

(1) the employee will influence a student athlete to enter into a contract with the person to serve as the athlete's agent or to enter into a professional sports contract; or

(2) the employee will refer student athletes to the person.

A person who violates this subdivision is subject to the remedies under section 8.31, except that a civil penalty imposed under that section may be not more than \$100,000, or three times the value offered to the employee in violating this subdivision, whichever is greater.

Subd. 5. VOIDABILITY OF CONTRACT. A contract entered into in violation of subdivision 3 is voidable by the student athlete. If voided by the student athlete, the athletic agent shall return to the student athlete any compensation received under the contract. The athletic agent shall also pay reasonable attorney's fees and costs incurred by a student athlete in any action or defense under this subdivision.

## Sec. 2. EFFECTIVE DATE.

Section 1 is effective August 1, 1988, and applies to violations committed on or after that date.

Approved April 28, 1988

## CHAPTER 702—S.F.No. 1963

*An act relating to public finance; providing requirements for the issuance and use of public debt; amending Minnesota Statutes 1986, sections 375.83; 410.32; 475.54, by adding a subdivision; 475.60, subdivision 3; 475.67, subdivision 13; Minnesota Statutes 1987 Supplement, sections 469.012, subdivision 1; 469.015, subdivision 4; 469.071, by adding a subdivision; 469.155, subdivision 12; 474A.04, subdivision 6; 475.54, subdivision 1; and 475.66, subdivision 3; 475.67, subdivision 12; proposing coding for new law in Minnesota Statutes, chapter 469; repealing Laws 1987, chapter 358, section 31.*

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

Section 1. Minnesota Statutes 1986, section 375.83, is amended to read:

### 375.83 ECONOMIC AND AGRICULTURAL DEVELOPMENT.

A county board may appropriate not more than \$50,000 annually out of the general revenue fund of the county to be paid to any incorporated development society or organization of this state which, in the board's opinion, will use the money for the best interests of the county in promoting, advertising, improving, or developing the economic and agricultural resources of the county. The limitation on appropriations in this section does not prohibit accumulation of amounts in excess of \$50,000 in a fund to be used for the purposes of this section. The total amount accumulated in the fund must not exceed \$300,000.

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Sec. 2. Minnesota Statutes 1986, section 410.32, is amended to read:

**410.32 CITIES AUTHORIZED TO ISSUE CAPITAL NOTES FOR CERTAIN EQUIPMENT ACQUISITIONS.**

Notwithstanding any contrary provision of other law or charter, a home rule charter city may, by resolution and without public referendum, issue capital notes subject to the city debt limit to purchase public safety equipment, ambulance and other medical equipment, road construction and maintenance equipment, and other capital equipment having an expected useful life at least as long as the term of the notes. The notes shall be payable in not more than five years and be issued on terms and in the manner the city determines. The total principal amount of the capital notes issued in a fiscal year shall not exceed one-tenth of one percent of the assessed value of the city for that year. A tax levy shall be made for the payment of the principal and interest on the notes, in accordance with section 475.61, as in the case of bonds. Notes issued under this section shall require an affirmative vote of two-thirds of the governing body of the city. Unless prohibited by its charter, a home rule charter city may also issue capital notes subject to its debt limit in the manner and subject to the limitations applicable to statutory cities pursuant to section 412.301.

Sec. 3. Minnesota Statutes 1987 Supplement, section 469.012, subdivision 1, is amended to read:

Subdivision 1. **SCHEDULE OF POWERS.** An authority shall be a public body corporate and politic and shall have all the powers necessary or convenient to carry out the purposes of sections 469.001 to 469.047, except that the power to levy and collect taxes or special assessments is limited to the power provided in sections 469.027 to 469.033. Its powers include the following powers in addition to others granted in sections 469.001 to 469.047:

(1) to sue and be sued; to have a seal, which shall be judicially noticed, and to alter it; to have perpetual succession; and to make, amend, and repeal rules consistent with sections 469.001 to 469.047;

(2) to employ an executive director, technical experts, and officers, agents, and employees, permanent and temporary, that it requires, and determine their qualifications, duties, and compensation; for legal services it requires, to call upon the chief law officer of the city or to employ its own counsel and legal staff; so far as practicable, to use the services of local public bodies in its area of operation, provided that those local public bodies, if requested, shall make the services available;

(3) to delegate to one or more of its agents or employees the powers or duties it deems proper;

(4) within its area of operation, to undertake, prepare, carry out, and operate projects and to provide for the construction, reconstruction, improvement, extension, alteration, or repair of any project or part thereof;

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(5) subject to the provisions of section 469.026, to give, sell, transfer, convey, or otherwise dispose of real or personal property or any interest therein and to execute leases, deeds, conveyances, negotiable instruments, purchase agreements, and other contracts or instruments, and take action that is necessary or convenient to carry out the purposes of these sections;

(6) within its area of operation, to acquire real or personal property or any interest therein by gifts, grant, purchase, exchange, lease, transfer, bequest, devise, or otherwise, and by the exercise of the power of eminent domain, in the manner provided by chapter 117, to acquire real property which it may deem necessary for its purposes, after the adoption by it of a resolution declaring that the acquisition of the real property is necessary to eliminate one or more of the conditions found to exist in the resolution adopted pursuant to section 469.003 or to provide decent, safe, and sanitary housing for persons of low and moderate income, or is necessary to carry out a redevelopment project. Real property needed or convenient for a project may be acquired by the authority for the project by condemnation pursuant to this section. This includes any property devoted to a public use, whether or not held in trust, notwithstanding that the property may have been previously acquired by condemnation or is owned by a public utility corporation, because the public use in conformity with the provisions of sections 469.001 to 469.047 shall be deemed a superior public use. Property devoted to a public use may be so acquired only if the governing body of the municipality has approved its acquisition by the authority. An award of compensation shall not be increased by reason of any increase in the value of the real property caused by the assembly, clearance or reconstruction, or proposed assembly, clearance or reconstruction for the purposes of sections 469.001 to 469.047 of the real property in an area;

