

CHAPTER 122—S.F.No. 79

An act relating to local government; authorizing the Central Iron Range Sanitary Sewer District; amending Laws 2006, chapter 258, section 21, subdivision 4.

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

Section 1. Laws 2006, chapter 258, section 21, subdivision 4, is amended to read:

Subd. 4. ~~Central Iron Range Sanitary Sewer District~~ Hibbing Wastewater Treatment Facilities

2,500,000

To the Public Facilities Authority for a grant to the ~~Central Iron Range Sanitary Sewer District~~ to design, construct, and equip an expansion of wastewater treatment at Hibbing's South Wastewater Treatment Plant, city of Hibbing for mercury treatment facilities at the south wastewater treatment plant, and sanitary sewer lines to connect Hibbing, Chisholm, and Buhl to use the upgrades at the plant and wastewater infrastructure improvements. This appropriation is not available until the authority determines that at least an equal amount is committed to the project from other sources.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 2. CENTRAL IRON RANGE SANITARY SEWER DISTRICT; DEFINITIONS.

Subdivision 1. Application. The definitions in this section apply to this act.

Subd. 2. Central Iron Range Sanitary Sewer District and district. "Central Iron Range Sanitary Sewer District" and "district" mean the area over which the Central Iron Range Sanitary Sewer Board has jurisdiction. The board shall precisely describe the area over which it has jurisdiction by a metes and bounds description in the comprehensive plan adopted pursuant to section 6.

Subd. 3. Sanitary sewer board or board. "Sanitary sewer board" or "board" means the Central Iron Range Sanitary Sewer Board established for the district as provided in section 3.

Subd. 4. **Person.** "Person" means an individual, partnership, corporation, limited liability company, cooperative, or other organization or entity, public or private.

Subd. 5. **Governmental unit.** "Governmental unit" means the Iron Range Resources and Rehabilitation Board and any municipality that joins the district.

Subd. 6. **Acquisition; betterment.** "Acquisition" and "betterment" have the meanings given in Minnesota Statutes, section 475.51.

Subd. 7. **Agency.** "Agency" means the Minnesota Pollution Control Agency created in Minnesota Statutes, section 116.02.

Subd. 8. **Sewage.** "Sewage" means all liquid or water-carried waste products from whatever sources derived, together with any groundwater infiltration and surface water as may be present.

Subd. 9. **Pollution of water; sewer system.** "Pollution of water" and "sewer system" have the meanings given in Minnesota Statutes, section 115.01.

Subd. 10. **Treatment works; disposal system.** "Treatment works" and "disposal system" have the meanings given in Minnesota Statutes, section 115.01.

Subd. 11. **Interceptor.** "Interceptor" means a sewer and its necessary appurtenances including, but not limited to, mains, pumping stations, and sewage flow-regulating and flow-measuring stations, that is:

(1) designed for or used to conduct sewage originating in more than one governmental unit;

(2) designed or used to conduct all or substantially all the sewage originating in a single governmental unit from a point of collection in that unit to an interceptor or treatment works outside that unit; or

(3) determined by the board to be a major collector of sewage used or designed to serve a substantial area in the district.

Subd. 12. **District disposal system.** "District disposal system" means any and all interceptors or treatment works owned, constructed, or operated by the board unless designated by the board as local water and sanitary sewer facilities.

Subd. 13. **Municipality.** "Municipality" means any town or home rule charter or statutory city.

Subd. 14. **Total costs of acquisition and betterment and costs of acquisition and betterment.** "Total costs of acquisition and betterment" and "costs of acquisition and betterment" mean all acquisition and betterment expenses permitted to be financed out of bond proceeds issued in accordance with section 14, whether or not the expenses are in fact financed out of the bond proceeds.

Subd. 15. **Current costs of acquisition, betterment, and debt service.** "Current costs of acquisition, betterment, and debt service" means interest and principal estimated to be due during the budget year on bonds issued to finance costs of acquisition and betterment and all other costs of acquisition and betterment estimated to be paid during the year from funds other than bond proceeds and federal or state grants.

Subd. 16. **Resident.** "Resident" means the owner of a dwelling located in the district and receiving water or sewer service.

Sec. 3. SANITARY SEWER DISTRICT; BOARD.

