

sponsibility for handicapped adults and the elderly. Applications to provide senior companion services to individuals in their homes shall have priority over applications to provide services to individuals living in group homes, nursing homes, or other institutions. Applications for grants shall be made on forms prescribed by the Minnesota board on aging.

Grants shall be paid as follows: 90 percent of the program expenditures authorized by the Minnesota board on aging shall be paid by the state and ten percent shall be paid by local matching funds. Grants shall be for a period of 12 months or less. Grants shall not be used to match other state funds nor shall any person paid from grant funds be used to replace any staff members of the grantee. Each grantee shall file a semiannual report with the Minnesota board on aging at the time and containing the information as the board shall prescribe.

[Subd. 5.] RULES. The Minnesota board on aging shall promulgate rules necessary to implement the provisions of this act and may employ necessary assistance in performing its administrative duties. Rules adopted shall be consistent with applicable federal guidelines.

Sec. 3. APPROPRIATION. There is appropriated from the general fund to the Minnesota board on aging in the department of public welfare the sum of \$100,000 for the biennium ending June 30, 1977, for the purposes of this act.

Sec. 4. This act shall be effective July 1, 1976.

Approved April 20, 1976.

CHAPTER 324—S.F.No.1675

[Coded in Part]

An act relating to public indebtedness; revising and clarifying provisions as to manner of sale and execution of obligations; designation of paying agents; cremation of obligations; payment of grant anticipation certificates; use of investment income from proceeds; administration of debt service funds; refunding; method of payment and interest rate on special assessments and obligations payable from special assessments; amending Minnesota Statutes 1974, Sections 48.15, by adding a subdivision; 124.05, Subdivisions 3 and 4; 138.17, Subdivision 1; 429.061, Subdivision 2; 429.091, Subdivisions 1, 3, and 4; 471.56, Subdivisions 1 and 3; 475.51, Subdivision 6, and adding a subdivision; 475.52, Subdivision 1; 475.55; 475.553, Subdivisions 1, 2, 3, and 5; 475.60, Subdivisions 2 and 3; 475.61, Subdivision 5; 475.65; 475.66; and 475.67, Subdivisions 7 and 12; and repealing Minnesota Statutes 1974, Section 475.553, Subdivision 4; and Minnesota Statutes, 1975 Supplement, Section 471.561.

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

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Section 1. Minnesota Statutes 1974, Section 475.51, Subdivision 6, is amended to read:

Subd. 6. **PUBLIC INDEBTEDNESS; REGULATION.** "Sinking fund" ~~"Debt service fund"~~ means any ~~fund or~~ money ~~held and~~ investments in the treasury of a municipality appropriated ~~or set aside~~ to pay the principal ~~and~~, interest, or ~~either of them, or~~ premiums for the redemption of any of its obligations. "Sinking fund" means debt service fund. A separate balance sheet need not be maintained for any debt service fund, and the fund need not be segregated from other funds of the municipality in a separate bank deposit account or in a separate investment fund or account, unless so provided in a resolution or other instrument securing obligations payable from the debt service fund; but a separate bookkeeping account or accounts shall be maintained in the official financial records of the municipality reflecting all receipts and disbursements of money and investments of principal and income appropriated for the purposes of each debt service fund.

Sec. 2. Minnesota Statutes 1974, Section 475.51, is amended by adding a subdivision to read:

Subd. 11. "Reporting dealer to the federal reserve bank of New York" means a securities broker-dealer licensed pursuant to chapter 80A, or an affiliate thereof, which makes primary markets in United States government securities and reports daily to the federal reserve bank of New York its position with respect to such securities held by it and amounts borrowed thereon.

Sec. 3. Minnesota Statutes 1974, Section 475.52, Subdivision 1, is amended to read:

475.52 BOND ISSUES; PURPOSES. Subdivision 1. **STATUTORY CITIES.** Any city not governed by a home rule charter, or Any statutory city may issue bonds or other obligations for the acquisition or betterment of public buildings, means of garbage disposal, hospitals, nursing homes, homes for the aged, schools, libraries, museums, art galleries, parks, playgrounds, stadia, sewers, sewage disposal plants, subways, streets, sidewalks; for any utility or other public convenience from which a revenue is or may be derived; for a permanent improvement revolving fund; for changing, controlling or bridging streams and other waterways; for the acquisition and betterment of bridges and roads within two miles of the corporate limits; and for acquisition of equipment for snow removal, street construction and maintenance, or fire fighting. Without limitation by the foregoing ~~any such~~ the city may issue bonds to provide money for any authorized corporate purpose except current expenses.

