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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 409

02/07/2013 Authored by Norton; Davids; Benson, M.; Liebling; Mahoney and others
The bill was read for the first time and referred to the Committee on Jobs and Economic Development Finance and Policy
02/18/2013 Adoption of Report: Pass and re-referred to the Committee on Government Operations
02/28/2013 Adoption of Report: Pass as Amended and re-referred to the Committee on Taxes
04/04/2013 Adoption of Report: Amended and re-referred to the Committee on Capital Investment without further recommendation

1.1 A bill for an act
1.2 relating to economic development; establishing a medical center development
1.3 authority and providing for its organization, powers, and duties; providing
1.4 for medical center development districts; authorizing the issuance of revenue
1.5 obligations by the authority; authorizing city bonds; authorizing state assistance;
1.6 appropriating money; proposing coding for new law in Minnesota Statutes,
1.7 chapter 469.

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

1.9 Section 1. **[469.40] PURPOSES.**

1.10 In order to secure Minnesota's status as one of the world's leading global medical
1.11 destinations now and in the future, with the city of Rochester as its hub, it is essential to
1.12 support state and local investment in the public infrastructure and related development
1.13 activities to stimulate significant private investment and development. Market forces are
1.14 driving a small number of select medical institutions to emerge worldwide as leaders in:
1.15 (1) delivering the highest quality medical care and attracting patients and visitors from
1.16 throughout the world; (2) conducting leading research and technology development; and
1.17 (3) serving as an educational platform to foster development of clinical practitioners
1.18 for the next generation of medical advancement. The city of Rochester is, and intends
1.19 to continue to be, one of those leading destination medical centers. Its existing medical
1.20 institutions must continue to make strategic capital investments to grow their patient base
1.21 and deliver the highest quality care in the world. The city must attract new, medically
1.22 related and other businesses as a means of major economic development and job growth
1.23 in the state of Minnesota. However, continued success in Minnesota of existing medical
1.24 institutions in Rochester is dependent upon the institutions' ability to attract leading
1.25 clinicians, and sustain quality access, development, programming, services, and the public

2.1 infrastructure necessary to meet the demands of a growing patient, visitor, and resident
2.2 base. Investments in public infrastructure and related development activities are needed
2.3 in order to support and attract significant private capital investments and the anticipated
2.4 growth in patient and visitor traffic to Rochester and the surrounding area.

2.5 Sec. 2. **[469.41] DEFINITIONS.**

2.6 Subdivision 1. **Generally.** In sections 469.41 to 469.53, the terms defined in this
2.7 section have the meanings given them, unless the context indicates a different meaning.

2.8 Subd. 2. **Authority.** "Authority" means the Rochester Area Medical Center
2.9 Development Authority established in section 469.42.

2.10 Subd. 3. **City.** "City" means the city of Rochester, Minnesota.

2.11 Subd. 4. **County.** "County" means Olmsted County, Minnesota.

2.12 Subd. 5. **Development; developing.** "Development" includes redevelopment,
2.13 and "developing" includes redeveloping.

2.14 Subd. 6. **Development plan.** "Development plan" means the long-range plan for the
2.15 development of the medical center development district or districts.

2.16 Subd. 7. **Medical business entity.** "Medical business entity" means a medical
2.17 business entity with its principal place of business in the city of Rochester as of the date of
2.18 final enactment of this act that employs more than 30,000 persons in the state as of that date.

2.19 Subd. 8. **Medical center development district.** "Medical center development
2.20 district" means a contiguous or noncontiguous geographic area in the city created to
2.21 facilitate one or more projects.

2.22 Subd. 9. **Medical center economic development corporation.** "Medical center
2.23 economic development corporation" means a nonprofit corporation organized and existing
2.24 under chapter 317A by any medical business entity, in partnership with representatives of
2.25 the city experienced in matters of planning, supporting, and administering development
2.26 activities, to assist the authority and the city to secure Minnesota's status as one of the
2.27 world's leading global medical destinations with the city as its hub.

2.28 Subd. 10. **Project.** "Project" means the following works or undertakings for the
2.29 purpose of development of a medical center development district:

2.30 (1) to acquire real property and other assets associated with the real property;

2.31 (2) to demolish, repair, or rehabilitate buildings;

2.32 (3) to remediate land and buildings as required to prepare the property for acquisition
2.33 or development;

2.34 (4) to install, construct, or reconstruct elements of community infrastructure
2.35 required to support the overall development of the medical center development district,

3.1 including, without limitation, streets, roadways, utilities systems and related facilities,
3.2 utility relocations and replacements, network and communication systems, streetscape
3.3 improvements, drainage systems, sewer and water systems, subgrade structures and
3.4 associated improvements, landscaping, façade construction and restoration, wayfinding
3.5 and signage, and other components of community infrastructure;

3.6 (5) to acquire, construct or reconstruct, and equip parking facilities and other
3.7 facilities to encourage intermodal transportation and public transit;

3.8 (6) to install, construct or reconstruct, and equip core elements of community
3.9 infrastructure, to promote and encourage economic development and to anchor the medical
3.10 center developmental district in accordance with the development plan, including, without
3.11 limitation, parks, cultural facilities, community and recreational facilities, facilities to
3.12 promote tourism and hospitality, conferencing and conventions, broadcast and related
3.13 multimedia infrastructure, destination retail, urban residential housing, and instructional,
3.14 educational, and other facilities with the primary purpose of attracting and fostering urban
3.15 economic development within the medical center development district;

3.16 (7) to make related site improvements, including, without limitation, excavation,
3.17 earth retention, soil stabilization and correction, site improvements to support the medical
3.18 center development district;

3.19 (8) to prepare land for private development and to sell or lease land; and

3.20 (9) to build and equip suitable structures on land owned by the authority for sale or
3.21 lease for private development, except structures for sale or lease to a medical business
3.22 entity.

