

CHAPTER 474

MUNICIPAL INDUSTRIAL DEVELOPMENT ACT

474.01	Citation; policies, purposes and findings; participation by municipalities.	474.09	Limitation of powers by resolution or ordinance.
474.02	Definitions.	474.10	Source of payment for bonds.
474.03	Powers.	474.11	Bondholders' rights and remedies.
474.04	Authorization of projects and bonds.	474.12	Exclusion of interest on bonds from gross income.
474.05	Determination of cost of project.	474.13	Powers additional and supplemental application of existing laws and rules.
474.06	Manner of issuance of bonds; interest rate.	474.15	Applicability of certain provisions of chapter 462.
474.07	Temporary loans.		
474.08	Validity of bonds; presumption.		

474.01 CITATION; POLICIES, PURPOSES AND FINDINGS; PARTICIPATION BY MUNICIPALITIES.

Subdivision 1. This chapter may be cited as the Minnesota municipal industrial development act. Its purposes and the conditions creating the necessity for its enactment are found and determined by the legislature to be as stated in this section.

Subd. 2. The welfare of the state requires the active promotion, attraction, encouragement, and development of economically sound industry and commerce through governmental action for the purpose of preventing, so far as possible, the emergence of blighted and marginal lands and areas of chronic unemployment. It is the policy of the state to facilitate and encourage action by local government units to prevent the economic deterioration of such areas to the point where the process can be reversed only by total redevelopment through the use of local, state, and federal funds derived from taxation, with the attendant necessity of relocating displaced persons and of duplicating public services in other areas.

Subd. 3. A primary factor necessitating such action is technological change in agriculture, mining, forestry, and other traditional industries of the state, the effect of which is to shift to a significant degree the area of opportunity for educated youth to processing, transporting, marketing, service, and other industries. Unless existing and related industries are retained and new industries are developed to use the available resources in each community, a large part of the existing investment of these communities and of the state as a whole in educational and public service facilities will be lost. For the future, the resulting movement of talented, educated personnel of mature age to areas where their services may be effectively used and compensated, and the lessening attraction of persons and businesses from other areas for purposes of industry, commerce, and tourism, will deprive the community and the state of the economic and human resources needed as a base for providing governmental services and facilities for the remaining population.

Subd. 4. Other factors necessitating such action are the increasing concentration of population in urban and metropolitan areas; the consequent increase in the amount and cost of governmental services required in these areas; the energy crisis and energy cost escalation, and their contribution to unemployment, rising interest rates, balance of payments deficits and increased welfare payments to cover rising fuel costs and the increased costs of fuel intensive necessities; and the need for more intensive development and use of land to provide an adequate tax base to finance these costs. The effect of these factors is intensified by the necessity of withdrawing land for public use for highways, parks and open space reserves, schools and playgrounds, and other public enterprises needed to sustain proper living conditions, communications, and mobility in an increasingly urban society.

Subd. 5. Through the authorization and creation of housing and redevelopment authorities, port authorities, and area and municipal redevelopment agencies the legislature has sought to provide monetary aids for the redevelopment of blighted areas, marginal lands, and areas of substantial and persistent unemployment. By the use of the powers and procedures described in this chapter, it is believed that local government units may in many cases prevent the occurrence of the conditions requiring redevelopment, and may be able to reduce substantially the cost of redevelopment when it becomes necessary.

It is also the purpose of this chapter to permit the exercise of these powers by such units, authorities and agencies, in addition to any powers granted and without regard to any limitations imposed by any other law, to aid in the redevelopment of existing areas of blight, marginal land, and substantial and persistent unemployment.

Subd. 6. In order to further these purposes and policies the commissioner of energy, planning and development shall investigate, shall assist and advise municipalities, and shall report to the governor and the legislature concerning the operation of this chapter and the projects undertaken hereunder, and shall have all of the powers and duties in connection therewith which are granted to him by chapter 362 with respect to other aspects of business development and research.

Subd. 7. Any municipality or redevelopment agency contemplating the exercise of the powers granted by this chapter may apply to the commissioner of energy, planning and development for information, advice, and assistance. The commissioner is authorized to handle such preliminary information in a confidential manner, to the extent requested by the municipality.

