

CHAPTER 868—S.F.No.1547

[Coded]

An act relating to the creation of a state agency known as the Minnesota higher education facilities authority.

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

Section 1. [136A.25] **HIGHER EDUCATION FACILITITES AUTHORITY; CREATION.** A state agency known as the Minnesota higher education facilities authority is hereby created.

Sec. 2. [136A.26] **MEMBERSHIPS; OFFICERS; COMPENSATION; REMOVAL.** The Minnesota higher education facilities authority shall consist of six members appointed by the governor with the advice and consent of the senate, and the executive director of the Minnesota higher education coordinating commission. The governor shall in like manner fill for the unexpired term all vacancies of the authority over which he has power of appointment.

All members to be appointed by the governor shall be residents of the state. At least one of the members shall be a person having a favorable reputation for skill, knowledge, and experience in the field of state and municipal finance; and at least one shall be a person having a favorable reputation for skill, knowledge, and experience in the building construction field; and at least one of the members shall be a trustee, director, officer, or employee of an institution of higher education.

All members of the authority to be appointed by the governor shall be appointed in the manner prescribed in this paragraph. Two of the directors appointed in 1971 shall be appointed for a term expiring January 1, 1973; two shall be appointed for a term expiring January 1, 1975; and two shall be appointed for a term expiring January 1, 1977. Thereafter all directors shall be appointed for a six year term. All members appointed by the governor shall serve until their successors are appointed and qualified.

Any member of the authority may be removed by the governor for misfeasance, malfeasance or willful neglect of duty or other cause after notice and a public hearing, unless such notice and hearing shall be expressly waived in writing.

The members of the authority shall receive \$35 for attendance at each special meeting of the authority and each such member shall be paid for necessary expenses while engaged in the performance of such duties in the same manner and in the same amount as other state officers and employees are reimbursed.

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Sec. 3. [136A.27] **POLICY.** It is hereby declared that for the benefit of the people of the state, the increase of their commerce, welfare and prosperity and the improvement of their health and living conditions it is essential that this and future generations of youth be given the fullest opportunity to learn and to develop their intellectual and mental capacities; that it is essential that institutions of higher education within the state be provided with appropriate additional means to assist such youth in achieving the required levels of learning and development of their intellectual and mental capacities; and that it is the purpose of this act to provide a measure of assistance and an alternative method to enable institutions of higher education in the state to provide the facilities and structures which are sorely needed to accomplish the purposes of this act, all to the public benefit and good, to the extent and manner provided herein.

Sec. 4. [136A.28] **DEFINITIONS.** In this act, the following words and terms shall, unless the context otherwise requires, have the following meanings:

(a) "Authority", the higher education facilities authority created by this act.

(b) "Project", a structure or structures available for use as a dormitory or other student housing facility, a dining hall, student union, administration building, academic building, library, laboratory, research facility, classroom, athletic facility, health care facility, and maintenance, storage, or utility facility and other structures or facilities related thereto or required or useful for the instruction of students or the conducting of research or the operation of an institution of higher education, whether proposed, under construction, or completed, including parking and other facilities or structures essential or convenient for the orderly conduct of such institution for higher education, and shall also include landscaping, site preparation, furniture, equipment and machinery and other similar items necessary or convenient for the operation of a particular facility or structure in the manner for which its use is intended but shall not include such items as books, fuel, supplies or other items the costs of which are customarily deemed to result in a current operating charge, and shall not include any facility used or to be used for sectarian instruction or as a place of religious worship nor any facility which is used or to be used primarily in connection with any part of the program of a school or department of divinity for any religious denomination.

(c) "Cost", as applied to a project or any portion thereof financed under the provisions of this act embraces all or any part of the cost of construction, acquisition, alteration, enlargement, reconstruction and remodeling of a project including all lands, structures, real or personal property, rights, rights of way, franchises, easements and interests acquired or used for or in connection with a project, the cost

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of demolishing or removing any buildings or structures on land so acquired, including the cost of acquiring any lands to which such buildings or structures may be moved, the cost of all machinery and equipment, financing charges, interest prior to, during and for a period after completion of such construction and acquisition, provisions for reserves for principal and interest and for extensions, enlargements, additions and improvements, the cost of architectural, engineering, financial and legal services, plans, specifications, studies, surveys, estimates of cost and of revenues, administrative expenses, expenses necessary or incident to determining the feasibility or practicability of constructing the project and such other expenses as may be necessary or incident to the construction and acquisition of the project, the financing of such construction and acquisition and the placing of the project in operation.