Subdivision 1. Establishment. Any two or more of the following municipalities in St. Louis County may establish, by resolution of their respective governing bodies, the Central Iron Range Sanitary Sewer District: the cities of Buhl, Chisholm, and Kinney, and the towns of Balkan and Great Scott. Instead of adopting a resolution, a municipality may hold a referendum on the question of whether to join the district at a general or special election. After a municipality has adopted a resolution or held a referendum in which the voters approved joining the district, the municipality must provide notice to the chief clerical officer of other municipalities listed. The district is established when the first two municipalities have notified the other municipalities. Other municipalities may join without the consent of the member municipalities within 60 days after the district is established. If the district is established, it also includes the territory occupied by Ironworld. The sewer district is under the control and management of the Central Iron Range Sanitary Sewer Board. The district is established as a public corporation and political subdivision of the state with perpetual succession and all the rights, powers, privileges, immunities, and duties granted to or imposed upon a municipal corporation, as provided in this act.

Subd. 2. Members and selection. The board is composed of members selected as provided in this subdivision. The town board of each township that joins the district shall appoint one resident to the sewer board. The city council of each city that joins the district shall appoint members as follows: three members for the city of Chisholm, two members for the city of Buhl, and one member for the city of Kinney. One member must be selected by the Iron Range Resources and Rehabilitation Board on behalf of Ironworld. Each member must be a resident of the municipality the member represents and has one vote. The first terms are as follows: one-third of the members for one year, one-third for two years, and the remainder for three years, fixed by lot at the district's first meeting; thereafter, all terms are for three years.

Subd. 3. Time limits for selection. The initial board members must be appointed as soon as practicable after the district is established. The successor to each board member must be appointed at any time within 60 days before the expiration of the member's term in the same manner as the predecessor was selected. A vacancy on the board must be filled within 60 days after it occurs.

Subd. 4. Vacancies. If the office of a board member becomes vacant, the vacancy must be filled for the unexpired term in the manner provided for selection of the member who vacated the office. The office is considered vacant under the conditions specified in Minnesota Statutes, section 351.02.

Subd. 5. Removal. A board member may be removed by the unanimous vote of the governing body appointing the member, with or without cause, or for malfeasance or nonfeasance in the performance of official duties as provided by Minnesota Statutes, sections 351.14 to 351.23.

Subd. 6. Certificates of selection; oath of office. A certificate of appointment of every board member selected under subdivision 2 stating the term for which appointed, must be made by the chief clerical officer of the respective municipalities. The certificates, with the approval appended by other authority, if required, must be filed with the secretary of state. Counterparts of the certificates must be furnished to the board member and the secretary of the board. Each member shall qualify by taking and subscribing the oath of office prescribed by the Minnesota Constitution, article V, section 6. The oath,

duly certified by the official administering the same, must be filed with the secretary of state and the secretary of the board.

Subd. 7. **Board members' compensation.** Each board member, except the chair, may be paid a per diem compensation in accordance with the board's bylaws for meetings and for other services as are specifically authorized by the board, not to exceed the per diem amount under Minnesota Statutes, section 15.0575, subdivision 3, and not to exceed \$1,000 in any one year. The chair may be paid a per diem compensation in accordance with the board's bylaws for meetings and for other services specifically authorized by the board, not to exceed the per diem amount under Minnesota Statutes, section 15.0575, subdivision 3, and not to exceed \$1,500 in any one year. All members of the board must be reimbursed for all reasonable and necessary expenses actually incurred in the performance of duties.

Sec. 4. GENERAL PROVISIONS FOR ORGANIZATION AND OPERATION OF BOARD.

Subdivision 1. **Organization; officers; meetings; seal.** After the selection and qualification of all board members, the board must meet to organize the board at the call of any two board members, upon seven days' notice by registered mail to the remaining board members at a time and place within the district specified in the notice. A majority of the members is a quorum at that meeting and all other meetings of the board, but a lesser number may meet and adjourn from time to time and compel the attendance of absent members. At the first meeting, the board shall select its officers and conduct other organizational business as may be necessary; thereafter, the board shall meet regularly at the time and place that the board designates by resolution. Special meetings may be held at any time upon call of the chair or any two members, upon written notice sent by mail to each member at least three days before the meeting, or upon other notice as the board by resolution may provide, or without notice if each member is present or files with the secretary a written consent to the meeting either before or after the meeting. Except as otherwise provided in this act, any action within the authority of the board may be taken by the affirmative vote of a majority of the board and may be taken by regular or adjourned regular meetings or at a duly held special meeting, but in any case only if a quorum is present. Meetings of the board must be open to the public. The board may adopt a seal, which must be officially and judicially noticed, to authenticate instruments executed by its authority, but omission of the seal does not affect the validity of any instrument.

Subd. 2. **Chair.** The board shall elect a chair from its membership. The term of the first chair of the board expires on January 1 of the year following election, and the terms of successor chairs expire on January 1 of each succeeding year. The chair shall preside at all meetings of the board, if present, and shall perform all other duties and functions usually incumbent upon such an officer, and all administrative functions assigned to the chair by the board. The board shall elect a vice-chair from its membership to act for the chair during temporary absence or disability.

