STATEMENT OF NEED & REASONABLENESS, SCHOOL LOAN PROGRAM

I. Introduction

The 1983 legislature established a school energy loan program for Minnesota public schools and authorized issuance of bonds by the commissioner of finance in Laws of Minnesota 1983, chapter 323, sections 1 through 7, codified as Minnesota Statutes 116J.37 (1983 Supplement). (Hereafter in this statement, the phrase "the statute" refers to Laws of Minnesota 1983, chapter 323, sections 1 through 7.) The Statute established a lending program in the Department of Energy & Economic Development empowering the Commissioner to approve loans to school districts for energy conservation investments identified in school building maxi-audits. The statute designated re-assignment of the power to approve these loans to the Minnesota Energy Authority upon passage of legislation creating the Authority. Legislation creating the Minnesota Energy & Economic Development Authority was passed in 1983. Laws of Minnesota 1983, chapter 289, sections 70 to 95 (to be re-codified as Minnesota Statutes Chapter 116M by Laws of Minnesota 1984, chapter 583, section 36).

Section 1, subdivision 7 of the statute empowers adoption of rules necessary to implement the school energy conservation investment loan program. As directed in chapter 323, section 1, subdivision 7, temporary rules were adopted by the authority pursuant to chapter 14, and were published in the State Register

December 26, 1983 and modified in the State Register published on March 19, 1984. This Statement of Need & Reasonableness describes the permanent rules proposed for operation of the school energy conservation investment loan program and the manner in which the authority will provide loans to public schools.

The proposed rules are modeled on the rules of the Department and other state agencies which operate similar types of financial assistance programs.

II. Impact on Small Business

The proposed rules create a program of state financial assistance to Minnesota public school districts in support of energy conservation projects and, as such, have no direct effect on small businesses. Rules covering programs such as this are exempted form Minnesota Statutes 14.115 (1983 Supplement) by subdivision 7(b) which exempts rules which do not directly affect small businesses.

III. Need & Reasonableness of Each Rule Provision

A. Purpose

Proposed part 8300.2500 states the purpose of the proposed rules. This part is needed to introduce the proposed rules and its reasonableness is self-evident.

B. Definitions

Proposed part 8300.2501 defines terms which have distinct meaning when used within the context of these rules. Subpart 1 is needed as an introductory and explanatory sentence regarding the use of the definitions. Its reasonableness is self-evident. Subpart 2 defines "Applicant" as a public school district in Minnesota. This is defined in order to designate a shorthand terminology for the participants in the program. It is needed to clarify that the program is limited by statute to public school districts in Minnesota who have the power to levy taxes to provide funds to repay the loan. It is reasonable because only public school districts have the ability to levy for this purpose. Subpart 3 defines "Authority" as the Minnesota Energy & Economic Development Authority, and is defined for the purpose of designating a short hand terminology to afford greater readability to the rules. The need and reasonableness of this shorthand definition is self-evident.

Proposed part 8300.2501, Subpart 4, defines "Building" as an existing building owned and operated by a public school district. This definition is needed to identify those buildings for which loan application may be made. It is reasonable because it is in accord with limitations imposed by the statute. The definition specifies existing buildings because a building not yet constructed, or a building under construction, could not have all auditing activity completed as required by statute (116J.37, Section 1, Subdivision 4).

The need and reasonableness of the public school provision is described above in the explanation of Subpart 2.

Subpart 5 defines "Conservation measure" as an energy conservation measure that is an installation or modification of an installation to a building, and that is primarily intended to reduce energy consumption or allow the use of an alternative energy source including solar, wind, peat, wood, and agricultural residue. The definition is needed to specify in detail the statutorily permissible use of these loan funds and to provide a shorthand terminology to afford greater readability to the rules. The definition is reasonable because it is used and understood in the energy auditing field and defines, within limitations imposed by statute, what kinds of projects are eligible.

Subpart 6 defines "Maxi-Audit" to mean a detailed engineering analysis of energy-saving building improvements, including modifications to building structure; heating, ventilating, and air conditioning systems; operation practices; lighting; and other factors that relate to energy use. This definition is needed to establish a specific meaning for a term that is not in common usage. This definition is reasonable because it is consistent with the definition in the statute which cross references to the definition in Minnesota Statutes section 116J.06. The definition is repeated here to make the rules stand alone. It is reasonable because it is more convenient for the applicants.

