

124.20 EDUCATION; STATE AID; SUMMER SCHOOL AND YEAR-ROUND CLASSES. State aid for summer school classes which are not a part of the regular school term in hospitals, sanatoriums, home instruction programs, and inter-session classes of year-round programs in elementary and secondary schools, and summer school instruction, in area vocational schools or teachers college laboratory schools or in the university laboratory school shall be paid at a proportionate rate for aids paid during the regular school term.

Approved May 22, 1973.

CHAPTER 515—H.F.No.1581

[Coded in Part]

An act relating to the Minnesota housing finance agency; prescribing its powers and duties; providing for the financing thereof; appropriating money; amending Minnesota Statutes 1971, Sections 462A.02, by adding a subdivision; 462A.03, Subdivisions 2, 4, 7, 9, and 10, and adding subdivisions; 462A.05, Subdivisions 2, 3, 4, 5, 9, 10, and adding subdivisions; 462A.06, Subdivisions 11 and 12; 462A.07, Subdivision 5; 462A.08, Subdivisions 1, 2 and 3; 462A.09; 462A.10, Subdivisions 2, 3, 4, 5, and 9; 462A.16; 462A.17, Subdivision 1; 462A.18, Subdivision 2; 462A.20, Subdivision 2; 462A.21, Subdivisions 2, 3, and 4; and 462A.22; repealing Minnesota Statutes 1971, Sections 462A.06, Subdivisions 13, 14, 15 and 16; and 462A.23.

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

Section 1. Minnesota Statutes 1971, Section 462A.02, is amended by adding a subdivision to read:

Subd. 7. HOUSING FINANCE AGENCY. It is further declared that housing assistance programs provided by the federal government frequently require cooperation by or coordination with an agency of state government and that the availability of particular housing assistance programs of the federal government may depend upon the existence of an agency in state government with the authority and capacity to coordinate and administer such federal housing assistance programs.

Sec. 2. Minnesota Statutes 1971, Section 462A.03, Subdivision 2, is amended to read:

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

Subd. 2. "Development costs" means the costs approved by the agency as appropriate expenditures which may be incurred by sponsors of land development for residential housing or of residential housing, within this state, prior to commitment and initial advance of the proceeds of a ~~federally insured~~ an eligible construction loan, or ~~federally insured eligible mortgage~~, and for which temporary loans from the housing development fund may be made by the agency subject to the provisions of section 462A.05, subdivision ~~2~~ 5, including but not limited to:

(a) Payments for options to purchase properties on the proposed residential housing site, deposits on contracts of purchase, or, with prior approval of the ~~housing development fund~~ agency, payments for the purchase of such properties;

(b) Legal and organizational expenses, including payments of attorneys' fees, project manager and clerical staff salaries, office rent and other incidental expenses;

(c) Payment of fees for preliminary feasibility studies, advances for planning, engineering and architectural work;

(d) Expenses for tenant surveys and market analyses; and

(e) Necessary application and other fees.

Sec. 3. Minnesota Statutes 1971, Section 462A.03, Subdivision 4, is amended to read:

Subd. 4. "Federally insured mortgage" means a mortgage loan for residential housing which is insured or guaranteed by the United States or an instrumentality thereof, or by a commitment by the United States or an instrumentality thereof to insure such a mortgage.

Sec. 4. Minnesota Statutes 1971, Section 462A.03, Subdivision 7, is amended to read:

Subd. 7. "Residential housing" means a specific work or improvement within this state undertaken primarily to provide dwelling accommodations for persons and families of low and moderate income and for others when determined to be necessary in furtherance of the policy stated in section 462A.02, subdivision 6, including land development and the acquisition, construction or rehabilitation of buildings and improvements thereto, for residential housing, and such other nonhousing facilities as may be incidental or appurtenant thereto.

Sec. 5. Minnesota Statutes 1971, Section 462A.03, Subdivision 9, is amended to read:

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Subd. 9. ~~“Loan fund,” and “bond fund,” and “Housing development fund,” fund” and “bond funds”~~ mean the funds which may be created and established in accordance with sections 462A.20, and 462A.22 and 462A.23, respectively.

