recommended that the applicant have a thorough background in the field of curriculum and school administration at the post-secondary (or beyond) level. The estimated fee range for this project is $22,000 to $26,000. Individuals desiring consideration should request a copy of the Request for Proposals (RFP) Statement of Work or direct inquiries to:

Dr. Rosemary T. Frjuehling, Director
Office of Software Technology Development
Minnesota Department of Energy and Economic Development
900 American Center Building
150 East Kellogg Boulevard
St. Paul, MN 55101

The deadline for submission of proposals will be 4:30 p.m. on September 22, 1986.

Dated: 1 September 1986

# Department of Human Services

## Notice of Request for Proposal for the Development, Implementation, and Operation of Payment Error Prone Profiles for Health Care Providers

Notice is hereby given that the Health Care Programs Division, Department of Human Services, is seeking proposals concerning the development of error prone profiles for health care providers and the use of these profiles to screen health care claims submitted to the Department by enrolled providers in the Medical Assistance and General Assistance Medical Care programs.

This Request for Proposal does not obligate the State to complete the project and the State reserves the right to cancel the solicitation if it is considered to be in its best interest.

**I. Scope of Project:**

To develop, implement, and operate a medical claims error prone profile system for the Medical Assistance and General Assistance Medical Care programs.

**II. Objectives:**

To prevent erroneous payments of medical claims and/or recoup erroneous payments previously made.

**III. Project Tasks:**

1. Design error prone profile system.

   a. Error prone profile system must be compatible with existing Medicaid Management Information System.

   b. Error prone profile system must not duplicate functions of existing edits or screens in the Medicaid Management Information System nor any of the functions of the Surveillance and Utilization Review Subsystem.

2. Implement the error prone profile system.

3. Operate the error prone profile system.

Responder should propose additional tasks or activities if they will substantially improve the results of the project.

**IV. Department Contacts:**

Robert Baird, Director, Health Care Programs, 444 Lafayette Road, St. Paul, MN.

**V. Submission of Proposals:**

All proposals must be received by 4:00 p.m., September 26, 1986. Late proposals will not be accepted. Responder shall submit four copies of the proposal. Proposals are to be sealed in mailing envelopes or packages with responder's name and address clearly written on the outside. Each copy of the proposal must be signed by an authorized representative of the responder.

**VI. Project Costs:**

The Department has estimated that the annual cost of this project shall not exceed $400,000.00. It is the Department's intent to pay for this project on a contingency basis. Each proposal shall specify the percentage of expected savings it is willing to accept as reimbursement for this project.

**VII. Proposal Contents:**

The following will be considered minimum contents of the proposal.

1. Statements which show or demonstrate the responder's understanding of the nature of the project.

2. Outline of responder's background and experience with particular emphasis on local, state, and federal government work. Identify personnel to conduct the project and detail their training and work experience. No change in personnel assigned to the project will be permitted without the approval of the state project director/manager.

3. Responders will prepare a detailed work plan which will identify the major tasks to be accomplished and be used as a scheduling and managing tool.

4. Identify the Department's participation in the project as well as any other service to be provided by the Department.

**VIII. Evaluation**

All proposals received by the deadline will be evaluated by representatives of the Department of Human Services. Factors upon which proposals will be judged include, but are not limited to the following:

1. Expressed understanding of the project.

2. Project work plan.

3. Cost to the Department.

4. Qualification of both company and personnel. Experience of personnel will be given greater weight than that of the firm.

Evaluation and selection will be completed by October 24, 1986. Results will be sent immediately by mail to all responders.

# STATE GRANTS

**In addition to requests by state agencies for technical/professional services (published in the State Contracts section), the *State Register* also publishes notices about grant funds available through any agency or branch of state government. Although some grant programs specifically require printing in a statewide publication such as the *State Register*, there is no requirement for publication in the *State Register* itself.**

**Agencies are encouraged to publish grant notices, and to provide financial estimates as well as sufficient time for interested parties to respond.**

## Bureau of Mediation Services

### Applications Accepted for Funding Under the Minnesota Area Labor-Management Committee Program

The Bureau of Mediation Services will begin accepting applications for funding of new or existing Area Labor-Management Committee programs on September 2, 1986, pursuant to Minn. Stat. 179.81-85 (1985).

Persons interested in applying for such funds may secure an application form and program policies by requesting them in writing from:

Paul W. Goldberg, Director
Bureau of Mediation Services
205 Aurora Avenue
St. Paul, Minnesota 55103

Applications for funding during fiscal year 1987 will be accepted until October 15, 1986.

Paul W. Goldberg
Director

# SUPREME COURT DECISIONS

### Decisions Filed Friday 22 August 1986

**Compiled by Wayne O. Tschimperle, Clerk**

**C9-85-2381 State of Minnesota, petitioner, Appellant, v. Jean Lambert. Court of Appeals.**

Legislation is not needed for trial courts to adopt advisory, nonbinding local sentencing guidelines for misdemeanor and gross misdemeanor cases.

Reversed and sentence reinstated. Amdahl, C.J.

STATE OF MINNESOTA

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***MN Hazardous Waste Rules*** (as in effect 2-10-86). MN Rules Chapter 7045 and 7046. The rules governing the permits, storage, production and shipment of Hazardous Waste. Code #3-71. $13.50.

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ORDER ADOPTING NONCONTROVERSIAL RULES

STATE OF MINNESOTA

DEPARTMENT OF ENERGY AND ECONOMIC DEVELOPMENT

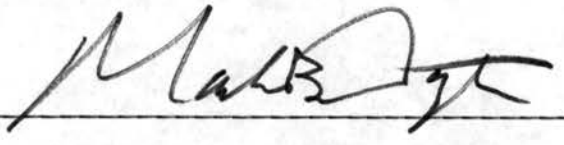
In the Matter of the Proposed Adoption of Rules of the State Department of Energy and Economic Development Governing Rules Relating to the Governor's Rural Development Council, Rural Development Grants

ORDER ADOPTING RULES

Notice of the Commissioners intent to adopt the above-entitled rules without a public hearing was published in the State Register on September 2, 1986 and was sent by United States mail to all persons on the list maintained by the agency pursuant to Minnesota Statutes, section 14.14, subdivision 1 on August 27, 1986. After affording interested and affected persons an opportunity to submit comments for 30 days after Notice, receiving fewer than seven written requests for a public hearing within the 30-day comment period, reviewing and considering the comments, and determining the need for and reasonableness of the above-captioned rules,

NOW, THEREFORE, IT IS ORDERED that these rules identified as Governor`s Rural Development Council, Rural Development Grants are adopted this 3rd day of October, 1986 pursuant to authority vested in me by Minnesota Statutes, section 116J.961, subd. 9 (1985 Supp.).