(d) "Bonds", or "revenue bonds", revenue bonds of the authority issued under the provisions of this act, including revenue refunding bonds, notwithstanding that the same may be secured by mortgage or the full faith and credit of a participating institution for higher education or any other lawfully pledged security of a participating institution for higher education.

(e) "Institution of higher education", a nonprofit educational institution within the state authorized to provide a program of education beyond the high school level.

(f) "Participating institution of higher education", an institution of higher education which, pursuant to the provisions of this act, undertakes the financing and construction or acquisition of a project or undertakes the refunding or refinancing of obligations or of a mortgage or of advances as provided in this act.

Sec. 5. [136A.29] **POWERS; DUTIES.** The purpose of the authority shall be to assist institutions of higher education in the construction, financing, and refinancing of projects. The exercise by the authority of the powers conferred by this act shall be deemed and held to be the performance of an essential public function. For the purpose of this act, the authority is authorized and empowered to:

(a) Annually elect one of its members as chairman, and one as vice chairman, as well as to elect additional officers deemed necessary by the authority. The executive director of the higher education coordinating commission shall be secretary of the authority.

(b) Appoint and employ employees as it may deem necessary to carry out its duties, determine the title of the employees so employed, and fix the salary of said employees. Employees of the authority shall participate in retirement and other benefits in the same manner that higher education coordinating commission members participate.

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(c) By mutual agreement between the authority and the higher education coordinating commission, authority staff employees may also be members of the commission staff. By mutual agreement, authority employees may be provided office space in the office of the *higher education coordinating commission, and said employees may make use of equipment, supplies, and office space, provided that the authority fully reimburses the higher education coordinating commission for salaries and for space, equipment, supplies, and materials used.* In the absence of such mutual agreement between the authority and the higher education coordinating commission, the authority may maintain an office at such place or places as it may designate.

(d) Adopt rules and regulations for the conduct of its business.

(e) To determine the location and character of any project to be financed under the provisions of this act, and to construct, reconstruct, remodel, maintain, manage, enlarge, alter, add to, repair, operate, lease, as lessee or lessor, and regulate the same, to enter into contracts for any or all of such purposes, to enter into contracts for the management and operation of a project, and to designate a participating institution of higher education as its agent to determine the location and character of a project undertaken by such participating institution of higher education under the provisions of this act and as the agent of the authority, to construct, reconstruct, remodel, maintain, manage, enlarge, alter, add to, repair, operate, lease, as lessee or lessor, and regulate the same, and as the agent of the authority, to enter into contracts for any or all of such purposes, including contracts for the management and operation of such project;

(f) Acquire by gift or purchase and hold and mortgage real estate and interests therein and personal property to be used as a project or a part thereof;

(g) Purchase, construct, reconstruct, enlarge, improve, furnish and equip and lease, sell, exchange, and otherwise dispose of projects or parts thereof; .

(h) Issue bonds in an amount not to exceed \$45,000,000, bond anticipation notes, and other obligations of the authority, to provide funds for acquiring, constructing, reconstructing, enlarging, remodeling, renovating, improving, furnishing, or equipping one or more projects or parts thereof;

(i) Enter into contracts and execute all instruments necessary or appropriate to carry out the purposes of this chapter;

(j) Generally, to fix and revise from time to time and charge and collect rates, rents, fees and charges for the use of and for the

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services furnished or to be furnished by a project or any portion thereof and to contract with any person, partnership, association or corporation or other body public or private in respect thereof;

(k) Pledge, assign, hypothecate, or otherwise encumber as security for the bonds, the rentals, revenues, and other income, charges, and moneys realized from the use, lease, sale, or other disposition of one or more projects or parts thereof as may be designated in the bond proceedings and enter into trust agreements or indentures of mortgage for the benefit of bondholders;