Subpart 7 defines "Payback" as the simple payback that is equal to the design, acquisition, and installation costs of an energy cost saving building improvement divided by the estimated first-year energy cost savings

attributable to that measure. This definition is necessary to establish a specific meaning for an indefinite term that is used in the statute. This definition is reasonable because it applies the most commonly used meaning, within the context of energy cost savings analysis, and is consistent with standard practice within the energy auditing field.

Subpart 8 defines "Project" as all proposed work in an application for a loan to a school district. This term is defined for purposes of designating a shorthand terminology to afford greater readability to the rules. The need and reasonableness of this shorthand definition is self-evident.

C. School Energy Loan Eligibility Criteria

Proposed part 8300.2502, Subpart 1, establishes the criteria for eligible uses of loan funds. This section first provides information on what types of projects are eligible. This is needed to set guidelines for projects so that they conform to the statute (116J.37, Section 1, Subd. 1(c) and Subd. 2) and to clarify that the end result of the project must be reduced energy costs for the school district. This section is reasonable because the purpose of the legislation is to assist schools in saving money through energy conservation investments. A payback period of ten years or less is also established and is necessary to conform with the statute. It is reasonable because it provides a test for an energy conservation measure's economic feasibility. The statute requires that the economic feasibility be demonstrated as a condition of loan approval.

Subpart 1 continues with identification of eligibility, that school districts

are eligible if they have not previously received or been offered loans in this program, for new projects if they have previously received loans through this program, or as amendments for cost overruns or for previously unidentified related work necessary to complete a previously approved project. This part is necessary to identify conditions with respect to previous loan activity under which an applicant is eligible to receive a loan. It is reasonable because it allows applicants the least restricted access to loan funds consistent with the statute.

Subpart 2 describes the prior approval condition of the program. A loan may not be awarded for a project already contracted for or begun. This condition is needed to discourage school districts from entering into contractual obligations prior to securing a means of repayment, and to avoid supplanting local resources. It is reasonable because school districts cannot enter into contract obligations prior to securing a means of payment.

Subpart 3 addresses the ineligibility of new construction except as a necessary part of a conservation measure for an existing building. This subpart is needed to clearly inform potential applicants of this prohibition and its exception. It is reasonable to include this subpart because this criteria might not be otherwise apparent. The prohibition is reasonable because, as discussed in the definition section of this statement (8300.2501 Subpart 4), the statute requires as a condition of loan approval that all auditing activity be completed, which can be done only on an existing building. The exception is reasonable because it is consistent with the above mentioned requirement and is based on the premise that new construction that is a necessary part of a conservation measure in an existing building is a component part of that

measure and is analyzed as such in the maxi- audit for the existing building.

D. Maximum Loan Amount

Proposed part 8300.2503 sets forth the criteria for determining maximum loan amount per district. It describes the allocation of the $30 million total into three equal parts, one each for small, medium and large school districts. The three district sizes are defined as follows: large--greater than 5,000 enrollment or greater than 10 classroom buildings; small--fewer than 900 enrollment and 4 or less classroom buildings; medium--all others. This equal allocation of the $30 million is needed to allow all Minnesota school districts, of whatever size, to have the opportunity to apply for loans. The definitions are necessary to allow the most equal use of the funds. They are reasonable because the groups each have approximately the same number of buildings. Thirty-one percent of the public school buildings in Minnesota are in large districts (although large districts represent only 6% of districts). Thirty-three percent of the buildings are in medium districts (these districts are 32% of the total number of districts); and 36% of the buildings are located in small districts (62% of all districts). These size definitions are the most reasonable possible, since by any other measurement besides number of buildings, disproportionate weight is given to one or another group. The proposed part states that each size division has a maximum loan amount permitted. Large districts are eligible for up to $1,000,000 per district; medium districts are eligible for up to $500,000 per district; and small districts are eligible for up to $250,000 per district. These maximums are needed to have approximately equivalent sums available in loans per building around the state, effectively relegating to unimportance the size of the

district. This is reasonable because state funds ought to benefit as equally as possible all citizens, and not be weighted toward large or any other size districts. A system such as this allows projects to take place in the maximum number of school buildings around the state, without favoritism to any one area or population level.