Sec. 4. Minnesota Statutes 1974, Section 475.55, is amended to read:

475.55 EXECUTION; NEGOTIABILITY; INTEREST RATES. Sub-
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division 1. All obligations shall be signed by ~~the~~ officers as authorized by resolution of the governing body or by persons authorized to sign on behalf of a bank designated by the resolution as authenticating agent, and shall express the amount and the terms of payment. Interest thereon shall not exceed the rate of seven percent per annum, payable half yearly. All obligations shall be negotiable ~~instruments not withstanding any limitation in the source of the funds for payment—investment securities as provided in the uniform commercial code, chapter 336, article 8~~. The validity of ~~every—an~~ obligation ~~so executed shall remain unimpaired—not be impaired~~ by the fact that one or more of such officers authorized to execute it shall have ceased to be in office before delivery to the purchaser or shall not have been in office on the formal issue date of the bonds—obligation. ~~Such resolution may provide that one of the officers shall sign such bonds manually and that the—Every obligation shall be signed manually by one officer or authenticating agent.~~ Other signatures and the seal of the issuer may be printed, lithographed, stamped or engraved thereon and on any interest coupons to be attached thereto. ~~Where The municipality has a seal such seal may—need not be impressed on each bond or a facsimile thereof may be printed; lithographed or engraved on each bond as determined by the resolution of the governing body—used~~.

Subd. 2. The ~~interest limitation stated in this section—provisions of subdivision 1 shall supersede all lower limitations contained in—provisions of any law or charter applicable—fixing a lower maximum interest rate with respect to obligations of the state or any municipality or governmental or public subdivision, district, corporation, commission, board, council, or authority of whatsoever kind, including warrants or orders issued in evidence of allowed claims for property or services furnished to the issuer, but shall not restrict the power of the issuer to fix the interest on any obligation in accordance with the law authorizing its issuance.~~

Sec. 5. Minnesota Statutes 1974, Section 475.553, Subdivision 1, is amended to read:

475.553 PAYING AGENT; DESTRUCTION OF OBLIGATIONS AND COUPONS. Subdivision 1. The governing body may appoint as paying agent for an issue of obligations one or more national banks, or banks incorporated under the laws of any state, provided that no bank shall be appointed as paying agent for obligations of any issuer except one within whose corporate limits the principal office of the bank is situated, unless it is authorized to execute corporate trust powers pursuant to the laws under which it is organized; and the governing body may direct the treasurer to remit funds for payment of both principal and interest to such paying agent although such paying agent has not complied with statutes relating to public depositories. It may also direct the county treasurer to remit any proceeds from assessments or taxes levied for payment of obligations directly to such paying agent. In such case, the county treasurer shall furnish a duplicate statement of each remittance to the treasurer of the municipality who

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shall enter the amount on his books.

Sec. 6. Minnesota Statutes 1974, Section 475.553, Subdivision 2, is amended to read:

Subd. 2. The governing body may by resolution direct that all bonds, obligations, coupons appertaining thereto, or any specified obligations or coupons, when paid, shall be cancelled ~~and cremated~~ by the paying agent and destroyed as herein provided. Before such authority is granted, the municipality shall enter into an agreement with ~~the paying agent~~ a bank or banking association incorporated under the laws of the United States or of any state and authorized by such laws to exercise corporate trust powers, specifying (a) the obligations and coupons to be ~~cremated-destroyed~~, (b) the ~~procedure therefor-method of destruction~~, (c) the information to be recorded in a ~~cremation~~ certificate of destruction to be delivered ~~by the paying agent~~ to the municipality and the paying agent, (d) the indemnification of the municipality ~~by the paying agent~~ in the event of duplicate payment, wrongful and improper payment to unauthorized persons and nonpayment to authorized persons ~~by the agent~~ occurring as a result of any ~~cremation~~ destruction of bonds, obligations, or coupons, and (e) such other terms and conditions as may be determined by the governing body of such municipality. Obligations and coupons may be destroyed by cremation, shredding, or any other effective means.

Sec. 7. Minnesota Statutes 1974, Section 475.553, Subdivision 3, is amended to read:

Subd. 3. ~~Cremation~~ Certificates provided under subdivision 2 shall be retained in the official records of the municipality and the paying agent. Such ~~cremation~~ certificates may subsequently be destroyed at the times and upon the conditions otherwise permitted by law, but no earlier than the time of final payment and redemption of all obligations of the respective issues to which they pertain.

Sec. 8. Minnesota Statutes 1974, Section 475.553, Subdivision 5, is amended to read:

Subd. 5. Any obligation, as defined in section 475.51, issued or to be issued by the state or any agency, instrumentality, or subdivision thereof, by written order and agreement executed by the officer or officers authorized by law to issue such obligations, may be ~~cremated-destroyed~~ as provided herein, and for this purpose such officers shall have all the powers granted herein to governing bodies of municipalities. The state auditor, pursuant to the administrative procedures act, may formulate and prescribe requirements for resolutions, orders, agreements, and certificates relating to the ~~cremation-destruction~~ of public obligations and coupons. The provisions of any other law relating to the destruction of public records shall not apply to the ~~cremation-destruction~~ of obligations and coupons.