STATE OF MINNESOTA



COMMISSIONER OF THE DEPARTMENT OF ENERGY AND ECONOMIC DEVELOPMENT

ORDER ADOPTING NONCONTROVERSIAL RULES

STATE OF MINNESOTA

DEPARTMENT OF ENERGY AND ECONOMIC DEVELOPMENT

In the Matter of the Proposed Adoption of Rules of the State Department of Energy and Economic Development Governing Rules Relating to the Governor's Rural Development Council, Rural Development Grants

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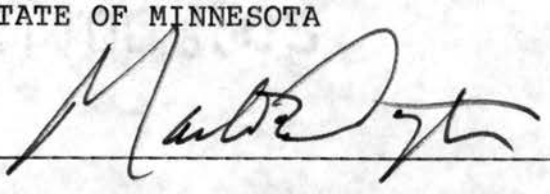
STATE OF MINNESOTA



COMMISSIONER OF THE DEPARTMENT OF ENERGY AND ECONOMIC DEVELOPMENT

HRDC HEADWATERS REGIONAL DEVELOPMENT COMMISSION
722 15th Street NW P.O. Box 906, Bemidji, Minnesota, 56601 Phone: 218-751-3108

September 9, 1986

Lori Widmark
Governor's Rural Development Council
900 American Center Building
150 Ease Kellogg Boulevard
St. Paul, MN 55101

Dear Lori:

SUBJECT: Comment on Proposed Grant Rules

Thank you for the opportunity to comment on the proposed rules for the Rural Development Grant Program. In general, I think the rules are well done and understandable. I have only a few critical comments which I offer here:

4360.0100 subparts 15 and 26 (Operating Capital and Start-up Capital). As far as I can tell, these two definitions apply to only one clause found in 4360.0800 subp. 4.D. and repeated again in 4360.1000 subp. 4.E. For the purpose of shortening and simplifying the rule and eliminating extraneous definitions, I would recommend deleting both definitions and changing the clause to read "uses council grant funds to provide direct financial assistance to for-profit businesses or enterprises."

4360.0400 Project Start and End Date. Considering application submission deadlines (third week of January), a 90-day council review period (plus time for the Commissioner to approve grants - while the legislature is in session), the requirement that projects demonstrate results in less than 12 months, that no grant funds be obligated before awards are announced, and that all projects start 30 days after council approval, we seem to be locked into a fairly rigid demonstration cycle for all applicants, which commences in early June and must be complete in some form so as to be evaluated before mid-May of the following year. Given the seasonal nature of rural life, particularly as regards agriculture, I believe this is too restrictive to allow the creativity and demonstrability which you desire. For instance, a demonstration related to planting may not be able to get "in the ground" until the spring following your project commencement date. Results may not be apparent until the following fall, in which case a potential applicant is discouraged by your

program rules which would require a start during the summer and evaluation in the spring. I would recommend that the applicant be allowed to propose the starting and ending dates of the 12-month grant period. Seed grant timelines should respect the requirements of the major funder.

4360.0600 subpart 4. Sometimes applications inadvertantly possess technical flaws or ommissions which can be clarified through a discussion between grantor and applicant. This rule (discussion of applications), if followed, will restrict the council from going to the source to determine intentions which may not be well-communicated in the application form (which can sometimes be confusing itself). The best project sponsor may not always be the best grantsman! I would recommend that you add a clause allowing for council-initiated discussion of an application. If you don't allow it in the rules, and yet wind up feeling compelled to do it in a certain case, you only open yourself up for criticism from someone you failed to contact who lost out because of a misunderstanding.

4360.0700 subpart 2. (contents). Twenty copies of everything seems to be a new bureaucratic record. At ten pages per application, 200 sheets of paper and twenty staples would necessitate use of a box rather than a manilla envelope for mailing, adding to the inconvenience for you as well as the applicant. With all due respect to the council, it is difficult to believe that every council person will read every application, nor should it be expected. In most granting organizations possessing a professional staff, the staff reads all applications, checks them for documentation, and prepares a brief summary of each for board review. That makes a more efficient use of time (and paper) on everybody's part. Twenty copies implies a cumbersome review process. I would recommend that you reconsider your review process and, in so doing, reduce the number of copies needed per application to no more than are need for filing and review by staff and perhaps a couple of council members to assure objectivity.

4360.0700 subpart 4. The HRDC meets monthly on the third Thursday. Project review procedures include a mail-out review and response period prior to Commission review which requires a minimum of a week. Therefore, notifications received later than the Thursday of the second week of the month cannot be reviewed until the following month. The application deadlines which you have proposed in subpart 3, allowing for reasonable mail delays, mean that you should not expect to receive reviews from the HRDC until 38 days after you have received applications. Moving your application deadlines to the end of the first week of the month (as well as regional development commission submissions) would, in effect, mean that HRDC reviews would come to you approximately 17 days after you receive applications. Please consider whether this will make a significant difference to your review procedures.

4360.1100. Reporting requirements seem onerous, considering the size of seed grants and the organizational capability of many rural non-profits. Perhaps to some extent you might allow for a duplication of the major project funder's reporting requirements, whatever they might be. I would expect that you will find a lot of seed grant requests for which the major funder will be a McKnight rural initiative fund. Coordinating reporting requirements at least with them should be possible.

I hope you find these comments useful. I have not seen a Statement of Need and Reasonableness for this proposed rule, so I may have missed the point in some cases. If you would send me one, I would be happy to have a look at it.

Sincerely,

Tom Varberg
Economic Development Planner

TV/sa

In the Matter of the Proposed
Adoption of Rules of the
Department of Energy and Economic
Development Governing Administration
of the Rural Development Grant
Program

CERTIFICATE OF
COUNSEL

I, Christie B. Eller, Special Assistant Attorney General, do hereby declare and I have examined the above-captioned rule, and the supporting rulemaking record, and that, based on my examination, the Administrative Procedure Act and Minnesota Rules, Chapter 2010 have been followed. Any exceptions are noted in the attached memorandum. For Attorney General billing purposes, the four digit docket client code is 0422.

Date: October 8, 1986.

Christie B. Eller

CHRISTIE B. ELLER
Special Assistant
Attorney General

CERTIFICATE OF THE GOVERNOR'S RURAL
DEVELOPMENT COUNCIL RESOLUTION CONCURRING IN
THE ADOPTION OF RULES

I, Tom Johnson, do hereby certify that I am a member and the Chair, of the Governor's Rural Development Council, a Council 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 Council, duly and properly called and held on the 3rd day of October, 1986, 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 recinded or modified,

"RESOLVED, that the members of the Council concur in the adoption of rules by the Commissioner of Energy and Economic Development governing rural development grant-making procedures in the form attached hereto, pursuant to authority vested in us by Minn. Stat. 116J.961, subd. 9 (1985 Supp.)."

IN WITNESS WHEREOF, I have hereunto subscribed my name this the 3rd day of October, 1986.

Thomas Johnson

Tom Johnson, Chair.

Carl Wanchild

Attest by additional Council Member.