(7) within its area of operation, and without the adoption of an urban renewal plan, to acquire, by all means as set forth in clause (6) but without the adoption of a resolution provided for in clause (6), real property, and to demolish, remove, rehabilitate, or reconstruct the buildings and improvements or construct new buildings and improvements thereon, or to so provide through other means as set forth in Laws 1974, chapter 228, or to grade, fill, and construct foundations or otherwise prepare the site for improvements. The authority may dispose of the property pursuant to section 469.029, provided that the provisions of section 469.029 requiring conformance to an urban renewal plan shall not apply. The authority may finance these activities by means of the redevelopment project fund or by means of tax increments or tax increment bonds or by the methods of financing provided for in section 469.033 or by means of contributions from the municipality provided for in section 469.041, clause (9), or by any combination of those means. Real property with buildings or improvements thereon shall only be acquired under this clause when the buildings or improvements are substandard. The exercise of the power of eminent domain under this clause shall be limited to real property which contains buildings and improvements which are vacated and substandard. For the purpose of this clause, substandard buildings or improvements mean hazardous buildings as defined in section 463.15, subdivision 3, or buildings or improve-

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ments that are dilapidated or obsolescent, faultily designed, lack adequate ventilation, light, or sanitary facilities, or any combination of these or other factors that are detrimental to the safety or health of the community;

(8) within its area of operation, to determine the level of income constituting low or moderate family income. The authority may establish various income levels for various family sizes. In making its determination, the authority may consider income levels that may be established by the federal housing administration or a similar or successor federal agency for the purpose of federal loan guarantees or subsidies for persons of low or moderate income. The authority may use that determination as a basis for the maximum amount of income for admissions to housing development projects or housing projects owned or operated by it;

(9) to provide in federally assisted projects any relocation payments and assistance necessary to comply with the requirements of the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, and any amendments or supplements thereto;

(10) to make, or agree to make, payments in lieu of taxes to the city or the county, the state or any political subdivision thereof, that it finds consistent with the purposes of sections 469.001 to 469.047;

(11) to cooperate with or act as agent for the federal government, the state or any state public body, or any agency or instrumentality of the foregoing, in carrying out any of the provisions of sections 469.001 to 469.047 or of any other related federal, state, or local legislation; and upon the consent of the governing body of the city to purchase, lease, manage, or otherwise take over any housing project already owned and operated by the federal government;

(12) to make plans for carrying out a program of voluntary repair and rehabilitation of buildings and improvements, and plans for the enforcement of laws, codes, and regulations relating to the use of land and the use and occupancy of buildings and improvements, and to the compulsory repair, rehabilitation, demolition, or removal of buildings and improvements. The authority may develop, test, and report methods and techniques, and carry out demonstrations and other activities for the prevention and elimination of slums and blight;

(13) to borrow money or other property and accept contributions, grants, gifts, services, or other assistance from the federal government, the state government, state public bodies, or from any other public or private sources;

(14) to include in any contract for financial assistance with the federal government any conditions that the federal government may attach to its financial aid of a project, not inconsistent with purposes of sections 469.001 to 469.047, including obligating itself (which obligation shall be specifically enforceable and not constitute a mortgage, notwithstanding any other laws) to convey to the federal government the project to which the contract relates upon the occurrence of a substantial default with respect to the covenants or conditions to

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which the authority is subject; to provide in the contract that, in case of such conveyance, the federal government may complete, operate, manage, lease, convey, or otherwise deal with the project until the defaults are cured if the federal government agrees in the contract to reconvey to the authority the project as then constituted when the defaults have been cured;

(15) to issue bonds for any of its corporate purposes and to secure the bonds by mortgages upon property held or to be held by it or by pledge of its revenues, including grants or contributions;

(16) to invest any funds held in reserves or sinking funds, or any funds not required for immediate disbursement, in property or securities in which savings banks may legally invest funds subject to their control or in the manner and subject to the conditions provided in section 475.66 for the deposit and investment of debt service funds;

(17) within its area of operation, to determine where blight exists or where there is unsafe, unsanitary, or overcrowded housing;

(18) to carry out studies of the housing and redevelopment needs within its area of operation and of the meeting of those needs. This includes study of data on population and family groups and their distribution according to income groups, the amount and quality of available housing and its distribution according to rentals and sales prices, employment, wages, desirable patterns for land use and community growth, and other factors affecting the local housing and redevelopment needs and the meeting of those needs; to make the results of those studies and analyses available to the public and to building, housing, and supply industries;

(19) if a local public body does not have a planning agency or the planning agency has not produced a comprehensive or general community development plan, to make or cause to be made a plan to be used as a guide in the more detailed planning of housing and redevelopment areas;

(20) to lease or rent any dwellings, accommodations, lands, buildings, structures, or facilities included in any project and, subject to the limitations contained in sections 469.001 to 469.047 with respect to the rental of dwellings in housing projects, to establish and revise the rents or charges therefor;

(21) to own, hold, and improve real or personal property and to sell, lease, exchange, transfer, assign, pledge, or dispose of any real or personal property or any interest therein;