Subd. 3. **Secretary and treasurer.** The board shall select persons who may, but need not be, members of the board, to act as its secretary and treasurer. The two offices may be combined. The secretary and treasurer shall hold office at the pleasure of the board, subject to the terms of any contract of employment that the board may enter into with the secretary or treasurer. The secretary shall record the minutes of all meetings of the board and be the custodian of all books and records of the board except those that the board entrusts to the custody of a designated employee. The treasurer is the custodian of all money received by the board except as the board otherwise entrusts to the custody of a

designated employee. The board may appoint a deputy to perform any and all functions of either the secretary or the treasurer. A secretary or treasurer who is not a member of the board or a deputy of either does not have the right to vote.

Subd. 4. **Public employees.** The executive director, if any, and other persons employed by the district, if any, are public employees and have all the rights and duties conferred on public employees under Minnesota Statutes, sections 179A.01 to 179A.25. The board may elect to have employees become members of either the Public Employees Retirement Association or the Minnesota State Retirement System. The compensation and conditions of employment of the employees must be governed by rules applicable to state employees in the classified service and to the provisions of Minnesota Statutes, chapter 15A.

Subd. 5. **Procedures.** The board shall adopt resolutions or bylaws establishing procedures for board action, personnel administration, keeping records, approving claims, authorizing or making disbursements, safekeeping funds, and auditing all financial operations of the board.

Subd. 6. **Surety bonds and insurance.** The board may procure surety bonds for its officers and employees, in amounts deemed necessary to ensure proper performance of their duties and proper accounting for funds in their custody. It may procure insurance against risks to property and liability of the board and its officers, agents, and employees for personal injuries or death and property damage and destruction, in amounts deemed necessary or desirable, with the force and effect stated in Minnesota Statutes, chapter 466.

Sec. 5. GENERAL POWERS OF BOARD.

Subdivision 1. **Scope.** The board has all powers necessary or convenient to discharge the duties imposed upon it by law. The powers include those specified in this section, but the express grant or enumeration of powers does not limit the generality or scope of the grant of powers contained in this subdivision.

Subd. 2. **Suit.** The board may sue or be sued.

Subd. 3. **Contract.** The board may enter into any contract necessary or proper for the exercise of its powers or the accomplishment of its purposes.

Subd. 4. **Gifts, grants, loans.** The board may accept gifts; apply for and accept grants or loans of money or other property from the United States, the state, or any person for any of its purposes and enter into any agreement required in connection with them; and hold, use, and dispose of the money or property in accordance with the terms of the gift, grant, loan, or agreement relating to it. With respect to loans or grants of funds or real or personal property or other assistance from any state or federal government or its agency or instrumentality, the board may contract to do and perform all acts and things required as a condition or consideration for the gift, grant, or loan pursuant to state or federal law or regulations, whether or not included among the powers expressly granted to the board in this act.

Subd. 5. **Cooperative action.** The board may act under Minnesota Statutes, section 471.59, or any other appropriate law, providing for joint or cooperative action between governmental units.

Subd. 6. **Studies and investigations.** The board may conduct research studies and programs, collect and analyze data, prepare reports, maps, charts, and tables, and conduct

all necessary hearings and investigations in connection with the need for, benefits of, design, construction, and operation of the district disposal system.

Subd. 7. **Employees, terms.** The board may employ, on terms it deems advisable, persons or firms performing engineering, legal, or other services of a professional nature; require any employee to obtain and file with it an individual bond or fidelity insurance policy; and procure insurance in amounts it deems necessary against liability of the board or its officers or both, for personal injury or death and property damage or destruction, with the force and effect stated in Minnesota Statutes, chapter 466, and against risks of damage to or destruction of any of its facilities, equipment, or other property as it deems necessary.

Subd. 8. **Property rights, powers.** By vote of at least 75 percent of the members of the board, the board may acquire by purchase, lease, condemnation, gift, or grant, any real or personal property including positive and negative easements and water and air rights, and it may construct, enlarge, improve, replace, repair, maintain, and operate any interceptor, treatment works, or water facility determined to be necessary or convenient for the collection and disposal of sewage in the district. Any governmental unit and the commissioners of transportation and natural resources are authorized to convey to or permit the use of any of the above-mentioned facilities owned or controlled by it, subject to the rights of the holders of any bonds issued with respect to those facilities, with or without compensation, without an election or approval by any other governmental unit or agency. All powers conferred by this subdivision may be exercised both within or without the district as may be necessary for the exercise by the board of its powers or the accomplishment of its purposes. By vote of at least 75 percent of the members of the board, the board may hold, lease, convey, or otherwise dispose of the above-mentioned property for its purposes upon the terms and in the manner it deems advisable. Unless otherwise provided, the right to acquire lands and property rights by condemnation may be exercised only in accordance with Minnesota Statutes, sections 117.012 to 117.232, and applies to any property or interest in the property owned by any governmental unit. Property devoted to an actual public use at the time, or held to be devoted to such a use within a reasonable time, must not be so acquired unless a court of competent jurisdiction determines that the use proposed by the board is paramount to the existing use. Except in the case of property in actual public use, the board may take possession of any property on which condemnation proceedings have been commenced at any time after the issuance of a court order appointing commissioners for its condemnation.

