A bill for an act

relating to capital improvements; authorizing spending to acquire and better public land and buildings and other improvements of a capital nature with certain conditions; authorizing the sale of state bonds; appropriating money; amending Laws 2006, chapter 258, sections 4, subdivision 4; 7, subdivision 11.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **CAPITAL IMPROVEMENT APPROPRIATIONS.**

The sums shown in the column marked "appropriations" are appropriated to the agencies and for the purposes specified in this act. The appropriations are from the bond proceeds fund to the state agencies or officials indicated, to be spent for public purposes. Appropriations of bond proceeds must be spent as authorized by the Minnesota Constitution, article XI, section 5, paragraph (a), to acquire and better public land and buildings and other public improvements of the capital nature, or as authorized by the Minnesota Constitution, article XI, section 5, paragraphs (b) to (j). Unless otherwise specified, the appropriations in this act are available until the project is completed or abandoned subject to Minnesota Statutes, section 16A.642.

SUMMARY

Agriculture	$	10,000,000
Zoological Garden		1,526,000
Administration		14,052,000
Corrections		6,117,000
Grants to Political Subdivisions		38,132,000
Bond Sale Expenses		68,000
TOTAL	**$**	**69,895,000**
Bond Proceeds Fund (General Fund Debt Service)		59,895,000
Bond Proceeds Fund (User Financed Debt Service)		10,000,000

APPROPRIATIONS

Sec. 2. **AGRICULTURE**	**$**	**10,000,000**

Rural Finance Authority Loan Participation

For purposes as set forth in the Minnesota Constitution, article XI, section 5, clause (h). To the rural finance authority to purchase participation interests in or to make direct agricultural loans to farmers under Minnesota Statutes, chapter 41B. This appropriation is for the beginning farmer program under Minnesota Statutes, section 41B.039, the loan restructuring program under Minnesota Statutes, section 41B.04, the seller-sponsored program under Minnesota Statutes, section 41B.042, the agricultural improvement loan program under Minnesota Statutes, section 41B.043, and the livestock expansion loan program under Minnesota Statutes, section 41B.045. All debt service on bond proceeds used to finance this appropriation must be repaid by the Rural Finance Authority under Minnesota Statutes, section 16A.643. Loan participations must be priced to provide full interest and principal coverage and a reserve for potential losses. Priority for loans must be given first, to basic beginning farmer loans; second, to seller-sponsored loans; and third, to agricultural improvement loans.

Sec. 3. **MINNESOTA ZOOLOGICAL GARDEN**	**$**	**1,526,000**

Inflow and Infiltration Emergency Abatement

To the Minnesota Zoological Garden for design and construction of improvements to its water management system. The project must be designed to address inflow and infiltration problems associated with the Minnesota Zoo's water discharge flow to the city of Eagan.

Sec. 4. **ADMINISTRATION**

Subdivision 1. **Total Appropriation**	**$**	**14,052,000**

To the commissioner of administration for the purposes specified in this section.

Subd. 2. **Exterior Repair of Transportation Building**	11,852,000

To repair and renovate the exterior of the Department of Transportation Building at 395 John Ireland Boulevard in St. Paul.

Subd. 3. **Property Acquisition**	2,200,000

To acquire property at 639 Jackson Street in St. Paul adjacent to the Harold E. Stassen Building, to demolish existing structures on the property, and to develop temporary parking on the site and adjacent areas.

Sec. 5. **CORRECTIONS**

Subdivision 1. **Total Appropriation**	**$**	**6,117,000**

To the commissioner of administration for the purposes specified in this section.

Subd. 2. **Minnesota Correctional Facility - Oak Park Heights**

(a) **Perimeter System Renovation**	3,875,000

To renovate the perimeter system at the Oak Park Heights Correctional Facility by replacing the security fence system for the inside wall of the main prison yard and exterior fence, replacing the perimeter lighting system and the security razor ribbon, and installing cameras and lighting to correspond to the perimeter system's added security zones.

(b) **Ventilation System Renovation**	2,242,000

To renovate the ventilation system at the Oak Park Heights Correctional Facility by demolishing sections of existing ductwork, installing new ductwork, installing an ultraviolet lighting system, installing system air controls and electronics, and cleaning or otherwise renovating sections of existing ductwork.