(22) to insure or provide for the insurance of any real or personal property or operations of the authority against any risks or hazards;

(23) to procure or agree to the procurement of government insurance or guarantees of the payment of any bonds or parts thereof issued by an authority and to pay premiums on the insurance;

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(24) to make expenditures necessary to carry out the purposes of sections 469.001 to 469.047;

(25) to enter into an agreement or agreements with any state public body to provide informational service and relocation assistance to families, individuals, business concerns, and nonprofit organizations displaced or to be displaced by the activities of any state public body;

(26) to compile and maintain a catalog of all vacant, open and undeveloped land, or land which contains substandard buildings and improvements as that term is defined in clause (7), that is owned or controlled by the authority or by the governing body within its area of operation and to compile and maintain a catalog of all authority owned real property that is in excess of the foreseeable needs of the authority, in order to determine and recommend if the real property compiled in either catalog is appropriate for disposal pursuant to the provisions of section 469.029, subdivisions 9 and 10;

(27) to recommend to the city concerning the enforcement of the applicable health, housing, building, fire prevention, and housing maintenance code requirements as they relate to residential dwelling structures that are being rehabilitated by low or moderate income persons pursuant to section 469.029, subdivision 9, for the period of time necessary to complete the rehabilitation, as determined by the authority; and

(28) to recommend to the city the initiation of municipal powers, against certain real properties, relating to repair, closing, condemnation, or demolition of unsafe, unsanitary, hazardous, and unfit buildings, as provided in section 469.041, clause (5).

Sec. 4. Minnesota Statutes 1987 Supplement, section 469.015, subdivision 4, is amended to read:

Subd. 4. **EXCEPTION; CERTAIN PROJECTS.** An authority need not require either competitive bidding or performance bonds in the case of a contract for the acquisition of a low rent housing project for which financial assistance is provided by the federal government, and which does not require any direct loan or grant of money from the municipality as a condition of the federal financial assistance, and where the contract provides for the construction of such a project upon land not owned by the authority at the time of the contract, or owned by the authority for redevelopment purposes, and provides for the conveyance or lease to the authority of the project or improvements upon completion of construction. In exercising, pursuant to any general or special law, any power under chapter 469, an authority need not require competitive bidding with respect to a structured parking facility constructed in conjunction with, and directly above or below, a development and financed with the proceeds of tax increment or parking ramp revenue bonds. An authority need not require competitive bidding in the case of a housing development project that (1) is financed with the proceeds of bonds secured by the project and to which the full faith and credit of the authority is not pledged; (2) is located on land owned by

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the authority; (3) is constructed or rehabilitated under agreements with a developer for the construction of the project, guarantee of the bonds, and management of the property; and (4) is found by the authority to require negotiation rather than use of a competitive bidding procedure to be economical and feasible.

Sec. 5. Minnesota Statutes 1987 Supplement, section 469.071, is amended by adding a subdivision to read:

Subd. 5. EXCEPTION; PARKING FACILITIES. Notwithstanding section 469.068, the Bloomington port authority need not require competitive bidding with respect to a structured parking facility constructed in conjunction with, and directly above or below, or adjacent and integrally related to, a development and financed with the proceeds of tax increment or revenue bonds.

Sec. 6. Minnesota Statutes 1987 Supplement, section 469.155, subdivision 12, is amended to read:

Subd. 12. **REFUNDING.** It may issue revenue bonds to refund, in whole or in part, bonds previously issued by the municipality or redevelopment agency under authority of sections 469.152 to 469.165, and interest on them. The municipality may issue revenue bonds to refund, in whole or in part, bonds previously issued by any other municipality or redevelopment agency on behalf of an organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1986, under authority of sections 474.01 to 474.13, and interest on them, but only with the consent of the original issuer of such bonds. The municipality may issue and sell warrants which give to their holders the right to purchase refunding bonds issuable under this subdivision prior to a stipulated date. The warrants are not required to be sold at public sale and all or any agreed portion of the proceeds of the warrants may be paid to the contracting party under the revenue agreement required by subdivision 5 or to its designee under the conditions the municipality shall agree upon. Warrants shall not be issued which obligate a municipality to issue refunding bonds that are or will be subject to federal tax law as defined in section 474A.02, subdivision 8. The warrants may provide a stipulated exercise price or a price that depends on the tax exempt status of interest on the refunding bonds at the time of issuance. The average interest rate on refunding bonds issued to refund fixed rate bonds shall not exceed the average interest rate on fixed rate bonds to be refunded. The municipality may appoint a bank or trust company to serve as agent for the warrant holders and enter into agreements deemed necessary or incidental to the issuance of the warrants.

Sec. 7. **[469.165] REVENUE ANTICIPATION NOTES FOR HOSPITALS.**

Subdivision 1. AUTHORIZATION. Prior to August 1, 1990, a municipality may issue and sell, at public or private sale, negotiable notes or certificates of indebtedness, as provided in this section and lend the proceeds to nonprofit hospitals in anticipation of revenues or state and federal aids payable to the hospitals within one year after the date of issue of the notes or certificates of

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indebtedness. The principal amount of the notes or certificates shall not exceed 75 percent of the accounts receivable and third-party reimbursement payments payable to the hospital as of a date within 45 days of the date of issuance. While notes or certificates issued under this section on behalf of a hospital are outstanding, additional notes or certificates shall not be issued unless, for the period of 30 consecutive days immediately preceding the date of issuance, the amount of outstanding notes and certificates was less than six percent of the hospital's gross revenues for the preceding fiscal year.