Sec. 6. Minnesota Statutes 1971, Section 462A.03, Subdivision 10, is amended to read:

Subd. 10. “Persons and families of low and moderate income” means persons and families, irrespective of race, creed, national origin or sex, determined by the agency to require such assistance as is made available by sections 462A.01 to 462A.24 on account of personal or family income not sufficient to afford adequate housing, ~~and to be eligible or potentially eligible to occupy residential housing constructed and financed, wholly or in part, with federally insured construction loans, federally insured mortgages, federally insured securities, or with other public or private assistance, and.~~ In making such determination the agency shall take into account the following: (a) The amount of the total income of such persons and families available for housing needs, (b) the size of the family, (c) the cost and condition of housing facilities available, (d) the eligibility of such persons and families to compete successfully in the normal housing market and to pay the amounts at which private enterprise is providing sanitary, decent and safe housing. ~~In the case of federally insured subsidized mortgages with respect to which income limits have been established by any agency of the federal government having jurisdiction thereover for the purpose of defining eligibility of low and moderate income families, the limits so established shall govern under the provision of sections 462A.01 to 462A.24. In all other cases income limits for the purpose of defining low or moderate income persons shall be established by the agency in its rules.~~

Sec. 7. Minnesota Statutes 1971, Section 462A.03, is amended by adding a subdivision to read:

Subd. 11. “Eligible loan” means any mortgage loan, construction loan, or other loan, whether or not federally insured, granted by the agency to an eligible mortgagor.

Sec. 8. Minnesota Statutes 1971, Section 462A.03, is amended by adding a subdivision to read:

Subd. 12. “Eligible security” means any security payable from or evidencing an interest in mortgages securing loans to finance residential housing.

Sec. 9. Minnesota Statutes 1971, Section 462A.03, is amended by adding a subdivision to read:

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

Subd. 13. "Eligible mortgagor" means a nonprofit corporation or limited profit entity as the same are defined by the agency in its rules, or a natural person of low or moderate income, except that the return to a limited dividend entry shall not exceed eight percent of the capital contribution of the investors or such lesser percentage as the agency shall establish in its rules.

Sec. 10. Minnesota Statutes 1971, Section 462A.03, is amended by adding a subdivision to read:

Subd. 14. "Federal housing assistance supplements" means and refers to all funds made available to the state of Minnesota by the federal government or any agency or instrumentality thereof for the purpose of assisting in providing adequate and economic housing in the state of Minnesota.

Sec. 11. Minnesota Statutes 1971, Section 462A.05, Subdivision 2, is amended to read:

Subd. 2. It may make or participate in the making of ~~federally insured~~ eligible construction loans to sponsors of residential housing for occupancy by persons or families of low and moderate income. Such loans shall be made only upon determination by the agency that construction loans are not otherwise available, wholly or in part, from private lenders upon equivalent terms and conditions.

Sec. 12. Minnesota Statutes 1971, Section 462A.05, Subdivision 3, is amended to read:

Subd. 3. It may agree to purchase, make, or otherwise participate in the making and enter into commitments for the purchase, making, or participation in the making of long term ~~federally insured~~ eligible mortgage loans to sponsors of residential housing for occupancy by persons and families of low and moderate income, or to persons and families of low and moderate income who may purchase such residential housing. Such loans shall be made only upon determination by the agency that long term mortgage loans are not otherwise available, wholly or in part, from private lenders upon equivalent terms and conditions.

Sec. 13. Minnesota Statutes 1971, Section 462A.05, Subdivision 4, is amended to read:

Subd. 4. It may purchase and enter into commitments for the purchase of ~~federally insured~~ eligible securities provided that the agency shall first determine that the proceeds of such securities will be utilized for the purpose of residential housing for occupancy by persons or families of low and moderate income.