CERTIFICATE OF THE GOVERNOR'S RURAL
DEVELOPMENT COUNCIL RESOLUTION CONCURRING IN
THE ADOPTION OF RULES

I, Tom Johnson, do hereby certify that I am a member and the Chair, of the Governor's Rural Development Council, a Council 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 Council, duly and properly called and held on the 25th day of April, 1986, 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 recinded or modified,

"RESOLVED, that the members of the Council concur in the adoption of rules by the Commissioner of Energy and Economic Development governing rural development grant-making procedures in the draft form attached hereto, pursuant to authority vested in us by Minn. Stat. 116J.961, subd. 9 (1985 Supp.)."

IN WITNESS WHEREOF, I have hereunto subscribed my name this the 25th day of April, 1986.

Thomas Johnson

Tom Johnson, Chair.

Harry Sjulson

Attest by additional Council Member.

SF-00006-03

STATE OF MINNESOTA

DEPARTMENT ATTORNEY GENERAL - Bremer Tower **Office Memorandum**

TO: J. MICHAEL MILES, Assistant Attorney General
MARTHA J. CASSERLY, Spec. Asst. Atty. Gen.
Administration Division

DATE: 10-7-86

FROM: CHRISTIE B. ELLER CBE
Special Assistant Attorney General

PHONE: 6-9200

RECEIVED
1986
ATTORNEY GENERAL
ADMINISTRATIVE AGENCIES

SUBJECT: PROPOSED ADOPTION OF RULES OF THE DEPARTMENT OF ENERGY AND ECONOMIC DEVELOPMENT GOVERNING ADMINISTRATION OF THE RURAL DEVELOPMENT GRANT PROGRAM.

Enclosed please find copies of the following rule making documents necessary for review of the above-entitled rules.

Certificate of GRDC's Resolution Concurring in Draft Rules
Copy of Proposed Rule
Notice of Adoption of the Proposed Rule
Statement of Need and Reasonableness
Affidavit of Mailing Notice of Proposed Adoption
Mailing List Certificate
Copy of State Register
Four copies of Rule as Adopted
Certificate of GRDC's Resolution Concurring in Adopting the Rules
Two copies of the Order
Copy of all comments received
Certificate of Compliance with Rule Making Procedures

Under Minn. Stat. § 116J.61, subd. 9 (1985 Supp.) the Commissioner, with the concurrence of the Governor's Rural Development Council (the "GRDC"), is required to adopt rules for the administration of a rural development grant program. The statute provides the rules are adopted by the Commissioner rather than by the GRDC. Evidence of concurrence by the GRDC is submitted in the form of a Certificate concurring in the Draft Rules and Certificate Concurring in Adopting the Rules. The Certificates of the GRDC do not delegate authority to sign rule making documents as the statute requires the Commissioner, not the GRDC to adopt the rules.

These rules were proposed and adopted by the Commissioner prior to the effective date of the new rules of the Attorney General, Minnesota Rules, ch. 2010. As noted, certain of the rule making documents submitted were consistent with the rules of the Attorney General in effect at the time the documents were prepared. Minn. R. pt. 2010.0300 E requires that the notice be signed by the Commissioner. The rules in effect at the time the notice was given did not require the notice to be signed. Minn. Rule pt. 2010.0300K. requires the submission of findings of fact, conclusions and order. The prior rules required submission of an order adopting the rules and findings when the agency made changes from the rules as adopted. As the

agency did not propose any changes to the rules as published only an order was prepared. As these documents were sufficient under the rules in effect at the time they were prepared and executed, it would be unfair to retroactively impose other requirements.

If you have any questions regarding this matter, please do not hesitate to contact me.

CBE:bl

Enclosures

Notice of Intent
Copy of rule not enclosed in mailing
Rule briefly described in Notice
Follows recommended form

Certificate of Counsel
Follows Rec. form

All new materia
No changes from Proposed to Adopted.

P.2 line 14-17 Reads strange - poor sentance structure - unclear definition - agree, but not legal prob

p3 line 9-14 I dont understand the definition - unclear - agree - losing of issues

p3 line 32 - p4 line 3 unclear definition OK

p9 line 11 Grant close-out no time deadline mentioned - but rule by matter, not covered by

p9 line 29 "may" - prosecutorial discretion

p10 line 8 should "grants" be "grant" ? - grammar not legal

p14 line 24 p10 line 14 "special districts" who are they? who decides who they are? - leg history instead

STATE OF MINNESOTA )"
) ss."
COUNTY OF RAMSEY )"

CERTIFICATE"

In the Matter of the Proposed Adoption of Permanent Rules pertaining to the Minnesota Department of Energy and Economic Development regarding the Governor's Council on Rural Development Grants.

_____"

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 Tuesday, this 26th day of August, 1986."

Mary Anderson"

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

COMPILED BY"
MARY ANDERSEN"