The municipality need not comply with the procedures set forth in sections 469.152 to 469.165 in the issuance of notes or certificates of indebtedness pursuant to this section, but the municipality shall comply with sections 469.152 to 469.165 at the time of issuance of the refunding obligations if long-term obligations are issued to refund notes or certificates of indebtedness issued pursuant to this section.

Subd. 2. REVENUE AGREEMENT. No notes or certificates of indebtedness shall be issued pursuant to this section unless the municipality has entered into a revenue agreement with a qualifying hospital providing for payment by the hospital of all principal of and interest on the notes or certificates of indebtedness when they become due and payable, together with any expenses and fees of the municipality incurred in connection with the notes or their issuance. Notes and certificates of indebtedness issued under authority of this section do not, and shall state that they do not, represent or constitute a debt or pledge of the faith and credit of the municipality or the state of Minnesota, or grant to their owners or holders any right to have the municipality or state levy any taxes or appropriate any funds for the payment of their principal or interest on them. The notes or certificates are payable and shall state that they are payable solely from the revenues and other property, income, accounts, charges, and money that are pledged for their payment in accordance with the proceedings authorizing their issuance.

Subd. 3. ENABLING RESOLUTION; FORM OF CERTIFICATES. The municipality may authorize and effect the borrowing and issue the notes or certificates of indebtedness authorized by this section upon passage of a resolution specifying the amount and purposes of the borrowing. The municipality shall fix the amount, date, maturity, form, denomination, and other details of the notes or certificates of indebtedness, consistent with this section, and shall fix the date and place for the receipt of bids for their purchase, if the notes or certificates of indebtedness are to be sold by public sale.

Subd. 4. REPAYMENT; MATURITY DATE; INTEREST. The proceeds of revenues and future state and federal aid and other funds of the hospital which may become available shall be applied to the extent necessary to repay the notes or certificates of indebtedness. The full faith and credit of the hospital, or any other lawfully pledged security of the hospital, as deemed necessary by the municipality, shall be pledged to their payment. Notes or certificates of indebtedness issued pursuant to this section shall mature not later than 13 months

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after the date of issue. The notes or certificates shall be sold at such price as the municipality may agree. The notes or certificates shall bear interest after maturity until paid at the rate they bore before maturity. Any interest accruing before or after maturity shall be paid from any available funds of the hospital.

Any note or certificate of indebtedness issued pursuant to this section may be issued giving its owner the right to tender, or the municipality or the hospital to demand tender of, the obligation to the municipality or the hospital or another person designated by either of them, for purchase at a specified time or times. The note or certificate of indebtedness shall not be deemed to mature on any tender date, and the purchase of a tendered note or certificate shall not be deemed a payment or discharge of the note or certificate. Notes or certificates of indebtedness tendered for purchase may be remarketed by or on behalf of the municipality or any other purchaser. The municipality or the hospital may enter into agreements deemed appropriate to provide for the purchase and remarketing of tendered notes or certificates of indebtedness, including provisions under which undelivered obligations may be deemed tendered for purchase and new obligations may be substituted for them, provisions for the payment of charges of tender agents, remarketing agents, and financial institutions extending lines of credit or letters of credit assuring repurchase, and for reimbursement of advances under letters of credit, which charges and reimbursements shall be paid by the hospital.

Any notes or certificates of indebtedness issued pursuant to this section may bear interest at a rate varying periodically at the time or times and on the terms, including convertibility to a fixed rate of interest, determined by the governing body of the municipality.

Subd. 5. TRUST AGREEMENT. Any notes or certificates of indebtedness issued under this section may be secured by a trust agreement between the municipality and a corporate trustee, which may be any trust company or bank having the powers of a trust company within the state. The trust agreement or the resolution providing for the issuance of the notes or certificates may pledge or assign the revenues to be received, the proceeds of any contracts pledged, and any other property pledged by the hospital or proceeds from it. The trust agreement or resolution providing for the issuance of the notes or certificates may contain reasonable provisions to protect and enforce the rights and remedies of the holders of the notes or certificates. Any bank or trust company incorporated under the laws of the state that may act as depository of the proceeds of notes or certificates or of revenues or other moneys may furnish the indemnifying bonds or pledge the securities that may be required by the municipality. The trust agreement may set forth the rights and remedies of the holders of the notes or certificates and of the trustee and may restrict the individual right of action by holders of the notes or certificates. The trust agreement or resolution may contain any other provisions that the municipality deems reasonable for the security of the holders of the notes or certificates. All expenses incurred in carrying out the provisions of the trust agreement or resolution shall be paid by the hospital.

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Subd. 6. REPORT. Within 30 days after issuance of notes or certificates under this section, a municipality must report to the commissioner of health on the issuance. The report must include the name and location of the institution, the principal amount of the note or certificate, and its maturity date.

Sec. 8. Minnesota Statutes 1987 Supplement, section 474A.04, subdivision 6, is amended to read:

Subd. 6. ENTITLEMENT TRANSFERS. An entitlement issuer may enter into an agreement with another entitlement issuer whereby the recipient entitlement issuer issues obligations pursuant to bonding authority allocated to the original entitlement issuer under this section. An entitlement issuer may enter into an agreement with an issuer which is not an entitlement issuer whereby the recipient issuer issues qualified mortgage bonds, up to \$100,000 of which are issued pursuant to bonding authority allocated to the original entitlement issuer under this section. The agreement may be approved and executed by the mayor of the entitlement issuer with or without approval or review by the city council.

