

CHAPTER 474

MUNICIPAL INDUSTRIAL DEVELOPMENT ACT

474.01 Citation; policies, purposes and findings; participation by municipalities.
474.03 Powers.

474.06 Manner of issuance of bonds; interest rate.
474.12 Repealed.

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

[For text of subds 1 to 10, see M.S.1982]

Subd. 11. **Employment preference.** The welfare of the state requires that, whenever feasible, employment opportunities made available in part by sections 474.01 to 474.15 or other state law providing for financing mechanisms similar to those described in those sections should be offered to individuals who are unemployed or who are economically disadvantaged as defined in the federal Job Training Partnership Act of 1982, Statutes at Large, volume 96, page 1322. Every municipality, redevelopment agency, or other person undertaking a project financed wholly or in part by these financing mechanisms is encouraged to target employment opportunities to qualified individuals who are unemployed or economically disadvantaged. The intent of this subdivision may be accomplished by but is not limited to mechanisms such as a first source agreement in which the employer agrees to use a designated employment office as a first source for employment recruitment, referral, and placement.

Not later than July 1, 1984, and each July 1 for the succeeding three years, every municipality, redevelopment agency, or other person who undertakes a project financed wholly or in part by these financing mechanisms shall submit an employment report to the commissioner of energy and economic development. The report shall be on forms provided by the commissioner and shall include, but need not be limited to, the following information:

- (a) the total number of jobs created by the project,
- (b) the number of unemployed and economically disadvantaged persons hired, and
- (c) the average wage level of the jobs created.

History: 1983 c 289 s 113

474.03 POWERS.

Subdivision 1. **General.** Any municipality or redevelopment agency, in addition to the powers prescribed elsewhere by the laws of this state, has all powers set forth in this section.

Subd. 2. **Project acquisition.** It may 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. It may also pay part or all of the cost of an acquisition and construction by a contracting party under a revenue agreement.

Subd. 3. **Revenue bonds.** It may 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.

Subd. 4. **Refinancing health facilities.** It may 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. Revenue bonds may not be issued pursuant to this subdivision unless the application for approval of the project pursuant to section 474.01 shows that a reduction in debt service charges is estimated to result and will be reflected in charges to patients and third party payors. Proceeds of revenue bonds issued pursuant to this subdivision may not be used for any purpose inconsistent with the provisions of chapter 256B. Nothing in this subdivision prohibits the use of revenue bond proceeds to pay outstanding indebtedness of a contracting party to the extent permitted by law on March 28, 1978.

Subd. 5. **Revenue agreements.** It may enter into a revenue agreement with any person, firm, or public or private corporation or federal or state governmental subdivision or agency so that payments required thereby to be made by the contracting party are fixed and revised from time to time as necessary to produce income and revenue sufficient to provide for the prompt payment of principal of and interest on all bonds issued hereunder when due. The revenue agreement must also provide that the contracting party is 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 its operation, 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, except as provided in subdivision 17, a tax shall be imposed and collected upon the project or, 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.

Subd. 6. **Pledge of revenues.** It may 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.

Subd. 7. **Security interests.** It may mortgage or otherwise encumber or grant a security interest in any project and its revenues, or may permit a mortgage, encumbrance, or security interest to be granted by a contracting party to the revenue agreement, in favor of the municipality or redevelopment agency, the holders of the bonds, or a trustee therefor. However, in creating mortgage, encumbrance, or security interest a municipality or redevelopment agency does not have the power to obligate itself except with respect to the project and its revenues, unless otherwise specifically provided by law.

Subd. 8. Implementation of powers and covenants; construction and acquisition by contracting party. It may 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 revenue agreement authorizing the contracting party, subject to any terms and conditions the municipality or redevelopment agency finds 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 legally available to the contracting party and in the manner determined by the contracting party and without advertisement for bids unless advertisement by the contracting party is otherwise required by law.

Subd. 9. Intergovernmental agreements. It may enter into and perform contracts and agreements with other municipalities, political subdivisions, and state agencies, authorities, and institutions as the governing body of the municipality or redevelopment agency 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 other body deemed proper for the supervision and general management of the facilities of the project. However, no municipality or redevelopment agency may 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.

Subd. 10. Federal loans and grants. It may 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.

Subd. 11. Conveyance of projects. It may sell and convey all properties acquired in connection with projects, including without limitation the sale and conveyance thereof subject to a mortgage, or the sale and conveyance thereof under an option granted to the lessee of the project, for the price, and at the time the governing body of the municipality or redevelopment agency determines. However, no sale or conveyance of the properties may be made in a manner that impairs the rights or interests of the holders of any bonds issued under the authority of this chapter.

Subd. 12. Refunding. It may issue revenue bonds to refund, in whole or in part, bonds previously issued by the municipality or redevelopment agency under authority of this chapter, and interest on them.

Subd. 13. Termination of revenue agreement. If so provided in the revenue agreement, it may 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 the manner 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.

Subd. 14. Limitations on powers. It may not operate any project referred to in this chapter as a business or in any manner whatsoever, except as authorized in

subdivision 13. Nothing in this section authorizes any municipality or redevelopment agency to expend any funds on any project herein described, other than the revenues of the project, 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:

(1) as is otherwise permitted by law;

(2) 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; or

(3) to pay without reimbursement part or all of the public cost of redevelopment of land including the acquisition of the site of the project, which cost shall not be deemed part of the cost of the project.

Subd. 15. Investment and deposit of funds. It may invest or deposit, or authorize a trustee to invest or deposit, any proceeds of revenue bonds or notes issued pursuant to this chapter, and income from the investment of the proceeds, in any manner and upon any terms and conditions agreed to by the contracting party under the related revenue agreement, resolution, or indenture, notwithstanding chapter 118 or section 471.56 or 475.56, but subject to any statutory provisions which govern the deposit and investment of funds of a contracting party which is itself a governmental subdivision or agency.

Subd. 16. Contractor's bond and mechanics' liens. It may waive or require the furnishing of a contractor's payment and performance bond of the kind described in section 574.26, whether or not the municipality or redevelopment agency is a party to the construction contract. If the bond is required, the provisions of chapter 514 relating to liens for labor and materials are not applicable with respect to work done or labor or materials supplied for the project. If the bond is waived, the provisions of chapter 514 apply with respect to work done or labor or materials supplied for the project.

Subd. 17. Valuation of unfinished sale or rental projects. If a building is to be constructed for sale or rent to a contracting party, the building is exempt from taxation as public property exclusively used for a public purpose until the building is first conveyed or first occupied by the lessee, in whole or in part, whichever occurs first, up to a maximum of four years from the date of issue of bonds or notes for the project, provided that the exemption must be applied for before October 10 of the year of the levy of the first taxes to which the exemption applies.

History: 1983 c 216 art 1 s 71; 1983 c 365 s 1

474.06 MANNER OF ISSUANCE OF BONDS; INTEREST RATE.

Bonds authorized under this chapter must be issued in accordance with the provisions of chapter 475 relating to bonds payable from income of revenue producing conveniences, except that public sale is not required, and the bonds may mature at the time or times in such amount or amounts within 30 years from date of issue and may be sold at a price equal to the percentage of the par value thereof, plus accrued interest, and bearing interest at the rate or rates 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, and bonds issued to refund bonds previously issued pursuant to this chapter may be issued in amounts as may be determined by the municipality or redevelopment agency notwithstanding the provisions of section 475.67, subdivision 3.

History: 1983 c 365 s 2

474.12 [Repealed, 1983 c 213 s 25]