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| * | 4722 | CRASSWELLER | DONALD B | DONOVAN MCCARTHY CRASSWELLR LARSN&M AGIE | ALWORTH BLDG-RM 1000 | DULUTH | 55802 |
| * | 16972 | CREME | FRANCINE | BARR ENGINEERING CO | 6800 FRANCE AVE S | MPLS | 55435 |
| * | 8560 | DAILEY | THOMAS M | HENKEL CORP | 7900 78TH ST W | MPLS | 55435 |
| * | 6692 | DAWSON | JEAN | MINN GOVERMENT REPORT | STATE CAPITAL BLDG-PRESS RM B2 8 | ST PAUL | 55155 |
| * | 8562 | DAYTON | CHARLES K | DAYTON HERMAN GRAHAM & GETTS | 10 FIFTH ST S-STE 930 | MPLS | 55402 |
| * | 8671 | DEBEIR | ELAINE | MINN POWER CO | 30 SUPERIOR ST W | DULUTH | 55802 |
| * | 66578 | DEELY | ANN M | STATE & FEDERAL ASSOC-REGULATORY SE RV DIV | 1101 KING ST-STE 600 | ALEXANDRIA | 22314 |
| * | 16966 | DEML | BERNARD J | | BOX 76 | CARLOS | 56319 |
| * | 16837 | DIAL | ALBERT D | DAIRYLAND POWER COOPERATIVE | BOOX 817 | LACROSSE | 54601 |
| * | 8514 | DIRACLES | JAMES C | | 80 EIGHTH ST S-RM 4040 | MPLS | 55402 |
| * | 16697 | DONAHUE | DANIEL J | NEW HOPE CITY OF | 4401 XYLON AVE N | NEW HOPE | 55428 |
| * | 8515 | DRAWZ | JOHN E | | 120 SIXTH ST S-RM 2000 | MPLS | 55402 |
| * | 8516 | DULLINGER | GIL A | BROOKLYN PARK CITY OF | 5800 85TH AVE N | BROOKLYN PK | 55443 |
| * | 8565 | DZUGAN | KENNETH | ST PAUL PORT AUTHORITY | 25 FOURTH ST W-STE 1305 | ST PAUL | 55102 |
| * | 16789 | EDEL | SUSAN | | 86 HILLSDALE COURT | WINONA | 55987 |
| * | 16935 | EDMAN | JOHN F | ENRIGHT & ASSOC | 220 ROBERT ST S | ST PAUL | 55107 |
| * | 16728 | ELDEM | THOMAS | MONTICELLO CITY OF | 250 BROADWAY ST E | MONTICELLO | 55362 |
| * | 36904 | ELLER | CHRISTIE B | | BREMER TOWER-RM 1100 | ST PAUL | 55101 |
| * | 16643 | ENGER | CHRIS | EDEN PRAIRIE CITY OF | 8950 EDEN PRAIRIE RD | EDEN PRAIRIE | 55344 |
| * | 8518 | ERICKSON | GLENN A | ST PAUL CITY OF | 25 FOURTH ST W-RM 445 | ST PAUL | 55102 |
| * | 8568 | ETTESVOLD | BRIAN | MINN SERVICE STATION ASSN | 2700 RICE ST | ST PAUL | 55113 |
| * | 16987 | FIELDSETH | HENRY | NORTHERN SUN ALLIANCE | 1519 FRANKLIN AVE E | MPLS | 55404 |
| * | 8571 | FITZPATRICK | LEO C | | 8138 HENSLOWE AVE S | COTTAGE GROVE | 55016 |
| * | 17266 | FLAIM | JOSEPH J | CHAMPION INTL CORP | 2250 WABASHA ST-BOX 43260 | ST PAUL | 55114 |
| * | 9759 | FLANNERY | JAMES D | AUSTIN COMM COLLEGE | 1600 EIGHTH AVE NW | AUSTIN | 55912 |
| * | 12363 | FLOHRS | WAYNE | | COURTHOUSE-RM 105 | FAIRMONT | 56031 |
| * | 8521 | FORSBERG | WINFIELD | FORSBERG AGRIC SERV | 518 SUMMIT AVE | NEW ULM | 56073 |
| * | 65316 | FOTH | DANIEL D | ASSOC BLDRS & CONTRACTORS INC | 6989 WASHINGTON AVE S-STE 200 | EDINA | 55435 |
| * | 8573 | FRANCE | ALFRED E | LAKE SUPERIOR INDUSTRIAL BUREAU | NORWEST CTR-RM 828 | DULUTH | 55802 |
| * | 2267 | FRANK | DONALD J | | STATE CAPITOL BLDG-RM 628 | ST PAUL | 55155 |
| * | 11596 | FRANK | RICHARD | HOUSTON CO OFFICES | COURTHOUSE | CALEDONIA | 55921 |
| * | 16775 | FRAZIOR | DOUGLAS | BRAINERD AREA CHAMBER OF COMMERCE | SIXTH & WASHINGTON STS | BRAINERD | 56401 |
| * | 8574 | FREDIN | CONRAD M | JOHNSON FREDIN KILLEN THIBODEAU&SEI LER | NORWEST CTR-RM 811 | DULUTH | 55802 |
| * | 16817 | FRICKE | DAVID | MINN TOWNSHIPS ASSN OF | BOX 246 | ST MICHAEL | 55376 |
| * | 8667 | FRISON | FRANK | N E C A | 200 ROBERT ST S-RM 305 | ST PAUL | 55107 |
| * | 16915 | FURE | ERIC | GREATER DULUTH COACT | 2904 THIRD ST W | DULUTH | 55806 |
| * | 10133 | GARDENBRING | SANDRA S | MINN POLLUTION CONTROL AGENCY | 1935 CO RD B2 W | ROSEVILLE | 55113 |
| * | 8455 | GASTERLAND | JAN P | BLOOMINGTON BLDG & INSPECT DIV | 2215 OLD SHAKOPEE RD W | BLOOMINGTON | 55431 |
| * | 5281 | GERLOCK | FRANK | HASTINGS CITY OF | 100 SIBLEY ST | HASTINGS | 55033 |
| * | 7390 | GOSTOVICH | JOHN | MINN PUBLIC INTEREST RESEARCH GROUP | 2412 UNIVERSITY AVE SE | MPLS | 55414 |
| * | 6681 | GRABOW | RICHARD | DETROIT LAKES CITY OF | 10225 ROOSEVELT AVE-BOX 647 | DETROIT LAKES | 56501 |
| * | 60067 | GRAHAM | GARY | SOUTHWEST REG DEVEL COMM | 2524 BROADWAY AVE-BOX 265 | SLAYTON | 56172 |
| * | 16811 | GREEN | JOHN C | U OF M-GEOLOGY DEPT | 10550 OLD NORTH SHORE RD | DULUTH | 55812 |
| * | 6682 | GREENWALD | MARTHA | | 2222 ELM ST SE | MPLS | 55414 |
| * | 16824 | GRUNIG | FARLEY | COTTONWOOD CO OFFICES | COURTHOUSE | WINDOM | 56101 |
| * | 16974 | GUHIN | MARY | LUVERNE CITY OF | 203 MAIN ST E | LUVERNE | 56156 |
| * | 9485 | HAHN | DOUGLAS | HORMEL & CO | BOX 800 | AUSTIN | 55912 |
| * | 10211 | HAIK | RAYMOND A | N S P | 414 NICOLLET MALL | MPLS | 55401 |
| * | 8586 | HALE | SANDRA J | MINN DEPT OF ADMIN | 50 SHERBURNE AVE-RM 200 | ST PAUL | 55155 |