Sec. 9. Minnesota Statutes 1987 Supplement, section 475.54, subdivision 1, is amended to read:

Subdivision 1. Except as provided in subdivision 3, 5a, 15 or ~~5b~~ 17, or as expressly authorized in another law, all obligations of each issue shall mature or be subject to mandatory sinking fund redemption in installments, the first not later than three years and the last not later than 30 years from the date of the issue. No amount of principal of the issue payable in any calendar year shall exceed five times the amount of the smallest amount payable in any preceding calendar year ending three years or more after the issue date.

Sec. 10. Minnesota Statutes 1986, section 475.54, is amended by adding a subdivision to read:

Subd. 17. Obligations payable primarily from a source other than ad valorem taxes may mature at any time or times within 30 years after the date of issue, if the governing body estimates that the primary source of payment is sufficient to pay when due the principal of and interest on the obligations and if the primary source of payment is irrevocably appropriated to payment of the obligations.

Sec. 11. Minnesota Statutes 1986, section 475.60, subdivision 3, is amended to read:

Subd. 3. **PUBLISHED NOTICE.** Published notice, where required, shall specify the maximum principal amount of the obligations, the place of receipt and consideration of bids and such other details as to the obligations and terms of sale as the governing body deems suitable. The published notice shall either specify the date and time for receipt of bids or provide that the bids will be received at a date and time not less than ten nor more than ~~45~~ 60 days after the date of publication. If the published notice does not state the specific date ~~and~~ or amount for the sale, it shall specify the manner in which notice of the date

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and or amount of the sale will be given to prospective bidders. Notification of prospective bidders shall be given by electronic data transmission or other form of communication common to the municipal bond trade at least four days (omitting Saturdays, Sundays, and legal holidays) before the date for receipt of bids. If within five days after the date of publication a prospective bidder requests in writing to be notified by mail, the municipality shall do so. Failure to give the notice as described in the preceding sentence to a bidder shall not affect the validity of the sale or of the obligations. The governing body may employ an agent to receive and open the bids at any place within or outside the corporate limits of the municipality, in the presence of an officer of the municipality, but the obligations shall not be sold except by action of the governing body or authorized officers of the municipality after communication of the bids to them. Additional notice may be given for such time and in such manner as the governing body deems suitable. At the time and place so fixed, the bids shall be opened and the offer complying with the terms of sale and deemed most favorable shall be accepted, but the governing body may reject any and all such offers, in which event, or if no offers have been received, it may award the obligations to any person who within 30 days thereafter presents an offer complying with the terms of sale and deemed more favorable than any received previously, or upon like notice the governing body may invite other bids upon the same or different terms and conditions, except that if the original published notice does not state the specific date or amount for the sale and if the material terms and conditions of the sale remain the same, except for the date and amount, notice of the date or amount may be given in the manner provided above.

Sec. 12. Minnesota Statutes 1987 Supplement, section 475.66, subdivision 3, is amended to read:

Subd. 3. Subject to the provisions of any resolutions or other instruments securing obligations payable from a debt service fund, any balance in the fund may be invested

(a) in governmental bonds, notes, bills, mortgages, and other securities, which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress,

(b) in shares of an investment company (1) registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and (2) whose only investments are in (i) securities described in the preceding clause and, (ii) general obligation tax-exempt securities rated A or better by a national bond rating service, and (iii) repurchase agreements or reverse repurchase agreements fully collateralized by those securities, if the repurchase agreements or reverse repurchase agreements are entered into only with those primary reporting dealers that report to the Federal Reserve Bank of New York and with the 100 largest United States commercial banks,

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(c) in any security which is (1) a general obligation of the state of Minnesota or any of its municipalities or in general obligations of other state and local governments with taxing powers which are rated A or better by a national bond rating service, or (2) a general obligation of the Minnesota housing finance agency, or (3) a general obligation of a housing finance agency of any state if it includes a moral obligation of the state, provided that investments under ~~this~~ clause clauses (2) and (3) must be in obligations that are rated the highest or next highest rating given by Standard & Poor's Corporation or Moody's Investors Service, Inc., and investments under clause (3) may be made only (i) prior to August 1, 1990 1991, and (ii) for a period of no more than three years from the date of purchase and further provided that investments under clauses (2) and (3) be determined to be expedient to reduce the amount of arbitrage rebate otherwise payable to the United States under section 148 of the Internal Revenue Code of 1986,

(d) in bankers acceptances of United States banks eligible for purchase by the Federal Reserve System, ~~or~~

(e) in commercial paper issued by United States corporations or their Canadian subsidiaries that is of the highest quality and matures in 270 days or less, or

(f) in guaranteed investment contracts issued or guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies or their Canadian or United States subsidiaries; provided that the investment contracts rank on a parity with the senior unsecured debt obligations of the issuer or guarantor and, (1) in the case of long-term investment contracts, either (i) the long-term senior unsecured debt of the issuer or guarantor is rated, or obligations backed by letters of credit of the issuer or guarantor if forming the primary basis of a rating of such obligations would be rated, in the highest or next highest rating category of Standard & Poor's Corporation, Moody's Investors Service, Inc., or a similar nationally recognized rating agency, or (ii) if the issuer is a bank with headquarters in Minnesota, the long-term senior unsecured debt of the issuer is rated, or obligations backed by letters of credit of the issuer if forming the primary basis of a rating of such obligations would be rated in one of the three highest rating categories of Standard & Poor's Corporation, Moody's Investors Service, Inc., or similar nationally recognized rating agency, or (2) in the case of short-term investment contracts, the short-term unsecured debt of the issuer or guarantor is rated, or obligations backed by letters of credit of the issuer or guarantor if forming the primary basis or a rating of such obligations would be rated, in the highest two rating categories of Standard and Poor's Corporation, Moody's Investors Service, Inc., or similar nationally recognized rating agency.