3.23 Subd. 11. **Project cost.** (a) "Project cost" with respect to a medical center
3.24 development district project means all costs of the project activities described in
3.25 subdivision 10, and includes, without limitation:

3.26 (1) costs of planning, engineering, legal, marketing, development, insurance,
3.27 finance, and other related professional services associated with a project;

3.28 (2) costs providing relocation benefits to the occupants of acquired properties;

3.29 (3) costs associated with the operational start-up and commissioning of a project; and

3.30 (4) the allocated administrative expenses of the authority for the project not to
3.31 exceed in any year.

3.32 (b) Expenditures for project costs constitute either (1) public improvements to
3.33 buildings or lands owned by the state or local government that serve a public purpose and
3.34 do not principally benefit a single business or defined group of businesses at the time the
3.35 improvements are made or (2) assistance generally available to all businesses or general

4.1 classes of similar businesses within a medical center development district, subject to
4.2 approval by the authority.

4.3 **Sec. 3. [469.42] AUTHORITY ESTABLISHED.**

4.4 **Subdivision 1. Rochester Area Medical Center Development Authority**

4.5 **established; membership.** (a) The Rochester Area Medical Center Development
4.6 Authority is established. The authority's governing board consists of eight voting members
4.7 and two nonvoting members, as follows:

4.8 (1) the mayor of the city, or the mayor's designee, subject to approval by the city
4.9 council;

4.10 (2) the city council president, or the city council president's designee, subject
4.11 to approval by the city council;

4.12 (3) a representative of the medical business entity defined in section 469.41,
4.13 subdivision 7, appointed by the mayor of the city, subject to approval of the city council;

4.14 (4) the chair of the county board, or the chair's designee, subject to approval by the
4.15 county board;

4.16 (5) a representative of the medical business entity defined in section 469.41,
4.17 subdivision 7, appointed by the governor;

4.18 (6) a resident of the city and a resident from outside of Olmsted County, appointed
4.19 by the governor;

4.20 (7) a representative from a statewide labor organization representing the building
4.21 trades, appointed by the governor;

4.22 (8) one member of the house of representatives who represents at least a portion
4.23 of the city of Rochester to serve as a nonvoting member, appointed by the speaker of
4.24 the house of representatives; and

4.25 (9) one member of the senate who represents at least a portion of the city of
4.26 Rochester to serve as a nonvoting member, appointed by the Subcommittee on Committees
4.27 of the senate Committee on Rules and Administration.

4.28 (b) Appointing authorities must make their appointments as soon as practicable after
4.29 the effective date of this section.

4.30 **Subd. 2. Terms.** (a) The term of a member first appointed after the effective date
4.31 of this section under subdivision 1, paragraph (a), clauses (1), (2), and (4), serves for a
4.32 term coterminous with the term of office.

4.33 (b) The term of a member first appointed after the effective date of this section under
4.34 subdivision 1, paragraph (a), clauses (3) and (6), serves from the date of appointment until

5.1 the first Tuesday after the first Monday in January 2017. Thereafter, members serve
5.2 six-year terms.

5.3 (c) The term of a member first appointed after the effective date of this section under
5.4 subdivision 1, paragraph (a), clauses (5) and (7), serves from the date of appointment until
5.5 the first Tuesday after the first Monday in January 2020. Thereafter, members serve
5.6 six-year terms.

5.7 (d) The nonvoting members serve for two years.

5.8 Subd. 3. **Vacancies.** A vacancy occurs:

5.9 (1) as provided in section 351.02;

5.10 (2) for a member appointed under subdivision 1, paragraph (a), clause (1) or (2),
5.11 when the mayor or city council president, respectively, ceases to hold office or ceases
5.12 to reside in the city, and under subdivision 1, paragraph (a), clause (4), when the chair
5.13 of the county board ceases to hold office;

5.14 (3) for a member appointed under subdivision 1, paragraph (a), clause (6), when
5.15 the member ceases to reside in the city;

5.16 (4) for a legislative appointee, if the member ceases to serve in the state legislature; or

5.17 (5) upon a member's removal under subdivision 4.

5.18 A vacancy on the authority board must be filled by the appointing authority for the
5.19 balance of the term subject to the same approval required for an appointment for a full
5.20 term as provided in subdivision 1.