Subd. 7a. No municipality or redevelopment agency shall undertake any project authorized by this chapter, except a project referred to in section 474.02, subdivision 1f, unless its governing body finds that the project furthers the purposes stated in this section, nor until the commissioner of energy, planning and development has approved the project, on the basis of preliminary information which the commissioner may require, as tending to further the purposes and policies of this chapter. Approval shall not be deemed to be an approval by the commissioner of energy, planning and development or the state of the feasibility of the project or the terms of the revenue agreement to be executed or the bonds to be issued therefor, and the commissioner shall state this in communicating approval.

Subd. 7b. Prior to submitting an application to the commissioner of energy, planning and development requesting approval of a project pursuant to subdivision 7a, the governing body or a committee of the governing body of the municipality or redevelopment agency shall conduct a public hearing on the proposal to undertake and finance the project. Notice of the time and place of hearing, and stating the general nature of the project and an estimate of the principal amount of bonds or other obligations to be issued to finance the project, shall be published at least once not less than 15 days nor more than 30 days prior to the date fixed for the hearing, in the official newspaper and a newspaper of general circulation of the municipality or redevelopment agency. The notice shall state that a draft copy of the proposed application to the commissioner of energy, planning and development, together with all attachments and exhibits thereto, shall be available for public inspection following the publication of the notice and shall specify the place and times where and when it will be so available. At the time and place fixed for the public hearing, the governing body of the municipality or the redevelopment agency shall give all parties who appear at the hearing an opportunity to express their views with respect to the proposal to undertake and finance the project. Following the completion of the public hearing, the governing body of the municipality or redevelopment agency shall adopt a resolution

determining whether or not to proceed with the project and its financing and may thereafter apply to the commissioner of energy, planning and development for approval of the project.

Subd. 8. Each municipality and redevelopment agency upon entering into a revenue agreement, except one pertaining to a project referred to in section 474.02, subdivision 1f, shall furnish the commissioner of energy, planning and development on the forms the commissioner may prescribe the following information concerning the project: The name of the contracting party, the nature of the enterprise, the location, approximate number of employees, the general terms and nature of the revenue agreement, the amount of bonds or notes issued, and other information the commissioner may deem advisable. The commissioner shall keep a record of the information which shall be available to the public at times the commissioner shall prescribe.

Subd. 9. The welfare of the state further requires the provision of necessary health care facilities, to the end that adequate health care services be made available to residents of the state at reasonable cost.

Subd. 10. The welfare of the state further requires the provision of county jail facilities for the purpose of providing adequately for the care, control, and safeguarding of civil rights of prisoners.

History: 1967 c 297 s 1; 1967 c 299 s 9; Ex1971 c 31 art 24 s 1; 1975 c 422 s 1-5; 1977 c 420 c 1,2; 1978 c 609 s 4; 1979 c 306 s 9,10; 1980 c 480 s 1; 1980 c 516 s 2; 1980 c 595 s 9; 1980 c 597 s 2-4; 1981 c 356 s 243-245; 1982 c 405 s 2,3

474.02 DEFINITIONS.

Subdivision 1. The term "project" as used in sections 474.01 to 474.13, unless a different meaning clearly appears from the context, means any properties, real or personal, used or useful in connection with a revenue producing enterprise, or any combination of two or more such enterprises engaged or to be engaged in generating, transmitting, or distributing electricity, assembling, fabricating, manufacturing, mixing, processing, storing, warehousing, or distributing any products of agriculture, forestry, mining, or manufacture, or in research and development activity in this field. The term "project" shall also include any properties, real or personal, used or useful in the abatement or control of noise, air or water pollution, or in the disposal of solid wastes, in connection with a revenue producing enterprise, or any combination of two or more such enterprises engaged or to be engaged in any business or industry. The term "project" shall also mean any properties, real or personal, used or useful in connection with the business of telephonic communications, conducted or to be conducted by a telephone company, including, without limitation, toll lines, poles, cables, switching and other electronic equipment and administrative, data processing, garage and research and development facilities. The term "project" also means any properties, real or personal, used or useful in connection with a district heating system, consisting of the use of one or more energy conversion facilities to produce hot water or steam for distribution to homes and businesses, including cogeneration facilities, distribution lines, service facilities and retrofit facilities for modifying the user's heating or water system to use the heat energy converted from the steam or hot water.