An additional sentence in this part notes that cooperative vocational centers and any other eligible educational facilities not included in the three equal allocations are limited to $250,000. This limit is needed to include facilities not included in the initial three allocations. The limit is set at the amount allowed for a small district. This is reasonable because such facilities have relatively few buildings and therefore can be considered similar to small districts in size.

The proposed part ends by stating that, if less than 33 percent of any of the three allocations is used within six months from the effective date of these permanent rules, the authority may redistribute the funds between the three allocations. This is needed to allow redistribution of funds to allow maximum use of program funds. It is reasonable to allow possible redistribution because, in establishing the three equal allocations based on number of classroom buildings, there may have been facts unknown about those districts likely to be interested in the program. Those unknown facts may affect the number of districts in each size that wish to apply, and leave one allocation's money little used while another's is completely gone within a short time. The six month period (which is in addition to the one year in which emergency rules were effective) gives a reasonable length of time in which to assess how rapidly each allocation of money is being used; and at the end of that period

of time, this section of the rules allows for moving money to further assist districts in need, while not damaging districts uninterested in applying.

E. School Energy Loan Application Contents and Procedures

Proposed part 8300.2504. describes the contents of a loan application and procedures for applicants to use in order to apply for a loan. Subpart 1, states that applicants shall submit an application to the authority on a form provided by the authority. This subpart is needed to provide a consistent format for all applications. It is reasonable because, in providing application forms rather than describing a laundry list of required information, proposed subpart establishes a structure and format to assist the applicant in identifying, organizing and presenting the necessary information. It is also reasonable for the entity charged with review and approval of applications to develop the required forms. It is necessary and reasonable to indicate the recipient of the application, the authority, because applicants must be informed of the proper recipient of applications. The subpart also states that each application must have an original ink signature by an authorized official of the school district and must have the authorized official's title and be dated. It is necessary and reasonable to have this requirement to ensurethat the responsible official is aware of the loan application and proposed projects, and he/she has, in a capacity as authorized district official, approved of the loan application.

Subpart 2 describes the contents of each loan application. It includes a complete description of the required contents of an application. The majority of the information required is needed to identify the applicant and contact

individuals and to describe in detail the proposed project or projects and assure proper and efficient building operation. It is reasonable to require this information to determine eligibility and because the authority must have a method of identifying each applicant and contacting responsible individuals in the event a question must be asked to clarify any issue prior to approval. The assurance of proper and efficient use of the building is reasonable because this provision is required by the statute (116J.37, section 1, subdivision 2). The proposed project information required is used by the authority to assess the application for technical review (8300.2505) and is needed in order to complete that review. It is reasonable to require this because the authority must have a means of determining eligibility and cost-effectiveness of a proposed project in order to meet its statutory obligation to provide loans for energy investments as defined in the statute (116J.37, section 1, subd. 1 (c)).

The subpart continues with the additional requirement in the case of an application for an amendment, that cost overruns must be substantiated by the bid selected. This section is necessary to describe the needed documentation for a loan amendment and the basis of loan amendment review. It is reasonable because a school district would apply for an amendment as a result of bids being higher than anticipated.

The subpart continues with submissions required with the application. These are: (1) an irrevocable resolution of the school board to annually levy or otherwise collect sufficient funds to guarantee loan repayment, and (2) a maxi-audit for each building involved in the application. The irrevocable resolution is necessary in order to comply with the statute (116J.37, section 1, subd. 5) and because the authority, acting as a lender of state funds,

should assure itself that the bodies to whom it proposes lending money have an irrevocable commitment to repay that money using whatever legal and proper means chosen, so that those repaid funds may be placed into the state building fund as directed by the statute (116J.37, section 1, subd. 6). The irrevocable provision is needed to ensure that future elected members to the school board do not, if of different mind than the borrowing members, revoke the resolution and refuse to repay the remainder of the loan. This is a reasonable provision, since the resolution indicates that the school board, as the elected governing body of the school district, is aware of the commitment it has undertaken for itself and future boards, and that the decision to undertake this commitment has not been made by any one official without consultation with or approval by the rest of the school board. (A school district may make such a commitment without voter approval as provided by Laws of Minnesota 1984, chapter 583, section 32.)