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| * | 8582 | HALLMAN | W A | ASSOCIATED MOTOR CARRIERS | 1745 UNIVERSITY AVE | ST PAUL | 55104 |
| * | 16913 | HANSEN | LAWRENCE D | WATERVILLE CITY OF | BOX 9 | WATERVILLE | 56096 |
| * | 16683 | HANSMEYER | LEN | MINN POWER CO | 30 SUPERIOR ST W | DULUTH | 55802 |
| * | 7005 | HARJU | RUSS | ST PAUL PUBLIC HOUSING AUTHORITY | 419 ROBERT ST N-RM 380 | ST PAUL | 55101 |
| * | 16636 | HARRIS | VIRGINIA | CARVER CO OFFICES | 600 FOURTH ST E | CHASKA | 55318 |
| * | 61113 | HARTRANFT | FRANK F | MICHAUD COOLEY ERICKSON & ASS0C INC | 625 FOURTH AVE S-STE 1325 | MPLS | 55415 |
| * | 16988 | HAUBENSAK | RICHARD | PEOPLES NAT GAS CO | 25 MAIN PLACE | COUNCIL BLUFFS | 51501 |
| * | 121 | HAUSCHULZ | BRUCE | UNITED POWER ASSN | | ELK RIVER | 55330 |
| * | 16716 | HAWK | JACK | GRANITE FALLS AVTI | HWY 212 W | GRANITE FALLS | 56241 |
| * | 36557 | HEDGES | THOMAS L | EAGAN CITY OF | 3830 PILOT KNOB RD | EAGAN | 55123 |
| * | 16762 | HEIL | GERALD | MINN DEPT OF AGRICULTURE | 90 PLATO BLVD W | ST PAUL | 55107 |
| * | 1088 | HENNEMUTH | WILLIAM H | RIEKE CARROLL MULLER ASSOC | 1011 FIRST ST S-BOX 130 | HOPKINS | 55343 |
| * | 16703 | HERING | DIANA | FARIBAULT AREA CHAMBER OF COMMERCE | 228 CENTRAL AVE-BOX 434 | FARIBAULT | 55021 |
| * | 4741 | HERMAN | JOHN H | DAYTON HERMAN GRAHAM & GETTS | 10 FIFTH ST S-STE 930 | MPLS | 55402 |
| * | 16708 | HESTER | RALPH K | MILACA CITY OF | 145 CENTRAL AVE S | MILACA | 56353 |
| * | 8470 | HETMAN | FRANK W | DEVAC INC | 10130 HWY 55 | MPLS | 55441 |
| * | 6166 | HILL | JAMES R | HILL ASSOCIATION | 8200 HUMBOLDT AVE S | BLOOMINGTON | 55431 |
| * | 1786 | HIPPE | H EUGENE | REGION SIX EAST REG DEVEL COMM | 311 SIXTH ST W | WILLMAR | 56201 |
| * | 16839 | HOFF | MICHAEL | DONOHUE & ASSOC INC | 7200 HEMLOCK LN W | MAPLE GROVE | 55369 |
| * | 8588 | HOGLUND | RICHARD C | WILLMAR CITY OF | 333 SIXTH ST SW-BOX 755 | WILLMAR | 56201 |
| * | 16980 | HOLIEN | JERRY | YELLOW MEDICINE PLANNING OFFICE | BOX 675 | CLARKFIELD | 56223 |
| * | 16840 | HOPKE | KENNETH | STEARNS CO OFFICES | BOX 604 | ST CLOUD | 56301 |
| * | 4651 | HORNER | JOHN | MINN MULTI HOUSING ASSN | 4740 PARK GLEN RD | MPLS | 55416 |
| * | 8502 | HRUBY | MARYANNE V | MINN LEGIS COMM TO REVIEW ADMIN RUL ES | STATE OFFICE BLDG-RM 55 | ST PAUL | 55155 |
| * | 8464 | HUBER | PAUL | HUBER LTD | 1821 UNIVERSITY AVE | ST PAUL | 55104 |
| * | 8591 | INGRAM | ALAN W | NATIONAL SOCIAL WORKERS ASSN | 614 PORTLAND AVE | ST PAUL | 55102 |
| * | 16777 | IRELAND | DR DONALD W | U OF M-SCHL OF BUSINESS & ECON | | DULUTH | 55812 |
| * | 16975 | ISBERG | GUNNAR | ISBERG & ASSOC | BOX 115 | NORTHFIELD | 55057 |
| * | 60188 | JACK | JAMES | MANKATO STATE UNIV | BOX 36 | MANKATO | 56001 |
| * | 65315 | JANICKE | JUDY | LYMAN BLUEPRINT THE | BOX 40 | EXCELSIOR | 55331 |
| * | 65317 | JENSEN | JAMES | | BOX 459 | RUSHFORD | 55971 |
| * | 8446 | JERONIMUS | DAVID | | 4808 TIOGA ST | DULUTH | 55802 |
| * | 36663 | JILK | STEPHAN | LACRESCENT CITY OF | 315 MAIN ST | LACRESCENT | 55947 |
| * | 8602 | JOHNSON | LESLIE M | BLAINE CITY OF | 9150 CENTRAL AVE NE | BLAINE | 55434 |
| * | 6685 | JOHNSON | ZACK | CONSULTING ENGINEERS DIVERSIFIED | 7200 HEMLOCK LN N-STE 200 | MAPLE GROVE | 55369 |
| * | 8600 | JOHNSON | GORDON | LUTHERAN SOCIAL SERVICE | 2414 PARK AVE | MPLS | 55404 |
| * | 8599 | JOHNSON | G ROBERT | POPHAM HAIK SCHNOBRICH KAUFMN&DOTY | 80 EIGHTH ST S-RM 4344 | MPLS | 55402 |
| * | 16640 | JOHNSON | MARK | ST LOUIS CO PLANNING & ZONING OFF | COURTHOUSE | DULUTH | 55802 |
| * | 16810 | JOPKE | RICHARD | RICHFIELD CITY OF | 6700 PORTLAND AVE | RICHFIELD | 55423 |
| * | 60405 | JORGENS | THOMAS | NORTHWEST REG DEVEL COMM | 425 WOODLAND AVE | CROOKSTON | 56716 |
| * | 8448 | KARON | JUDY | RAMSEY CO COMM BOARD | COURTHOUSE-STE 316 | ST PAUL | 55102 |
| * | 16858 | KAUFMAN | BARBARA W | MINN VOLUNTARY SOC SERV ASSN OF | 1821 UNIVERSITY AVE-RM 141S | ST PAUL | 55104 |
| * | 16978 | KEMP | LONI | MINN PROJECT-S E OFFICE | BOX 4 | PRESTON | 55965 |
| * | 16642 | KEMP | WILLIAM A | WASHINGTON CO HRA/N A H R O-MINN CH APTER | 900 THIRD ST | ST PAUL PK | 55071 |
| * | 16620 | KENNEDY | TIMOTHY | GRAND MARAIS CITY OF | COURTHOUSE | GRAND MARAIS | 55604 |
| * | 6686 | KESSLER | MARTHA | BUREAU OF NATIONAL AFFAIRS | 420 FORD RD-RM 318 | ST LOUIS PK | 55426 |
| * | 66323 | KEYES | RALPH T | | 1631 BROOKS AVE W | ST PAUL | 55113 |
| * | 16741 | KINN | PAUL D | WADENA AVTI | 405 COLFAX AVE SW-BOX 566 | WADENA | 56482 |
| * | 8605 | KIRCHNER | ROBERT | ANOKA CITY HALL | 2015 FIRST AVE | ANOKA | 55303 |
| * | 5565 | KLAMPE | E J | SUN CONTROL PRODUUCTS | 431 FOURTH AVE SE | ROCHESTER | 55904 |
| * | 66324 | KNAPP | JOHN A | WINTHROP WEINSTINE & SEXTON | 444 CEDAR ST-STE 1800 | ST PAUL | 55101 |
| * | 42736 | KNOSALLA | LARRY | REGION FIVE REG DEVEL COMM | 611 IOWA AVE | STAPLES | 56479 |
| * | 6687 | KOEGLER | MARK | VAN DOREN HAZARD STALLINGS | 3030 HARBOR LN N-STE 104 | PLYMOUTH | 55441 |