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Sec. 9. Minnesota Statutes 1974, Section 475.60, Subdivision 2, is amended to read:

Subd. 2. **REQUIREMENTS WAIVED.** The requirements as to public sale shall not apply to:

(1) Obligations issued under the provisions of a home rule charter or of a law specifically authorizing a different method of sale, or authorizing them to be issued in such manner or on such terms and conditions as the governing body may determine ;

(2) Obligations ~~payable wholly or partly from the proceeds of special assessments when such obligations do not exceed~~ sold by an issuer in an amount not exceeding the total sum of \$100,000 in any three month period ;

(3) Obligations ~~payable wholly from the income of revenue-producing conveniences when such obligations do not exceed the total sum of \$50,000~~ issued in anticipation of the collection of taxes or other revenues appropriated for expenditure in a single year, if sold in accordance with the most favorable of two or more proposals solicited privately ; and

(4) Obligations sold to any board, department, or agency of the United States of America or of the state of Minnesota, in accordance with rules or regulations promulgated by such board, department, or agency.

Sec. 10. Minnesota Statutes 1974, Section 475.60, Subdivision 3, is amended to read:

Subd. 3. Published notice, where required, shall specify the principal amount ~~and purpose~~ of the obligations, the time and place of receipt and consideration of bids and such other details as to the obligations and terms of sale ~~which as~~ the governing body deems suitable. The governing body may employ an agent to receive and open the bids at any place within or outside the corporate limits of the municipality, in the presence of an officer of the municipality, but the obligations shall not be sold except by action of the governing body or authorized officers of the municipality after communication of the bids to them. Additional notice may be given for such time and in such manner as the governing body deems suitable. At the time and place so fixed, the bids shall be opened and the offer complying with the terms of sale and deemed most favorable shall be accepted, but the governing body may reject any and all such offers ~~and, in which event, or if no offers have been received, it may~~ award the bonds obligations to a lower bidder any person who within 30 days thereafter presents an offer complying with the terms of sale and deemed more favorable than any received previously, or upon like notice ~~it the governing body~~ may invite other bids upon the same or different terms and conditions .

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Sec. 11. Minnesota Statutes 1974, Section 475.61, Subdivision 5, is amended to read:

Subd. 5. When all conditions exist precedent to the ~~issuance offering for sale~~ of obligations of any municipality in any amount for any purpose authorized by law, and the municipality has applied for a grant or loan of state or federal funds to aid in payment of cost incurred for the authorized purpose, its governing body may by resolution issue and sell temporary obligations not exceeding the total amount authorized, maturing within not more than three years from the date such obligations are issued. In this event so much of the proceeds of the grant or loan when received shall be ~~irrevocably appropriated~~ credited to the sinking debt service fund for the temporary obligations as may be needed for the payment thereof, with interest, when due, and the ~~estimated amount thereof may be deducted from the tax~~ which would otherwise be required by subdivision 1 ~~to need not~~ be levied. Any amount of the temporary obligations which cannot be paid at maturity, from the proceeds of the grant or loan or from any other funds appropriated by the governing body for the purpose, shall be paid from the proceeds of definitive obligations to be issued and sold before the maturity date; or if sufficient funds are not available for payment in full of the temporary obligations at maturity, the holders thereof shall have the right to require the issuance in exchange therefor of definitive obligations secured in the manner provided in subdivision 1 and bearing interest at the maximum rate permitted by law.

Sec. 12. Minnesota Statutes 1974, Section 475.65, is amended to read:

475.65 DELIVERY OF BONDS; USE OF PROCEEDS. Upon payment to the treasurer of the purchase price by the successful bidder, the obligations shall be delivered, and the treasurer shall ~~hold account for the receipt and disbursement of~~ the proceeds thereof ~~as a separate fund~~ for the use named in the resolution or other instrument or instruments authorizing such obligations, in a separate fund or account in the official financial records of the municipality. Pending such use the proceeds may be invested and reinvested in accordance with law, and the income and gain therefrom shall be held as part of the proceeds and applied to such use or to the payment of the obligations and interest thereon or otherwise as provided in any city charter or any other law. The purchaser shall not be obligated to see to the application of the purchase price. When the use authorized is the acquisition or betterment of any land, easements, buildings, structures, machinery, or equipment, the proceeds may be used to pay all expenses, incurred and to be incurred, which are reasonably necessary and incidental to such acquisition or betterment, including, but without limitation, the cost of necessary professional planning studies to determine desirable locations, architectural, engineering, legal, financial advisory, and other professional services, printing and publication, and interest to accrue on the obligations prior to the anticipated date of commencement of the collection of taxes or special assessments to be levied or other ~~rev-~~

