

Sec. 2. EFFECTIVE DATE.

Section 1 is effective for all sanction payments made after January 1, 1988.

Approved June 1, 1987

CHAPTER 344—S.F.No. 971

An act relating to public finance; modifying and extending means of financing operations of local government and certain nonprofit institutions; amending Minnesota Statutes 1986, sections 124.76, subdivision 2; 275.50, subdivision 5; 429.061, subdivision 2; 429.091, subdivision 2, and by adding a subdivision; 462.461, subdivision 4; 462.555; 462C.05, subdivision 1; 466.06; 471.981, subdivision 4, and by adding subdivisions; 474.02, subdivision 2; 474.03, subdivision 12; 475.51, subdivision 3; 475.54, subdivision 1 and by adding subdivisions; 475.55, subdivisions 1, 2, 3, 4, 6, 7, and by adding a subdivision; 475.56; 475.60, subdivision 2; 475.66, subdivision 3; and 475.67, subdivisions 3 and 12; proposing coding for new law in Minnesota Statutes, chapters 471, and 475; repealing Minnesota Statutes 1986, sections 475.55, subdivision 5; and 475.67, subdivision 11.

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

Section 1. Minnesota Statutes 1986, section 124.76, subdivision 2, is amended to read:

Subd. 2. **PUBLIC SALE EXCEPTION.** Public sale of tax and aid anticipation certificates of indebtedness according to subdivision 1 shall not be required (1) if the proposed borrowing is in an amount less than \$400,000, and if the sum of all outstanding tax and aid anticipation certificates issued by the board within the preceding six months does not exceed \$400,000 or, (2) if the certificates mature no later than ~~42~~ 13 months after their date of issue. If no public sale is held, the certificates of indebtedness may be sold in accordance with the most favorable of two or more proposals solicited privately or the interest rates may be determined by direct negotiation.

Sec. 2. Minnesota Statutes 1986, section 275.50, subdivision 5, is amended to read:

Subd. 5. Notwithstanding any other law to the contrary for taxes levied in 1983 payable in 1984 and subsequent years, "special levies" means those portions of ad valorem taxes levied by governmental subdivisions to:

(a) satisfy judgments rendered against the governmental subdivision by a court of competent jurisdiction in any tort action, or to pay the costs of settlements out of court against the governmental subdivision in a tort action when substantiated by a stipulation for the dismissal of the action filed with the court of competent jurisdiction and signed by both the plaintiff and the legal repre-

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sentative of the governmental subdivision, but only to the extent of the increase in levy for such judgments and out of court settlements over levy year 1970, taxes payable in 1971;

(b) pay the costs of complying with any written lawful order initially issued prior to January 1, 1977 by the state of Minnesota, or the United States, or any agency or subdivision thereof, which is authorized by law, statute, special act or ordinance and is enforceable in a court of competent jurisdiction, or any stipulation agreement or permit for treatment works or disposal system for pollution abatement in lieu of a lawful order signed by the governmental subdivision and the state of Minnesota, or the United States, or any agency or subdivision thereof which is enforceable in a court of competent jurisdiction. The commissioner of revenue shall in consultation with other state departments and agencies, develop a suggested form for use by the state of Minnesota, its agencies and subdivisions in issuing orders pursuant to this subdivision;

(c) pay the costs to a governmental subdivision for their minimum required share of any program otherwise authorized by law for which matching funds have been appropriated by the state of Minnesota or the United States, excluding the administrative costs of public assistance programs, to the extent of the increase in levy over the amount levied for the local share of the program for the taxes payable year 1971. This clause shall apply only to those programs or projects for which matching funds have been designated by the state of Minnesota or the United States on or before September 1, of the previous year and only when the receipt of these matching funds is contingent upon the initiation or implementation of the project or program during the year in which the taxes are payable or those programs or projects approved by the commissioner;