Subd. 1a. The term project shall also include any properties, real or personal, used or useful in connection with a revenue producing enterprise, or any combination of two or more such enterprises engaged in any business.

Subd. 1b. In furtherance of the purpose specified in sections 301A.02 and 474.01, the term "project" shall include any properties, real or personal, used or useful for the promotion of tourism in the state. Properties may include hotels, motels, lodges, resorts, recreational facilities of the type which may be acquired under section 471.191, and related facilities.

Subd. 1c. The term "project" shall also include any properties, real or personal, whether or not now in existence, used or useful in connection with a revenue producing enterprise, whether or not operated for profit, engaged in providing health care services, including, without limitation, hospitals, nursing homes, and related medical facilities.

Subd. 1d. Notwithstanding any provision of this chapter, the term "project" shall not include any property to be sold or to be affixed to or consumed in the production of property for sale, and shall not include any housing facility to be rented or used as a permanent residence.

Subd. 1e. The term "project" also means the activities of any revenue producing enterprise involving the construction, fabrication, sale or leasing of equipment or products to be used in gathering, processing, generating, transmitting or distributing solar, wind, geothermal, biomass, agricultural or forestry energy crops, or other alternative energy sources for use by any person or any residential, commercial, industrial or governmental entity in heating, cooling or otherwise providing energy for a facility owned or operated by that person or entity.

Subd. 1f. The term "project" shall also include any properties, real or personal, used or useful in connection with a county jail or county regional jail, the plans for which are approved by the commissioner of corrections; provided that the provisions of section 474.03, clauses (6) and (12) shall not apply to such projects.

Subd. 2. "Municipality" means any city and any town described in section 368.01 and any county where the project is located outside the boundaries of a city or a town described in section 368.01. In all cases in which a project involves telephonic communications conducted by or to be conducted by a telephone company, or 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, "municipality" also means any county.

Subd. 3. "Redevelopment agency" means any port authority referred to in chapter 458, or any city authorized by general or special law to exercise the powers of a port authority; any housing and redevelopment authority referred to in chapter 462 or any body authorized to exercise the powers of a housing and redevelopment authority; and any area or municipal redevelopment agency referred to in chapter 472.

Subd. 4. "Telephone company" means any person, firm, association, including a cooperative association formed pursuant to chapter 308, or corporation, excluding municipal telephone companies, operating for hire any telephone line, exchange or system, wholly or partly within this state.

Subd. 5. "Contracting party" means any party to a revenue agreement except the municipality or redevelopment agency.

Subd. 6. "Revenues" of a project include payments under a revenue agreement, or under notes, debentures, bonds and other secured or unsecured debt obligations of a contracting party.

Subd. 7. "Revenue agreement" means any written agreement between a municipality or redevelopment agency and a contracting party with respect to a project, whereby the contracting party agrees to pay to the municipality or redevelopment agency or its order amounts sufficient at all times to pay when due the principal of, premium, if any, and interest on all bonds issued by the municipality or redevelopment agency with respect to that project. A revenue agreement may be in the form of a lease, mortgage, direct or installment sale contract, loan agreement, take or pay or similar agreement, and be secured in such manner as the parties agree or be unsecured. A revenue agreement must satisfy the requirements of section 474.03, clause (3).

MINNESOTA STATUTES 1982

Subd. 8. "Trustee" means any corporation, bank or other entity authorized under any law of the United States or of any state to exercise trust powers, or any natural person, or any one or more of them, acting as trustee, co-trustee or successor trustee under an indenture pursuant to designation of the municipality or redevelopment agency.

Subd. 9. "Alternative energy" means any energy source which does not depend upon nuclear fuel or nonrenewable fossil fuel, or which makes available another energy source which currently is wasted and which includes, but is not limited to, cogeneration or district heating.