The required maxi-audit is necessary in order to conform with the statute in two areas. The first area is 116J.37, section 1, subd. 4 (a), which states that a district must demonstrate that all audit activities for a given building or project have been completed, and inclusion of the maxi-audit is the clearest and simplest demonstration of completion. The second is 116J.37, section 1, subd. 1 (c) which states that loans shall be given for energy conservation investments, which are defined as capital investments associated with conservation measures identified in a maxi-audit that have a ten-year or less payback period. This is a reasonable provision because it permits the authority to ensure by actually examining the maxi-audit that those statutory requirements have been met.

The subpart also states that one copy of the application is required. This is needed to inform the applicants of the minimum necessary to review their applications. It is reasonable because, while other state and federal programs frequently require more than one copy of an application, the authority feels that one copy is sufficient for its review purposes and may be shared among reviewers, and does not wish applicants to be put to added expense and labor for no real purpose.

F. School Energy Loan Application Review

Proposed part 8300.2505, Subpart 1, describes the review by the authority for administrative criteria. The subpart simply states that the authority shall examine the application to verify that required items described in 8300.2504 are included and complete. This is needed to confirm that those items required will be checked to see if they are correct, and it is reasonable because the authority is responsible to see that these requirements are carried out. The subpart states that the irrevocable resolution of the school board is to be on school board or school district letterhead. This is necessary to furnish additional assurance that the resolution is an official school board document, for reasons described in this statement's description of 8300.2504, Subpart 2. It is reasonable to expect official school board documents to appear on proper stationery that signifies legal and official action by that board.

The subpart also states that the estimated start and end dates of the conservation measures included in the project will be verified by the authority as reasonable. This information, required as part of 8300.2504, subpart 2, is

needed to determine when the loan funds will be put to use for the proposed project. It is reasonable to require the start and end dates of the project in order to allow the authority to have a timeline of anticipated project progress.

Subpart 2 describes the technical review of each loan application. It sets forth the contents of technical support materials. These materials are needed for technical review because the authority can only make judgements of a project's eligibility upon examining the maxi-audit that includes a description and calculations on that project. As mentioned in the discussion of 8300.2504, subpart 2, the inclusion of a maxi-audit is also required by statute, and the need for the forms is discussed in 8300.2504, subpart 1, of this statement also. It is reasonable to base technical review upon the maxi-audit because that audit contains the engineering and mathematical calculations used to determine feasibility and savings and is the only source of that information that public schools can reasonably be expected to have available. The subpart states where minimum maxi-audit requirements can be found and who must perform and sign the maxi-audit. It is necessary to clearly state minimum standards for maxi-audits submitted as part of a loan application and certification requirements for those performing the audits. It is reasonable to set minimum standards to ensure that the information needed to determine technical and economic feasibility is provided and that the individual providing the information be knowledgeable. The provisions are also reasonable because they provide for the use of maxi-audit which meets minimum requirements which are consistent with minimum requirements for similar state and federal financial assistance programs (116J.24, 1982, and Code of Federal Regulations, title 10, section 455.42, May 21, 1981).

Subpart 2 continues with project eligibility limitations. The first limitation, energy conservation investments with paybacks of ten years or less that are identified in the maxi-audit, is needed to conform with 116J.37, section 1, subd. 1, (c). This is a reasonable limitation for reasons described in this statement's explanation of proposed part 8300.2502, subpart 1. The subpart continues by stating that loans may not be awarded for buildings with a remaining useful life less than or equal to the payback of the measure proposed or for measures with a payback which is greater than or equal to the useful life of the measure. This is needed to prevent funding of measures that are not economically feasible. This is a reasonable provision because it ensures that the measure is economically feasible as required by 116J.37 section 1, subd. 4 (a).

The subpart continues that the authority shall examine a maxi-audit that accompanies a loan application to verify that energy conservation investments requested are analyzed with adequate details of the existing conditions and proposed changes using appropriate calculation procedures, and that the proposed measures are eligible. This is needed to inform applicants that the maxi-audit included with the application forms will be examined to ensure that proposed projects conform to guidelines described earlier. This is reasonable because examination ensures that all applicants are operating under the same assumptions and are using the same or equivalent calculation procedures, which will lead to fair assessment of all applications.

Subpart 3, states that the authority shall accept, reject, or modify a loan

application request as necessary based on review. This is necessary to clarify for applicants that the authority, and no other body or person, makes the decision on whether the applications meet guidelines and therefore may be funded. This is reasonable because the authority is responsible for reviewing applications which must be either accepted, rejected or modified. Modification is reasonable because it allows the authority to present a possible means of implementing the project, instead of simply rejecting it for not meeting guidelines.