(d) pay the costs not reimbursed by the state or federal government, of payments made to or on behalf of recipients of aid under any public assistance program authorized by law, and the costs of purchase or delivery of social services. Except for the costs of general assistance as defined in section 256D.02, subdivision 4, general assistance medical care under section 256D.03 and the costs of hospital care pursuant to section 261.21, the aggregate amounts levied pursuant to this clause are subject to a maximum increase of 18 percent over the amount levied for these purposes in the previous year;

(e) pay the costs of principal and interest on bonded indebtedness except on bonded indebtedness issued under sections 13 to 16 or to reimburse for the amount of liquor store revenues used to pay the principal and interest due in the year preceding the year for which the levy limit is calculated on municipal liquor store bonds;

(f) pay the costs of principal and interest on certificates of indebtedness, except tax anticipation or aid anticipation certificates of indebtedness, issued for any corporate purpose except current expenses or funding an insufficiency in receipts from taxes or other sources or funding extraordinary expenditures resulting from a public emergency; and to pay the cost for certificates of indebtedness issued pursuant to sections 298.28 and 298.282;

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(g) fund the payments made to the Minnesota state armory building commission pursuant to section 193.145, subdivision 2, to retire the principal and interest on armory construction bonds;

(h) provide for the bonded indebtedness portion of payments made to another political subdivision of the state of Minnesota;

(i) pay the amounts required to compensate for a decrease in manufactured homes property tax receipts to the extent that the governmental subdivision's portion of the total levy in the current levy year, pursuant to section 274.19, subdivision 8, as amended, is less than the distribution of the manufactured homes tax to the governmental subdivision pursuant to Minnesota Statutes 1969, section 273.13, subdivision 3, in calendar year 1971;

(j) pay the amounts required, in accordance with section 275.075, to correct for a county auditor's error of omission but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.50 to 275.56 in the preceding levy year;

(k) pay amounts required to correct for an error of omission in the levy certified to the appropriate county auditor or auditors by the governing body of a city or town with statutory city powers in a levy year, but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.50 to 275.56 in the preceding levy year;

(l) pay the increased cost of municipal services as the result of an annexation or consolidation ordered by the Minnesota municipal board but only to the extent and for the levy years as provided by the board in its order pursuant to section 414.01, subdivision 15. Special levies authorized by the board shall not exceed 50 percent of the levy limit base of the governmental subdivision and may not be in effect for more than three years after the board's order;

(m) pay the increased costs of municipal services provided to new private industrial and nonresidential commercial development, to the extent that the extension of such services are not paid for through bonded indebtedness or special assessments, and not to exceed the amount determined as follows. The governmental subdivision may calculate the aggregate of:

(1) the increased expenditures necessary in preparation for the delivering of municipal services to new private industrial and nonresidential commercial development, but limited to one year's expenditures one time for each such development;

(2) the amount determined by dividing the overall levy limitation established pursuant to sections 275.50 to 275.56, and exclusive of special levies and special assessments, by the total taxable value of the governmental subdivision, and

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then multiplying this quotient times the total increase in assessed value of private industrial and nonresidential commercial development within the governmental subdivision. For the purpose of this clause, the increase in the assessed value of private industrial and nonresidential commercial development is calculated as the increase in assessed value over the assessed value of the real estate parcels subject to such private development as most recently determined before the building permit was issued. In the fourth levy year subsequent to the levy year in which the building permit was issued, the increase in assessed value of the real estate parcels subject to such private development shall no longer be included in determining the special levy.

The aggregate of the foregoing amounts, less any costs of extending municipal services to new private industrial and nonresidential commercial development which are paid by bonded indebtedness or special assessments, equals the maximum amount that may be levied as a "special levy" for the increased costs of municipal services provided to new private industrial and nonresidential commercial development. In the levy year following the levy year in which the special levy made pursuant to this clause is discontinued, one-half of the amount of that special levy made in the preceding year shall be added to the permanent levy base of the governmental subdivision;

(n) recover a loss or refunds in tax receipts incurred in nonspecial levy funds resulting from abatements or court action in the previous year pursuant to section 275.48;