5.21 Subd. 4. **Removal.** A member may be removed by the board for inefficiency,
5.22 neglect of duty, or misconduct in office. A member may be removed only after a hearing
5.23 of the board. A copy of the charges must be given to the board member at least ten days
5.24 before the hearing. The board member must be given an opportunity to be heard in person
5.25 or by counsel at the hearing. When written charges have been submitted against a board
5.26 member, the board may temporarily suspend the member. If the board finds that those
5.27 charges have not been substantiated, the board member shall be immediately reinstated. If
5.28 a board member is removed, a record of the proceedings, together with the charges and
5.29 findings, shall be filed with the office of the appointing authority.

5.30 Subd. 5. **Pay.** Members must be compensated as provided in section 15.0575,
5.31 subdivision 3, for each regular or special authority board meeting attended. In addition,
5.32 the board members may be reimbursed for actual expenses incurred in doing official
5.33 business of the authority. All money paid for compensation or reimbursement must be
5.34 paid out of the authority's budget.

5.35 Subd. 6. **Conflicts of interest.** Except for the members appointed under subdivision
5.36 1, paragraph (a), clauses (3) and (5), to represent the medical business entity, within one

6.1 year prior to or at any time during a member's term of service on the authority's governing
6.2 board, a member must not be employed by, be a member of the board of directors of, or
6.3 otherwise be a representative of the medical business entity, as defined in section 469.41,
6.4 subdivision 7, or the medical center economic development corporation, as defined in
6.5 section 469.41, subdivision 9. No member may serve as a lobbyist, as defined under
6.6 section 10A.01, subdivision 21.

6.7 **Sec. 4. [469.43] CHARACTERISTICS AND JURISDICTION.**

6.8 Subdivision 1. **Public body characteristics.** The authority is a body politic and
6.9 corporate and a political subdivision of the state, with the right to sue and be sued in its
6.10 own name. The authority carries out an essential government function of the state when it
6.11 exercises its power, but the authority is not immune from liability because of this.

6.12 Subd. 2. **Boundaries.** The boundary for activities and the use of the powers of the
6.13 authority must be within a medical center development district. The authority also has the
6.14 power to finance activities outside of a medical center development district, if necessary;
6.15 provided, however, that the financing of activities outside of a medical center development
6.16 district must be included in the development plan and must be approved by, and subject to
6.17 the planning, zoning, sanitary and building laws, ordinances, regulations, and land use
6.18 plans applicable to, the city, county, or town in which such activities are undertaken.

6.19 **Sec. 5. [469.44] OFFICERS; DUTIES; ORGANIZATIONAL MATTERS.**

6.20 Subdivision 1. **Bylaws, rules, seal.** The authority may adopt bylaws and rules of
6.21 procedure and may adopt an official seal.

6.22 Subd. 2. **Officers.** The authority shall annually elect a president or chair, and a
6.23 vice-president or vice-chair, and a treasurer. A member may not serve as president or
6.24 chair and vice-president or vice-chair at the same time. The authority shall appoint a
6.25 secretary and assistant treasurer. The secretary and assistant treasurer need not, but may,
6.26 be members of the board, including the president or chair or vice-president or vice-chair.

6.27 Subd. 3. **Duties and powers.** The officers have the usual duties and powers of their
6.28 offices. They may be given other duties and powers by the authority.

6.29 Subd. 4. **Treasurer's duties.** The treasurer:

6.30 (1) shall receive and is responsible for authority money;

6.31 (2) is responsible for the acts of the assistant treasurer;

6.32 (3) shall disburse authority money by check or electronic procedures;

6.33 (4) shall keep an account of the source of all receipts, and the nature, purpose, and
6.34 authority of all disbursements; and

7.1 (5) shall file the authority's detailed financial statement with its secretary at least
7.2 once a year at times set by the authority.

7.3 Subd. 5. **Assistant treasurer.** The assistant treasurer has the powers and duties of
7.4 the treasurer if the treasurer is absent or disabled.

7.5 Subd. 6. **Treasurer's bond.** The treasurer shall give bond to the state conditioned
7.6 for the faithful discharge of official duties. The bond must be approved as to form and
7.7 surety by the authority and filed with its secretary. The bond must be for twice the amount
7.8 of money likely to be on hand at any one time, as determined at least annually by the
7.9 authority, except that the bond must not exceed \$300,000.

7.10 Subd. 7. **Public money.** Authority money is public money.

7.11 Subd. 8. **Checks.** An authority check must be signed by the treasurer and by one
7.12 other officer named by the authority in a resolution. The check must state the name of the
7.13 payee and the nature of the claim for which the check is issued.

7.14 Subd. 9. **Financial statements; filing with state auditor.** The financial statements
7.15 of the authority must be prepared, audited, filed, and published or posted in the manner
7.16 required for the financial statements of the city. The authority shall employ the state
7.17 auditor or a certified public accountant to annually examine and audit its books. The
7.18 report of the exam and audit must be filed with the state auditor by June 30 of each year.
7.19 The state auditor shall review the report and may accept it or, in the public interest, audit
7.20 the books of the authority.