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| * | 16951 | KOMAREK | LUKE R | MINNEGASCO | 201 SEVENTH ST S | MPLS | 55402 |
| * | 8635 | KROEGER | CHARLES | Q S S INC | BOX 838 | FARIBAULT | 55021 |
| * | 65725 | LAMPERT | JOHN H | MINNEGASCO | 700 LINDEN AVE W | MPLS | 55403 |
| * | 10681 | LANDWEHR | MARY ELLEN | SOUTHERN MINN MUNI POWER AGENCY | 21 FIRST ST SW-STE 400 | ROCHESTER | 55902 |
| * | 16660 | LANGLOIS | WILLIAM J | 3 M COMPANY | 2501 HUDSON RD-BOX 225 2N06 | ST PAUL | 55144 |
| * | 91 | LANNES | ERIC | WHYT WATER HEATERS | BOX 60129 | RENO | 89506 |
| * | 16880 | LANSDOWNE | PETER | SOUTHERN MINN REG LEGAL SERVICES | MEDICAL ARTS BLDG-RM 310 | ALBERT LEA | 56007 |
| * | 8474 | LANZ | JOHN | WHITE EARTH RESERVATION | BOX 418 | WHITE EARTH | 56591 |
| * | 8465 | LEE | A J | HENNEPIN CO OFFICES | 300 SIXTH ST S-RM A2307 | MPLS | 55487 |
| * | 6688 | LEHMANN | ERNEST K | LEHMANN & ASSOC INC | 1409 WILLOW ST-RM 300 | MPLS | 55403 |
| * | 8478 | LEIFER | JOHN P | DAIRYLAND POWER COOPERATIVE | 2615 EAST AVE S | LACROSSE | 54601 |
| * | 16806 | LEWIS | BERNARD J | U OF M-FORESTRY DEPT | GREEN HALL-RM 10 | ST PAUL | 55108 |
| * | 16780 | LICKE | W J | BLANDIN PAPER CO | 115 FIRST ST SW | GRAND RAPIDS | 55744 |
| * | 16886 | LIE | GREGORY B | HOPKINS ENVIRONMENT & ENERGY DEPT | 320 WASHINGTON AVE S | HOPKINS | 55343 |
| * | 1630 | LINDBERG | CLARENCE P | | 750 PLAZA DR S | MENDOTA HTS | 55118 |
| * | 16941 | LOCKYEAR | ROBERT | | 14900 61ST ST N | STILLWATER | 55082 |
| * | 16666 | MARONEY | DAVID | NORTHFIELD CITY OF | 801 WASHINGTON ST | NORTHFIELD | 55057 |
| * | 16724 | MARTIN | SCOTT A | CHANHASSEN CITY OF | 690 COULTER DR | CHANHASSEN | 55317 |
| * | 88 | MARTIN | DAVID M | OWATONNA PUBLIC UTILITIES | 208 WALNUT AVE S-BOX 800 | OWATONNA | 55060 |
| * | 6407 | MATEGKO | MICHELE | CHAMBER OF COMMERCE | 325 HARBOR DR | DULUTH | 55802 |
| * | 16872 | MATSON | GLENN A | U S DEPT OF COMMERCE | 110 FOURTH ST S-RM 108 | MPLS | 55401 |
| * | 6689 | MCGRATH | FRANCIS X | DEVAC INC | 10130 HWY 55 | MPLS | 55441 |
| * | 16831 | MCMICHAEL | DALE | HENNINGSON DURHAM & RICHARDSON | 5401 GAMBLE DR-RM 300 | MPLS | 55416 |
| * | 8460 | MCMILLAN | JOHN G | HENNEPIN CO OFFICES | 300 SIXTH ST S-RM A2208 | MPLS | 55487 |
| * | 16829 | MEININGER | PHILIP G | MPLS CITY COORDINATORS OFFICE | 350 FIFTH ST S-RM 210 | MPLS | 55415 |
| * | 6690 | MELENA | THOMAS | MANKATO COMM DEVEL OFFICE | 202 JACKSON ST E | MANKATO | 56001 |
| * | 8454 | MEYER | HERBERT W | BLOOMINGTON CITY MGRS OFFICE | 2215 OLD SHAKOPEE RD W | BLOOMINGTON | 55431 |
| * | 16793 | MICHAND | CARL | METRO COUNCIL | 121 SEVENTH ST E-RM 300 | ST PAUL | 55101 |
| * | 8480 | MILLER | ROGER C | LEVANDER GILLEN MILLER & MAGNUSON | 633 CONCORD ST-RM 402-BOX 298 | S ST PAUL | 55075 |
| * | 16731 | MITCHELL | RUSTY | INVER HILLS COMM COLLEGE | 8445 COLLEGE TR | INVER GROVE HTS | 55075 |
| * | 16652 | MOCOL | DAVID L | WINONA CITY HALL | FOURTH & LAFAYETTE ST-BOX 378 | WINONA | 55987 |
| * | 16822 | MOORE | THOMAS O | OLMSTED CO PLANNING DEPT | 1421 THIRD AVE SE | ROCHESTER | 55901 |
| * | 16669 | MORRIS | RANDY | MINN RETAIL MERCHANTS ASSN | 121 SEVENTH ST E-STE 180 | ST PAUL | 55101 |
| * | 5254 | MUCKENHIRN | FRANK A | ST PAUL T V I | 235 MARSHALL ST | ST PAUL | 55102 |
| * | 8486 | MUSSELL | ADE | COOPERATIVE POWER ASSN | 14615 LONE OAK RD | EDEN PRAIRIE | 55344 |
| * | 8619 | MYSTER | JAY D | OTTERTAIL POWER CO | 215 CASCADE ST S | FERGUS FALLS | 56537 |
| * | 16754 | NELSON | DOUGLAS | DULUTH CITY OF | CITY HALL-RM 409 | DULUTH | 55802 |
| * | 10562 | NELSON | LUTHER D | HENNEPIN CO ENVIRON & ENERGY OFFICE | HENNEPIN CO GOVERNMENT CTR | MPLS | 55487 |
| * | 16663 | NGO | VIET | E W A INC | 12800 INDUS PK BLVD | PLYMOUTH | 55441 |
| * | 8625 | OCONNELL | RAYMOND E | MINN COMMERCE & INDUSTRY ASSN OF | 480 CEDAR ST-RM 300 | ST PAUL | 55109 |
| * | 16658 | ODONNELL | DENNIS | WASHINGTON CO PLANNING DEPT | 14900 61ST ST N | STILLWATER | 55082 |
| * | 6917 | OHMAN | JON G | | 1732 LONDON RD | DULUTH | 55812 |
| * | 8536 | OLOFSON | ARTHUR W | MPLS BLDG OWNERS & MGRS ASSN | 105 FIFTH ST S-RM 927 | MPLS | 55402 |
| * | 16662 | OLSEN | RICHARD A | SOUTH ST PAUL CHAMBER OF COMMERCE | LIVESTOCK EXCH BLDG-RM 217 | S ST PAUL | 55075 |
| * | 16787 | OLSEN | DR DALE | U OF M-DULUTH POLITICAL SCIENCE DEPT | HOME EC BLDG-RM 242 | DULUTH | 55812 |
| * | 6691 | OLSON | GEOFF | | 1380 FROST AVE | MAPLEWOOD | 55109 |
| * | 16763 | OLSON | ROLAND E | | 5416 70TH ST W-RM 2 | EDINA | 55435 |
| * | 16928 | OLSON | ROGER | U S HOUSING & URBAN DEVEL | 220 SECOND ST S | MPLS | 55401 |
| * | 16648 | ORSELLO | JEAN | MINN BOARD OF AGING | 121 SEVENTH ST E-RM 204 | ST PAUL | 55101 |
| * | 30025 | OSMUNDSON | MICHAEL | | 240 GEORGIA AVE W | MPLS | 55427 |
| * | 59166 | OSTREM | JOHN | HEADWATERS REGIONAL DEVEL COMM | 722 15TH ST NW-BOX 906 | BEMIDJI | 56601 |
| * | 16934 | PEPIN JR | RICHARD G | DAYTON HERMAN GRAHAM & GETTS | 10 FIFTH ST S-STE 930 | MPLS | 55402 |
| * | 16893 | PERKINS | STEVEN L | REGION EIGHT REG DEVEL COMM | 214 SECOND ST NW | PIPESTONE | 56164 |
| * | 2286 | PETERSON | DALE S | EAGAN BLDG INSPEC DEPT | 3795 PILOT KNOB RD-BOX 21 199 | EAGAN | 55121 |