Subd. 9. **Relationship to other properties.** The board may construct or maintain its systems or facilities in, along, on, under, over, or through public waters, streets, bridges, viaducts, and other public rights-of-way without first obtaining a franchise from a county or municipality having jurisdiction over them. However, the facilities must be constructed and maintained in accordance with the ordinances and resolutions of the county or municipality relating to constructing, installing, and maintaining similar facilities on public properties and must not unnecessarily obstruct the public use of those rights-of-way.

Subd. 10. **Disposal of property.** By vote of at least 75 percent of the members of the board, the board may sell, lease, or otherwise dispose of any real or personal property acquired by it which is no longer required for accomplishment of its purposes. The property may be sold in the manner provided by Minnesota Statutes, section 469.065, as far as is practical. The board may give notice of sale as it deems appropriate. When the board determines that any property or any part of the district disposal system acquired from a local governmental unit without compensation is no longer required but is required

as a local facility by the governmental unit from which it was acquired, the board may by resolution transfer it to that governmental unit.

Subd. 11. **Agreements with other governmental units.** The board may contract with the United States or any agency thereof, any state or agency thereof, or any regional public planning body in the state with jurisdiction over any part of the district, or any other municipal or public corporation, or governmental subdivision or agency or political subdivision in any state, for the joint use of any facility owned by the board or such entity, for the operation by that entity of any system or facility of the board, or for the performance on the board's behalf of any service including, but not limited to, planning, on terms as may be agreed upon by the contracting parties. Unless designated by the board as a local water and sanitary sewer facility, any treatment works or interceptor jointly used or operated on behalf of the board, as provided in this subdivision, is deemed to be operated by the board for purposes of including those facilities in the district disposal system.

Sec. 6. **COMPREHENSIVE PLAN.**

Subdivision 1. **Board plan and program.** The board shall adopt a comprehensive plan for the collection, treatment, and disposal of sewage in the district for a designated period the board deems proper and reasonable. The board shall prepare and adopt subsequent comprehensive plans for the collection, treatment, and disposal of sewage in the district for each succeeding designated period as the board deems proper and reasonable. All comprehensive plans of the district shall be subject to the planning and zoning authority of St. Louis County and in conformance with all planning and zoning ordinances of St. Louis County. The first plan, as modified by the board, and any subsequent plan shall take into account the preservation and best and most economic use of water and other natural resources in the area; the preservation, use, and potential for use of lands adjoining waters of the state to be used for the disposal of sewage; and the impact the disposal system will have on present and future land use in the area affected. The plans shall include the general location of needed interceptors and treatment works, a description of the area that is to be served by the various interceptors and treatment works, a long-range capital improvements program, and any other details as the board deems appropriate. In developing the plans, the board shall consult with persons designated for the purpose by governing bodies of any governmental unit within the district to represent the entities and shall consider the data, resources, and input offered to the board by the entities and any planning agency acting on behalf of one or more of the entities. Each plan, when adopted, must be followed in the district and may be revised as often as the board deems necessary.

Subd. 2. **Comprehensive plans; hearing.** Before adopting any subsequent comprehensive plan, the board shall hold a public hearing on the proposed plan at a time and place in the district that it selects. The hearing may be continued from time to time. Not less than 45 days before the hearing, the board shall publish notice of the hearing in a newspaper having general circulation in the district, stating the date, time, and place of the hearing, and the place where the proposed plan may be examined by any interested person. At the hearing, all interested persons must be permitted to present their views on the plan.

Subd. 3. **Removal of area.** After adopting the first plan, any of the governmental units can elect not to be included within the Central Iron Range Sanitary Sewer District by delivering a written resolution of the governing body of the governmental unit to the Central Iron Range Sanitary Sewer District within 180 days of adoption of the first

comprehensive plan. The area of the governmental unit shall then be removed from the district.

Sec. 7. POWERS TO ISSUE OBLIGATIONS AND IMPOSE SPECIAL ASSESSMENTS.

