

## Minnesota Governmental Agency Finance Group Flexible-Term Finance Program

Finance your next project with tax-exempt loans through the  
Minnesota Governmental Agency Finance Group (“MGAFG”)

### Frequently Asked Questions:

#### ***How do I get started?***

The first step is to submit a preliminary application to the Minnesota Rural Water Association. The application can be sent to:

Ms. Ruth Hubbard  
Minnesota Rural Water Association  
217 12<sup>th</sup> Avenue SE  
Elbow Lake, MN 56531  
Phone: (218) 685-5197  
Fax: (218) 685-5272  
Email: [mrwa@mrwa.com](mailto:mrwa@mrwa.com)

#### ***What are the interest rates and payment dates for MGAFG loans?***

Annual principal payments and semi-annual interest payments are due on March 1 and September 1 of each year, and paid one month in advance by ACH wire transfer. The fixed interest rate for Program loans is set at the time of pricing and is based on market conditions at that time. The Program is rated AA- by Standard and Poor’s.

#### ***Is there a penalty for prepayment of loan principal?***

Loans can be prepaid after a ten-year call period at no cost. An advance-refunding of the loan may be a possibility prior to the ten year call date.

#### ***Am I required to hire an attorney?***

Yes. A local bond attorney is required to close all MGAFG loans. Attorney fees may be included in the loan.

#### ***Are previously incurred project expenses eligible for reimbursement from loan funds?***

A reimbursement resolution may be needed for “hard costs” (ex: construction and equipment) incurred more than sixty days prior to closing. Please consult your bond attorney to determine if one is needed.

#### ***Am I required to hire a financial advisor?***

No. A financial advisor is not required for a loan through the Program. An Independent Financial Consultant is hired by the MGAFG and available to consult with borrowers in each issuance prior to the pricing date and closing date.

#### ***Do I require a trustee bank?***

The Program’s Trustee is Regions Bank. No separate trustee or paying agent bank is needed. There is an annual trustee fee of \$250 for loans less than \$500,000, \$350 for loans between \$500,001 and \$1,000,000, and \$450 for loans over \$1,000,000.

#### ***When are my construction funds available, and how do I obtain them?***

Construction funds will be made available the day of closing for all loans. For G.O. loans, Special Assessments, or loans with a G.O. pledge, the borrower has the option to retain their construction funds in their account at Regions Bank or make a full withdrawal of their construction funds upon closing. For a loan with a security based solely on revenues of a system, construction funds will be disbursed from the borrower’s account at Regions Bank on a requisition basis as they are requested. All interest earnings in a borrower’s account at Regions Bank are credited to the borrower. Statements will be mailed quarterly, unless monthly statements are requested.