7.21 Sec. 6. **[469.45] DEPOSITORIES; DEFAULT; COLLATERAL.**

7.22 Subdivision 1. **Named; bond.** Every two years the authority shall name national
7.23 or state banks within the state as depositories. Before acting as a depository, a named
7.24 bank shall give the authority a bond approved as to form and surety by the authority.
7.25 The bond must be conditioned for the safekeeping and prompt repayment of deposits.
7.26 The amount of the bond must be at least equal to the maximum sum expected to be on
7.27 deposit at any one time.

7.28 Subd. 2. **Default; collateral.** When authority funds are deposited by the treasurer
7.29 in a bonded depository, the treasurer and the surety on the treasurer's official bond are
7.30 exempt from liability for the loss of the deposits because of the failure, bankruptcy, or any
7.31 other act or default of the depository. The authority may accept assignments of collateral
7.32 from its depository to secure deposits in the same manner as assignments of collateral are
7.33 permitted by law to secure deposits of the city.

8.1 Sec. 7. **[469.47] TAX LEVIES; CITY OR COUNTY APPROPRIATIONS;**
8.2 **OTHER FISCAL MATTERS.**

8.3 Subdivision 1. **Obligations.** The authority must not levy a tax or special assessment,
8.4 pledge the credit of the state or the state's municipal corporations or other subdivisions, or
8.5 incur an obligation enforceable on property not owned by the authority.

8.6 Subd. 2. **Budget.** The authority shall annually send its budget to the city, county,
8.7 governor, and legislature.

8.8 Subd. 3. **Fiscal year.** The fiscal year of the authority may be established by the
8.9 authority.

8.10 Subd. 4. **City or county appropriations; levy.** The city council of the city or the
8.11 county board of the county may appropriate money for the use of the authority and may
8.12 levy the amount of its appropriation in its general levy. The levy is a special levy within
8.13 the meaning of, and as if specifically enumerated in, section 275.70, subdivision 5.

8.14 Subd. 5. **Outside budget laws.** Money appropriated to the authority by the city
8.15 or county under this section is not subject to a budget law that applies to the city or
8.16 county, respectively.

8.17 Subd. 6. **City or county payment.** The city or county treasurer shall pay money
8.18 appropriated by a city or county under subdivision 4 when and in the manner directed by
8.19 the city council or county board, as applicable.

8.20 Subd. 7. **Local government tax base not reduced.** Nothing in sections 469.41 to
8.21 469.53 reduces the tax base or affects the taxes due and payable to the city, the county, or
8.22 Independent School District No. 535, including, without limitation, the city's 0.5 percent
8.23 local sales tax.

8.24 Sec. 8. **[469.48] DEVELOPMENT PLAN; MEDICAL CENTER**
8.25 **DEVELOPMENT DISTRICTS.**

8.26 Subdivision 1. **Development plan; adoption by authority; notice; findings.** The
8.27 authority, in consultation with the medical center economic development corporation,
8.28 shall prepare a development plan with the city's involvement. The development plan must
8.29 be adopted by the board of the authority only after holding a public hearing. At least 45
8.30 days before the hearing, the authority shall file a copy of the proposed development plan
8.31 with the city. The city shall make copies of the proposed plan available to the public at
8.32 the city offices during normal business hours and as otherwise determined appropriate
8.33 by city council or city officials. At least ten days before the hearing, the authority shall
8.34 publish notice of the hearing in a daily newspaper of general circulation in the city. The
8.35 development plan may not be adopted unless the authority finds by resolution that:

9.1 (1) the plan provides an outline for the development of the city as a global destination
9.2 medical center, and the plan is sufficiently complete, including the identification of planned
9.3 and anticipated projects, to indicate its relationship to definite state and local objectives;

9.4 (2) the proposed development affords maximum opportunity, consistent with the
9.5 needs of the city, county, and state, for the development of the city by private enterprise as
9.6 a global destination medical center;

9.7 (3) the proposed development conforms to the general plan for the development
9.8 of the city; and

9.9 (4) the plan includes:

9.10 (i) strategic planning consistent with a global destination medical center in the
9.11 core areas of commercial research and technology, learning environment, hospitality
9.12 and convention, sports and recreation, livable communities, including mixed-use urban
9.13 development and neighborhood residential development, retail/dining/entertainment,
9.14 and health and wellness;

9.15 (ii) estimates of short- and long-range fiscal and economic impacts;

9.16 (iii) a framework to identify and prioritize short- and long-term public investment
9.17 and infrastructure development and to facilitate private investment and development;

9.18 (iv) land use planning;

9.19 (v) transportation and transit planning;

9.20 (vi) operational planning required to support the medical center development
9.21 district; and

9.22 (vii) ongoing market research plans.

