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CHAPTER 362A

MINNESOTA RURAL DEVELOPMENT FINANCE AUTHORITY ACT

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362A.01 ESTABLISHMENT; PURPOSES; BOARD OF DIRECTORS.

Subdivision 1. Any county or combination of counties by resolution of the county board or boards may establish a rural development financing authority as a public nonprofit corporation with the same powers and duties as those conferred and imposed on a private nonprofit corporation by chapter 317, and all present and future laws amending or supplementing that chapter, except as otherwise or additionally provided herein. No such authority shall transact any business or exercise any powers until a certified copy of the resolutions of each participating county board has been submitted to the secretary of state and a certificate of incorporation issued pursuant to section 317.10.

Subd. 2. The purposes of a rural development financing authority shall be:

(a) to acquire, construct, improve and equip projects comprising real and personal property within or outside the state, used or useful for processing products of agriculture, including but not limited to assembling, fabricating, manufacturing, mixing, storing, warehousing, distributing, selling or any one or more or all of these processes. For the purpose of sections 362A.01 to 362A.08 the term agriculture shall include forestry and timber production;

(b) to investigate, improve and develop methods of constructing, operating and financing such projects;

(c) to provide for the operation and maintenance of each project under an operating or lease agreement with a person, firm, or corporation considered qualified by experience and financial resources to assure that to the limit of its design and capacity it will make facilities for efficient and economical processing of agricultural products available throughout the term of the agreement to all producers contracting therefor;

(d) to promote agricultural, industrial and scientific research in cooperation with state institutions of higher learning and profit or nonprofit private corporations, associations or foundations;

(e) to assist in promoting new job opportunities through the development of natural resources and the agricultural industry by cooperating with private companies and with agencies of the federal and state governments and with agencies and political subdivisions of other states and of foreign nations to engage in the processing of agricultural products;

(f) to enter into contracts with or to employ financial, management, and production consultants, and scientific and economic specialists to develop and assist in promoting the purposes of the authority and to assist in operating, maintaining, constructing and financing authority projects;

(g) to employ a financial management company to assist in organizing, initiating, developing and operating projects for the authority under such terms and conditions as may be agreed upon between the authority and the company and to include any fee charged or to be charged by the company in the total capital costs of each project to be financed; and

(h) to provide financial or other assistance to rail users as defined in section 222.48, subdivision 6, for the purpose of making capital investment loans for rail line rehabilitation.

Subd. 3. Each rural development financing authority shall be managed and controlled by a board of directors consisting of that number of persons equal to the number of counties establishing the authority, but in no case less than five. The directors shall be elected by the establishing county board or boards and each county board shall have one vote. The directors initially elected shall serve staggered terms desig-

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nated by the electing board or boards. Thereafter, all directors shall be elected for five year terms and until their successors are elected and qualify. Each vacancy in an unexpired term shall be filled in the manner in which the original appointment was made. Each director shall be a resident of the establishing county or counties and, no director shall hold any other public office or be an officer, employee, director, shareholder, or member of any corporation, firm, or association with which the authority has entered into any operating or lease agreement. Directors may be removed by the appointing board or boards for the reasons and in the manner prescribed by section 462.435, and shall receive no compensation other than reimbursement for expenses incurred in the performance of their duties. Directors shall have no personal liability for corporate obligations of the authority or the methods of enforcement and collection thereof.

Subd. 4. Rural development financing authorities shall have no capital stock and sections 362A.01 to 362A.08 shall constitute their articles of incorporation. An authority may adopt bylaws consistent with sections 362A.01 to 362A.08.

[1971 c 920 s 1; 1978 c 667 s 10]

362A.02 FINANCING PROJECTS AND FACILITIES. An authority may provide funds for its purposes by using the following methods or any combination thereof:

(1) Issuing bonds of the authority as authorized by section 362A.03, subdivision 1; and

(2) Issuing notes of the authority as authorized by section 362A.03, subdivision 2.