The Central Iron Range Sanitary Sewer Board, in order to implement the powers granted under this act to establish, maintain, and administer the Central Iron Range Sanitary Sewer District upon a vote of at least 75 percent of the members of the board, may issue obligations and impose special assessments against benefited property within the limits of the district benefited by facilities constructed under this act in the manner provided for local governments by Minnesota Statutes, chapter 429.

Sec. 8. SYSTEM EXPANSION; APPLICATION TO CITIES.

The authority of the sanitary sewer board to establish a sewer system under this section extends to areas within the Central Iron Range Sanitary Sewer District organized into cities when requested by resolution of the governing body of the affected city or when ordered by the Minnesota Pollution Control Agency after notice and hearing. For the purpose of any petition filed or special assessment levied with respect to any system, the entire area to be served within a city must be treated as if it were owned by a single person, and the governing body shall exercise all the rights and be subject to all the duties of an owner of the area, and shall have power to provide for the payment of all special assessments and other charges imposed upon the area with respect to the system by the appropriation of money, the collection of service charges, or the levy of taxes, which shall be subject to no limitation of rate or amount.

Sec. 9. SEWAGE COLLECTION AND DISPOSAL; POWERS.

Subdivision 1. **Powers.** In addition to all other powers conferred upon the board in this act, it has the powers specified in this section.

Subd. 2. **Discharge of treated sewage.** The board may discharge the effluent from any treatment works operated by it into any waters of the state, subject to approval of the agency, if required, and in accordance with any effluent or water quality standards lawfully adopted by the agency, any interstate agency, or any federal agency having jurisdiction.

Subd. 3. **Utilization of district system.** By vote of at least 75 percent of the members of the board, the board may: require any person or governmental unit to provide for the discharge of any sewage, directly or indirectly, into the district disposal system, or to connect any disposal system or a part of it with the district disposal system wherever reasonable opportunity for connection is provided; regulate the manner in which the connections are made; require any person or governmental unit discharging sewage into the disposal system to provide preliminary treatment for it; prohibit the discharge into the district disposal system of any substance that it determines will or may be harmful to the system or any persons operating it; and require any governmental unit to discontinue the acquisition, betterment, or operation of any facility for the unit's disposal system wherever and so far as adequate service is or will be provided by the district disposal system.

Subd. 4. **System of cost recovery to comply with applicable regulations.** Any charges, connection fees, or other cost-recovery techniques imposed on persons discharging sewage directly or indirectly into the district disposal system must comply

with applicable state and federal law, including state and federal regulations governing grant applications.

Sec. 10. **BUDGET.**

(a) The board shall prepare and adopt each year, by October 1, a budget showing for the following calendar year or other fiscal year determined by the board, referred to in this act as the budget year, estimated receipts of money from all sources including, but not limited to, payments by each governmental unit, federal or state grants, taxes on property, and funds on hand at the beginning of the year, and estimated expenditures for:

(1) costs of operation, administration, and maintenance of the district disposal system;

(2) cost of acquisition and betterment of the district disposal system; and

(3) debt service, including principal and interest, on general obligation bonds and certificates issued pursuant to section 14, and any money judgments entered by a court of competent jurisdiction.

(b) Expenditures within these general categories, and any other categories as the board may from time to time determine, must be itemized in detail as the board prescribes. The board and its officers, agents, and employees must not spend money for any purpose other than debt service, without having set forth the expense in the budget, nor in excess of the amount set forth for it in the budget. No obligation to make an expenditure not set forth in the budget or in excess of the amount set forth in the budget is enforceable except as the obligation of the person or persons incurring it. The board may amend the budget at any time by transferring from one purpose to another any sums, except money for debt service and bond proceeds or by increasing expenditures in any amount by which actual cash receipts during the budget year exceed the total amounts designated in the original budget. The creation of any obligation under section 14, or the receipt of any federal or state grant, is a sufficient budget designation of the proceeds for the purpose for which it is authorized, and of the tax or other revenue pledged to pay the obligation and interest on it, whether or not specifically included in any annual budget.

Sec. 11. **ALLOCATION OF COSTS.**

Subdivision 1. **Definition of current costs.** The estimated cost of administration, operation, maintenance, and debt service of the district disposal system to be paid by the board in each budget year and the estimated costs of acquisition and betterment of the system that are to be paid during the year from funds other than state or federal grants and bond proceeds and all other previously unallocated payments made by the board pursuant to this act to be allocated in the fiscal year are referred to as current costs and must be allocated by the board as provided in subdivision 2 in the budget for that year.