History: 1967 c 297 s 2; Ex1971 c 31 art 24 s 2,3; 1973 c 314 s 1; 1974 c 288 s 1; 1974 c 338 s 1-3; 1974 c 430 s 1; 1975 c 422 s 6-12; 1978 c 609 s 5; 1978 c 667 s 11; 1979 c 306 s 11; 1980 c 480 s 2,3; 1980 c 509 s 155; 1980 c 597 s 5; 1981 c 334 s 8; 1982 c 523 art 37 s 1

474.03 POWERS.

Any municipality or redevelopment agency, in addition to the powers prescribed elsewhere by the laws of this state, shall have the power to:

(1) Acquire, construct, and hold any lands, buildings, easements, water and air rights, improvements to lands and buildings, and capital equipment to be located permanently or used exclusively on a designated site and solid waste disposal and pollution control equipment, and alternative energy equipment and inventory, regardless of where located, which are deemed necessary in connection with a project to be situated within the state, whether wholly or partially within or without the municipality or redevelopment agency, and construct, reconstruct, improve, better, and extend the project;

(2) Issue revenue bonds, in anticipation of the collection of revenues of the project, to finance, in whole or in part, the cost of the acquisition, construction, reconstruction, improvement, betterment, or extension thereof and, in the case of an alternative energy project, in addition to the other powers granted by this chapter, to finance the acquisition and leasing or sale of equipment and products to others;

(3) Issue revenue bonds to pay, purchase or discharge all or any part of the outstanding indebtedness of a contracting party engaged primarily in the operation of one or more nonprofit hospitals or nursing homes, theretofore incurred in the acquisition or betterment of its existing hospital or nursing home facilities, including, to the extent deemed necessary by the governing body of the municipality or redevelopment agency, any unpaid interest on the indebtedness accrued or to accrue to the date on which such indebtedness is finally paid; and any premium the governing body of the municipality or redevelopment agency determines to be necessary to be paid to pay, purchase or defease the outstanding indebtedness; if revenue bonds are issued for this purpose, the refinancing and the existing properties of the contracting party shall be deemed to constitute a project under section 474.02, subdivision 1c. Industrial revenue bonds shall only be available under this provision if the commissioner of energy, planning and development has been shown that a reduction in debt service charges to patients and third party payors will occur. All reductions in debt service charges pursuant to this program shall be passed on to patients and third party payors. These industrial revenue bonds may not be used for any purpose not consistent with the provisions of chapter 256B;

Nothing in this subdivision is intended to prohibit the use of revenue bond proceeds to pay outstanding indebtedness of a contracting party to the extent now permitted by law;

MINNESOTA STATUTES 1982

8147

MUNICIPAL INDUSTRIAL DEVELOPMENT ACT 474.03

(4) Enter into a revenue agreement with any person, firm, or public or private corporation or federal or state governmental subdivision or agency in such manner that payments required thereby to be made by the contracting party shall be fixed, and revised from time to time as necessary, so as to produce income and revenue sufficient to provide for the prompt payment of principal of and interest on all bonds issued hereunder when due, and the revenue agreement shall also provide that the contracting party shall be required to pay all expenses of the operation and maintenance of the project including, but without limitation, adequate insurance thereon and insurance against all liability for injury to persons or property arising from the operation thereof, and all taxes and special assessments levied upon or with respect to the project and payable during the term of the revenue agreement, during which term a tax shall be imposed and collected pursuant to the provisions of section 272.01, subdivision 2, for the privilege of using and possessing the project, in the same amount and to the same extent as though the contracting party were the owner of all real and personal property comprising the project;

(5) Pledge and assign to the holders of the bonds or a trustee therefor all or any part of the revenues of one or more projects and define and segregate the revenues or provide for the payment thereof to a trustee, whether or not the trustee is in possession of the project under a mortgage or otherwise;

(6) Mortgage or otherwise encumber the projects in favor of the municipality or redevelopment agency, the holders of the bonds, or a trustee therefor, provided that in creating any the mortgages or encumbrances a municipality or redevelopment agency shall not have the power to obligate itself except with respect to the project;

(7) Make all contracts, execute all instruments, and do all things necessary or convenient in the exercise of the powers herein granted, or in the performance of its covenants or duties, or in order to secure the payment of its bonds; including, but without limitation, a contract entered into prior to the construction of the project authorizing the contracting party, subject to such terms and conditions as the municipality or redevelopment agency shall find necessary or desirable and proper, to provide for the construction, acquisition, and installation of the buildings, improvements, and equipment to be included in the project by any means available to the contracting party and in the manner determined by the contracting party and without advertisement for bids as may be required for the construction or acquisition of other municipal facilities;