[1971 c 920 s 2; 1973 c 35 s 65]

362A.03 ISSUANCE OF BONDS AND NOTES. Subdivision 1. For the purposes authorized in section 362A.01, subdivision 2, the authority may issue bonds and execute mortgages and contracts, pledge revenues, and enter into covenants and agreements for the security thereof in the same manner and subject to the same conditions as a municipality under the provisions of chapter 474, and all present and future laws amending and supplementing that chapter, except as otherwise and additionally provided in sections 362A.01 to 362A.08. Net rentals and other charges payable to the authority by the operator or lessee of any project and pledged by the authority for payment of its bonds and interest thereon, and for the creation and maintenance of reserves therefor, may in its discretion be reduced by amounts not exceeding the payments actually received by the authority from the other sources described in sections 362A.01 to 362A.08.

Subd. 2. The authority shall have the power from time to time to issue notes, and from time to time to issue renewal notes herein referred to as notes, for any purpose or purposes for which bonds may be issued, whenever the authority shall determine the payment thereof can be made in full from any moneys or revenues which the authority expects to receive from any source. Such notes may, among other things, be issued to provide funds to pay preliminary costs of surveys, plans, development, or other matters relating to any proposed or existing project. The authority may pledge such moneys or revenues, subject to any other pledge thereof, for the payment of the notes and may in addition secure the notes in the same manner and with the same effect as herein provided for bonds and may also secure the notes by the personal guarantee of property owners within a benefited area. The authority shall have the power to make contracts for the future sale from time to time of the notes, by which the purchaser shall be committed to purchase the notes from time to time on terms and conditions stated in such contracts. The authority may pay such consideration as it shall deem proper for such commitments.

[1971 c 920 s 3]

362A.04 PROCESSING AGREEMENT. The authority may enter into agreements with owners of agricultural land, within or outside the state, providing for payment of charges for the use and availability of any project for processing products of such land, to pay part or all of the capital cost incurred by the authority. The charges may be made payable in fixed amounts, or in installments with interest at an agreed rate, or in amounts proportionate to the volume of products processed from time to time, or in any combination of these ways. Such agreements may bind landowners to devote a specified acreage to production for processing by the project, or the authority and the operator of the project to cause specified quantities to be processed, or

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both, for such periods as may be agreed. Charges payable by landowners to the authority under such agreements may be pledged by it to pay or guarantee the payment of its bonds, or may be used by the authority for the purposes stated in section 362A.01, subdivision 2.

[1971 c 920 s 4]

362A.05 AGREEMENTS FOR RESERVATION OF TAX INCREMENTS. The authority may enter into an agreement with any county in which a project is to be situated, under which the increment of taxable value of property to be created by the project, over and above the taxable value of the project site as last finally determined before the project was undertaken, may be excluded from the taxable value of property on which the mill rate of taxes is computed in every subsequent year, for so long as may be agreed, but the aggregate mill rate of taxes levied by the county and all other taxing districts on other properties in each such year shall be spread also on the incremental taxable value of the project, and the tax resulting therefrom, when collected, shall be remitted to the authority, and may be pledged, together with charges or special assessments, to pay or guarantee the payment of its bonds, or may be used by the authority for the purposes stated in section 362A.01, subdivision 2. Every county shall have the power by resolution of the county board to do all acts and things necessary for the computation, segregation, and application of tax increments under agreements made with the authority in accordance with this section.

[1971 c 920 s 5]

362A.06 APPROVAL BY COMMISSIONER OF ECONOMIC DEVELOPMENT. Any authority contemplating the exercise of the powers granted by sections 362A.01 to 362A.08 may apply to the commissioner of economic development for information, advice, and assistance. No authority shall undertake any project herein authorized until the commissioner has approved the project, on the basis of such preliminary information as he may require, as tending to further the purposes and policies of sections 362A.01 to 362A.08. The commissioner is authorized to handle such preliminary information in a confidential manner, to the extent requested by the authority. Such approval shall not be deemed to be an approval by the commissioner or the state of the feasibility of the project or the terms of the lease to be executed or the bonds to be issued therefor, and the commissioner shall so state in communicating such approval.

[1971 c 920 s 6]

362A.07 STATE AND COUNTY NOT LIABLE ON BONDS. The bonds and other obligations of an authority shall not be the debt of the state of Minnesota or of any county or political subdivision. Interest paid on bonds or notes issued pursuant to sections 362A.01 to 362A.08 shall not be included in gross income for the purpose of computing any tax imposed by chapter 290, or any act amendatory thereof or supplemental thereto.

[1971 c 920 s 7]

362A.08 CITATION. Sections 362A.01 to 362A.08 may be cited as the Minnesota rural development finance authority act.

[1971 c 920 s 8]