Subd. 2. **Method of allocation of current costs.** Current costs must be allocated in the district on an equitable basis as the board may determine by resolution to be in the best interests of the district. The adoption or revision of any method of allocation used by the board must be by the affirmative vote of at least 75 percent of the members of the board.

Sec. 12. **TAX LEVIES.**

To accomplish any duty imposed on it, the board may, upon a vote of at least 75 percent of the members of the board, in addition to the powers granted in this act and in

any other law or charter, exercise the powers granted any municipality by Minnesota Statutes, chapters 117, 412, 429, and 475, and sections 115.46, 444.075, and 471.59, with respect to the area in the district. By a vote of at least 75 percent of the members of the board, the board may levy taxes upon all taxable property in the district for all or a part of the amount payable to the board, pursuant to section 11, to be assessed and extended as a tax upon that taxable property by the county auditor for the next calendar year, free from any limit of rate or amount imposed by law or charter. The tax must be collected and remitted in the same manner as other general property taxes.

Sec. 13. **PUBLIC HEARING AND SPECIAL ASSESSMENTS.**

Subdivision 1. **Public hearing requirement on specific project.** Before the board orders any project involving the acquisition or betterment of any interceptor or treatment works, all or a part of the cost of which will be allocated pursuant to section 11 as current costs, the board must hold a public hearing on the proposed project. The hearing must be held following two publications in a newspaper having general circulation in the district, stating the time and place of the hearing, the general nature and location of the project, the estimated total cost of acquisition and betterment, that portion of costs estimated to be paid out of federal and state grants, and that portion of costs estimated to be allocated. The estimates must be the best available at the time of the meeting and if costs exceed the estimate, the project cannot proceed until an additional public hearing is held, with notice as required at the initial meeting. The two publications must be one week apart and the hearing at least three days after the last publication. Not less than 45 days before the hearing, notice of the hearing must also be mailed to the clerk of each governmental unit in the district, but failure to give mailed notice or any defects in the notice does not invalidate the proceedings. The project may include all or part of one or more interceptors or treatment works. A hearing must not be held on a project unless the project is within the area covered by the comprehensive plan adopted by the board under section 6, except that the hearing may be held simultaneously with a hearing on a comprehensive plan. A hearing is not required with respect to a project, no part of the costs of which are to be allocated as the current costs of acquisition, betterment, and debt service.

Subd. 2. **Notice to benefited property owners.** If the board proposes to assess against benefited property within the district all or any part of the allocable costs of the project as provided in subdivision 5, the board shall, not less than two weeks before the hearing provided for in subdivision 1, cause mailed notice of the hearing to be given to the owner of each parcel within the area proposed to be specially assessed and shall also give two weeks' published notice of the hearing. The notice of hearing must contain the same information provided in the notice published by the board pursuant to subdivision 1 and a description of the area proposed to be assessed. For the purpose of giving mailed notice, owners are those shown to be on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer; however, other appropriate records may be used for this purpose. For properties that are tax exempt or subject to taxation on a gross earnings basis and not listed on the records of the county auditor or the county treasurer, the owners must be ascertained by any practicable means and mailed notice given them as herein provided. Failure to give mailed notice or any defects in the notice does not invalidate the proceedings of the board.

Subd. 3. **Board proceedings pertaining to hearing.** Before adoption of the resolution calling for a hearing under this section, the board shall secure from the district engineer or some other competent person of the board's selection a report advising it in a

preliminary way as to whether the proposed project is feasible and whether it should be made as proposed or in connection with some other project and the estimated costs of the project as recommended. No error or omission in the report invalidates the proceeding. The board may also take other steps before the hearing that in its judgment provide helpful information in determining the desirability and feasibility of the project, including, but not limited to, preparation of plans and specifications and advertisement for bids on them. The hearing may be adjourned from time to time and a resolution ordering the project may be adopted at any time within six months after the date of hearing. In ordering the project, the board may reduce but not increase the extent of the project as stated in the notice of hearing and shall find that the project as ordered is in accordance with the comprehensive plan and program adopted by the board pursuant to section 6.

Subd. 4. **Emergency action.** If the board, by resolution, adopted by the affirmative vote of not less than two-thirds of its members, determines that an emergency exists requiring the immediate purchase of materials or supplies or the making of emergency repairs, it may order the purchase of those supplies and materials and the making of the repairs before any hearing required under this section. The board must set as early a date as practicable for the hearing at the time it declares the emergency. All other provisions of this section must be followed in giving notice of and conducting the hearing. Nothing in this subdivision prevents the board or its agents from purchasing maintenance supplies or incurring maintenance costs without regard to the requirements of this section.