(l) To establish rules and regulations for the use of a project or any portion thereof and to designate a participating institution of higher education as its agent to establish rules and regulations for the use of a project undertaken for such participating institution of higher education;

(m) To employ consulting engineers, architects, attorneys, accountants, construction and financial experts, superintendants, managers, and such other employees and agents as may be necessary in its judgment, and to fix their compensation;

(n) To receive and accept from any public agency loans or grants for or in aid of the acquisition, construction, or refinancing of a project or any portion thereof, and to receive and accept loans, grants, aid or contributions from any source of either money, property, labor or other things of value to be held, used and applied only for the purposes for which such loans, grants, aid and contributions are made;

(o) Enter into appropriate arrangements with any federal or state department or agency, county, township, municipal corporation, or other political subdivision, taxing district, or public body or agency for the planning and installation of streets, roads, alleys, water supply and distribution facilities, storm and sanitary sewage collection and disposal facilities, and other necessary appurtenances to a project;

(p) Purchase fire and extended coverage and liability insurance for a project, and any other insurance the authority may agree to provide under the bond proceedings;

(q) Before the issuance of any revenue bonds under the provisions of this act, any member of the authority authorized by resolution of the authority to handle funds or sign checks of the authority shall execute a surety bond in an amount to be determined by the authority. Each such surety bond shall be conditioned upon the faithful performance of the duties of the office of the principal, shall be executed by a surety company authorized to transact business in the state of Minnesota as surety, shall be approved by the attorney

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general and shall be filed in the office of the state secretary. The cost of each such bond shall be paid by the authority;

(r) Sell, lease, release or otherwise dispose of real and personal property or interests therein, or a combination thereof, acquired by the commission under authority of this chapter and no longer needed for the purposes of such chapter or of the commission, and grant such easements and other rights in, over, under, or across a project as will not interfere with its use of such property. Such sale, lease, release, disposition, or grant may be made without competitive bidding and in such manner for such consideration as the commission in its judgment deems appropriate.

(s) To make loans to any participating institution of higher education for the cost of a project in accordance with an agreement between the authority and the participating institution of higher education; provided that no such loan shall exceed the total cost of the project as determined by the participating institution of higher education and approved by the authority;

(t) To make loans to a participating institution of higher education to refund outstanding obligation, mortgages or advances issued, made or given by such participating institution of higher education for the cost of a project;

(u) To charge to and apportion among participating institutions of higher education its administrative costs and expenses incurred in the exercise of the powers and duties conferred by this act;

(v) To do all things necessary or convenient to carry out the purposes of this act.

Sec. 6. [136A.30] SOURCE OF PAYMENT OF EXPENSES. All expenses incurred in carrying out the provisions of this act shall be payable solely from funds provided under the authority of this act and no liability shall be incurred by the authority hereunder beyond the extent to which moneys shall have been provided under the provisions of this act.

Sec. 7. [136A.31] NOTES OF THE AUTHORITY. The authority may from time to time issue negotiable notes for the purpose of this chapter and may from time to time renew any notes by the issuance of new notes, whether the notes to be renewed have or have not matured. The authority may issue notes partly to renew notes or to discharge other obligations then outstanding and partly for any other purpose. The notes may be authorized, sold, executed and delivered in the same manner as bonds. Any resolution or resolutions authorizing notes of the authority or any issue thereof may contain any provisions which the authority is authorized to include in any resolution or resolutions authorizing revenue bonds of the

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authority or any issue thereof, and the authority may include in any notes any terms, covenants or conditions which it is authorized to include in any bonds. All such notes shall be payable solely from the revenue of the authority, subject only to any contractual rights of the holders of any of its notes or other obligations then outstanding.