Sec. 14. Minnesota Statutes 1971, Section 462A.05, Subdivision 5, is amended to read:

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Subd. 5. It may make temporary loans solely to "nonprofit" sponsors as defined by the agency, with or without interest, and with such security for repayment, if any, as the agency determines reasonably necessary and practicable, solely from the housing development fund, in accordance with the provisions of section 462A.21, to defray development costs to sponsors of residential housing construction for occupancy by persons and families of low and moderate income which development costs are eligible or potentially eligible for ~~federally insured~~ construction loans, or ~~federally insured~~ mortgages. ~~Provided that no temporary loans shall be made to limited dividend corporations.~~

Sec. 15. Minnesota Statutes 1971, Section 462A.05, Subdivision 9, is amended to read:

Subd. 9. It may invest any funds not required for immediate disbursement in direct obligations of the United States government or in obligations the principal of which and interest on which are guaranteed by the United States government or an agency thereof, ~~subject to the provisions of section 462A.23.~~

Sec. 16. Minnesota Statutes 1971, Section 462A.05, Subdivision 10, is amended to read:

Subd. 10. It may sell ~~federally insured mortgages~~ eligible loans or eligible securities to the federal national mortgage association or ~~another any other agency or instrumentality of the United States, and may invest in the capital stock of such~~ issued by said association or other agency or instrumentality to the extent, if any, required as a condition of such sale.

Sec. 17. Minnesota Statutes 1971, Section 462A.05, is amended by adding a subdivision to read:

Subd. 11. It may receive federal housing assistance supplements from the federal government, or from agencies or instrumentalities thereof; may administer and distribute said funds in accordance with the applicable provisions of federal law or regulations governing the administration and distribution of said supplements; and may make and publish such rules and regulations as are necessary to enable it to receive, administer, and distribute said supplements in accordance with said federal laws and regulations.

Sec. 18. Minnesota Statutes 1971, Section 462A.05, is amended by adding a subdivision to read:

Subd. 12. It may, from time to time, establish such funds as may be needed in order to receive, administer, and distribute federal housing assistance supplements. All federal housing assistance supplements received by the agency are hereby appropriated to the agency.

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

Sec. 19. Minnesota Statutes 1971, Section 462A.05, is amended by adding a subdivision to read:

Subd. 13. In carrying out the policies and purposes declared in section 462A.02, the agency shall prefer those housing projects which are federally subsidized and those loans which are federally insured or guaranteed, to the extent that the agency finds such projects and loans to be available at the times and in the amounts needed to meet the shortage of residential housing for persons and families of low and moderate income.

Sec. 20. Minnesota Statutes 1971, Section 462A.06, Subdivision 11, is amended to read:

Subd. 11. It may make and publish rules and regulations respecting its ~~federally insured~~ mortgage lending, construction lending, and temporary lending, and any such other rules and regulations as are necessary to effectuate its corporate purpose.

Sec. 21. Minnesota Statutes 1971, Section 462A.06, Subdivision 12, is amended to read:

Subd. 12. It may borrow money to carry out and effectuate its corporate purpose and may issue its negotiable bonds or notes as evidence of any such borrowing ~~in such principal amounts and upon such terms as shall be necessary to provide sufficient funds for achieving its corporate purpose, except that no negotiable notes shall be issued to mature more than ten years from date of issuance and no negotiable bonds shall be issued to mature more than 50 years from date of issuance in accordance with sections~~ 462A.08 to 462A.17.

Sec. 22. Minnesota Statutes 1971, Section 462A.07, Subdivision 5, is amended to read:

Subd. 5. It may enter into agreements with sponsors, mortgagors, or the issuers of securities for the purpose of regulating the planning, development, and management of housing projects financed in whole or in part by the proceeds of ~~federally insured mortgages~~ eligible loans or eligible securities purchased by the agency.

Sec. 23. Minnesota Statutes 1971, Section 462A.08, Subdivision 1, is amended to read:

462A.08 BONDS AND NOTES; PURPOSES, TERMS, APPROVAL. Subdivision 1. The agency from time to time may issue its negotiable bonds and notes in such principal amount, as, in the opinion of the agency, shall be necessary to provide sufficient funds for achieving its purposes ~~through, including the making of federally insured~~ eligible construction loans and mortgage loans for

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~~residential housing for low and moderate income persons and families, and the purchase of federally insured eligible securities, the payment of interest on bonds and notes of the agency, the establishment of reserves to secure such bonds and notes, and the maintenance of a reserve as provided in section 462A.22 payment of all other expenditures of the agency incident to and necessary or convenient to carry out its corporate purposes and powers.~~