9.23 Subd. 2. **Development plan; approval by city; finding.** After adoption by the
9.24 authority under subdivision 1, the authority shall submit the development plan to the city
9.25 for approval by the city only in accordance with this subdivision. The city shall approve
9.26 the development plan by written resolution upon making the finding that the development
9.27 plan is consistent with the adopted comprehensive plan of the city. The city shall consider
9.28 the approval of the development plan and make its finding regarding consistency with
9.29 the adopted comprehensive plan of the city within 45 days of submission of the adopted
9.30 development plan. If the city determines, by written resolution, that the development plan
9.31 is not consistent with the adopted comprehensive plan of the city, the resolution shall state
9.32 the reasons and supporting facts for each determination, and the city shall transmit the
9.33 resolution to the authority within seven days of adoption. A revised development plan
9.34 may be submitted by the authority for approval by the city in the manner provided in this
9.35 subdivision. The city may incorporate the approved development plan into the city's
9.36 comprehensive plan.

10.1 Subd. 3. **Modification of development plan.** The authority may modify the
10.2 development plan at any time. The authority shall update the original development plan
10.3 not less than every five years. A modification or update under this subdivision must be
10.4 prepared with the city's involvement and adopted by the authority upon the notice and
10.5 after the public hearing and findings required for the original adoption of the development
10.6 plan and upon approval by the city as provided in subdivision 2.

10.7 Subd. 4. **Medical center development districts; creation; notice; findings.** As
10.8 part of the development plan, the authority may create and define the boundaries of
10.9 medical center development districts and subdistricts at any place or places within the
10.10 city. Projects may be undertaken within defined medical center development districts
10.11 consistent with the development plan.

10.12 Subd. 5. **Policy.** It is state policy in the public interest to have the authority exercise
10.13 the power of eminent domain to acquire property for a public use, as defined in section
10.14 117.025, and advance and spend money for the purposes in sections 469.41 to 469.53.

10.15 **Sec. 9. [469.49] POWERS AND DUTIES.**

10.16 Subdivision 1. **Powers generally.** The authority has the powers of a city under
10.17 chapter 462C and the powers of a redevelopment agency under sections 469.152 to
10.18 469.1651, in connection with private development in the city for which the authority
10.19 has previously undertaken or concurrently undertakes a project financed in whole or in
10.20 part with authority revenue or obligations issued pursuant to section 469.50; provided,
10.21 however, the authority shall not enter into any revenue agreement pursuant to section
10.22 469.155, subdivision 5, with a medical business entity.

10.23 Subd. 2. **Projects; project costs.** The authority may, within a medical center
10.24 development district, undertake projects and finance project costs. The authority must
10.25 find by resolution that the project is consistent with and in furtherance of the approved
10.26 development plan. Subject to other applicable law, revenue derived by the authority
10.27 from any source may be used by the authority to make loans or grants, or to provide
10.28 direct or indirect financial support to state public bodies or to private entities in payment
10.29 or reimbursement of project costs; provided, however, projects as defined under section
10.30 469.41, subdivision 10, clauses (4), (5), and (6), which will be owned, operated, or
10.31 maintained by the city, must be approved by written resolution of the city.

10.32 Subd. 3. **Medical center economic development corporation.** (a) The authority
10.33 shall engage a medical center economic development corporation to advise the authority
10.34 on matters related to a project. The provisions of section 465.717 do not apply to any
10.35 entity serving as the medical center economic development corporation. The medical

11.1 center economic development corporation shall assist the authority in the preparation of
11.2 the development plan and shall provide services to assist the authority in implementing,
11.3 consistent with the development plan, the goals, objectives, and strategies in the
11.4 development plan, including, without limitation:

11.5 (1) developing and updating the criteria for evaluating and underwriting
11.6 development proposals;

11.7 (2) implementing the development plan, including soliciting and evaluating
11.8 proposals for development and evaluating and making recommendations to the authority
11.9 regarding those proposals;

11.10 (3) providing transactional services in connection with approved projects;

11.11 (4) developing patient, visitor, and community outreach programs for a medical
11.12 center development district;

11.13 (5) working with the authority to acquire and facilitate the sale, lease, or other
11.14 transactions involving land and real property;

11.15 (6) seeking financial support for itself, the authority, and a project;

11.16 (7) partnering with other development agencies and organizations and the city and
11.17 county in joint efforts to promote economic development and establish a destination
11.18 medical center;

11.19 (8) supporting and administering the planning and development activities required to
11.20 implement the development plan;

11.21 (9) preparing and supporting the marketing and promotion of the medical center
11.22 development district;

11.23 (10) preparing and implementing a program for community and public relations in
11.24 support of the medical center development district;

11.25 (11) assisting the authority and others in applications for federal grants, tax credits,
11.26 and other sources of funding to aid both private and public development; and

11.27 (12) making other general advisory recommendations to the authority's governing
11.28 board, as requested.

11.29 (b) The authority may contract with the medical center economic development
11.30 corporation to provide administrative services to the authority. The authority may agree to
11.31 provide reasonable compensation to the medical center economic development corporation
11.32 for the services described in this section. The authority may pay for such services out of
11.33 any revenue sources available to it, including amounts received from the city or the county
11.34 under section 469.47 or from payments received from the state under section 469.53.

11.35 Nothing in sections 469.40 to 469.53 shall relieve the authority's governing board of its

12.1 duties and powers to adopt the development plan or to exercise the judgment or discretion
12.2 of the authority to finance projects or otherwise expend public funds.