Sec. 8. [136A.32] **BONDS OF THE AUTHORITY.** Subdivision 1. The authority may from time to time issue revenue bonds for purposes of this chapter and all such revenue bonds, notes, bond anticipation notes or other obligations of the authority issued pursuant to this chapter shall be and are hereby declared to be negotiable for all purposes notwithstanding their payment from a limited source and without regard to any other law or laws. In anticipation of the sale of such revenue bonds, the authority may issue negotiable bond anticipation notes and may renew the same from time to time, but the maximum maturity of any such note, including renewals thereof, shall not exceed five years from the date of issue of the original note. Such notes shall be paid from any revenues of the authority available therefor and not otherwise pledged, or from the proceeds of sale of the revenue bonds of the authority in anticipation of which they were issued. The notes shall be issued in the same manner as the revenue bonds. Such notes and the resolution or resolutions authorizing the same may contain any provisions, conditions or limitations which a bond resolution or the authority may contain.

Subd. 2. The revenue bonds and notes of every issue shall be payable solely out of revenues of the authority, subject only to any agreements with the holders of particular revenue bonds or notes pledging any particular revenues. Notwithstanding that revenue bonds and notes may be payable from a special fund, they shall be and be deemed to be, for all purposes, negotiable instruments, subject only to the provisions of the revenue bonds.

Subd. 3. The revenue bonds may be issued as serial bonds or as term bonds, or the authority, in its discretion, may issue bonds of both types. The revenue bonds shall be authorized by resolution of the members of the authority and shall bear such date or dates, mature at such time or times, not exceeding 50 years from their respective dates, bear interest at such rate or rates, payable at such time or times, be in denominations, be in such form, either coupon or registered, carry such registration privileges, be executed in such manner, be payable in lawful money of the United States of America at such place or places, and be subject to such terms of redemption, as such resolution or resolutions may provide. The revenue bonds or notes may be sold at public or private sale for such price or prices as the authority shall determine. Pending preparation of the definitive bonds, the authority may issue interim receipts or certificates which shall be exchanged for such definite bonds.

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Subd. 4. Any resolution or resolutions authorizing any revenue bonds or any issue of revenue bonds may contain provisions, which shall be a part of the contract with the holders of the revenue bonds to be authorized, as to:

(a) Pledging all or any part of the revenues of a project or projects, any revenue producing contract or contracts made by the authority with any individual partnership, corporation or association or other body, public or private, to secure the payment of the revenue bonds or of any particular issue of revenue bonds, subject to such agreements with bondholders as may then exist;

(b) The rentals, fees and other charges to be charged, and the amounts to be raised in each year thereby, and the use and disposition of the revenues;

(c) The setting aside of reserves or sinking funds, and the regulation and disposition thereof;

(d) Limitations on the right of the authority or its agent to restrict and regulate the use of the project;

(e) Limitations on the purpose to which the proceeds of sale of any issue of revenue bonds then or thereafter to be issued may be applied and pledging such proceeds to secure the payment of the revenue bonds or any issue of the revenue bonds;

(f) Limitations on the issuance of additional bonds, the terms upon which additional bonds may be issued and secured and the refunding of outstanding bonds;

(g) The procedure, if any, by which the terms of any contract with bondholders may be amended or abrogated, the amount of bonds the holders of which must consent thereto, and the manner in which such consent may be given;

(h) Limitations on the amount of moneys derived from the project to be expended for operating, administrative or other expenses of the authority;

(i) Defining the acts or omissions to act which shall constitute a default in the duties of the authority to holders of its obligations and providing the rights and remedies of such holders in the event of a default;

(j) The mortgaging of a project and the site thereof for the purpose of securing the bondholders.

Subd. 5. Neither the members of the authority nor any person executing the revenue bonds or notes shall be liable personally on the revenue bonds or notes or be subject to any personal liability or accountability by reason of the issuance thereof.

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Subd. 6. The authority shall have power out of any funds available therefor to purchase its bonds or notes. The authority may hold, pledge, cancel or resell such bonds, subject to and in accordance with agreements with bondholders.