Sec. 24. Minnesota Statutes 1971, Section 462A.08, Subdivision 2, is amended to read:

Subd. 2. ~~The agency from time to time may issue renewal notes, issue bonds to pay notes and whenever it deems or notes for the purpose of refunding expedient, refund any bonds by the issuance of new bonds, whether the bonds to be refunded have or have not matured, and issue bonds partly to refund bonds then outstanding and partly for any other purpose or notes of the agency then outstanding, including the payment of any redemption premiums thereon and any interest accrued or to accrue to the redemption date next succeeding the date of delivery of such refunding bonds or notes. The refunding bonds shall be sold and the proceeds of any such refunding bonds or notes may, in the discretion of the agency, be applied to the purchase, redemption or payment at maturity of the bonds or notes to be refunded, or to the redemption of such outstanding bonds or notes on the redemption date next succeeding the date of delivery of such refunding bonds or notes and may, pending such application, be placed in escrow to be applied to such purchase, retirement, or redemption. Any such escrowed proceeds, pending such use, may be invested and reinvested in obligations issued or guaranteed by the state or the United States or by any agency or instrumentality thereof, or in certificates of deposit or time deposits secured in such manner as the agency shall determine, maturing at such time or times as shall be appropriate to assure the prompt payment of the principal of and interest and redemption premiums, if any, on the bonds or notes to be refunded. The income earned or realized on any such investment may also be applied to the payment of the bonds or notes to be refunded. After the terms of the escrow have been fully satisfied, any balance of such proceeds and investment income may be returned to the agency for use by it in any lawful manner. All refunding bonds or notes issued under the provisions of this subdivision shall be issued and secured in the manner provided by resolution of the agency.~~

Sec. 25. Minnesota Statutes 1971, Section 462A.08, Subdivision 3, is amended to read:

Subd. 3. All notes or bonds issued hereunder shall be negotiable investment securities ~~under~~ within the meaning and for all purposes of the uniform commercial code, subject only to any

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provisions of the bonds and notes for registration. All notes and bonds so issued shall be general obligations of the agency, secured by its full faith and credit, and payable out of any moneys, assets, or revenues of the agency, subject to the provisions of resolutions or indentures pledging and appropriating particular moneys, assets, or revenues to particular notes or bonds.

Sec. 26. Minnesota Statutes 1971, Section 462A.09, is amended to read:

462A.09 BONDS AND NOTES; RESOLUTIONS AUTHORIZING, ADDITIONAL TERMS, SALE. The notes and bonds of the agency shall be authorized by a resolution of the members of or resolutions adopted by the agency, shall bear such date or dates, and shall mature at such time or times, in the case of any note, or any renewal thereof, not exceeding ten years from the date of issue of such original note, and in the case of any bond, not exceeding 50 years from the date of issue, as the resolution may provide. The notes and bonds shall bear interest at such rate or rates, be in such denominations, be in such form, either coupon or registered, carry such registration privileges, be executed in such manner, be payable in such medium of payment lawful money of the United States of America, at such place or places within or without the state, and be subject to such terms of redemption prior to maturity as such resolution or resolutions or certificates may provide. No note shall mature more than ten years from its date or from the date of any note refunded thereby. The maximum maturity of any bond, whether or not issued for the purpose of refunding, shall be 50 years from its date. The notes and bonds of the agency may be sold by the agency, at public or private sale, at such price or prices as the agency shall determine.

Sec. 27. Minnesota Statutes 1971, Section 462A.10, Subdivision 2, is amended to read:

Subd. 2. It may pledge or create a lien on all or any part of the moneys received in payment of loans and interest thereon, and or property of the agency and any moneys held in trust or otherwise, by others to secure the payment of the notes or bonds or of any issue thereof, subject to such agreements with bondholders or noteholders as may then exist, and subject to the provisions of sections 462A.22 and 462A.23.

Sec. 28. Minnesota Statutes 1971, Section 462A.10, Subdivision 3, is amended to read:

Subd. 3. It may provide for the use and disposition of the gross income from mortgages owned by the agency and payment of principal of mortgages owned by custody, collection, securing, investment, and payment of any moneys of the agency.