(8) Enter into and perform such contracts and agreements with other municipalities, political subdivisions, and state agencies, authorities, and institutions as the respective governing bodies of the same may deem proper and feasible for or concerning the planning, construction, lease, purchase, mortgaging or other acquisition, and the financing of a project, and the maintenance thereof, including an agreement whereby one municipality issues its revenue bonds in behalf of one or more other municipalities pursuant to revenue agreements with the same or different contracting parties, which contracts and agreements may establish a board, commission, or such other body as may be deemed proper for the supervision and general management of the facilities of the project; provided, no municipality or redevelopment agency shall enter into or perform any contract or agreement with any school district under which the municipality or redevelopment agency issues its revenue bonds or otherwise provides for the construction of school facilities and the school leases or otherwise acquires these facilities;

(9) Accept from any authorized agency of the federal government loans or grants for the planning, construction, acquisition, leasing, purchase, or other provision of any project, and enter into agreements with the agency respecting the loans or grants;

MINNESOTA STATUTES 1982

(10) Sell and convey all properties acquired in connection with the projects, including without limitation the sale and conveyance thereof subject to the mortgage as herein provided, and the sale and conveyance thereof under an option granted to the lessee of the project, for such price, and at such time as the governing body of the municipality or redevelopment agency may determine, provided, however, that no sale or conveyance of the properties shall ever be made in such manner as to impair the rights or interests of the holder, or holders, of any bonds issued under the authority of this chapter;

(11) Issue revenue bonds to refund, in whole or in part, bonds previously issued by the municipality or redevelopment agency under authority of this chapter;

(12) If so provided in the revenue agreement, terminate the agreement and re-enter or repossess the project upon the default of the contracting party, and operate, lease, or sell the project in such manner as may be authorized or required by the provisions of the revenue agreement or of the resolution or indenture securing the bonds issued for the project; any revenue agreement which includes provision for a conveyance of real estate to the contracting party may be terminated in accordance with the revenue agreement, notwithstanding that the revenue agreement may constitute an equitable mortgage provided that no municipality or redevelopment agency shall have power otherwise to operate any project referred to in this chapter as a business or in any manner whatsoever, and nothing herein authorizes any municipality or redevelopment agency to expend any funds on any project herein described, other than the revenues of the projects, or the proceeds of revenue bonds and notes issued hereunder, or other funds granted to the municipality or redevelopment agency for the purposes herein contemplated, except as may be otherwise permitted by law and except to enforce any right or remedy under any revenue agreement or related agreement for the benefit of the bondholders or for the protection of any security given in connection with a revenue agreement, provided that the public cost of redevelopment of land paid by a city or its redevelopment agency shall not be deemed part of the cost of any project situated on the land;

(13) Invest or deposit, or authorize a trustee to invest or deposit, any money on hand in funds or accounts established in connection with a project or payment of bonds issued therefor, to the extent they are not presently needed for the purposes for which such funds or accounts were created, in accordance with section 471.56, as amended;

(14) Waive or require the furnishing of a contractors payment and performance bond of the kind described in section 574.26 and if the bond shall be required, then the provisions of chapter 514 relating to liens for labor and materials, shall not be applicable in respect of any work done or labor or materials supplied for the project, and if the bond be waived then the said provisions of chapter 514 shall apply in respect of work done or labor or materials supplied for the project; and

(15) Exempt from property taxes on a nonresidential building constructed for sale or rent in a project until the building is first sold, occupied or rented, whichever occurs first, up to a maximum of four years, provided that the exemption must be provided before October 10 of the levy year.

History: 1967 c 297 s 3; 1973 c 314 s 2; 1975 c 422 s 13; 1978 c 609 s 6; 1979 c 147 s 2; 1979 c 306 s 12; 1980 c 480 s 4; 1980 c 516 s 2; 1Sp1981 c 4 art 1 s 53; 1982 c 405 s 4; 1982 c 523 art 37 s 2; 1982 c 614 s 10

NOTE: The amendment to this section by Laws 1982, Chapter 614, Section 10 is effective March 15, 1984. See Laws 1982, Chapter 614, Section 13.

474.04 AUTHORIZATION OF PROJECTS AND BONDS.

The acquisition, construction, reconstruction, improvement, betterment, or extension of any project, the execution of any revenue agreement or mortgage pertaining thereto, and the issuance of bonds in anticipation of the collection of the revenues of such project to provide funds to pay for the cost thereof, may be authorized by an ordinance or resolution of the governing body adopted at a regular or duly called special meeting thereof by the affirmative vote of a majority of its members. No election shall be required to authorize the use of any of the powers conferred by this chapter. No lease of any project shall be subject to the provisions of section 504.02, unless expressly so provided in the lease.