The fund may also be used to purchase any obligation, whether general or special, of an issue which is payable from the fund, at such price, which may include a premium, as shall be agreed to by the holder, or may be used to redeem any obligation of such an issue prior to maturity in accordance with its

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terms. The securities representing any such investment may be sold or hypothecated by the municipality at any time, but the money so received remains a part of the fund until used for the purpose for which the fund was created.

Sec. 13. Minnesota Statutes 1987 Supplement, section 475.67, subdivision 12, is amended to read:

Subd. 12. In the refunding of general obligations, for which the full faith and credit of the issuing municipality has been pledged, the following additional conditions shall be observed: each such obligation, if repayable, shall be called for redemption prior to its maturity in accordance with its terms no later than either (i) the earliest date on which it may be redeemed without payment of any premium, or (ii) if the obligation is only prepayable with payment of a premium, on the earliest date on which it may be redeemed with payment of the least premium required by its terms. No refunding obligations

shall be issued and sold more than six months before the refunded obligations mature or are called for redemption in accordance with their terms, unless either (i) as a result of the refunding the average life of the maturities is extended at least three years or (ii) as of the nominal date of the refunding obligations the present value of the dollar amount of the debt service on the refunding obligations, computed to their stated maturity dates, after deducting any premium ~~or adding any discount~~, is lower by at least three percent than the present value of the dollar amount of debt service, on all general obligations refunded, exclusive of any premium ~~or discount~~, computed to their stated maturity dates; provided that in computing the dollar amount of debt service on the refunding obligations, any expenses of the refunding payable from a source other than the proceeds of the refunding obligations or the interest derived from the investment thereof shall be added to the dollar amount of debt service on the refunding obligations. For purposes of this subdivision, the present value of the dollar amount of debt service means the dollar amount of debt service to be paid, discounted to the nominal date of the refunding obligations at a rate equal to the yield on the refunding obligations. Expenses of the refunding include the amount, if any, in excess of the proceeds of the refunding obligations or the principal amount of obligations to be refunded, whichever is the greater, which is required to be deposited in escrow to provide cash and purchase securities sufficient to retire the refunded obligations and unaccrued interest thereon in accordance with subdivision 6; charges of the escrow agent and of the paying agent for the refunding obligations; and expenses of printing and publications and of fiscal, legal, or other professional service necessarily incurred in the issuance of the refunding obligations.

Sec. 14. Minnesota Statutes 1986, section 475.67, subdivision 13, is amended to read:

Subd. 13. Crossover refunding obligations may be issued by a municipality without regard to the limitations in subdivisions 4 to 10. The proceeds of crossover refunding obligations, less any proceeds applied to payment of the

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costs of their issuance, shall be deposited in a debt service fund irrevocably appropriated to the payment of principal of and interest on the refunding obligations until the date the proceeds are applied to payment of the obligations to be refunded. The debt service fund shall be maintained as an escrow account with a suitable financial institution within or without the state and amounts in it shall be invested in securities described in subdivision 8 or in an investment contract or similar agreement with a bank or insurance company meeting the requirements of section 475.66, subdivision 3, clause (f). Excess proceeds, if any, of the tax levy pursuant to section 475.61, subdivision 1, made with respect to the obligations to be refunded, and any other available amounts, may be deposited in the escrow account. In the resolution authorizing the issuance of crossover refunding obligations, the governing body may pledge to their payment any source of payment of the obligations to be refunded. The resolution may provide that the refunding obligations are payable solely from the escrow account prior to the date scheduled for payment of the obligations to be refunded and that the obligations to be refunded shall not be discharged if the amounts on deposit in the escrow account on that date are insufficient. Subdivisions 11 and 12 shall not apply to any crossover refunding obligations, or the obligations to be refunded. Subject to section 475.61, subdivision 3, in the case of general obligation bonds, taxes shall be levied pursuant to section 475.61 and appropriated to the debt service fund in the amounts needed, together with estimated investment income of the debt service fund and any other revenues available upon discharge of the obligations refunded, to pay when due the principal of and interest on the refunding obligations. The levy so imposed may be reduced by earnings to be received from investments on hand in the debt service fund to the extent the applicable recording officer certifies to the county auditor that the earnings are expected to be received in amounts and at such times as to be sufficient, together with the remaining levy, to satisfy the purpose of the levy requirements under section 475.61.

**Sec. 15. [471.9981] COUNTIES AND CITIES; PAY EQUITY COMPLIANCE.**

Subdivision 1. [1988 REPORT.] A home rule charter or statutory city or county, referred to in this section as a "governmental subdivision," that employs ten or more people and that did not submit a report according to Minnesota Statutes, section 471.998, shall submit the report by October 1, 1988, to the commissioner of employee relations.

The plan for implementing equitable compensation for the employees must provide for complete implementation not later than December 31, 1991, unless a later date has been approved by the commissioner. If a report was filed before October 1, 1987, and had an implementation date after December 31, 1991, the date in the report shall be approved by the commissioner. The plan need not contain a market study.

Subd. 2. PENALTY FOR NONCOMPLIANCE. Notwithstanding Minnesota Statutes, sections 275.50 to 275.56, for taxes levied in 1988, payable in

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1989 only, a governmental subdivision that does not submit the report required in subdivision 1 shall be subject to the levy limits provided in subdivisions 3 to 5.