12.3 Subd. 4. **Revenue pooling.** The authority may deposit all its money from any
12.4 source in one bank account.

12.5 Subd. 5. **Acquire property; exemption for taxes.** (a) The authority may acquire by
12.6 lease, purchase, gift, or devise the needed right, title, and interest in property to create
12.7 medical center development districts and undertake projects. The authority may exercise
12.8 the power of eminent domain to acquire property for a public use, as defined in section
12.9 117.025. It shall pay for the property out of money it receives under sections 469.41 to
12.10 469.53. It may hold and dispose of the property subject to the limits and conditions in
12.11 sections 469.41 to 469.53. The title to property acquired by condemnation or purchase
12.12 must be in fee simple, absolute. The authority may accept an interest in property acquired
12.13 in another way subject to any condition of the grantor or donor. The condition must
12.14 be consistent with the proper use of the property under sections 469.41 to 469.53. The
12.15 authority may sign options to purchase, sell, or lease property.

12.16 (b) Property acquired, owned, leased, controlled, used, or occupied by the authority
12.17 for any of the purposes of this section is for public governmental and municipal purposes
12.18 and is exempt from taxation by the state or its political subdivisions, except to the extent
12.19 that the property is subject to the sales and use tax under chapter 297A. The exemption in
12.20 this paragraph applies only while the authority holds property for its own purpose, and is
12.21 subject to section 272.02, subdivisions 38 and 39. When the property is sold it becomes
12.22 subject to taxation.

12.23 Subd. 6. **Subject to city requirements.** All projects and development plans are
12.24 subject to the planning, zoning, sanitary, and building laws, ordinances, regulations,
12.25 and land use plans applicable to the city.

12.26 Subd. 7. **Sale of property.** The authority may sell, convey, and exchange any real or
12.27 personal property owned or held by it in any manner and on any terms it wishes. Real
12.28 property owned by the authority must not be sold, conveyed, exchanged, or have its title
12.29 transferred without approval of two-thirds of the members of the board. All members
12.30 must have ten days' written notice of a regular or special meeting at which a vote on sale,
12.31 conveyance, exchange, or transfer of real property is to be taken. The notice must contain
12.32 a complete description of the affected real property. The resolution authorizing the real
12.33 property transaction is not effective unless a quorum is present.

12.34 Subd. 8. **Contracts.** The authority may make contracts for the purpose of economic
12.35 development within the powers given it in sections 469.41 to 469.53. The authority
12.36 may contract or arrange with the federal government, or any of its departments, with

13.1 persons, public corporations, the state, or any of its political subdivisions, commissions, or
13.2 agencies, for separate or joint action, on any matter related to using the authority's powers
13.3 or performing its duties. The authority may contract to purchase and sell real and personal
13.4 property. An obligation or expense must not be incurred by the authority unless existing
13.5 appropriations together with the reasonably expected revenue of the authority from other
13.6 sources are sufficient to discharge the obligation or pay the expense when due. The state
13.7 and its municipal subdivisions are not liable on the obligations of the authority.

13.8 Subd. 9. **Contracts for services.** The authority may contract for the services of
13.9 consultants, including the medical center economic development corporation, and agents,
13.10 public accountants, legal counsel, and other persons needed to assist the authority in
13.11 performing its duties and exercising its powers. The authority may contract with the city
13.12 or county to provide administrative, clerical, and accounting services to the authority.
13.13 Nothing in sections 469.40 to 469.53 relieves the authority's governing board of its duties
13.14 and powers to adopt the development plan or to exercise the judgment or discretion of the
13.15 authority to finance projects or otherwise expend public funds. Any contract for services
13.16 between the authority and the medical center development corporation paid, in whole or
13.17 in part, with public money shall give the authority and the state auditor the right to audit
13.18 the books and records of the medical center development corporation that are necessary
13.19 to certify (1) the nature and extent of the services furnished pursuant to the contract,
13.20 and (2) that the payment for services and related disbursements complies with all state
13.21 laws, regulations, and the terms of the contract. Any contract for services between the
13.22 authority and the medical center development corporation paid, in whole or in part, with
13.23 public money shall require the authority to maintain, during the term of the contract,
13.24 and for a period of at least ... years thereafter, accurate and complete books and records
13.25 directly relating to the contract.

13.26 Subd. 10. **Supplies.** The authority may purchase the supplies and materials it needs
13.27 to carry out sections 469.41 to 469.53.

13.28 Subd. 11. **City purchasing.** The authority may, by agreement with the city, use the
13.29 facilities and services of the city's purchasing and public works departments in connection
13.30 with construction work and to purchase equipment, supplies, or materials.

13.31 Subd. 12. **City facilities, services.** The city may furnish offices, structures and
13.32 space, and clerical, engineering, or other services or assistance to the authority.

13.33 Subd. 13. **Delegation power.** The authority may delegate to one or more of its
13.34 agents powers or duties as it deems proper.

13.35 Subd. 14. **Government agent.** The authority may cooperate with or act as agent
13.36 for the federal or state government, a state public body, or an agency or instrumentality

14.1 of a government or a public body to carry out sections 469.41 to 469.53 or any other
14.2 related federal, state, or local law.

