

## CHAPTER 506—S.F.No.2225

[Not Coded]

*An act relating to local government financing; authorizing the villages of Minneota and Balaton to issue bonds for a nursing home and related, medical support facilities and to lease such facilities.*

Be it enacted by the Legislature of the State of Minnesota:

**Section 1. MINNEOTA AND BALATON, VILLAGES OF; NURSING HOME; BONDS.** The village of Minneota is hereby authorized, in addition to and not in substitution for any other power granted to it by law, to issue revenue bonds by resolution or resolutions of its governing body to finance the construction, acquisition and betterment of a nursing home and related, supporting medical facilities, or any of them, including but without limitation the payment of interest during the construction and for a reasonable period thereafter and the establishment of reserves for bond payments and for working capital.

**Sec. 2. REVENUE PLEDGED.** The village may pledge and appropriate the revenues to be derived from its operation of the facilities, to pay the principal and interest on the bonds when due and to create and maintain reserves for that purpose, as a first and prior lien on all such revenues or, if so provided in the bond resolution, as a lien thereon subordinate to the current payment of a fixed amount or percentage or all of the costs of the operation, administration, and maintenance of the facilities.

**Sec. 3. LEASE OF FACILITIES TO PRIVATE CORPORATION.** The village may lease the nursing home and related, supporting medical facilities for operation, administration, and maintenance by a private corporation as a community nursing home open to all residents of the community upon equal terms for a term not exceeding 30 years, and subject to such other conditions as may be agreed. The lessee may be granted an option to renew the lease, for an additional term or terms upon such conditions and rentals, or to purchase the facility at such price, as may be provided. Any lease agreement entered hereunder shall, however, require the lessee to pay a net rental not less than the amount required to pay the principal and interest when due on all revenue bonds issued by the village for the construction, acquisition, and betterment of the leased facilities, and to maintain the agreed revenue bond reserve. No such lease agreement shall grant an option to the lessee to purchase the facilities at a price less than the face amount of the bonds so issued except the payments of bond principal already made may be credited against the face amount purchase price.

Changes or additions indicated by underline, deletions by ~~strikeout~~.

**Sec. 4. SECURITY FOR BONDS; PLEDGE OF CREDIT FOR MAINTENANCE OF RESERVE.** In the issuance of bonds hereunder the revenues or rentals shall be pledged and appropriated by resolution for the use and benefit of bondholders generally, or may be pledged by the execution of an indenture or other appropriate instrument to a trustee for the bondholders, and the site and facilities, or any part thereof, may be mortgaged to such trustee. The governing body shall have power to make and enter into any and all covenants with the bondholders or trustee which are determined by it to be necessary and proper to assure the marketability of the bonds, the completion of the facilities, the segregation of the revenues or rentals and any other funds pledged, and the sufficiency thereof for the prompt and full payment of all bonds and interest. If the resolution or indenture establishes a bond reserve equal to not less than the maximum principal and interest payments due on the bonds in any year (which reserve may be established from the proceeds of the bonds), and either (a) contains a covenant that the net revenues derived from rates and charges for use of the facilities after paying all costs of operation, administration and maintenance, will be sufficient to meet current bond and interest payments, or (b) in lieu of such covenant a lease agreement has been made under section 3 of this act, the resolution or indenture may also pledge the full faith and credit of the village for the maintenance of the reserve, and the bonds shall be designated as and governed by the provisions applicable to general obligation bonds set forth in Minnesota Statutes, Section 475.61 and 475.74. A certified copy of each such resolution or indenture shall be filed with the county auditor of the county in which the village is situated, before the bonds are delivered to the purchaser.

**Sec. 5. MISCELLANEOUS PROVISIONS.** All bonds issued pursuant to this act shall be issued and sold as provided in Minnesota Statutes, Chapter 475, but if the bonds do not pledge the credit of the village as provided in section 4 of this act, the governing body may *negotiate their sale without advertisement for bids and they shall not* be included in the net debt of any municipality included therein, and shall not be subject to interest rate limitations, as defined or referred to in Minnesota Statutes, Section 475.51 and 475.55. The bonds and interest thereon shall be exempt from taxation by the state or any of its political subdivisions.

**Sec. 6. REFUNDING BONDS.** The village is authorized to issue bonds hereunder by resolution or resolutions of its governing body to refund any bonds issued for the purposes herein stated.

**Sec. 7. APPROVAL.** Sections 1 to 6 of this act are effective upon the approval of the village council of the village of Minneota and compliance with Minnesota Statutes, Section 645.021.