History: 1967 c 297 s 4; Ex1971 c 31 art 24 s 4; 1973 c 314 s 3; 1975 c 422 s 14

474.05 DETERMINATION OF COST OF PROJECT.

In determining the cost of a project, the governing body may include all cost and estimated cost of the acquisition, construction, reconstruction, improvement, betterment, and extension of the project, all engineering, inspection, fiscal, legal, administrative, and printing expense, the interest which it is estimated will accrue during the construction period and for six months thereafter on money borrowed or which it is estimated will be borrowed pursuant to this chapter, and bond reserves and premiums for insurance of lease rentals pledged to pay the bonds.

History: 1967 c 297 s 5; Ex1971 c 31 art 24 s 5; 1975 c 422 s 15

474.06 MANNER OF ISSUANCE OF BONDS; INTEREST RATE.

Bonds authorized under this chapter shall be issued in accordance with the provisions of chapter 475 relating to bonds payable from income of revenue producing conveniences, except that public sale shall not be required, and the bonds may mature at any time or times in such amount or amounts within 30 years from date of issue and may be sold at a price equal to such percentage of the par value thereof, plus accrued interest, and bearing interest at such rate or rates, as may be agreed by the contracting party, the purchaser, and the municipality or redevelopment agency, notwithstanding any limitation of interest rate or cost or of the amounts of annual maturities contained in any other law. When bonds authorized under this chapter are issued, they shall state whether they are issued for a project defined in section 474.02, subdivisions 1, 1a, 1b, or 1c. The rate of interest payable on bonds issued pursuant to this section after December 31, 1985, shall not exceed nine percent per year.

History: 1967 c 297 s 6; 1969 c 1061 s 1; Ex1971 c 31 art 24 s 6; 1973 c 314 s 4; 1974 c 288 s 2; 1975 c 422 s 16; 1978 c 609 s 7; 1980 c 607 art 8 s 1; 1982 c 523 art 3 s 1

474.07 TEMPORARY LOANS.

The governing body shall have the power, after the authorization of bonds pursuant to section 474.04, to provide funds immediately required for the purpose and not exceeding the amount of such bonds, by effecting temporary loans upon such terms as it shall by resolution determine, evidenced by notes subject to the provisions of section 474.10, due in not exceeding 24 months from the date thereof, payable to the order of the lender or to bearer, to be repaid with interest from the proceeds of such bonds when issued and delivered to the purchaser thereof. Such temporary loans may be made without any public advertisement.

History: 1967 c 297 s 7

474.08 VALIDITY OF BONDS; PRESUMPTION.

The validity of bonds or notes issued hereunder shall not be dependent on nor be affected by the validity or regularity of any proceedings relating to the acquisition, purchase, construction, reconstruction, improvement, betterment, or extension of the project for which the same are issued. The ordinance or resolution authorizing such bonds or notes may provide that the bonds or notes shall contain a recital that they are issued pursuant to this chapter, and such recital shall be conclusive evidence of their validity and of the regularity of their issuance.

History: 1967 c 297 s 8; 1975 c 422 s 17

474.09 LIMITATION OF POWERS BY RESOLUTION OR ORDINANCE.

Any ordinance, resolution, revenue agreement, indenture or other instrument authorizing the issuance of bonds under this chapter to finance, in whole or in part, the acquisition, construction, reconstruction, improvement, betterment, or extension of any project may contain covenants, notwithstanding that such covenants may limit the exercise of powers conferred by this chapter as to:

(1) The rents or installment payments to be charged for the use or purchase of properties acquired, constructed, reconstructed, improved, bettered, or extended under the authority of this chapter;

(2) The use and disposition of the revenues of such projects;

(3) The creation and maintenance of sinking funds and the regulation, use, and disposition thereof;

(4) The creation and maintenance of funds to provide for maintaining the project and replacement of properties depreciated, damaged, destroyed, or condemned;

(5) The purpose, or purposes, to which the proceeds of sale of bonds may be applied and the use and disposition of such proceeds;

(6) The nature of mortgages or other encumbrances on the project;