Sec. 9. **[136A.33] TRUST AGREEMENT.** In the discretion of the authority any revenue bonds issued under the provisions of this act may be secured by a trust agreement by and between the authority and a corporate trustee or trustees, which may be any trust company or bank having the powers of a trust company within the state. Such trust agreement or the resolution providing for the issuance of such revenue bonds may pledge or assign the revenues to be received or proceeds of any contract or contracts pledged and may convey or mortgage the project or any portion thereof. Such trust agreement or resolution providing for the issuance of such revenue bonds may contain such provisions for protecting and enforcing the rights and remedies of the bondholders as may be reasonable and proper and not in violation of laws, including particularly such provisions as have hereinabove been specifically authorized to be included in any resolution or resolutions of the authority authorizing revenue bonds thereof. Any bank or trust company incorporated under the laws of the state which may act as depository of the proceeds of bonds or of revenues or other moneys may furnish such indemnifying bonds or pledges such securities as may be required by the authority. Any such trust agreement may set forth the rights and remedies of the bondholders and of the trustee or trustees and may restrict the individual right of action by bondholders. In addition to the foregoing, any such trust agreement or resolution may contain such other provisions as the authority may deem reasonable and proper for the security of the bondholders. All expenses incurred in carrying out the provisions of such trust agreement or resolution may be treated as a part of the cost of the operation of a project.

Sec. 10. **[136A.34] REVENUE REFUNDING BONDS.** Subdivision 1. The authority is hereby authorized to provide for the issuance of revenue bonds of the authority for the purpose of refunding any revenue bonds of the authority then outstanding, including the payment of any redemption premium thereon and any interest accrued or to accrue to the earliest or any subsequent date of redemption, purchase or maturity of such revenue bonds, and, if deemed advisable by the authority, for the additional purpose of paying all or any part of the cost of constructing and acquiring additions, improvements, extensions or enlargements of a project or any portion thereof.

Subd. 2. The proceeds of any such revenue bonds issued for the purpose of refunding outstanding revenue bonds may, in the discretion of the authority, be applied to the purchase or retirement at maturity or redemption of such outstanding revenue bonds either on

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their earliest or any subsequent redemption date or upon the purchase or at the maturity thereof and may, pending such application be placed in escrow to such purchase or retirement at maturity or redemption on such date as may be determined by the authority.

Subd. 3. Any such escrowed proceeds, pending such use, may be invested and reinvested in direct obligations of the United States of America, or in certificates of deposit or time deposits secured by direct obligations of the United States of America, maturing at such time or times as shall be appropriate to assure the prompt payment, as to principal, interest and redemption premium, if any, of the outstanding revenue bonds to be so refunded. The interest, income and profits, if any, earned or realized on any such investment may also be applied to the payment of the outstanding revenue bonds to be so refunded. After the terms of the escrow have been fully satisfied and carried out, any balance of such proceeds and interest, income and profits, if any, earned or realized on the investments thereof may be returned to the authority for use by it in any lawful manner.

Subd. 4. The portion of the proceeds of any such revenue bonds issued for the additional purpose of paying all or any part of the cost of constructing and acquiring additions, improvements, extensions or enlargements of a project may be invested and reinvested in direct obligations of the United States of America, or in certificates of deposit or time deposits secured by direct obligations of the United States of America, maturing not later than the time or times when such proceeds will be needed for the purpose of paying all or any part of such cost. The interest, income and profits, if any, earned or realized on such investment may be applied to the payment of all or any part of such cost or may be used by the authority in any lawful manner.

Subd. 5. All such revenue bonds shall be subject to the provisions of this act in the same manner and to the same extent as other revenue bonds issued pursuant to this act.

Sec. 11. [136A.35] BONDS ARE NOT STATE OBLIGATION. Bonds issued under authority of this chapter do not, and shall state that they do not, represent or constitute a debt or pledge of the faith and credit of the state, grant to the owners or holders thereof any right to have the state levy any taxes or appropriate any funds for the payment of the principal thereof or interest thereon. Such bonds are payable and shall state that they are payable solely from the rentals, revenues, and other income, charges, and moneys as are pledged for their payment in accordance with the bond proceedings.

Sec. 12. [136A.36] REVENUES. The authority may fix, revise, charge and collect rates, rents, fees and charges for the use of and for the services furnished or to be furnished by each project and to contract with any person, partnership, association or corporation, or

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other body, public or private, in respect thereof. Such rates, rents, fees and charges shall be fixed and adjusted in respect of the aggregate of rates, rents, fees and charges from such project so as to provide funds sufficient with other revenues, if any:

(a) To pay the cost of maintaining, repairing and operating the project and each and every portion thereof, to the extent that the payment of such cost has not otherwise been adequately provided for;

(b) To pay the principal of and the interest on outstanding revenue bonds of the authority issued in respect of such project as the same shall become due and payable.