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~~enues-funds~~ pledged for the payment of the obligations and interest thereon. When the obligations are payable wholly from the income from a utility or other ~~public convenience project~~, for the acquisition or betterment of which the obligations are issued, the proceeds may be used in part to establish a reserve in an amount not exceeding the ~~maximum amount of principal and interest to become due on the obligations in any subsequent year~~, as further security for the payment of ~~all~~ such principal and interest when due. If the contemplated use be afterward abandoned, or if any balance of the proceeds of the obligations remains after the use is accomplished, such fund may be devoted to any other public use authorized by law, and approved by resolution adopted or vote taken in the manner required to authorize bonds for such new use and purpose. Any balance remaining after the improvement has been completed and paid for, unless devoted to a new use as herein authorized, shall become a part of the ~~sinking-debt service~~ fund of the municipality.

Sec. 13. Minnesota Statutes 1974, Section 475.66, is amended to read:

475.66 DEBT SERVICE FUND. Subdivision 1. All ~~sinking debt service~~ funds shall be deposited and secured as provided in chapter 118, except for amounts invested as authorized in this section, and may be deposited in interest bearing accounts, and such deposits may be evidenced by certificates of deposit with fixed maturities. ~~There shall always be retained in any sinking fund~~ Sufficient cash to provide for the ~~annual payments-payment~~ of principal and-, interest on-, and redemption premiums when due with respect to the obligations for which ~~the-any debt service fund was is~~ created shall be provided by crediting to the fund the collections of tax, special assessment, or other revenues appropriated for that purpose, and depositing all such receipts in a depository bank or banks duly qualified according to law or investing and reinvesting such receipts in securities authorized in this section. Time deposits shall be withdrawable and certificates of deposit and investments shall mature and shall bear interest payable at times and in amounts which, in the judgment of the governing body or its treasurer or other officer or committeee to which it has delegated investment decisions, will provide cash at the times and in the amounts required for the purposes of the debt service fund; except that the governing body may authorize the purchase of longer term investments subject to an agreement, with a bank or dealer referred to in subdivision 2, to repurchase such investments at times and prices sufficient to yield the amounts estimated to be so required .

Subd. 2. Investments may be held in safekeeping with any federal reserve bank or any bank authorized under the laws of the United States or any state to exercise corporate trust powers, including but not limited to the bank from which the investment is purchased, provided that the municipality's ownership of all securities in which the fund is invested is evidenced by written acknowledgments signed by authorized officers or employees of the custodian banks and identify-

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ing the securities by the names of the issuers, maturity dates, interest rates, and serial numbers or other distinguishing marks. Repurchase agreements may be entered into with a bank qualified as depository of money held in the debt service fund, or with any national or state bank in the United States which is a member of the federal reserve system and whose combined capital and surplus equals or exceeds \$10,000,000 or a reporting dealer to the federal reserve bank of New York.

Subd. 3. Subject to the provisions of any resolutions of the governing body relating to the maintenance of reserves of cash or investments for the security of holders of such or other instruments securing obligations payable from a debt service fund, any surplus balance in any sinking-the fund above such amount may be invested under the direction of the governing body in any general security which is a direct obligation of or is guaranteed as to payment of principal and interest by the United States, or any agency or instrumentality of the United States, or in shares of an investment company registered under the federal investment company act of 1940, whose shares are registered under the federal securities act of 1933, and whose only investments are in securities described in the preceding clause, or in any security which is a general obligation of the state of Minnesota or any of its municipalities; and in securities issued by the following agencies of the United States: Federal Home Loan Banks; Federal Intermediate Credit Banks; Federal Land Banks; Banks for Cooperatives; and the Federal National Mortgage Association and in shares of an investment company registered under the investment company act of 1940, whose shares are registered under the securities act of 1933, provided that the only investments of that company are in obligations of the United States government; in obligations fully guaranteed by the United States government or in obligations of instrumentalities of the United States government such as those listed above. In addition, such surplus may be deposited in time deposits of any state or national banks subject to the limitations and requirements of chapter 118. Such surplus. The fund may also be used to purchase any obligation, whether general or special, of the an issue for which is payable from the fund is created, at such price, which may include a premium, as shall be agreed to by the holder, or may be used to redeem any obligation of said such an issue prior to maturity in accordance with its terms. The obligations securities representing any such investment may be sold or hypothecated by the governing body municipality at any time, but the money so received remains a part of such the fund until used for the purpose for which the fund was created.