(7) The events of default and the rights and liabilities arising thereon and the terms and conditions upon which the holders of bonds may bring any suit or action on such bonds or on any coupons appurtenant thereto;

(8) The issuance of other or additional bonds or instruments payable from or constituting a charge against the revenue of the project;

(9) The insurance to be carried upon the project and the use and disposition of insurance moneys;

(10) The keeping of books of account and the inspection and audit thereof;

(11) The terms and conditions upon which any or all of the bonds shall become or may be declared due before maturity and the terms and conditions upon which such declaration and its consequences may be waived;

(12) The rights, liabilities, powers, and duties arising upon the breach by the municipality or redevelopment agency of any covenants, conditions, or obligations;

(13) The vesting in a trustee or trustees of the right to enforce any covenants made to secure or to pay the bonds; the powers and duties of such trustee or trustees, and the limitation of his or its liabilities;

(14) The terms and conditions upon which the holder or holders of the bonds, or the holders of any proportion or percentage of them, may enforce any covenants made under this chapter or any duties imposed thereby;

(15) A procedure by which the terms of any ordinance or resolution authorizing bonds or of any other contract with bondholders, including, but not limited to, an indenture of trust or similar instrument, may be amended or abrogated, and the

amount of bonds the holders of which must consent thereto, and the manner in which such consent may be given; and

(16) The subordination of the security of any bonds issued hereunder and the payment of principal and interest thereof, to the extent deemed feasible and desirable by the governing body, to other bonds or obligations of the municipality or redevelopment agency issued to finance the project or that may be outstanding when the bonds thus subordinated are issued and delivered.

History: 1967 c 297 s 9; 1973 c 314 s 5; 1975 c 422 s 18

474.10 SOURCE OF PAYMENT FOR BONDS.

Subdivision 1. Revenue bonds issued under this chapter shall not be payable from nor charged upon any funds other than the revenue pledged to the payment thereof, except as provided in this section, nor shall the municipality or redevelopment agency issuing the same be subject to any liability thereon. No holder or holders of such bonds shall ever have the right to compel any exercise of the taxing power of the municipality or redevelopment agency to pay any such bonds or the interest thereon, except as provided in subdivision 2, nor to enforce payment thereof against any property of the municipality or redevelopment agency except those projects, or portions thereof, mortgaged or otherwise encumbered under the provisions and for the purpose of this chapter.

Subd. 2. Any municipality or redevelopment agency may request the county auditor of the county in which a project is situated to certify the original taxable value of the real property included therein and the tax increments realized each year after the commencement of the project, as defined in section 462.585, and shall be entitled to receive, use, and pledge such tax increments for the further security of the revenue bonds issued to finance the project, in either of the following ways:

(1) To pay premiums for insurance guaranteeing the payment of net rentals when due under the project lease; or

(2) To accumulate and maintain a reserve securing the payment when due of the principal of and interest on the bonds.

The provisions of this subdivision shall not apply to a project, certification of which is requested subsequent to August 1, 1979.

Subd. 3. Tax increments with respect to any industrial development project shall be segregated and specially accounted for by the county treasurer until all bonds issued to finance the project have been fully paid; but the county treasurer shall remit the same to the municipality or redevelopment agency only in the amount certified to him to be required for any of the purposes stated in subdivision 2. The amount so needed shall be certified annually to the county auditor and treasurer by the municipality or redevelopment agency on or before October 1. Any tax increment remaining in any year after such remittance shall, when collected, be distributed among all of the taxing districts levying taxes on the project area, in proportion to the amounts so levied by them, respectively. The provisions of this subdivision shall not apply to a project, certification of which is requested subsequent to August 1, 1979.

Subd. 4. Such bonds shall not constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the municipality or redevelopment agency, except those projects, or portions thereof, mortgaged or otherwise encumbered under the provisions and for the purposes of this chapter. Each bond issued hereunder shall recite in substance that the bond, including interest thereon, is payable solely from the revenue pledged to the payment thereof, but may contain a reference to the lease insurance or bond reserve for which the tax increment is pledged and appropriated. No such bond shall constitute a debt of the municipal-

ity or redevelopment agency within the meaning of any constitutional or statutory limitation. However, nothing herein shall impair the rights of holders of bonds issued hereunder to enforce covenants made for the security thereof as provided in section 474.11.

