Background

On October 6, 2021, the Minnesota Public Facilities Authority (PFA) approved the 2022 Intended Use Plan (IUP) for the Clean Water Revolving Fund. Section II.G of the 2022 IUP identifies the Loan Terms and Conditions including setting the base discount to the interest rates for projects awarded on the 2022 IUP.

The PFA Board met September 21, 2022 to review the draft 2023 IUP. At that time the Board also included in Resolution 2022-03 a change to the 2022 IUP base discount for financing agreements awarded after September 21, 2022. The Board also authorized an amendment to the 2022 IUP to effect that change.

IUP Amendment

The PFA hereby amends the 2022 IUP as identified by strikeouts and underlines noted below. This Amendment is for 2022 carryover projects that proceed with a financing agreement after September 21, 2022 and before the 2023 IUP is approved:

G. Loan Terms and Conditions

Terms and conditions for CWRF loans are determined pursuant to Minnesota Statutes Section 446A.07 and Minnesota Rules Part 7380.0430. Construction loans are not awarded until as-bid construction costs are submitted to the PFA. Interest rates are set at the time a loan is made according to Minnesota Rules Part 7380.0442. Interest rates are based on the greater of the current bond market rates for tax-exempt municipal bonds as determined by a daily index, or the bond yield scale of the PFA’s bonds, if PFA bond proceeds are available.

For projects that receive loan awards after the 2022 IUP is approved, the PFA has set a base discount of .25% that will be applied to the applicable bond yield scale for loans up to $57 million. Loans over $57 million will receive a blended interest rate.

Additional discounts up to 2.0% may be applied to borrowers under 2,500 population as described in Minnesota Rules Part 7380.0442, Subpart 3B. The minimum interest rate under PFA rules is 1.00%.

2022 IUP - Link to 2022 CWRF IUP