

Office Memorandum

Date: December 13, 2019

To: Prospective Applicants and Local Bond Counsel

From: Jen Hassemer, Assistant Commissioner - Debt Management *JH*

Subject: New Application Materials and Policies for the Tax-Exempt Bond Allocation Act (Minn. Stat. Ch. 474A)

Effective today, MMB published new application materials for the Tax-Exempt Bond Allocation Act, Minnesota Statutes, Chapter 474A, on its website at: <https://mn.gov/mmb/debt-management/bonding/federal-bond-program/>. These application materials reflect amendments made to Ch. 474A by the 2019 legislature. These materials must be utilized for applications starting with the 2020 calendar year. This memo describes new MMB policies implementing these changes.

New Forms for Residential Rental Projects

There is now a separate application form, form of sworn statement, notice of issue form, and notice of completion for residential rental projects requiring a certificate of allocation. The forms for all other projects have also been updated.

Residential Rental Projects Will Be Fully Funded, Using a Lottery If Necessary

If MMB receives more applications for residential rental projects than there are available resources on an allocation date, then MMB will conduct a lottery using a random number generator. Projects will first be grouped according to the priority established in statute. Projects will be fully funded within a priority grouping before MMB awards allocations to the next priority grouping. The need for a lottery will be based on whether there are sufficient resources to fully fund any priority grouping. Once MMB has generated a randomly prioritized list of projects, we will use this priority order to award projects the full amount of their requested allocations until no remaining project can receive its requested allocation. MMB will no longer award partial allocations for any application.

Any residential rental project not funded competitively through the lottery will benefit from priority consideration under the terms specified in Minnesota Statutes, Sections 474A.061, subd. 2a or 474A.091, subd. 3(f). Additionally, if resources in future allocation periods are scarce, MMB will fully fund those remaining projects based on the order determined by the random number generator used in the application period of the original application request. This will be the only means of receiving priority status in future allocation periods.

MMB will only accept applications when there is an available balance to award on the next allocation date and for an application amount no greater than the available balance. Applications will be rejected, subject to the nonrefundable application fee, when the available balance is zero or the requested amount exceeds the available balance.

Only One Application Per Project

To encourage fairness in the lottery and avoid illogical lottery results, and to more accurately capture the aggregate need for tax-exempt bonding authority, MMB will only accept one application per project. Multiple issuers may not submit applications for the same project. If multiple applications are submitted for the same project, then MMB will accept the first one received in its offices and will reject all others. Please note, the application fee remains nonrefundable for any application submitted to MMB.

In order to determine that MMB receives only one application per project, applicants are now required to submit a map showing the location of their proposed project. Applications failing to include a map will be deemed incomplete.