Subd. 5. **Power of the board to specially assess.** The board may, upon a vote of at least 75 percent of the members of the board, specially assess all or any part of the costs of acquisition and betterment as provided in this subdivision, of any project ordered under this section. The special assessments must be levied in accordance with Minnesota Statutes, sections 429.051 to 429.081, except as otherwise provided in this subdivision. No other provisions of Minnesota Statutes, chapter 429, apply. For purposes of levying the special assessments, the hearing on the project required in subdivision 1 serves as the hearing on the making of the original improvement provided for by Minnesota Statutes, section 429.051. The area assessed may be less than but may not exceed the area proposed to be assessed as stated in the notice of hearing on the project provided for in subdivision 2.

Sec. 14. BONDS, CERTIFICATES, AND OTHER OBLIGATIONS.

Subdivision 1. **Budget anticipation certificates of indebtedness.** At any time after adoption of its annual budget and in anticipation of the collection of tax and other revenues estimated and set forth by the board in the budget, except in the case of deficiency taxes levied under this subdivision and taxes levied for the payment of certificates issued under subdivision 2, the board may, by resolution, authorize the issuance, negotiation, and sale, in accordance with subdivision 4, in the form and manner and upon terms it determines, of its negotiable general obligation certificates of indebtedness in aggregate principal amounts not exceeding 50 percent of the total amount of tax collections and other revenues, and maturing not later than three months after the close of the budget year in which issued. The proceeds of the sale of the certificates must be used solely for the purposes for which the tax collections and other revenues are to be expended under the budget.

All the tax collections and other revenues included in the budget for the budget year, after the expenditure of the tax collections and other revenues in accordance with the budget, must be irrevocably pledged and appropriated to a special fund to pay the principal and interest on the certificates when due. If for any reason the tax collections and other revenues are insufficient to pay the certificates and interest when due, the board shall

levy a tax in the amount of the deficiency on all taxable property in the district and shall appropriate this amount when received to the special fund.

Subd. 2. **Emergency certificates of indebtedness.** If in any budget year the receipts of tax and other revenues should for some unforeseen cause become insufficient to pay the board's current expenses, or if any public emergency should subject it to the necessity of making extraordinary expenditures, the board may, by resolution, authorize the issuance, negotiation, and sale, in accordance with subdivision 4, in the form and manner and upon the terms and conditions it determines, of its negotiable general obligation certificates of indebtedness in an amount sufficient to meet the deficiency. The board shall levy on all taxable property in the district a tax sufficient to pay the certificates and interest on the certificates and shall appropriate all collections of the tax to a special fund created for the payment of the certificates and the interest on them. Certificates issued under this subdivision mature not later than April 1 in the year following the year in which the tax is collectible.

Subd. 3. **General obligation bonds.** The board may, upon a vote of at least 75 percent of the members of the board, by resolution, authorize the issuance of general obligation bonds for the acquisition or betterment of any part of the district disposal system including, but without limitation, the payment of interest during construction and for a reasonable period thereafter, or for the refunding of outstanding bonds, certificates of indebtedness, or judgments. The board shall pledge its full faith and credit and taxing power for the payment of the bonds and shall provide for the issuance and sale and for the security of the bonds in the manner provided in Minnesota Statutes, chapter 475. The board has the same powers and duties as a municipality issuing bonds under that law, except that no election is required and the debt limitations of Minnesota Statutes, chapter 475, do not apply to the bonds. The board may also pledge for the payment of the bonds and deduct from the amount of any tax levy required under Minnesota Statutes, section 475.61, subdivision 1, and any revenues receivable under any state and federal grants anticipated by the board and may covenant to refund the bonds if and when and to the extent that for any reason the revenues, together with other funds available and appropriated for that purpose, are not sufficient to pay all principal and interest due or about to become due, provided that the revenues have not been anticipated by the issuance of certificates under subdivision 1.

Subd. 4. **Manner of sale and issuance of certificates.** Certificates issued under subdivisions 1 and 2 may be issued and sold by negotiation, without public sale, and may be sold at a price equal to the percentage of the par value of the certificates, plus accrued interest, and bearing interest at the rate determined by the board. An election is not required to authorize the issuance of the certificates. The certificates must bear the same rate of interest after maturity as before and the full faith and credit and taxing power of the board must be pledged to the payment of the certificates.

Sec. 15. **DEPOSITORIES.**

The board shall designate one or more national or state banks, or trust companies authorized to do a banking business, as official depositories for money of the board, and shall require the treasurer to deposit all or a part of the money in those institutions. The designation must be in writing and set forth all the terms and conditions upon which the deposits are made, and must be signed by the chair and treasurer and made a part of the minutes of the board.