Subd. 3. CITIES. For a home rule charter or statutory city, the levy limit base for taxes payable in 1989 is the sum of (1) the city's total levy for taxes payable in 1988, excluding the amount levied in that year for debt service and the amount for unfunded accrued pension liabilities under Laws 1987, chapter 268, article 5, section 12, subdivision 4, clause (2); and (2) the amount received in 1988 as described in Minnesota Statutes, section 275.51, subdivision 3i. This sum shall be increased by a percentage equal to the greater of the percentage increases in population or in number of households, if any, for the most recent 12-month period for which data is available, using figures derived under Minnesota Statutes, section 275.51, subdivision 6. The resulting amount for the home rule charter or statutory city multiplied by 103 percent is the city's levy limit base for taxes payable in 1989. The payable 1989 levy limitation for the city shall be equal to the levy limit base determined under this section reduced by the aids for 1989 enumerated in Minnesota Statutes, section 275.51, subdivision 3i.

Subd. 4. COUNTIES. For a county, the levy limit base for taxes payable in 1989 is the sum of (1) the county's total levy for taxes payable in 1988, excluding the amount levied in that year for (i) debt service; (ii) levied for unfunded accrued pension liabilities under Laws 1987, chapter 268, article 5, section 12, subdivision 4, clause (2); (iii) income maintenance programs except for the administrative costs associated with those programs; and (iv) social services programs, including the administrative costs associated with those programs, plus (2) the amount received in 1988 as described in Minnesota Statutes, section 275.51, subdivision 3i. This sum shall be increased by a percentage equal to the greater of the percentage increases in population or in number of households, if any, for the most recent 12-month period for which data is available, using figures derived under Minnesota Statutes, section 275.51, subdivision 6. The resulting amount for the county multiplied by 103 percent is the county's levy limit base for taxes payable in 1989. The payable 1989 levy limitation for the county shall be equal to the levy limit base determined under this section reduced by the aids for 1989 enumerated in section 275.51, subdivision 3i.

Subd. 5. EXCEPTIONS. For taxes payable in 1989, the amounts levied for the following costs are not subject to the limitation under subdivision 3 or 4:

(1) levies for debt service;

(2) levies for unfunded accrued pension liabilities as specified in Minnesota Statutes, section 275.50, subdivision 5, clause (o);

(3) levies for income maintenance programs, net of any aid payments received under Minnesota Statutes, section 273.1397, and excluding the administrative costs associated with those programs; and

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(4) levies for social service programs including the administrative costs associated with those programs.

The amount levied by the county for taxes payable in 1989 to pay the costs of programs described in clauses (3) and (4) of this subdivision shall be subject to the percentage limitations provided in Minnesota Statutes, section 275.50, subdivision 5, clause (d).

Subd. 6. PENALTY FOR FAILURE TO IMPLEMENT PLAN. If the commissioner of employee relations finds, after notice and consultation with a governmental subdivision, that it has failed to implement its plan for implementing equitable compensation by December 31, 1991, or the later date approved by the commissioner the aid that would otherwise be payable to that governmental subdivision under Minnesota Statutes, sections 477A.011 to 477A.014 in calendar year 1992 shall be reduced by five percent; provided that the reduction in aid shall apply to the first calendar year beginning after the date for implementation of the plan of a governmental subdivision for which the commissioner of employee relations has approved an implementation date later than December 31, 1991. The commissioner may waive the penalty upon making a finding that the failure to implement was attributable to circumstances beyond the control of the governmental subdivision or to severe hardship.

**Sec. 16. RAMSEY-WASHINGTON METRO WATERSHED DISTRICT ADMINISTRATIVE FUND.**

The Ramsey-Washington metro watershed district may annually levy an ad valorem tax not to exceed \$200,000 on taxable property within the district for an administrative fund. The district may levy more than \$125,000 only with the approval of the Ramsey and Washington counties boards of commissioners. The board of managers shall, in other respects, make the levy for the administrative fund in accordance with Minnesota Statutes, section 112.611.

**Sec. 17. [469.0721] PORT AUTHORITY.**

Each of the cities of Cannon Falls and Redwood Falls may, by adoption of an enabling resolution in compliance with the procedural requirements of section 19, establish a port authority commission that, subject to section 18, has the same powers as a port authority established under Minnesota Statutes, section 458.09, or other law, and a housing and redevelopment authority established under Minnesota Statutes, chapter 462, or other law, and is an agency that may administer one or more municipal development districts under Minnesota Statutes, section 472A.10. The port authority commission may exercise any of these powers within industrial development districts or within other property under the jurisdiction of the commission. The port authority commission may enter into agreements with nonprofit organizations or corporations, including, but not limited to, joint venture and limited partnership agreements, in order to carry out its purposes. If a city establishes a port authority commission under this section, the city shall exercise all the powers in dealing with a port authority that are granted to a city by Minnesota Statutes, chapter 458, and all powers in

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dealing with a housing and redevelopment authority that are granted to a city by Minnesota Statutes, chapter 462, or other law.

**Sec. 18. [469.0722] LIMITATION OF POWERS.**

Subdivision 1. IN THIS SECTION. An enabling resolution may impose the limits listed in this section on the actions of the port authority of Cannon Falls or Redwood Falls.

Subd. 2. NOT USE SPECIFIED POWERS. An enabling resolution may require that the port authority must not use specified powers contained in Minnesota Statutes, chapters 458 and 462, or that the port authority must not use powers without the prior approval of the city council.