14.3 Subd. 15. **Studies, analysis, research.** The authority may study and analyze
14.4 development needs in a medical center development district and ways to meet the needs.
14.5 The authority may study the desirable patterns for land use and community growth and
14.6 other factors affecting local development in a medical center development district and
14.7 make the result of the studies available to the public and to potential developers. The
14.8 authority may engage in research and disseminate information on development in its
14.9 medical center development districts.

14.10 Subd. 16. **Acceptance of public land.** The authority may accept conveyances of
14.11 land from all other public agencies, commissions, or other units of government, if the land
14.12 can be properly used by the authority in a medical center development district, to carry
14.13 out the purposes of sections 469.41 to 469.53. The city council of the city may transfer
14.14 or cause to be transferred to the authority any property owned or controlled by the city
14.15 and located within the jurisdiction of the authority. The transfer must be approved by
14.16 majority vote of the city council and may be with or without consideration. The city may
14.17 also put the property in the possession or control of the authority by a lease or other
14.18 agreement for a limited period or in fee.

14.19 Subd. 17. **Loans in anticipation of bonds.** After authorizing bonds under section
14.20 469.50, the authority may borrow to provide money immediately required for the bond
14.21 purposes. The loans may not exceed the amount of the bonds. The authority shall by
14.22 resolution decide the terms of the loans. The loans must be evidenced by negotiable
14.23 notes due in not more than 12 months from the date of the loan payable to the order of
14.24 the lender, to be repaid with interest from the proceeds of the bonds when the bonds are
14.25 issued and delivered to the bond purchasers. The loan must not be obtained from any
14.26 board member of the authority or from any corporation, association, or other institution of
14.27 which an authority board member is a stockholder or officer.

14.28 Subd. 18. **Report.** By January 15 of each odd-numbered year, the authority shall
14.29 report to the chairs and ranking minority members of the legislative committees with
14.30 jurisdiction over local and state government operations, economic development, and
14.31 capital investment, and to the commissioners of management and budget and employment
14.32 and economic development, the city, and the county. The authority shall also submit the
14.33 report as provided in section 3.195. The report must include:

- 14.34 (1) the adopted development plan and any proposed changes to the development plan;
14.35 (2) progress of projects identified in the development plan;

15.1 (3) actual costs and financing sources of projects completed in the previous two
 15.2 years by the authority, the city, the county, and the medical business entity;

15.3 (4) estimated costs and financing sources for projects to be begun in the next two
 15.4 years by the authority, the city, the county, and the medical business entity; and

15.5 (5) debt service schedules for all outstanding obligations of the authority.

15.6 Subd. 19. **No tax increment financing powers.** The authority is not an authority as
 15.7 defined in section 469.174, subdivision 2.

15.8 Sec. 10. **[469.50] REVENUE OBLIGATIONS; PLEDGE; COVENANTS.**

15.9 Subdivision 1. **Powers.** The authority may decide by resolution to issue its revenue
 15.10 bonds, notes, or other obligations either at one time or in series from time to time. The
 15.11 revenue bonds may be issued to provide money to pay project costs. The issued bonds
 15.12 may include the amount the authority considers necessary to establish an initial reserve to
 15.13 pay principal of and interest on the bonds, including capitalized interest, and to pay the
 15.14 costs of issuance. The resolution shall state how the bonds are to be executed.

15.15 Subd. 2. **Form.** The bonds of each series issued by the authority under this section
 15.16 must bear interest at the rate or rates, mature at times not later than 30 years from the date
 15.17 of issuance, and be fully registered bonds in the form determined by the authority. All
 15.18 bonds issued under this section must be negotiable instruments.

15.19 Subd. 3. **Sale.** The sale of revenue bonds issued by the authority may be at public or
 15.20 private sale. The bonds may be sold in the manner and for the amount that the authority
 15.21 determines to be in the best interest of the authority. The bonds may be made callable upon
 15.22 terms as determined by the authority and may be refunded as provided in section 475.67.

15.23 Subd. 4. **Agreements.** The authority may by resolution make an agreement or
 15.24 covenant with the bondholders or their trustee if it determines that the agreement or
 15.25 covenant is needed or desirable to carry out the powers given to the authority under this
 15.26 section and to ensure that the revenue bonds are marketable and promptly paid.

15.27 Subd. 5. **Revenue pledge.** (a) In issuing bonds under this section, the authority may
 15.28 secure payment of the principal and interest on the bonds by:

15.29 (1) a pledge of and lien on authority revenue. The revenue must come from the
 15.30 facility to be acquired, constructed, or improved with the bond proceeds or from other
 15.31 facilities named in the bond-authorizing resolutions. The authority also may secure the
 15.32 payment with its promise to impose, maintain, and collect enough rentals, rates, and
 15.33 charges, for the use and occupancy of the facilities and for services furnished in connection
 15.34 with the use and occupancy, to pay its current expenses to operate and maintain the named
 15.35 facilities, and to produce and deposit sufficient net revenue in a special fund to meet the

16.1 interest and principal requirements of the bonds, and to collect and keep any more money
16.2 required by the resolutions. The authority shall decide what constitutes "current" expense
16.3 under this subdivision based on what is normal and reasonable under generally accepted
16.4 accounting principles. Revenues pledged by the authority must not be used or pledged for
16.5 any other authority purpose unless the other use or pledge is specifically authorized in the
16.6 bond-authorizing resolutions; or

16.7 (2) the payments to be made by the state to the authority under section 469.53.