Subpart 3 explains that, for applications found to be deficient, the authority will provide the applicant with written notice of the deficiencies. This is necessary to assure that the applicant understands the basis for rejection, and is given every opportunity to correct any deficiencies. This is reasonable because decisions made by a public body, and the basis for those decisions, should be clearly communicated to the affected parties. Also, it is reasonable to provide the applicant with help in correcting any deficiencies found. The subpart continues to explain that, if only some measures in an application are rejected, the applicant may chose to accept a loan on the remaining measures in the application. This is needed to provide the applicant with as wide a range of options as possible, and is reasonable because the intent of the statute is best met by allowing the broadest possible access to loan funds.

G. Loan Approval

8300.2506, subpart 1, states that the applicant must comply with the requirements of 8300.2502 to 8300.2505 in order to have an application

approved. This is needed to identify the conditions under which authority approval occurs so that all applicants are aware that loans will be approved based upon these criteria. This is reasonable because applicants should know before applying that applications will be examined and approved in the light of these criteria.

The subpart describes the issuing of loan funds on a first-come-first-served basis according to the order the authority receives an eligible and complete loan application and that in the event all applications received at a given time cannot be funded, each will receive an equal percentage. This subpart is necessary to establish a method for distribution of loan funds and is reasonable because it affords all school districts an equal opportunity to receive loan funds.

This revised set of proposed rules was published on October 22, 1984. After the proposed rules were sent to the State Register for publication but prior to actual publication, the Department learned that an error of omission had been made by the State Revisor's office with regard to the preceding first-come-first-served provision. The sentence in the proposed rule should read, "The authority shall approve loans that comply with parts 8300.2502 to 8300.2505, on a first-come-first-served basis based <u>on the order in which</u> eligible and complete loan applications are received by the authority." Since the error is not substantive, the Department is proposing to make the change when the rules are adopted.

Subpart 2 explains that the authority shall send a loan contract with repayment schedule to approved applicants, and the applicant shall sign and return the

contract for signature by state officials and issuance of the loan. This is needed to explain the process for execution of the loan agreement following loan approval. It is reasonable because it provides for the execution of the agreement following loan approval. It is also reasonable because it provides for the execution of the agreement prior to to the release of funds, and allows the authority to assure itself that the person empowered by the applicant has signed the agreement prior to the release of funds. The subpart states that a loan repayment schedule based on the approved loan application and the schedule established in the statute shall be attached to the loan contract that is sent to the school district for signature. This part is needed so that the school district is fully aware of repayment obligations before signing acceptance of the loan. This part is reasonable because a borrower should not be expected to approve and accept a financial obligation without knowing the details of the obligation. The subpart also states that funds must be issued upon execution of, and according to, the terms of the loan contract. This is needed to clarify the conditions in which these funds are disbursed and is reasonable because the appropriate occasion for disbursement is upon contract execution.

H. Reports & Monitoring for School Energy Loan Program

Proposed part 8300.2507 describes the various reports required of loan recipients by the state. Subpart 1 is simply an introduction to the proposed part, generally stating that loan recipients shall submit reports subsequently described. The need and reasonableness of this introductory subpart is self-evident. Each of the four following subparts describes a different

report. Subpart 2, describes the annual project status report. This report must be submitted by the school district to the authority on forms provided by the authority and must cover the period July 1 through June 30. The report is due each July 31 until the project is completed. This report is needed for the authority to assure itself that the loan funds are indeed being used for the purpose described in the application. It is easiest for the district to simply fill out a supplied form rather than create a document more complex and detailed than needed. A short form annual report is a reasonable requirement, to balance the authority's duty to inform itself of the project's progress, which is an element of monitoring required by 116J.37, section 1, subd. 7 (c), against the desirability of having a minimum number of reports for the school districts to complete. The time period July 1 through June 30 is needed to conform with the state fiscal year, and is reasonable because the reports come to a state office covering the use of state funds. The due date of July 31 is given to set a reasonable time limit on how long districts may take to complete the report and send it in; a month is a reasonable period of time in which to expect completion and submission of a relatively simple form report.