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| * | 16848 | PETERSON | VERNON | METRO MUNICIPAL ASSN | 183 UNIVERSITY AVE E | ST PAUL | 55101 |
| * | 4723 | PETTRY | SHELBY | NATIONAL HOMES MFG CO | BOX 7680 | LAFAYETTE | 47903 |
| * | 16618 | PFEFFERLE | ROBERT | BONNESTRO & ASSOCIATES | 2335 HWY 36 W | ST PAUL | 55113 |
| * | 8628 | PHILLIPS | WILLIAM L | PHILLIPS LEGISLATIVE SERVICE INC | 459 RICE ST | ST PAUL | 55103 |
| * | 16898 | PICHA | DWIGHT W | WOODBURY CITY OF | 2100 RADIO DR | WOODBURY | 55125 |
| * | 16952 | PIETRUS | JOSEPH T | EXPERIENCE INC | 527 MARQUETTE AVE-RM 1930 | MPLS | 55402 |
| * | 8547 | POWERS | JOHN | ARROWHEAD REG DEVEL COMM | 330 FIRST AVE SE | DULUTH | 55802 |
| * | 16896 | PRICE | WILLIAM | SUBURBAN ENGINEERING INC | 12350 RIVER RIDGE BLVD | BURNSVILLE | 55337 |
| * | 16852 | QUINLIVAN | JOHN | THIEF RIVER FALLS CITY OF | CITY HALL-BOX 528 | THIEF RIVER FLS | 56701 |
| * | 8673 | RAHKO | REYNOLD S | UNITED POWER ASSN | HWY 10 E | ELK RIVER | 55330 |
| * | 16719 | RAIMO | DAVID A | DULUTH CHAMBER OF COMMERCE | 325 HARBOR DR | DULUTH | 55802 |
| * | 803 | RAPP | CRAIG R | CIRCLE PINES UTILITIES | 9201 LEXINGTON AVE N | CIRCLE PINES | 55014 |
| * | 16943 | READ | LARRY A | ZENK ENGINEERING | BOX 689 | ALBERT LEA | 56007 |
| * | 8637 | REARDON | HELEN J | WEST CENTRAL COMM SERV CTR INC | 1125 SIXTH ST SE-BOX 787 | WILLMAR | 56201 |
| * | 16960 | REICHERT | ROBERT J | PLANNING & DEVEL CONST | ALWORTH BLDG-RM 505 | DULUTH | 55802 |
| * | 16743 | ROBERTS | MARILYNNE K | HAMLINE UNIV SCHOOL OF LAW | 1536 HEWITT AVE | ST PAUL | 55104 |
| * | 8538 | ROBERTS | JAMES A | MINN POWER CO | 30 SUPERIOR ST W | DULUTH | 55802 |
| * | 60688 | ROBINSON | JIM | FRIDLEY CITY OF | 6431 UNIVERSITY AVE NE | FRIDLEY | 55432 |
| * | 8640 | ROSENTHAL | ABE | MINN TRANSPORT SERV ASSN | 1821 UNIVERSITY AVE-RM 310N | ST PAUL | 55104 |
| * | 8641 | ROSS | ALFRED J | | 6356 WARE RD | LINO LAKES | 55014 |
| * | 8676 | ROWE | BRUCE T | DULUTH COMM HEALTH SERV | 325 LAKE AVE S-STE 604 | DULUTH | 55802 |
| * | 16795 | RUHLE | SAM | MPLS ADMIN HEARING OFFICE | 310 FOURTH AVE-RM 400 | MPLS | 55415 |
| * | 16971 | RUTFORD | JOHN | METRO COUNCIL | 121 SEVENTH ST E | ST PAUL | 55101 |
| * | 36538 | RUTH | HELMER A | HERMANTOWN CITY OF | 3161 MAPLE GROVE RD | HERMANTOWN | 55811 |
| * | 65319 | SAHAGUN | BETSY L | STATE SERV GROUP | 1015 15TH ST NW | WASHINGTON | 20005 |
| * | 16650 | SALLSTROM | CRAIG | MINN PLANT FOOD & CHEM ASSN | 1821 UNIVERSITY AVE-RM 253 | ST PAUL | 55104 |
| * | 16682 | SALO | JACK D | SALO INC | 15 FIRST ST E | DULUTH | 55802 |
| * | 11999 | SATHER | GORDON I | ROCHESTER BLDG & SAFETY DEPT | 1605 CASCADE ST NW | ROCHESTER | 55901 |
| * | 8646 | SCHADE | BARRY C | MINN POLLUTION CONTROL AGENCY | 1935 CO RD B2 W | ROSEVILLE | 55113 |
| * | 8539 | SCHARMER | PAT | NORTHWEST REG DEVEL COMM | 425 WOODLAND AVE | CROOKSTON | 56716 |
| * | 36556 | SCHLENVOGT | WILLIAM | CLOQUET CITY OF | 508 CLOQUET AVE | CLOQUET | 55720 |
| * | 16739 | SCHMID | OTTO | UPPER MINN VALLEY REG DEVEL COMM | 323 SCHLIEMAN AVE W | APPLETON | 56208 |
| * | 16884 | SCHOENECKER | MICHAEL A | CONSULTING ENGINEERS DIVERSIFIED | 7200 HEMLOCK LANE-STE 200 | MAPLE GROVE | 55369 |
| * | 8461 | SEXTON | MARK G | TRI COUNTY COMM ACTION PROG | 404 SECOND AVE NE | LITTLE FALLS | 56345 |
| * | 8649 | SHIPMAN | JAMES C | MINN COUNTIES ASSN OF | 555 PARK ST-STE 300 | ST PAUL | 55103 |
| * | 5 | SHUKLE JR | EDWARD J | BENSON CITY OF | 1411 PACIFIC AVE | BENSON | 56215 |
| * | 11 | SJOLUND | WALTER C | BRAINERD LIGHT & WATER DEPT | 501 LAUREL ST-BOX 373 | BRAINERD | 56401 |
| * | 16647 | SKUBIC | MARK | MINN DEPT OF HEALTH-COMM DEVEL OFF | 717 DELAWARE ST SE | MPLS | 55440 |
| * | 16863 | SLATER JR | JAMES E | BECHTEL POWER COMPANY | 15740 SHADY GROVE RD | GAITHERSBURG | 20877 |
| * | 8651 | SLETTOM | EDWARD E | MINN COOPERATIVES ASSN OF | 480 CEDAR ST-RM 380 | ST PAUL | 55101 |
| * | 16905 | SMITH | JAMES A | DONOVAN COMPANIES INC | 1080 MONTREAL AVE | ST PAUL | 55116 |
| * | 4672 | SMITH | CARL A | PILLSBURY CO | 200 SIXTH ST S | MPLS | 55402 |
| * | 16922 | SMITH | JAMES L | U S DEPT OF INTERIOR-FISH &WILDLIFE | 333 SIBLEY ST-RM 570 | ST PAUL | 55101 |
| * | 8653 | SNYDER | ROBERT W | U OF M | 1994 BUFORD AVE-RM 248C | ST PAUL | 55108 |
| * | 16781 | SODERBERG | HAROLD J | HESSIAN MCKASY & SODERBERG | IDS CTR-STE 4700 | MPLS | 55402 |
| * | 16894 | SOLEM | JAMES | MINN HOUSING FINANCE AGENCY | 400 SIBLEY ST-STE 300 | ST PAUL | 55101 |
| * | 12760 | STANTON | MARY E | MINN STATE UNIV SYSTEM | 555 PARK ST-STE 230 | ST PAUL | 55105 |
| * | 16991 | STRAND | JEFFREY J | LEFEVERE LAW FIRM | 120 SIXTH ST S-RM 2000 | MPLS | 55402 |
| * | 16984 | STROBEL | JACK C | JENOS INC | 100 LIVE OAK GARDENS-BOX 200 | CASSELBERRY | 32707 |
| * | 16725 | STUTZ | TODD M | COLUMBIA HTS HOUSING & REDEVEL AUTH | 590 40TH AVE | COLUMBIA HTS | 55421 |
| * | 16876 | SWANSON | MARLENE | MINN DEPT OF TRANS-DRIVER&SERV | JOHN IRELAND BLVD-RM 161 | ST PAUL | 55155 |
| * | 36525 | TADDEL | JAMES | ALEXANDRIA CITY OF | 114 SEVENTH AVE W-BOX 369 | ALEXANDRIA | 56308 |
| * | 16990 | TAKATS | JOSEPH | COMMONWEALTH ASSOC | 209 WASHINGTON AVE E | JACKSON | 49201 |
| * | 8584 | TAYLOR | WILLIAM T | GENERAL MILLS INC | BOX 1113 | MPLS | 55440 |
| * | 8675 | THIBAULT | WILLIAM | ST LOUIS PARK CITY OF | 5005 MINNETONKA BLVD | ST LOUIS PK | 55416 |