Subd. 4. Any obligation held in the sinking-debt service fund from which it is payable may be cancelled at any time when moneys in such fund are sufficient to pay all other obligations issued prior to July 1, 1961, payable therefrom with interest to maturity or to their earliest redemption dates. Any obligation issued after July 1, 1961, held in the sinking fund from which it is payable may be cancelled at any time unless otherwise provided in the other obligations payable from such fund or in a resolution or ordinance authorizing their issuance other in-

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strument securing obligations payable from the fund .

Sec. 14. Minnesota Statutes 1974, Section 475.67, Subdivision 7, is amended to read:

Subd. 7. Notice of the call of ~~all prepayable~~ any refunded obligations ~~of each issue refunded to be redeemed before maturity~~ shall be given in accordance with their terms, and in accordance with section 475.54, subdivision 4. ~~Each prepayable obligation of the issue refunded shall be called for redemption on the earliest date on which, according to its terms, it may be prepaid from the proceeds of refunding obligations or from such other funds, if any, as are appropriated for such prepayment, and~~ No such obligation shall not subsequently be called for redemption on any date earlier than that designated in the notice, unless such call is required by the terms of the refunded bonds to be made from ~~surplus~~ funds subsequently becoming available from a designated source .

Sec. 15. Minnesota Statutes 1974, Section 475.67, Subdivision 12, is amended to read:

Subd. 12. In the refunding of general obligations, for which the full faith and credit of the issuing municipality has been pledged, the following additional conditions shall be observed: No refunding obligations shall be issued and sold more than ten years before the date on which all general obligations of the issue to be refunded will have matured or ~~are been redeemed, and each such obligation shall be~~ called for redemption on the earliest date on which it may be redeemed in accordance with ~~their~~ its terms. No refunding obligations shall be issued and sold more than six months before said date, unless the average annual net interest rate of the refunding obligations, computed to their stated maturity dates, is lower by at least one fourth of one percent per annum than the average annual net interest rate of the general obligations refunded, computed to their stated maturity dates; provided that in computing the average annual net interest rate of the refunding obligations, the expenses of the refunding shall be added to the dollar amount of interest on the refunding obligations. Expenses of the refunding include the amount, if any, in excess of the proceeds of the refunding obligations, which is required to be deposited in escrow to provide cash and purchase securities sufficient to retire the refunded obligations in accordance with subdivision 5; charges of the escrow agent and of the paying agent for the refunding obligations; and expenses of printing and publications and of fiscal, legal, or other professional service necessarily incurred in the issuance of the refunding obligations.

Sec. 16. Minnesota Statutes 1974, Section 471.56, Subdivision 1, is amended to read:

471.56 MUNICIPAL FUNDS. Subdivision 1. Any municipal funds, not presently needed for other purposes, may be deposited or invested

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in any obligations in which sinking funds are now authorized to be invested pursuant to the manner and subject to the conditions provided in section 475.66 ; including appreciation bonds issued by the United States of America on a discount basis for the deposit and investment of debt service funds . Municipal funds may also be deposited in time deposits of any state or national bank subject to the limitations and requirements of chapter 118. The term "municipal funds" as used herein shall include all general, special, permanent, trust, and other funds, regardless of source or purpose, held or administered by any county or city, or by any officer or agency thereof, in the state of Minnesota.

Sec. 17. Minnesota Statutes 1974, Section 471.56, Subdivision 3, is amended to read:

Subd. 3. Such county, city, or official or agency thereof, may at any time sell such obligations purchased pursuant to this section, and the money received from such sale, and the interest and profits or loss on such investment shall be credited or charged, as the case may be, to the fund from which the investment was made. Neither such official nor agency, nor any other official responsible for the custody of such funds shall be personally liable for any loss so sustained from the deposit or investment of funds in accordance with the provisions of section 475.66 . Any such obligation may be deposited for safekeeping with any bank or trust company.

Sec. 18. Minnesota Statutes 1974, Section 429.061, Subdivision 2, is amended to read:

Subd. 2. **ADOPTION; INTEREST.** At such meeting or at any adjournment thereof the council shall hear and pass upon all objections to the proposed assessment, whether presented orally or in writing. The council may amend the proposed assessment as to any parcel and by resolution adopt the same as the special assessment against the lands named in the assessment roll. Notice of any adjournment of the hearing shall be adequate if the minutes of the meeting so adjourned show the time and place when and where the hearing is to be continued, or if three days notice thereof be published in the newspaper. The assessment, with accruing interest, shall be a lien upon all private and public property included therein, from the date of the resolution adopting the assessment, concurrent with general taxes; but the lien shall not be enforceable against public property as long as it is publicly owned, and during such period the assessment shall be recoverable from the owner of such property only in the manner and to the extent provided in section 435.19. Except as provided below, all assessments shall be payable in equal annual installments extending over such period, not exceeding 30 years, as the resolution determines : ~~The first installment shall be-~~ payable on the first Monday in January next following the adoption of the assessment unless the assessment is adopted too late to permit its collection during the following in each year , but the number of installments need not be uniform for all assessments included in a single assessment roll if a uniform criterion for