16.8 The aggregate principal amount of bonds issued under this clause may not exceed
16.9 \$585,000,000, less the principal amount of any city grant, bond, or note given or issued to
16.10 finance project costs consistent with the development plan up to \$60,000,000.

16.11 (b) No bonds may be issued by the authority under this subdivision later than
16.12 20 years from the date of final enactment of this act, and no bond issued under this
16.13 subdivision may have a maturity later than December 31, 2049.

16.14 Subd. 6. **Approval of commissioner of employment and economic development.**

16.15 (a) Prior to issuance of each series of bonds, notes, or other obligations under subdivision
16.16 5, clause (2), the authority shall furnish to the commissioner of employment and economic
16.17 development, in the form prescribed by the commissioner, the following information
16.18 regarding a project:

16.19 (1) the amount of bonds to be issued for the project;

16.20 (2) the maximum annual debt service payable on the bonds in any year;

16.21 (3) the proposed use, location, and ownership of the project;

16.22 (4) other sources of funds for the project; and

16.23 (5) the specific uses of the proceeds of the bonds.

16.24 For purposes of determining the maximum annual debt service under clause (2), for
16.25 variable rate obligations, interest rates must be determined as the maximum rate of interest
16.26 payable on the obligations in accordance with their terms.

16.27 (b) In addition, the authority shall certify that the project is consistent with the
16.28 development plan and that debt service in any year on all bonds then outstanding and the
16.29 bonds proposed to be issued under subdivision 5, paragraph (a), clause (2), does not
16.30 exceed resources available to the authority to pay debt service when due.

16.31 (c) Based upon the information provided by the authority, the commissioner of
16.32 employment and economic development shall approve the issuance of that series of
16.33 authority bonds if consistent with the requirements of sections 469.41 to 469.53, the
16.34 maximum debt service payable in any year on the series, and any previously issued bonds
16.35 is less than the maximum annual appropriation under section 469.53 and the commissioner
16.36 of employment and economic development shall promptly notify the authority and the

17.1 commissioner of management and budget of its approval; provided, however, that the
17.2 approval is not deemed an approval by the commissioner of employment and economic
17.3 development or by the state of the feasibility of the project. The commissioner of
17.4 employment and economic development shall keep a record of the information, which
17.5 shall be available to the public at times the department prescribes.

17.6 Subd. 7. **Not city, county, or state debt.** Revenue bonds, notes, or other obligations
17.7 issued under this section are not a debt of the city, county, or state, nor a pledge of the full
17.8 faith and credit of the city, county, or state. All obligations under this section are payable
17.9 only from revenues described in subdivision 5. A revenue bond must contain on its face a
17.10 statement to the effect that the authority does not have to pay the bond or the interest on it
17.11 except from the revenues pledged thereto and that the faith, credit, and taxing power of the
17.12 city, the county, and the state are not pledged to pay the principal of or interest on the bond.

17.13 Sec. 11. **[469.51] CITY BONDS; PUBLIC IMPROVEMENTS.**

17.14 The city may issue bonds and appropriate bond proceeds to pay project costs
17.15 consistent with the development plan within a medical center development district. The city
17.16 may undertake public improvements and infrastructure projects to be owned by the city or
17.17 make grants to the authority for such public improvements and infrastructure projects in the
17.18 same manner as if the facilities were owned or to be owned or operated solely by the city.

17.19 Sec. 12. **[469.52] WHEN BOND ALLOCATION ACT APPLIES.**

17.20 Sections 474A.01 to 474A.21 apply to obligations issued under sections 469.41 to
17.21 469.53 that are limited by a federal tax law as defined in section 474A.02, subdivision 8.

17.22 Sec. 13. **[469.53] PAYMENTS TO AUTHORITY.**

17.23 Subdivision 1. **Appropriation for debt payment.** Beginning in fiscal year
17.24 2016 and continuing to fiscal year 2049, the amount necessary to pay debt service due
17.25 on outstanding obligations of the authority issued under section 469.50, subdivision
17.26 5, paragraph (a), clause (2), is appropriated each year from the general fund to the
17.27 commissioner of management and budget for transfer to the authority.

17.28 Subd. 2. **Operating and administrative expenses.** Beginning in fiscal year
17.29 2016 and continuing to fiscal year 2049, an amount agreed to by the commissioner of
17.30 management and budget and the authority is appropriated each year from the general fund
17.31 to the commissioner for transfer to the authority to pay operating and administrative
17.32 expenses of the authority.

18.1 Subd. 3. **Maximum amount; condition for payment.** The total amount
18.2 appropriated to the commissioner under this section must not exceed \$..... per year.
18.3 The commissioner must not transfer money to the authority unless the report required in
18.4 section 469.49, subdivision 18, has been submitted.