**Changes or additions indicated by underline, deletions by ~~strikeout~~.**

**Sec. 8. BONDS AUTHORIZED TO BE ISSUED.** The village of Balaton is hereby authorized, in addition to and not in substitution for any other power granted to it by law, to issue revenue bonds by resolution or resolutions of its governing body to finance the construction, acquisition and betterment of a nursing home and related, supporting medical facilities, or any of them, including but without limitation the payment of interest during the construction and for a reasonable period thereafter and the establishment of reserves for bond payments and for working capital.

**Sec. 9. REVENUE PLEDGED.** The village may pledge and appropriate the revenues to be derived from its operation of the facilities, to pay the principal and interest on the bonds when due and to create and maintain reserves for that purpose, as a first and prior lien on all such revenues or, if so provided in the bond resolution, as a lien thereon subordinate to the current payment of a fixed amount or percentage or all of the costs of the operation, administration, and maintenance of the facilities.

**Sec. 10. LEASE OF FACILITIES TO PRIVATE CORPORATION.** The village may lease the nursing home and related, supporting medical facilities for operation, administration, and maintenance by a private corporation as a community nursing home open to all residents of the community upon equal terms for a term not exceeding 30 years, and subject to such other conditions as may be agreed. The lessee may be granted an option to renew the lease, for an additional term or terms upon such conditions and rentals, or to purchase the facility at such price, as may be provided. Any lease agreement entered hereunder shall, however, require the lessee to pay a net rental not less than the amount required to pay the principal and interest when due on all revenue bonds issued by the village for the construction, acquisition, and betterment of the leased facilities, and to maintain the agreed revenue bond reserve. No such lease agreement shall grant an option to the lessee to purchase the facilities at a price less than the face amount of the bonds so issued except the payments of bond principal already made may be credited against the face amount purchase price.

**Sec. 11. SECURITY FOR BONDS; PLEDGE OF CREDIT FOR MAINTENANCE OF RESERVE.** In the issuance of bonds hereunder the revenues or rentals shall be pledged and appropriated by resolution for the use and benefit of bondholders generally, or may be pledged by the execution of an indenture or other appropriate instrument to a trustee for the bondholders, and the site and facilities, or any part thereof, may be mortgaged to such trustee. The governing body shall have power to make and enter into any and all covenants with the bondholders or trustee which are determined by it to be necessary and proper to assure the marketability of the bonds, the completion of the facilities, the segregation of the revenues or rentals and any other funds pledged, and the sufficiency

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thereof for the prompt and full payment of all bonds and interest. If the resolution or indenture establishes a bond reserve equal to not less than the maximum principal and interest payments due on the bonds in any year (which reserve may be established from the proceeds of the bonds), and either (a) contains a covenant that the net revenues derived from rates and charges for use of the facilities after paying all costs of operation, administration and maintenance, will be sufficient to meet current bond and interest payments, or (b) in lieu of such covenant a lease agreement has been made under section 3 of this act, the resolution or indenture may also pledge the full faith and credit of the village for the maintenance of the reserve, and the bonds shall be designated as and governed by the provisions applicable to general obligation bonds set forth in Minnesota Statutes, Section 475.61 and 475.74. A certified copy of each such resolution or indenture shall be filed with the county auditor of the county in which the village is situated, before the bonds are delivered to the purchaser.

**Sec. 12. MISCELLANEOUS PROVISIONS.** All bonds issued pursuant to this act shall be issued and sold as provided in Minnesota Statutes, Chapter 475, but if the bonds do not pledge the credit of the village as provided in section 4 of this act, the governing body may negotiate their sale without advertisement for bids and they shall not be included in the net debt of any municipality included therein, and shall not be subject to interest rate limitations, as defined or referred to in Minnesota Statutes, Sections 475.51 and 475.55. The bonds and interest thereon shall be exempt from taxation by the state or any of its political subdivisions.

**Sec. 13. REFUNDING BONDS.** The village is authorized to issue bonds hereunder by resolution or resolutions of its governing body to refund any bonds issued for the purposes herein stated.

**Sec. 14. APPROVAL.** Sections 8 to 13 of this act are effective upon the approval of the village council of the village of Balaton and compliance with Minnesota Statutes, Section 645.021.

Approved May 25, 1971.

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## CHAPTER 507—S.F.No.2303

*An act relating to crimes and criminals; prohibiting and providing a penalty for the failure to support certain dependents; amending Minnesota Statutes 1969, Section 609.375.*

Changes or additions indicated by underline, deletions by ~~strikeout~~.