(c) To create and maintain reserves required or provided for in any resolution authorizing, or trust agreement securing, such revenue bonds of the authority. Such rates, rents, fees and charges shall not be subject to supervision or regulation by any department, commission, board, body, bureau or agency of this state other than the authority. A sufficient amount of the revenues derived in respect of a project, except such part of such revenues as may be necessary to pay the cost of maintenance, repair and operation and to provide reserves and for renewals, replacements, extensions, enlargements and improvements as may be provided for in the resolution authorizing the issuance of any revenue bonds of the authority or in the trust agreement securing the same, shall be set aside at such regular intervals as may be provided in such resolution or trust agreement in a sinking or other similar fund which is hereby pledged to, and charged with, the payment of the principal of and the interest on such revenue bonds as the same shall become due, and the redemption price or the purchase price of bonds retired by call or purchase as therein provided. Such pledge shall be valid and binding from the time when the pledge is made; the rates, rents, fees and charges and other revenues or other moneys so pledged and thereafter received by the authority shall immediately be subject to the lien of such pledge without physical delivery thereof or further act, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind against the authority, irrespective of whether such parties have notice thereof. Neither the resolution nor any trust agreement by which a pledge is created need be filed or recorded except in the records of the authority. The use and disposition of moneys to the credit of such sinking or other similar fund shall be subject to the provisions of the resolution authorizing the issuance of such bonds or of such trust agreement. Except as may otherwise be provided in such resolution or such trust agreement, such sinking or other similar fund shall be a fund for all such revenue bonds issued to finance a project or projects at one or more participating institutions of higher education without distinction or priority of one over another; provided the authority in any such resolution or trust agreement may provide that such sinking or other similar fund shall be the fund for a particular project at an institution of higher education and for the

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revenue bonds issued to finance a particular project and may, additionally, permit and provide for the issuance of revenue bonds having a subordinate lien in respect of the security herein authorized to other revenue bonds of the authority and, in such case, the authority may create separate or other similar funds in respect of such subordinate lien bonds.

Sec. 13. [136A.37] REMEDIES OF BONDHOLDERS AND TRUSTEES. Any holder of revenue bonds issued under the provisions of this act or any of the coupons appertaining thereto, and the trustee or trustees under any trust agreement, except to the extent the rights herein given may be restricted by any resolution authorizing the issuance of, or any such trust agreement securing, such bonds, may, either at law or in equity, by suit, action, mandamus, or other proceedings, protect and enforce any and all rights under the laws of the state or granted hereunder or under such resolution or trust agreement, and may enforce and compel the performance of all duties required by this act or by such resolution or trust agreement to be performed by the authority or by any officer, employee or agent thereof, including the fixing, charging and collecting of the rates, rents, fees and charges herein authorized and required by the provisions of such resolution or trust agreement to be fixed, established and collected.

Sec. 14. [136A.38] BONDS ELIGIBLE FOR INVESTMENT. Bonds issued by authority under the provisions of this act are hereby made securities in which all public officers and public bodies of the state and its political subdivisions, all insurance companies, trust companies, banking associations, investment companies, executors, administrators, trustees and other fiduciaries may properly and legally invest funds, including capital in their control or belonging to them; it being the purpose of this section to authorize the investment in such bonds of all sinking, insurance, retirement, compensation, pension and trust funds, whether owned or controlled by private or public persons or officers; provided, however, that nothing contained in this section may be construed as relieving any person, firm, or corporation from any duty of exercising due care in selecting securities for purchase or investment; and provide further, that in no event shall assets of pension funds of public employees of the state of Minnesota or any of its agencies, boards or subdivisions, whether publicly or privately administered, be invested in bonds issued under the provisions of this act. Such bonds are hereby constituted "authorized securities" within the meaning and for the purposes of Minnesota Statutes 1969, Section 50.14. Such bonds are hereby made securities which may properly and legally be deposited with and received by any state or municipal officer or any agency or political subdivision of the state for any purpose for which the deposit of bonds or obligations of the state now or may hereafter be authorized by law.