History: 1967 c 297 s 10; 1969 c 1061 s 2; 1975 c 422 s 19,20; 1979 c 322 s 23,24

474.11 BONDHOLDERS' RIGHTS AND REMEDIES.

Subject to any contractual limitations binding upon the holders of any issue of revenue bonds, or a trustee therefor, including but not limited to the restriction of the exercise of any remedy to a specified proportion or percentage of such holders, any holder of bonds, or any trustee therefor, for the equal benefit and protection of all bondholders similarly situated, may:

(1) By suit, action, or proceeding at law or in equity, enforce his or its rights against the municipality or redevelopment agency and its governing body and any of its officers, agents, and employees, and may require and compel such municipality or redevelopment agency or such governing body or any such officers, agents, or employees to perform and carry out its and their duties and obligations under this chapter and its and their covenants and agreements with bondholders;

(2) By action require the municipality or redevelopment agency and the governing body thereof to account as if they were the trustees of an express trust;

(3) By action enjoin any acts or things which may be unlawful or in violation of the rights of the bondholders;

(4) Bring suit upon the bonds;

(5) Foreclose any mortgage or lien given under the authority of this chapter, and cause the property standing as security to be sold under any proceedings permitted by law or equity; and

(6) Exercise any right or remedy conferred by this chapter without exhausting and without regard to any other right or remedy conferred by this chapter or any other law of this state; none of which rights and remedies is intended to be exclusive of any other, and each is cumulative and in addition to every other right and remedy.

History: 1967 c 297 s 11; 1975 c 422 s 21

474.12 EXCLUSION OF INTEREST ON BONDS FROM GROSS INCOME.

Subdivision 1. Interest paid on bonds issued under authority of this chapter shall not be included in gross income for the purpose of computing any tax imposed by or under the provisions of chapter 290, or any act amendatory thereof or supplemental thereto.

Subd. 2. Notwithstanding subdivision 1, the interest paid on bonds issued under authority of this chapter and issued after June 30, 1979 shall be exempt only as provided under sections 290.01, subdivisions 20 to 20f, and 290.08, subdivision 8, for obligations of the issuing municipality.

History: 1967 c 297 s 12; 1975 c 422 s 22; 1979 c 306 s 13; 1981 c 60 s 25

474.13 POWERS ADDITIONAL AND SUPPLEMENTAL APPLICATION OF EXISTING LAWS AND RULES.

The powers conferred by this chapter shall be in addition and supplemental to the powers conferred by any other law or charter. Insofar as the provisions of any other law or charter are inconsistent herewith, the provisions hereof shall be controlling as to projects instituted under this chapter. Section 334.01 shall not apply to any interest rate charged or attributable to any obligation of a contracting

party or sublessee or subtenant of a contracting party in connection with any project for which the proceedings are conducted, wholly or partly, pursuant to this chapter. In all cases in which a project involves telephonic communications conducted by or to be conducted by a telephone company, all laws of the state, and rules and regulations of the department of public service, that apply to property owned by a telephone company including without limitation laws and regulations relating to taxation and valuation of telephone company property, shall similarly apply to any real and personal property acquired, in whole or in part, by the issuance of bonds as authorized herein and, in these cases, in the issuance of any bonds pursuant to this chapter, this chapter shall control, notwithstanding the provisions of chapter 452, or any other general or special law relating to municipal or town telephone companies.

History: 1967 c 297 s 13; 1974 c 338 s 4; 1975 c 422 s 23

474.15 APPLICABILITY OF CERTAIN PROVISIONS OF CHAPTER 462.

Property which has been acquired by a housing and redevelopment authority pursuant to the provisions of chapter 462, if sold, leased or acquired with the consent of such housing and redevelopment authority in connection with a project conducted wholly or partly pursuant to the provisions of this chapter shall be deemed to be devoted to public purposes and public uses and to conform to the project area redevelopment plan within the meaning of chapter 462, and in giving such consent the housing and redevelopment authority may waive any or all of the terms, conditions, restrictions and limitations imposed upon such property by section 462.525, and the purchaser of such property or any subsequent purchasers shall have full power to convey the property without consent of any housing and redevelopment authority and, to the extent of such waiver, free and clear of such terms, conditions, restrictions and limitations whether or not such purchaser has obligated himself as provided in section 462.525, subdivision 5.

History: 1975 c 422 s 24