The subpart describes the contents of the status report, stating that it must indicate the progress of the implementation of the measures funded, problems encountered, the effect of the problems on the project, and the corrective action taken. This section is needed for two reasons: for the authority to determine that the project is actually in progress and the loan funds are being properly used; and also for the authority to have early notification of any districts having difficulties with project implementation. Those having difficulties may be offered assistance in resolving the problems if the problems are known about soon enough. This provision is reasonable because the

authority must have some method of carrying out its duty to see that funds are correctly used and because, if informed, the authority may be able to offer assistance not only to the district involved, but may be able to solve in advance potential problems for future loan recipients.

The subpart continues by stating that if at any time the district fails to substantially comply with the start and end dates given in the approved loan application, and if the district cannot reasonably justify its lack of progress, the entire loan amount may become due and payable at the discretion of the authority. This part is needed as a sanction to use in the event it becomes obvious that a loan recipient is not using the loan as agreed upon by both parties. It is reasonable because the part allows leeway for districts that fail to comply with start and end dates for good reason. It is also reasonable not to require the authority to call in all loans which cannot meet their estimated timelines, since there can exist justifiable reasons for deviation from timelines.

Subpart 3 describes the quarterly financial report. This report, which describes expenditures of loan funds through the last date of each quarter, must be submitted to the authority within 30 days of the end of each quarter. These reports must be submitted until the project is completed. These reports are needed to assure the authority that funds are, in fact, being disbursed as work proceeds on the project. This is reasonable because it keeps the authority informed of expenditures on a timely basis, and is an element of monitoring which is required by 116J.37, section 1, subd. 7 (c).

Subpart 4 describes the final report that must be submitted to the authority

within 60 days of project completion on forms supplied by the authority. This report is necessary and reasonable for the reasons described for the two preceding reports. In addition, final reports are needed stating that the work is completed and provide data necessary to evaluate the program's effectiveness. It is reasonable for the authority to have written information which assures project completion and which can provide a means with which to evaluate the program's effectiveness, which are provisions required by 116J.37, section 1, subd. 7 (c).

Subpart 5 covers the annual energy report. Each loan recipient must submit to the authority on forms provided by the authority an annual energy use and energy expenditure report by fuel type for the duration of the loan contract period or a minimum of three years after the completion if the loan is prepaid in less than three years. This report is needed to provide to the authority actual energy data on which the authority can evaluate the effectiveness of the program. It is a reasonable requirement because the goal of the program is to reduce energy costs in public schools and annual energy reports provide data to assess whether that goal has been met and continues to be met. It is also reasonable because it is essential in program evaluation which is required by 116J.37, section 1, subd. 7 (c). A minimum of three years of these reports is needed to give a minimum amount of information with which to assess the impact of the project.

1. <u>School Energy Loan Program Evaluation</u>

Proposed part 8300.2508 describes the evaluation the authority will establish to assess the effectiveness of the program. Evaluation will measure the effectiveness of the program in reducing energy costs. The evaluation is needed in order to judge the program's effectiveness. This evaluation is reasonable because it is required by 116J.37, section 1, subd. 7 (c). This part continues by stating that an evaluation will take place 18 months after permanent rules are in effect and annually thereafter. This is needed to establish a reasonable timeline by which the authority will initiate evaluation. The timeline is reasonable because energy-saving data will be available from schools only after projects have been implemented and are operating. The part continues by stating that the districts will provide the authority with the information that is needed for these evaluations. The proposed part is necessary to obtain such information from the school district in order to conduct the evaluation. The information required to conduct an evaluation will primarily include the information contained in the reports required in proposed part 8300.2507. On a case by case basis, technical information will be necessary to evaluate the particular project. The proposed part is reasonable because the districts are the best and most accurate source of the information and because such information is readily available to the school district and is not expensive for the school district to provide. The additional case by case information is not specified here because the great variety of projects funded would create an exhaustive listing.

J. Closure of Loan Account

Proposed part 8300.2509 describes the conditions under which a districts's loan account is closed. It states that if the authority has determined that the project was implemented and the loan fully repaid it shall authorize closure of the loan account. This part is necessary to set a clear end to active involvement in the program. It is reasonable to require that the project has been implemented and full repayment has been made, since that is what the school district agreed to in the loan application and contract.

For the reasons stated above, the Department of Energy & Economic Development believes that each of the proposed parts is reasonable to effectively administer the financial assistance program provided in Laws of Minnesota 1983, chapter 323, sections 1 through 7. It is further believed that the proposed rules are reasonable and necessary to effect the purpose and intent of the statutory authorization.