Subd. 3. TRANSFER RESERVES. An enabling resolution may require the port authority to transfer a portion of the reserves generated by activities of the port authority that the city council determines is not necessary for the successful operation of the port authority, to the city general fund, to be used for any general purpose of the city. Reserves previously pledged by the port authority must not be transferred.

Subd. 4. BOND APPROVAL. An enabling resolution may require that the sale of bonds or obligations other than general obligation tax supported bonds or obligations issued by the port authority be approved by the city council before issuance.

Subd. 5. BUDGET PROCESS. An enabling resolution may require that the port authority follow the budget process for city departments as provided by the city and as implemented by the city council and mayor.

Subd. 6. LEVY APPROVAL. An enabling resolution may require that the port authority must not levy a tax for its benefit without approval of the city council.

Subd. 7. CONSISTENT WITH CITY PLAN. An enabling resolution may require that all official actions of the port authority must be consistent with the adopted comprehensive plan of the city, and official controls implementing the comprehensive plan.

Subd. 8. PROJECT APPROVAL. An enabling resolution may require that the port authority submit to the city council for approval by resolution any proposed project as defined in Minnesota Statutes, section 273.73, subdivision 8.

Subd. 9. GOVERNMENTAL RELATIONS. An enabling resolution may require that the port authority submit all planned activities for influencing the action of any other governmental agency, subdivision, or body to the city council for approval.

Subd. 10. ADMINISTRATION; MANAGEMENT. An enabling resolution may require that the port authority submit its administrative structure and management practices to the city council for approval.

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Subd. 11. EMPLOYEE APPROVAL. An enabling resolution may require that the port authority must not employ anyone without the approval of the city council.

Subd. 12. OTHER LIMITS. An enabling resolution may impose any other limit or control established by the city council.

Subd. 13. MODIFICATIONS. An enabling resolution may be modified at any time, subject to subdivision 16. A modification must be made according to the procedural requirements of section 19.

Subd. 14. MODIFICATION PROCEDURE. Each year, within 60 days of the anniversary date of the first adoption of the enabling resolution, the port authority shall submit a report to the city council stating whether and how it wishes the enabling resolution to be modified. Within 30 days of receipt of the recommendation, the city council shall review the enabling resolution, consider the recommendations of the port authority, and make any modification it considers appropriate. A modification must be made according to the procedural requirements of section 19. The petition requirement does not limit the right of the port authority to petition the city council at any time.

Subd. 15. COUNCIL ACTION CONCLUSIVE. A determination by the city council that the limits imposed under this section have been complied with by the port authority is conclusive.

Subd. 16. NOT TO IMPAIR BONDS, CONTRACTS. Limits imposed under this section must not be applied in a manner that impairs the security of any bonds issued or contracts executed before the limit is imposed. The city council must not modify any limit in effect at the time any bonds or obligations are issued or contracts executed to the detriment of the holder of the bonds or obligations or any contracting party.

#### Sec. 19. [469.0723] PROCEDURAL REQUIREMENT.

(a) The creation of a port authority by the city of Cannon Falls or Redwood Falls must be by written resolution known as the enabling resolution. Before adoption of the enabling resolution, the city council shall conduct a public hearing. Notice of the time and place of hearing, a statement of the purpose of the hearing, and a summary of the resolution must be published in a newspaper of general circulation within the city once a week for two consecutive weeks. The first publication must appear within 30 days before the public hearing.

(b) A modification to the enabling resolution must be by written resolution and must be adopted after notice is given and a public hearing conducted as required for the original adoption of the enabling resolution.

#### Sec. 20. [469.0724] GENERAL OBLIGATION BONDS.

The port authority of Cannon Falls or Redwood Falls must not proceed with the sale of general obligation tax supported bonds until the city council by

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resolution approves the proposed issuance. The resolution must be published in the official newspaper. If, within 30 days after the publication, a petition signed by voters equal in number to ten percent of the number of voters at the last regular city election is filed with the city clerk, the city and port authority must not issue the general obligation tax supported bonds until the proposition has been approved by a majority of the votes cast on the question at a regular or special election.

Sec. 21. **[469.0725] NAME.**

The city of Cannon Falls or Redwood Falls may choose the name of its port authority commission.

Sec. 22. **[469.0726] REMOVAL OF COMMISSIONERS FOR CAUSE.**

A commissioner of the port authority of Cannon Falls or Redwood Falls may be removed by the city council for inefficiency, neglect of duty, or misconduct in office. A commissioner may be removed only after a hearing. A copy of the charges must be given to the commissioner at least ten days before the hearing. The commissioner must be given an opportunity to be heard in person or by counsel at the hearing. After the charges have been submitted to a commissioner, the city council may temporarily suspend the commissioner. If the city council finds that the charges have not been substantiated, the commissioner shall be immediately reinstated. If a commissioner is removed, a record of the proceedings, together with the charges and findings, must be filed in the office of the city clerk.

Sec. 23. **LOCAL APPROVAL.**

Sections 17 to 22 are effective for the city of Cannon Falls the day after the city complies with Minnesota Statutes, section 645.021, subdivision 3.

Sections 17 to 22 are effective for the city of Redwood Falls the day after the city complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 24. **REPEALER.**

Laws 1987, chapter 358, section 31, is repealed.

Sec. 25. **EFFECTIVE DATE.**

Sections 2, 9, 10, and 13 are effective May 15, 1988. Sections 4, 8, 12, and 14 are effective the day following final enactment. Section 16 is effective for taxes levied in 1988, payable in 1989, and thereafter.

Approved April 28, 1988

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