



2.1 commissioner to evaluate the effectiveness of the program, including how state funds are  
2.2 used by the community financial institution and the impact of state funds on the ability of  
2.3 the community financial institution to make loans to businesses and residents of this state.

2.4 (c) The rules adopted under paragraph (b) must balance the state's investment  
2.5 priorities, such as preservation of the principal balance, maintenance of liquidity, and  
2.6 maximum return, with the need for a program in which the state invests in certificates of  
2.7 deposit that have a term to maturity of at least one year in order to provide community  
2.8 financial institutions with more reserves to lend to Minnesota businesses.

2.9 Sec. 3. Minnesota Statutes 2010, section 16A.27, subdivision 3, is amended to read:

2.10 Subd. 3. **Competitive bids.** (a) The depository for a state account must be  
2.11 selected by competitive bid. The commissioner shall invite bids by written notice to  
2.12 designated depositories. The notice must specify the considerations, financial activities,  
2.13 and conditions the commissioner requires for the bid. The account must be awarded to  
2.14 the lowest bidding depository that can, in the opinion of the commissioner, meet the  
2.15 requirements.

2.16 (b) The commissioner shall give a preference to a community financial institution to  
2.17 act as the fiscal agent bank of the state. When proposals are received from a community  
2.18 financial institution and a nonresident financial institution, the contract shall be awarded  
2.19 to the community financial institution if:

2.20 (1) the community financial institution meets the minimum requirements of the  
2.21 commissioner;

2.22 (2) the proposal price of the community financial institution when multiplied by a  
2.23 factor of .9 is lower than the proposal price of a nonresident financial institution; and

2.24 (3) the community financial institution proposal meets or exceeds the other  
2.25 evaluation criteria set in the scope of procurement by the commissioner.

2.26 Sec. 4. Minnesota Statutes 2010, section 16A.671, subdivision 6a, is amended to read:

2.27 Subd. 6a. **Fiscal agent bank.** The commissioner may enter into an agreement with  
2.28 a suitable bank or banks, including a community financial institution, located within ~~or~~  
2.29 ~~outside~~ the state to authenticate, issue, pay principal and interest on, cancel or otherwise  
2.30 deal with certificates of indebtedness issued pursuant to this section, for an agreed  
2.31 compensation.

2.32 Sec. 5. **EFFECTIVE DATE.**

2.33 Sections 1 to 4 are effective for fiscal year 2014 and thereafter.