Sec. 16. **MONEY, ACCOUNTS, AND INVESTMENTS.**

Subdivision 1. **Receipt and application.** Money received by the board must be deposited or invested by the treasurer and disposed of as the board may direct in accordance with its budget; provided that any money that has been pledged or dedicated by the board to the payment of obligations or interest on the obligations or expenses incident thereto, or for any other specific purpose authorized by law, must be paid by the treasurer into the fund to which it has been pledged.

Subd. 2. **Funds and accounts.** (a) The board's treasurer shall establish funds and accounts as may be necessary or convenient to handle the receipts and disbursements of the board in an orderly fashion.

(b) The funds and accounts must be audited annually by a certified public accountant at the expense of the district.

Subd. 3. **Deposit and investment.** The money on hand in those funds and accounts may be deposited in the official depositories of the board or invested as provided in this subdivision. Any amount not currently needed or required by law to be kept in cash on deposit may be invested in obligations authorized for the investment of municipal sinking funds by Minnesota Statutes, chapter 118A. The money may also be held under certificates of deposit issued by any official depository of the board.

Subd. 4. **Bond proceeds.** The use of proceeds of all bonds issued by the board for the acquisition and betterment of the district disposal system, and the use, other than investment, of all money on hand in any sinking fund or funds of the board, is governed by the provisions of Minnesota Statutes, chapter 475, this act, and resolutions authorizing the issuance of the bonds. When received, the bond proceeds must be transferred to the treasurer of the board for safekeeping, investment, and payment of the costs for which they were issued.

Subd. 5. **Audit.** The board shall provide for and pay the cost of an independent annual audit of its official books and records by the state auditor or a public accountant authorized to perform that function under Minnesota Statutes, chapter 6.

Sec. 17. **SERVICE CONTRACTS WITH GOVERNMENTAL ENTITIES OUTSIDE THE JURISDICTION OF THE BOARD.**

(a) The board may, upon a vote of at least 75 percent of the members of the board, contract with the United States or any agency of the federal government, any state or its agency, or any municipal or public corporation, governmental subdivision or agency, or political subdivision in any state, outside the jurisdiction of the board, for furnishing services to those entities including, but not limited to, planning for and the acquisition, betterment, operation, administration, and maintenance of any or all interceptors, treatment works, and local water and sanitary sewer facilities. The board may include as one of the terms of the contract that the entity must pay to the board an amount agreed upon as a reasonable estimate of the proportionate share properly allocable to the entity of costs of acquisition, betterment, and debt service previously allocated in the district. When payments are made by entities to the board, they must be applied in reduction of the total amount of costs thereafter allocated in the district, on an equitable basis as the board deems to be in the best interests of the district, applying so far as practicable and appropriate the criteria set forth in section 11, subdivision 2. A municipality in the state of Minnesota may enter into a contract and perform all acts and things required as a condition

or consideration therefor consistent with the purposes of this act, whether or not included among the powers otherwise granted to the municipality by law or charter.

(b) The board shall contract with a qualified entity to make necessary inspections of the district facilities, and to otherwise process or assist in processing any of the work of the district.

Sec. 18. **CONTRACTS FOR CONSTRUCTION, MATERIALS, SUPPLIES, AND EQUIPMENT.**

When the board orders a project involving the acquisition or betterment of a part of the district disposal system, it shall cause plans and specifications of the project to be made, or if previously made, to be modified, if necessary, and to be approved by the agency if required, and after any required approval by the agency, one or more contracts for work and materials called for by the plans and specifications may be awarded as provided in Minnesota Statutes, section 471.345.

Sec. 19. **PROPERTY EXEMPT FROM TAXATION.**

Any properties, real or personal, owned, leased, controlled, used, or occupied by the sanitary sewer board for any purpose under this act are declared to be acquired, owned, leased, controlled, used, and occupied for public, governmental, and municipal purposes, and are exempt from taxation by the state or any political subdivision of the state. The properties are subject to special assessments levied by a political subdivision for a local improvement in amounts proportionate to and not exceeding the special benefit received by the properties from the improvement.

Sec. 20. **RELATION TO EXISTING LAWS.**

This act must be given full effect notwithstanding the provisions of any law or charter inconsistent with it. The powers conferred on the board under this act do not in any way diminish or supersede the powers conferred on the agency by Minnesota Statutes, chapters 115 to 116.

Sec. 21. **RETROACTIVE EFFECTIVE DATE, NO LOCAL APPROVAL REQUIRED.**

Pursuant to Minnesota Statutes, section 645.023, subdivision 1, clause (a), sections 2 to 20 are effective without local approval, retroactively from December 27, 2003.

Presented to the governor May 18, 2009

Signed by the governor May 20, 2009, 1:58 p.m.