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| * | 6693 | TRAHMS | CINDI JO | JANESVILLE CITY OF | 219 MAIN ST N | JANESVILLE | 56048 |
| * | 16835 | TROSKA | GREGORY F | | 804 11TH ST E | GLENCOE | 55336 |
| * | 17200 | TURNQUIST | P JEROME | CARLTON COUNTY OFFICES | COURTHOUSE-BOX 316 | CLOQUET | 55720 |
| * | 6694 | UNMACHT | DAVID J | | 420 MAIN ST E | BELLE PLAINE | 56011 |
| * | 4654 | VANDERWALL | JAN | IND SCHOOL DIST 623 | 1251 CO RD B2 W | ROSEVILLE | 55113 |
| * | 8661 | VIITALA | W C | HONEYWELL INC | HONEYWELL PLAZA-BOX 524 | MPLS | 55440 |
| * | 16864 | VIRKUS | THERESA | | 1031 SIXTH ST E | DULUTH | 55805 |
| * | 66572 | VITALIS | GEORGE | VITALIS THOMAS & CO | 344 BENCH ST | TAYLORS FLS | 55084 |
| * | 4639 | WALDRON | CRAIG | REGION NINE REG DEVEL COMM | 410 FIFTH ST S-BOX 3367 | MANKATO | 56001 |
| * | 16712 | WEBBER | ROBERT | KLEINSCHMIDT & WEBBER INC | 4240 FIFTH ST | WINONA | 55987 |
| * | 16706 | WEBER | WILLIAM | BENNET RINGROSE WOLSFELD INC | 700 THIRD ST | MPLS | 55415 |
| * | 16889 | WEIVODA | CLYDE A | ALBANY CITY OF | | ALBANY | 56307 |
| * | 8663 | WELK | G V | NORTHERN STATES POWER | 414 NICOLLET MALL | MPLS | 55401 |
| * | 16637 | WELTY | LLOYD | ROCHESTER CHAMBER OF COMMERCE | 212 FIRST ST SW | ROCHESTER | 55902 |
| * | 65276 | WESTHOFF | PAT | MINN TAXPAYERS ASSOC | 480 CEDAR ST-STE 175 | ST PAUL | 55101 |
| * | 16890 | WIEBER | STANLEY | FERGUS FALLS CHAMBER OF COMMERCE | 202 COURT ST S-BOX 724 | FERGUS FALLS | 56537 |
| * | 16764 | WIETECKI | KEITH H | NORTHERN STATES POWER CO | 414 NICOLLET MALL | MPLS | 55403 |
| * | 16785 | WILDE | DENNIS L | WILLMAR AVTI | BOX 1097 | WILLMAR | 56201 |
| * | 5433 | WINTER | DAVID G | HENNEPIN CO PUBLIC WORKS | 320 WASHINGTON AVE S | HOPKINS | 55343 |
| * | 10030 | WISCHMANN | ROBERT | LAKEWOOD COMM COLLEGE | 3401 CENTURY AVE N | WHITE BEAR LK | 55110 |

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