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determining the number of installments is provided by the resolution. The first installment of each assessment shall be included in the first tax rolls completed after its adoption and shall be payable in the same year as the taxes contained therein; except that the payment of the first installment of any assessment levied upon unimproved property may be deferred until a designated future year, or until the platting of the property or the construction of improvements thereon, upon such terms and conditions and based upon such standards and criteria as may be provided by resolution of the council. In any event, every assessment the payment of which is so deferred, when it becomes payable, shall be divided into a number of installments such that the last installment thereof will be payable not more than 30 years after the levy of the assessment . All assessments shall bear interest at such rate as the resolution determines, not exceeding eight percent per annum , except that the rate may in any event equal the average annual interest rate on bonds issued to finance the improvement for which the assessments are levied . To the first installment of each assessment shall be added interest on the entire assessment from ~~the~~ a date of ~~specified~~ in the resolution levying the assessment , not earlier than the date of the resolution, until December 31 of the year in which the first installment is payable ; , and to each subsequent installment shall be added interest for one year on all unpaid installments : ; or alternatively, ~~special assessments~~ any assessment may be made payable in equal annual installments including principal and interest, each in the amount annually required to pay the principal over such period with interest at such rate as the resolution determines, not exceeding the maximum period and rate specified above. In ~~this~~ the latter event no prepayment shall be accepted under subdivision 3 without payment of all installments due to and including December 31 of the year of prepayment, ~~and together with~~ the original principal amount reduced only by the amounts of principal included in such installments, computed on an annual amortization basis. When payment of an assessment is deferred, as authorized in this subdivision, interest thereon for the period of deferment may be made payable annually at the same times as the principal installments of the assessment would have been payable if not deferred; or interest for this period may be added to the principal amount of the assessment when it becomes payable; or, if so provided in the resolution levying the assessment, interest thereon to December 31 of the year before the first installment is payable may be forgiven.

Sec. 19. Minnesota Statutes 1974, Section 429.091, Subdivision 1, is amended to read:

429.091 FINANCING. Subdivision 1. AUTHORITY. At any time after a contract for the construction of all or part of an improvement has been entered into or the work has been ordered done without a contract as authorized in section ~~429.041~~ one or more improvements are ordered as contemplated in section 429.031 , the council may issue obligations in such amount as it deems necessary to defray in whole or in part the expense incurred and estimated to be incurred in making ~~an~~ the improvement or improvements , including every item of cost ~~from~~

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~~inception to completion and all fees and expenses incurred in connection with the improvement or the financing thereof. More than one improvement may be financed by a single issue of obligations without other consolidation of the proceedings of the kinds authorized in section 475.65. In the event of any omission, error, or mistake in any of the proceedings required precedent to the ordering of any improvement, the validity of the obligations shall not be affected thereby. The council shall cause all further actions and proceedings to be taken with due diligence that are required for the construction of each improvement financed wholly or partly from the proceeds of obligations issued hereunder, and for the final and valid levy of special assessments and the appropriation of any other funds needed to pay the obligations and interest thereon when due .~~

Sec. 20. Minnesota Statutes 1974, Section 429.091, Subdivision 3, is amended to read:

Subd. 3. **METHOD OF ISSUANCE.** All obligations shall be issued in accordance with the provisions of chapter 475, except that an election shall be required for bonds if less than 20 percent of the cost of the improvement to the municipality is to be assessed against benefited property. The maturities shall be such as in the opinion of the council are warranted by the anticipated collections of assessments and ad valorem levies for the municipality's share of the cost; except that the council may in its discretion issue and sell temporary improvement bonds at any time prior to completion of the work to be financed, maturing within not more than three years from their date of issue, in which event the municipality shall be obligated to pay such bonds and the interest thereon out of the proceeds of definitive improvement bonds which the council shall issue and sell at or prior to the maturity of the temporary bonds, to the extent that the same cannot be paid out of the assessments and taxes theretofore collected, or out of any other municipal funds which are properly available and are appropriated by the council for such purpose. The holders of such temporary bonds, and the taxpayers of the municipality, shall have and may enforce, by mandamus or other appropriate proceedings, all rights respecting the levy and collection of sufficient assessments and taxes to pay the cost of the improvements financed thereby which are granted by law to holders of other improvement bonds, except the right to require such levies to be collected prior to the maturity of the temporary bonds, and shall have the additional right to require the offering of said definitive improvement bonds ~~for at public sale or, if such bonds have not been sold and delivered prior to the maturity of the temporary bonds, to require the issuance of bonds in exchange therefor, on a par for par basis, of either new temporary bonds or definitive bonds, bearing interest at the maximum rate of six percent per annum permitted by law . The bonds so issued in exchange for any issue of temporary improvement bonds shall be numbered and shall mature serially at such times and in such amounts that the principal and interest can be paid when due by the collection of taxes and assessments levied for the improvements financed by the temporary bond issue, and shall be subject to redemp-~~