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Sec. 15. [136A.39] EXEMPTION FROM TAXES AND OTHER RESTRICTIONS. The exercise of the powers granted by this act will be in all respects for the benefit of the people of this state, for the increase of their commerce, welfare and prosperity, and for the improvement of their health and living conditions, and as the operation and maintenance of a project by the authority or its agent will constitute the performance of an essential public function, neither the authority nor its agent shall be required to pay any taxes or assessments upon or in respect of a project or any property acquired or used by the authority or its agent under the provisions of this act or upon the income therefrom, and any bonds issued under the provisions of this act, their transfer and the income therefrom, including any profit made on the sale thereof, shall at all times be free from taxation of every kind by the state and by the municipalities and other political subdivisions in the state.

Sec. 16. [136A.40] ADMINISTRATION. The administrator of this chapter shall be under the authority independent of other authority and notwithstanding Minnesota Statutes, Chapter 16.

Sec. 17. [136A.41] CONFLICT OF INTEREST. Any member, officer, agent or employee of the authority who, directly or indirectly, has any financial interest in any property to be included in, or any contract for property or materials to be furnished or used in connection with, any project of the authority, shall be punished by a fine of not less than \$50 nor more than \$1,000, or by imprisonment for not more than one month, or both.

Notwithstanding the foregoing provisions of this section or the provisions of any other laws to the contrary, it shall not be or constitute a conflict of interest or violation of the provisions of this section or the provisions of any other law for a trustee, director, officer or employee of a participating institution of higher education or for a person having the required favorable reputation for skill, knowledge and experience in state and municipal finance or for a person having the required favorable reputation for skill, knowledge and experience in the building construction field to serve as a member of the authority; provided in each case to which the provisions hereof are applicable, such trustee, director, officer or employee of such participating institution of higher education abstains from discussion, deliberation, action and vote by the authority in specific respect to any undertaking pursuant to this act in which such participating institution of higher education has an interest, or such person having the required favorable reputation for skill, knowledge and experience in state and municipal finance abstains from discussion, deliberation, action and vote by the authority in specific respect to any sale, purchase or ownership of bonds of the authority in which the investment banking firm or insurance company or bank of which such person is a partner, officer or employee has a past, current or future interest, or such person having the required

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favorable reputation for skill, knowledge and experience in the building construction field abstains from discussion, deliberation, action and vote by the authority in specific respect to construction or acquisition of any project of the authority in which any partnership, firm, joint venture, sole proprietorship or corporation of which such person is an owner, venturer, participant, partner, officer or employee who has a past, current or future interest.

Sec. 18. [136A.42] **ANNUAL REPORT.** The authority shall keep an accurate account of all of its activities and all of its receipts and expenditures and shall annually make a report thereof to the higher education coordinating commission. The authority's report shall be included in the higher education coordinating commission's biennial report to the governor and the legislature.

Approved June 7, 1971.

CHAPTER 869—S.F.No.1551

[Not Coded]

An act relating to the city of Alexandria and the townships of Alexandria, Carlos, Hudson and LaGrand, in the county of Douglas; providing for the creation of a sanitary sewer board, prescribing its duties and powers, and providing for the collection, treatment and disposal of sewage in the Alexandria lake area.

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

Section 1. ALEXANDRIA LAKE AREA; SANITARY SEWERS; LEGISLATIVE PURPOSE AND POLICY. The legislature determines that in the lake area in and around the city of Alexandria, Minnesota, there are serious problems of water pollution and disposal of sewage which cannot be effectively or economically dealt with by existing government units under existing laws. The legislature, therefore, declares that for the protection of the public health, safety and welfare of the area, for the preservation and best use of waters and other natural resources of the state in the area, for the prevention, control and abatement of water pollution in the area, and for the efficient and economic collection, treatment and disposal of sewage, it is necessary to establish in Minnesota for said area a sanitary sewer board assigned the responsibility of carrying on a continuous long range program of planning with respect thereto and given the authority to take over, acquire, construct, better, administer, operate and maintain any and all interceptors and treatment

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