Sec. 6. **GRANTS TO POLITICAL SUBDIVISIONS**

Subdivision 1. **Total Appropriation**	**$**	**38,132,000**

To the commissioner of the named agency for the purposes specified in each subdivision.

Subd. 2. **DECC Arena**	37,932,000

(a) To the commissioner of employment and economic development for a grant to the Duluth Entertainment and Convention Center Authority to design, construct, furnish, and equip an approximately 215,000 square foot arena at the Duluth Entertainment and Convention Center at 350 Harbor Drive in the city of Duluth. The arena must include an ice rink; trade show and concert space; seating with suites, club seats, and concessions; locker and training facilities; and accessible media space.

(b) This appropriation is not available until the commissioner of finance determines: (1) that at least an equal amount has been committed from nonstate sources, including an annual payment of at least $455,000 from the University of Minnesota Duluth for the term of the bonds issued by the city of Duluth for the project and an annual payment from the Duluth Entertainment and Convention Center Authority of at least $461,000 for the term of the bonds issued by the city of Duluth for the project; and (2) the University of Minnesota Duluth, and the city of Duluth have entered into a lease agreement for the university's use of the arena while the bonds issued by the city are outstanding.

Subd. 3. **Stillwater Flood Control Phase III** 200,000

To the commissioner of natural resources for a grant to the city of Stillwater to predesign, design, and begin construction of Phase III of the Stillwater flood control project, including flood control structures and pumping stations. This appropriation is not available until the commissioner has determined that at least $2,000,000 has been committed from nonstate sources.

Sec. 7. **BOND SALE EXPENSES** **$** **68,000**

To the commissioner of finance for bond sale expenses under Minnesota Statutes, section 16A.641, subdivision 8.

Sec. 8. **BOND SALE AUTHORIZATION.**

To provide the money appropriated in this act from the bond proceeds fund, the commissioner of finance shall sell and issue bonds of the state in an amount up to $69,895,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Sec. 9. Laws 2006, chapter 258, section 4, subdivision 4, is amended to read:

Subd. 4. **MacPhail Music Center** 5,000,000

(a) For a grant to the city of Minneapolis to predesign, design, construct, furnish, and equip a new facility for the MacPhail Center for Music. The city of Minneapolis may enter into a lease or management agreement to operate the center, subject to Minnesota Statutes, section 16A.695. This appropriation is not available until the commissioner has determined that not less than $15,000,000 has been committed to the MacPhail Center for Music from nonstate sources, and that the available money is sufficient to complete a functional facility. Money secured before the effective date of this section may count toward the required commitment of nonstate sources, provided it is used for qualified capital expenditures. Any land acquisition costs paid by MacPhail Center for Music qualify as capital expenditures.

(b) The city of Minneapolis may provide money to predesign, design, construct, furnish, and equip a center for music education, including classrooms and a recital hall in the city of Minneapolis, to provide a facility for education of students, music therapy programs for persons with disabilities, music teacher training opportunities, curriculum and program development, and to provide the programming in public and private schools and in partnership with other organizations throughout the state.

<u>(c) The required demonstration of a commitment of funds from nonstate sources</u>

has been met by cash, prepaid qualified expenses, and private multiyear pledges that have been converted into cash through bond financing and a letter of credit secured by a mortgage lien on the state bond financed property. The $5,000,000 construction grant shall be disbursed without requirement that the mortgage lien be released.

(d) The commissioners of education and finance shall agree to a provision in the ground lease that permits the city of Minneapolis to purchase for fair market value, as that term is defined in Minnesota Statutes, section 16A.695, subdivision 1, paragraph (d), the interest of the operating lease lessee in the state bond financed property (based on investment in land and capital improvements) in the event of nonrenewal of the operating lease at the time of nonrenewal without requirement of a prior escrow for funds by the city of Minneapolis.

EFFECTIVE DATE. This section is effective retroactively from June 2, 2006.

Sec. 10. Laws 2006, chapter 258, section 7, subdivision 11, is amended to read:

Subd. 11. **Water control structures** 1,000,000

To rehabilitate or replace water control structures used to manage shallow lakes and wetlands for waterfowl habitat on wildlife management areas under Minnesota Statutes, section 86A.05, subdivision 8 or for the purposes of public water reserves under Minnesota Statutes, section 97A.101.

Sec. 11. **EFFECTIVE DATE.**

Except as otherwise provided, this act is effective the day following final enactment.