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tion and prepayment on any interest payment date, upon 30 days' notice mailed to each holder thereof who has registered his name and address with the municipal treasurer; and such bonds shall be delivered in order of their serial numbers, lowest numbers first, to the holders of the temporary bonds in order of the serial numbers held by them. Any funds of the issuing municipality may be invested in temporary improvement bonds in accordance with the provisions of sections 471.56 and 475.66, except that such temporary bonds may be purchased upon their initial issue, and they shall be purchased only out of funds which the council determines will not be required for other purposes prior to their maturity, and shall be resold prior to maturity only in case of unforeseen emergency. When such purchase is made out of moneys held in a ~~sinking debt service~~ fund for other bonds of the municipality, the holders of such other bonds shall have the right to enforce the municipality's obligation to sell definitive bonds at or before the maturity of the temporary bonds, or to exchange the same, in the same manner as holders of such temporary bonds. All obligations shall state upon their face the purpose of the issue and the fund from which they are payable. The amount of any obligations issued hereunder shall not be included in determining the net indebtedness of any municipality under the provisions of any law limiting such indebtedness.

Sec. 21, Minnesota Statutes 1974, Section 429.091, Subdivision 4, is amended to read:

Subd. 4. FUNDS. ~~A separate fund shall be provided for each improvement.~~ The proceeds from the sale of any each issue of obligations issued and from collections of special assessments ~~and taxes~~ levied and other moneys appropriated for the each improvement to be financed wholly or partly from such proceeds and any other moneys appropriated thereto by the municipality shall be paid to such credited to a separate construction fund ; and it which shall be used solely to defray expenses of ~~the improvement such improvements~~ and payment of principal and interest due upon the obligations until prior to completion and payment of all costs of the improvement-improvements so financed . Thereupon the fund may be discontinued; and Any balance of the proceeds of bonds remaining therein may be ~~transferred by the council to the fund used to pay the cost, in whole or in part,~~ of any other improvement instituted pursuant to this chapter. ~~All moneys not so transferred and~~ A separate account shall be maintained in the construction fund to record expenditures for each improvement, and when the total cost thereof has been paid all subsequent collections of special assessments and taxes levied for the improvement shall be credited and paid into a separate sinking fund created the debt service fund for the obligations issued to finance the improvement, as provided in Minnesota Statutes, section 475.61 ; or to the general fund if no such obligations have been issued . Any taxes levied for improvements financed by an issue of obligations shall be credited directly to the debt service fund.

Sec. 22, Minnesota Statutes 1974, Section 138.17, Subdivision 1, is

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amended to read:

138.17 PUBLIC RECORDS; ADMINISTRATION. Subdivision 1. **DESTRUCTION, PRESERVATION, REPRODUCTION OF RECORDS; PRIMA FACIE EVIDENCE.** The attorney general, legislative auditor and director of the Minnesota state historical society, hereinafter director, collectively referred to as the records disposition panel, if all consent, shall have power to direct the destruction, the sale for salvage or the disposition by gift or otherwise of public records as they may determine to be no longer of any value, and for the preservation of which no reason exists. The records disposition panel may by unanimous consent order any of such records to be reproduced by photographic or other means, and may make an order that such photographic or other reproductions be substituted for the originals thereof, and may direct the destruction or sale for salvage or other disposition of the originals from which the same were made. Any such photographic or other reproductions so made shall for all purposes be deemed the originals of such records so reproduced when so ordered by the records disposition panel, and shall be admissible as evidence in all courts and in proceedings of every kind. A facsimile, exemplified or certified copy of any such photographic or other reproduction, or any enlargement or reduction thereof, shall have the same effect and weight as evidence as would a certified or exemplified copy of the original. The records disposition panel, by unanimous consent, shall have power to direct the storage of any public records of the state, except as herein provided, and to direct the storage of such photographic or other reproductions. For the purposes of this chapter: (1) The term public "records" means state records, local records, all cards, correspondence, discs, maps, memoranda, microfilms, papers, photographs, recordings, reports, tapes, writings and other data, information or documentary material, regardless of physical form or characteristics, storage media or conditions of use, made or received by any officer or agency of the state and any officer or agency of a county, city, town, school district, municipal subdivision or corporation or other public authority or political entity within the state in pursuance of state law or in connection with the transaction of public business by such officer or agency; (2) The term "state record" means a record of a state agency; that is, a department, office, officer, commission, board or any other agency, however styled or designated, of the executive branch of state government; a record of the state legislature; a record of any court, whether of statewide or local jurisdiction; and any other record designated or treated as a state record under state law; (3) The term "local record" means a record of an agency of local government; that is, a county, city, town, school district, municipal subdivision or corporation or other public authority or political entity; (4) Not included within the definition of the term "records" as used in ~~Laws 1973, Chapter 32~~ this chapter are data and information that does not become part of an official transaction, library and museum material made or acquired and kept solely for reference or exhibit purposes, extra copies of documents kept only for convenience of reference and stock of publications and processed documents, and bonds, coupons, or other obligations or evidences of indebted-