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Sec. 29. Minnesota Statutes 1971, Section 462A.10, Subdivision 4, is amended to read:

Subd. 4. It may set aside reserves ~~in the bond fund or sinking funds~~ and provide for the regulation and disposition thereof ~~and may create other special funds into which any moneys of the agency may be deposited.~~

Sec. 30. Minnesota Statutes 1971, Section 462A.10, Subdivision 5, is amended to read:

Subd. 5. It may limit the ~~guaranteed~~ loans and securities to which the proceeds of sale of notes or bonds may be applied and may pledge repayments thereon to secure the payment of the notes or bonds or of any issue thereof.

Sec. 31. Minnesota Statutes 1971, Section 462A.10, Subdivision 9, is amended to read:

Subd. 9. It may define the acts or omissions to act which shall constitute a default in the obligations and duties of the agency and may provide for the rights and remedies of the holders of bonds or notes in the event of such default, and provide any other matters of like or different character, consistent with sections 462A.01 to 462A.24 the general laws of the state and other provisions of this chapter, which in any way affect the security or protection of the notes or bonds and the rights of the holders thereof.

Sec. 32. Minnesota Statutes 1971, Section 462A.16, is amended to read:

462A.16 DEFAULT IN PAYMENTS; APPOINTMENT OF TRUSTEE. If the agency defaults in the payment of principal or interest on any issue of notes or bonds after the same shall become due, whether at maturity or upon call for redemption, and such default continues for a period of 30 days, or if the agency fails or refuses to comply with the provisions of ~~sections 462A.01 to 462A.24~~ this chapter, or defaults in any agreement made with the holders of any issue of notes or bonds, the holders of 25 percent in aggregate principal amount of the notes or bonds of such issue then outstanding may appoint a trustee to represent the holders of such notes or bonds for the purposes set forth in section 462A.17, unless the notes or bonds are issued under an indenture made and entered into by the agency with a designated trustee.

Sec. 33. Minnesota Statutes 1971, Section 462A.17, Subdivision 1, is amended to read:

462A.17 POWERS AND DUTIES OF TRUSTEE. Subdivision 1. The trustee designated in any indenture or resolution securing an issue of notes or bonds, or a trustee appointed

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pursuant to section ~~462A.14~~ 462A.16, may, and upon written request of the holders of 25 percent in principal amount of such notes or bonds then outstanding shall, in his own name, subject to the provisions of such indenture or resolution:

(a) Enforce all rights of the noteholders or bondholders, including the right to require the agency to collect fees and charges and interest and ~~amortization~~ payments on ~~mortgage~~ eligible loans and mortgages made and eligible securities purchased by it adequate to carry out any agreement as to, or pledge of, such fees and charges and ~~interest payments~~ and to require the agency to carry out any other agreements with the holders of such notes or bonds and to perform its duties under ~~sections 462A.01 to 462A.24~~ this chapter;

(b) Bring suit upon such notes or bonds;

(c) Require the agency to account as if it were the trustee of any express trust for the holders of such notes or bonds;

(d) Enjoin any acts or things which may be unlawful or in violation of the rights of holders of such notes or bonds; or

(e) Declare all such notes or bonds due and payable, and if all defaults shall be made good, then, with the consent of the holders of 25 percent of the principal amount of such notes or bonds then outstanding, ~~to~~ the trustee may annul such declaration and consequences.

Sec. 34. Minnesota Statutes 1971, Section 462A.18, Subdivision 2, is amended to read:

Subd. 2. **CONTRACTS AND SECURITY.** Notwithstanding the provisions of this section, the agency shall have power, subject to the approval of the state treasurer, to contract with the holders of any of its notes or bonds, as to the custody, collection, securing, investment, and payment of any moneys of the ~~agencies~~ agency, or any moneys held in trust or otherwise for the payment of notes or bonds, and to carry out such contract. Moneys held in trust or otherwise for the payment of notes or bonds or in any way to secure notes or bonds and deposits of such moneys may be secured in the same manner as moneys of the agency, and all banks and trust companies are authorized to give such security for such deposits. All moneys so paid to the state treasurer as agent of the agency, from whatever source, are appropriated to the agency.

