

SENATE
STATE OF MINNESOTA
NINETIETH SESSION

S.F. No. 543

(SENATE AUTHORS: WEBER)

DATE	D-PG	OFFICIAL STATUS
02/02/2017	487	Introduction and first reading Referred to Capital Investment
04/18/2017	3163a	Comm report: To pass as amended and re-refer to Finance
04/20/2017		Comm report: To pass as amended Second reading

1.1 A bill for an act

1.2 relating to capital investment; modifying provisions of the Lewis and Clark

1.3 Regional Water System project; authorizing additional housing infrastructure

1.4 bonds; amending Minnesota Statutes 2016, sections 16A.967, subdivisions 2, 7;

1.5 462A.37, subdivisions 2a, 2b.

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

1.7 Section 1. Minnesota Statutes 2016, section 16A.967, subdivision 2, is amended to read:

1.8 Subd. 2. **Authorization to issue appropriation bonds.** (a) Subject to the limitations of

1.9 this subdivision, the commissioner may sell and issue appropriation bonds of the state under

1.10 this section for public purposes as provided by law, including, in particular, the financing

1.11 of the land acquisition, design, engineering, and construction of facilities and infrastructure

1.12 necessary to complete the next phase of the Lewis and Clark Regional Water System project,

1.13 including completion of the pipeline to Magnolia, extension of the project to the

1.14 Lincoln-Pipestone Rural Water System connection near Adrian, and engineering, design,

1.15 and easement acquisition for the final phase of the project to Worthington. No bonds shall

1.16 be sold until the commissioner determines that a nonstate match of at least \$9,000,000 is

1.17 committed to this project phase. Grant agreements entered into under this section must

1.18 provide for reimbursement to the state from any federal money provided for the project,

1.19 consistent with the Lewis and Clark Regional Water System, Inc., agreement.

1.20 (b) The appropriation bonds may be issued and sold only after the commissioner

1.21 determines that the construction and administration for work done on the project will comply

1.22 with (1) all federal requirements and regulations associated with the Lewis and Clark Rural

1.23 Water System Act of 2000, and (2) the cooperative agreement between the United States

1.24 Department of the Interior and the Lewis and Clark Regional Water System, Inc. Proceeds

2.1 of the appropriation bonds must be credited to a special appropriation Lewis and Clark bond
2.2 proceeds fund in the state treasury. All income from investment of the bond proceeds, as
2.3 estimated by the commissioner, is appropriated to the commissioner for the payment of
2.4 principal and interest on the appropriation bonds.

2.5 (c) Appropriation bonds may be sold and issued in amounts that, in the opinion of the
2.6 commissioner, are necessary to provide sufficient money, not to exceed \$19,000,000 net of
2.7 costs of issuance, for the purposes as provided under paragraph (a), and pay debt service
2.8 including capitalized interest, costs of issuance, costs of credit enhancement, or make
2.9 payments under other agreements entered into under paragraph (e).

2.10 (d) Appropriation bonds may be issued in one or more issues or series on the terms and
2.11 conditions the commissioner determines to be in the best interests of the state, but the term
2.12 on any series of appropriation bonds may not exceed 25 years. The appropriation bonds of
2.13 each issue and series thereof shall be dated and bear interest, and may be includable in or
2.14 excludable from the gross income of the owners for federal income tax purposes.

2.15 (e) At the time of, or in anticipation of, issuing the appropriation bonds, and at any time
2.16 thereafter, so long as the appropriation bonds are outstanding, the commissioner may enter
2.17 into agreements and ancillary arrangements relating to the appropriation bonds, including
2.18 but not limited to trust indentures, grant agreements, lease or use agreements, operating
2.19 agreements, management agreements, liquidity facilities, remarketing or dealer agreements,
2.20 letter of credit agreements, insurance policies, guaranty agreements, reimbursement
2.21 agreements, indexing agreements, or interest exchange agreements. Any payments made
2.22 or received according to the agreement or ancillary arrangement shall be made from or
2.23 deposited as provided in the agreement or ancillary arrangement. The determination of the
2.24 commissioner included in an interest exchange agreement that the agreement relates to an
2.25 appropriation bond shall be conclusive.

2.26 (f) The commissioner may enter into written agreements or contracts relating to the
2.27 continuing disclosure of information necessary to comply with or facilitate the issuance of
2.28 appropriation bonds in accordance with federal securities laws, rules, and regulations,
2.29 including Securities and Exchange Commission rules and regulations in Code of Federal
2.30 Regulations, title 17, section 240.15c 2-12. An agreement may be in the form of covenants
2.31 with purchasers and holders of appropriation bonds set forth in the order or resolution
2.32 authorizing the issuance of the appropriation bonds, or a separate document authorized by
2.33 the order or resolution.

2.34 (g) The appropriation bonds are not subject to chapter 16C.

3.1 (h) Upon certification to the commissioner by the Lewis and Clark Joint Powers Board
 3.2 that the bond sale authorization provided in paragraph (c) has fully met the needs of the
 3.3 project described in paragraph (a), and to the extent there is additional authorization
 3.4 remaining, this authorization is also available for land acquisition, design, engineering, and
 3.5 construction of facilities and infrastructure necessary for Phase 3 of the Lewis and Clark
 3.6 Regional Water System project. Phase 3 includes extension of the project from the
 3.7 Lincoln-Pipestone Rural Water System connection near Adrian to Worthington, construction
 3.8 of a reservoir in Nobles County and a meter building in Worthington, and acquisition and
 3.9 installation of a supervisory control and data acquisition system.

3.10 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.11 Sec. 2. Minnesota Statutes 2016, section 16A.967, subdivision 7, is amended to read:

3.12 Subd. 7. **Appropriation of proceeds.** The proceeds of appropriation bonds and interest
 3.13 credited to the special appropriation Lewis and Clark bond proceeds fund are appropriated
 3.14 as follows: (1) to the ~~commissioner~~ Public Facilities Authority for a grant or grants to the
 3.15 Lewis and Clark Joint Powers Board for payment of capital expenses for the purposes
 3.16 provided by subdivision 2, paragraph (a), and paragraph (h); and (2) to the commissioner
 3.17 for debt service on the bonds including capitalized interest, nonsalary costs of issuance of
 3.18 the bonds, costs of credit enhancement of the bonds and payments under any agreements
 3.19 entered into under subdivision 2, paragraph (e), each as permitted by state and federal law;
 3.20 ~~and such proceeds may be granted, loaned, or otherwise provided for the public purposes~~
 3.21 ~~provided by subdivision 2, paragraph (a).~~

3.22 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.23 Sec. 3. Minnesota Statutes 2016, section 462A.37, subdivision 2a, is amended to read:

3.24 Subd. 2a. **Additional authorization.** In addition to the amount authorized in subdivision
 3.25 2, the agency may issue up to ~~\$80,000,000~~ \$97,000,000 of housing infrastructure bonds in
 3.26 one or more series to which the payments made under this section may be pledged.

3.27 Sec. 4. Minnesota Statutes 2016, section 462A.37, subdivision 2b, is amended to read:

3.28 Subd. 2b. **Additional authorization.** In addition to the amount authorized in subdivisions
 3.29 2 and 2a, the agency may issue up to ~~\$10,000,000~~ \$13,000,000 of housing infrastructure
 3.30 bonds in one or more series to which the payments made under this section may be pledged.