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ness, the destruction or other disposition of which is governed by other laws ; (5) Those records preserved or appropriate for preservation as evidence of the organization, functions, policies, decisions, procedures, operations or other activities of government or because of the value of the information contained therein, when determined to have sufficient historical or other value to warrant continued preservation by the state of Minnesota and accepted for deposit in the collections of the Minnesota Historical Society, shall be known as the state archives.

Sec. 23. Minnesota Statutes 1974, Section 124.05, Subdivision 3, is amended to read:

Subd. 3. When the board ; ~~by unanimous resolution;~~ deems it advisable, it may ~~invest—authorize the investment or deposit of~~ such amount of funds as will not in the opinion of the board be currently needed by the district in ~~any of the bonds of any county, city, town, school district, drainage or other district created pursuant to law for public purposes in Minnesota, Iowa, Wisconsin, and North and South Dakota, or in U.S. treasury bonds with maturity date not to exceed five years from the time of purchase, or in securities issued by the following agencies of the United States, maturing not to exceed five years from the time of purchase: Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Land Banks, and the Federal National Mortgage Association, or in U.S. Treasury Bills, U.S. Certificates of Indebtedness, or U.S. Treasury Notes. The board may also invest such amount of funds as in its opinion may not be currently needed in Certificates of Deposit of any state or national bank, provided the bank shall deposit a bond to the district, executed by a corporate surety company equal to the amount of the Certificate of Deposit or, in lieu of such bond, shall assign to the school district collateral securities for deposits in accordance with Minnesota Statutes 1961, Section 118.01 to the extent such certificates of deposit may not be insured under the provisions of Minnesota Statutes 1961, Section 118.10, and any acts amendatory thereof—the manner and subject to the conditions provided in section 475.66 for the deposit and investment of debt service funds .~~

Sec. 24. Minnesota Statutes 1974, Section 124.05, Subdivision 4, is amended to read:

Subd. 4. Any board investing funds in ~~such~~ authorized securities shall deposit such securities for safekeeping with the county treasurer of the county wherein ~~such—the~~ district is located or with any bank ~~maintaining a safekeeping department. Such county treasurer or bank shall give a receipt for each and all of such securities to the board, and such county treasurer or bank shall keep such securities for safekeeping until such time as the board shall adopt a resolution requesting the county treasurer or bank to turn such securities or any of them over to the treasurer of such district—or dealer qualified as provided in section 475.66 .~~

Sec. 25. Minnesota Statutes 1974, Section 48.15, is amended by ~~Changes or additions indicated by underline deletions by strikethrough~~

adding a subdivision to read:

Subd. 3. No such bank shall act as paying agent of any municipality or other public issuer of obligations, other than an issuer within whose corporate limits the principal office of the bank is situated, unless the bank is authorized to execute the powers conferred in section 48.38.

Sec. 26. INSTRUCTION TO REVISOR. In the next edition of Minnesota Statutes the revisor of statutes is directed to delete the words "sinking fund" wherever they appear in chapter 475 and in sections referring to that chapter and to substitute in lieu thereof the words "debt service fund".

Sec. 27. Minnesota Statutes 1974, Section 475.553, Subdivision 4, and Minnesota Statutes, 1975 Supplement, Section 471.561, are repealed.

Sec. 28. This act is effective the day following final enactment.

Approved April 20, 1976.

CHAPTER 325—S.F.No.1959

[Coded in Part]

An act relating to health; establishing an office of nursing home complaints; requiring the establishment of health care facility grievance procedures; providing for the reporting of malpractice claims to the state board of health; authorizing studies of in-service training for health care facility personnel; appropriating money.

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

Section 1. **[144A.51] HEALTH; NURSING HOMES; OFFICE OF HEALTH FACILITY COMPLAINTS; DEFINITIONS.** Subdivision 1. For the purposes of sections 1 to 6 of this act, the terms defined in this section have the meanings given them.

Subd. 2. "Administrative agency" or "agency" means any division, official, or employee of a state or local governmental agency, but does not include:

- (a) Any member of the senate or house of representatives;
- (b) The governor or his personal staff;

(c) Any instrumentality of the federal government of the United States; or

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