Sec. 35. Minnesota Statutes 1971, Section 462A.20, Subdivision 2, is amended to read:

Subd. 2. There shall be paid into the housing development fund:

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(a) Any moneys appropriated and made available by the state for the purposes of the fund;

(b) Any moneys which the agency receives in repayment of advances made from the fund;

(c) Any other moneys which may be made available to the authority for the purpose of the fund from any other source or sources;

(d) All fees and charges collected by the agency;

(e) All interest or other income not required to be paid into the bond fund or loan fund by the provisions of a resolution or indenture securing notes or bonds to be paid into another special fund.

Sec. 36. Minnesota Statutes 1971, Section 462A.21, Subdivision 2, is amended to read:

Subd. 2. To make temporary loans to "nonprofit" sponsors to defray development costs, as provided by section 462A.05, subdivision 5. Each such loan shall be repaid in full by the borrower to the agency concurrent with the initial endorsement of such ~~borrowers~~ borrower's eligible construction loan, unless the authority extends the period for the repayment of the advances. In no event shall the time of repayment be extended later than the date of the final endorsement of the ~~federally insured~~ eligible mortgage loan. If no permanent financing is obtained ~~from the federal agency~~, the loan shall be repaid in accordance with such terms and conditions as the agency has prescribed by rule.

Sec. 37. Minnesota Statutes 1971, Section 462A.21, Subdivision 3, is amended to read:

Subd. 3. To make planning grants to local communities, pursuant to rules promulgated by the agency, in such amounts as the agency determines, not to exceed the net costs, exclusive of any federal or other aid or assistance, as are incurred by the local community in planning for land and building acquisition, improvements, renewal, relocation or conservation. Such grants shall be limited to planning for specific sites upon which housing is, or is to be, situated and sites designated for other uses that are reasonably related to such housing.

Sec. 38. Minnesota Statutes 1971, Section 462A.21, Subdivision 4, is amended to read:

Subd. 4. For the payment of all costs, expenses, and financing not paid out of the loan fund a special fund created by a resolution or indenture securing notes or bonds.

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Sec. 39. Minnesota Statutes 1971, Section 462A.22, is amended to read:

~~462A.22 BOND FUND. Subdivision 1. Before issuing any bonds or notes the agency shall establish a special bond fund on its official books and records, and shall deposit in it, whenever money is received or available from any of the sources described below, such amount of such money as may be needed to increase the balance then on hand in the bond fund to an amount at least equal to the maximum amount of principal and interest to become due in any subsequent fiscal year on all bonds then outstanding and payable from the bond fund; or to such greater amount as may be covenanted and agreed in the resolutions, indentures, or other instruments authorizing the issuance of the bonds. The obligation to make these deposits shall be a first and prior lien and charge on (a) the proceeds of each issue of agency bonds, (b) all repayments of principal and interest on federally insured mortgage loans made and securities purchased from the loan fund, and (c) all cash and investments from time to time on hand in the loan fund (other than proceeds of notes and repayments of federally insured construction loans and interest thereon). The bond fund shall be used only to pay when due the principal of and interest on bonds of the agency, and all fees and expenses of trustees and paying agents designated for bond issues. Investments of money in the bond fund shall be limited to direct obligations of the United States government maturing within one year from the date of investment, and shall be valued at their maturity value. The aggregate principal amount of bonds and notes which are outstanding at any time, excluding the principal amount of any bonds and notes refunded by the issuance of new bonds or notes, shall not exceed \$150,000,000. To the extent consistent with the provisions of resolutions of the agency or other instruments authorizing the issuance of bonds, the interest rate on loans made from the proceeds thereof may be decreased or increased from time to time, provided that the rate shall at no time be less than the rate paid by the agency on bonds issued to fund the loan.~~

Subd. 2. Subdivision 1 is not a contract with the holders of any bonds or notes excluding the issuance of bonds or notes in excess of said maximum amount, if such maximum shall be increased by law.

Subd. 3. The agency may create and establish a special fund or funds for the security of one or more or all series of its bonds or notes, which funds shall be known as debt service reserve funds. The agency may pay into each debt service reserve fund (a) any moneys appropriated by the state only for the purposes of such fund, (b) any proceeds of sale of bonds or notes to the extent provided in the resolution or indenture authorizing the issuance thereof, (c) any funds directed to be transferred by the agency to

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such debt service reserve fund, and (d) any other moneys made available to the agency only for the purpose of such fund from any other source or sources.

Subd. 4. The moneys held in or credited to each debt service reserve fund, except as provided in this section, shall be used solely for the payment of the principal of bonds or notes of the agency as the same mature, the purchase of such bonds or notes, the payment of interest thereon, or the payment of any premium required when such bonds or notes are redeemed before maturity; provided, that moneys in any such fund shall not be withdrawn therefrom at any time in such amount as would reduce the amount of the fund to less than the amount which the agency shall determine to be reasonably necessary for the purposes of the fund, except for the purpose of paying principal or interest due on bonds or notes secured by the fund, for the payment of which other moneys of the agency are not available.

Subd. 5. Moneys in any debt service reserve fund not required for immediate use or disbursement may be invested in obligations of the state or the United States of America, or obligations the principal and interest of which are guaranteed by the state or the United States of America. In computing the amount of any debt service reserve fund for the purpose of this section, securities in which all or a portion of the fund are invested shall be valued at par or, if purchased at less than par, at their cost to the agency.

Subd. 6. If the agency shall create and establish a debt service reserve fund for the security of any series of bonds or notes, it shall not issue any additional bonds or notes which are similarly secured if the amount of any of the debt service reserve funds at the time of such issuance does not equal or exceed the minimum amount, if any, required by the resolution creating such fund, unless the agency shall deposit in each such fund at the time of such issuance, from the proceeds of the bonds or notes or otherwise, an amount which, together with the amount then in the fund, will be not less than the minimum amount so required.

Subd. 7. To the extent consistent with the resolutions and indentures securing outstanding bonds and notes, the agency may at the close of any fiscal year transfer to any other fund or account from any debt service reserve fund, any excess in that fund over the amount deemed by the agency to be reasonably necessary for the purpose of the fund.

Subd. 8. In order to assure the payment of the principal of and interest on bonds and notes of the agency and the continued maintenance of all debt service reserve funds created and established therefor, the agency shall annually determine and certify to the governor, on or before December 1, (a) the amount, if any, then

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needed to restore each debt service reserve fund to the minimum amount required by the resolution or indenture establishing the fund, not exceeding the maximum amount of principal and interest to become due and payable in any subsequent year on all bonds or notes which are then outstanding and secured by such fund; and (b) the amount, if any, determined by the agency to be needed in the then immediately ensuing fiscal year, with other funds pledged and estimated to be received during that year, for the payment of the principal and interest due and payable in that year on all then outstanding bonds and notes secured by a debt service reserve fund the amount of which is then less than the minimum amount agreed. The governor shall include and submit to the legislature, in the budget for the following fiscal year, or in a supplemental budget if the regular budget for that year has previously been approved, the amounts certified to him by the agency in accordance with this subdivision 8.

Subd. 9. The agency shall also submit a biennial report of its activities to the governor and the legislature on or before January 15 in each odd-numbered year.

Subd. 10. All of the official books and records of the agency shall be subject to audit by the public examiner in the manner prescribed for other agencies of state government. The agency is authorized also to employ and to contract in its resolutions and indentures for the employment of independent accountants for the audit of books and records pertaining to any fund or funds, and the public examiner is authorized to cooperate with such accountants as provided in Minnesota Statutes, Sections 215.31 to 215.37.

Sec. 40. Minnesota Statutes 1971, Sections 462A.06, Subdivisions 13, 14, 15 and 16; and 462A.23, are repealed.

Approved May 22, 1973.

CHAPTER 516—H.F.No.1639

[Not Coded]

An act authorizing the village of Plymouth to refund temporary improvement bonds issued in the years 1969 to 1973; amending Laws 1971, Chapter 557, Section 1.

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

Section 1. Laws 1971, Chapter 557, Section 1, is amended to read:

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