(o) pay amounts required by law to be paid to pay the interest on and to reduce the unfunded accrued liability of public pension funds in accordance with the actuarial standards and guidelines specified in sections 356.215 and 356.216 reduced by 106 percent of the amount levied for that purpose in 1976, payable in 1977. For the purpose of this special levy, the estimated receipts expected from the state of Minnesota pursuant to sections 69.011 to 69.031 or any other state aid expressly intended for the support of public pension funds shall be considered as a deduction in determining the required levy for the normal costs of the public pension funds. No amount of these aids shall be considered as a deduction in determining the governmental subdivision's required levy for the reduction of the unfunded accrued liability of public pension funds;

(p) the amounts allowed under section 174.27 to establish and administer a commuter van program;

(q) pay the costs of financial assistance to local governmental units and certain administrative, engineering, and legal expenses pursuant to Laws 1979, chapter 253, section 3;

(r) compensate for revenue lost as a result of abatements or court action pursuant to section 270.07, 270.17 or 278.01 due to a reassessment ordered by the commissioner of revenue pursuant to section 270.16;

(s) pay the total operating cost of a county jail as authorized in section

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641.01. If the county government utilizes this special levy, then any amount levied by the county government in the previous year for operating its county jail and included in its previous year's levy limitation computed pursuant to section 275.51 shall be deducted from the current levy limitation;

(t) pay the costs of implementing section 18.023, including sanitation and reforestation;

(u) pay the estimated cost for the following calendar year of the county's share of funding the Minnesota cooperative soil survey; and

(v) pay the costs of meeting the planning requirements of section 115A.46; the requirements of section 115A.917; the planning requirements of the metropolitan plan adopted under section 473.149 and county master plans adopted under section 473.803; waste reduction and source separation programs and facilities; response actions that are financed in part by service charges under section 400.08 or 115A.15, subdivision 6; closure and postclosure care of a solid waste facility closed by order of the pollution control agency or by expiration of an agency permit before January 1, 1989; and current operating and maintenance costs of a publicly-owned solid waste processing facility financed with general obligation bonds issued after a referendum before March 25, 1986.

Sec. 3. Minnesota Statutes 1986, 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.

The council may consider any objection to the amount of a proposed assessment as to a specific parcel of land at an adjourned hearing upon further notice to the affected property owner as it deems advisable. At the adjourned hearing the council or a committee of it may hear further written or oral testimony on behalf of the objecting property owner and may consider further written or oral testimony from appropriate city officials and other witnesses as to the amount of the assessment. The council or committee shall prepare a record of the proceedings at the adjourned hearing and written findings as to the amount of the assessment. The amount of the assessment as finally determined by the council shall become a part of the adopted assessment roll. No appeal may be taken as to the amount of any assessment adopted under this section unless written objection signed by the affected property owner is filed with the municipal clerk prior to the assessment hearing or presented to the presiding officer at the hearing. All objections to the assessments not received at the assessment hearing in the manner prescribed by this subdivision are waived, unless the failure to object at the assessment hearing is due to a reasonable cause.

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If the adopted assessment differs from the proposed assessment as to any particular lot, piece, or parcel of land, the clerk must mail to the owner a notice stating the amount of the adopted assessment. Owners must also be notified by mail of any changes adopted by the council in interest rates or prepayment requirements from those contained in the notice of the proposed assessment.

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 Unless otherwise provided in the resolution, all assessments shall be payable in equal annual installments extending over such period, not exceeding 30 years, as the resolution determines, payable on the first Monday in January 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 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. If special assessments against the property have been deferred pursuant to this subdivision, the governmental unit shall file with the county recorder in the county in which the property is located a certificate containing the legal description of the affected property and of the amount deferred. 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 a date 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, 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 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, together with the original principal amount reduced only by the amounts of principal included in such

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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. 4. Minnesota Statutes 1986, section 429.091, subdivision 2, is amended to read:

Subd. 2. **TYPES OF OBLIGATIONS PERMITTED.** ~~Except for bonds issued for a pedestrian skyway system;~~ The council may by resolution adopted prior to the sale of obligations pledge the full faith, credit, and taxing power of the municipality for the payment of the principal and interest. Such obligations shall be called improvement bonds and the council shall pay the principal and interest out of any fund of the municipality when the amount credited to the specified fund is insufficient for the purpose and shall each year levy a sufficient amount to take care of accumulated or anticipated deficiencies, which levy shall not be subject to any statutory or charter tax limitation. Obligations for the payment of which the full faith and credit of the municipality is not pledged shall be called improvement warrants or, in the case of bonds for fire protection ~~or pedestrian skyway systems,~~ revenue bonds and shall contain a promise to pay solely out of the proper special fund or funds pledged to their payment. It shall be the duty of the municipal treasurer to pay maturing principal and interest on warrants or revenue bonds out of funds on hand in the proper funds and not otherwise.

Sec. 5. Minnesota Statutes 1986, section 429.091, is amended by adding a subdivision to read:

Subd. 7a. **REVOLVING FUND BONDS.** The council may by resolution establish a revolving fund for the payment of the costs of any improvement or any waterworks systems, sewer systems, or storm sewer systems described in section 444.075 and for the payment of any obligations issued to pay the costs thereof or to refund obligations issued for those purposes. The council may create within the revolving fund a separate construction account into which the municipality may deposit the proceeds of any obligations payable from the fund, the proceeds of any special assessments collected with respect to any improvement, any net revenues of a waterworks, sewer system, or storm sewer system described in section 444.075 or any other available funds of the municipality appropriated to it. Amounts on deposit in the construction account may be used to pay the costs of any improvement or any waterworks, sewer system, or storm sewer system described in section 444.075. No funds may be expended for an improvement unless at least 20 percent of the costs of each such improvement is to be assessed against benefited property. No funds may be expended for a waterworks, sewer system, or storm sewer system, other than a sewer system described in section 115.46, unless the council estimates that the costs

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will be recovered from the net revenues of the system or any combined waterworks, sewer systems, or storm sewer systems operated by the municipality. The council may also create a separate debt service account within the revolving fund for the payment of principal of and interest on any obligations payable therefrom. Notwithstanding subdivision 4, the council is not required to pledge any particular assessments or other revenues to the payment of the obligations. Collections of special assessments or net revenues may be deposited in either the construction account or the debt service account as the council or an officer designated by the council may determine, having due regard for anticipated collections of special assessments and net revenues from improvements or waterworks, sewer systems, or storm sewer systems financed in whole or in part from the construction account, and taxes levied for the payment of the obligations. The council may issue obligations that are payable primarily from the debt service account for the purpose of providing funds to defray in whole or in part any expenses incurred or estimated to be incurred in making the improvement or improvements or in constructing the waterworks, sewer system, or storm sewer system, including every item of cost of the kinds authorized by section 475.65, or to refund obligations previously issued under this section or section 115.46 or 444.075. The obligations may be general obligations to which the full faith and credit of the municipality are pledged. If the special assessments to be levied and net revenues estimated to be available for their payment are estimated to be at least 20 percent of the principal amount of the obligations, the obligations may be issued without an election and shall not be included in determining the net indebtedness of the municipality under the provisions of any law limiting net indebtedness.

Sec. 6. Minnesota Statutes 1986, section 462.461, subdivision 4, is amended to read:

Subd. 4. An authority need not require either competitive bidding or bonds in the case of a contract for the acquisition of a low rent housing project for which financial assistance is provided by the federal government or any agency or instrumentality thereof, and which does not require any direct loan or grant of money from the municipality as a condition of such federal financial assistance, and where such contract provides for the construction of such a project upon land not owned by the authority at the time of such contract, or owned by the authority for redevelopment purposes, and provides for the conveyance or lease to the authority of such project or improvements upon completion of construction. An authority need not require competitive bidding with respect to a structured parking facility constructed in conjunction with, and directly above or below, a development and financed with the proceeds of tax increment or parking ramp revenue bonds.

Sec. 7. Minnesota Statutes 1986, section 462.555, is amended to read:

462.555 MANNER OF BOND ISSUANCE; SALE.

Bonds of an authority shall be authorized by its resolution and may be

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issued in one or more series and shall bear such date or dates, mature at such time or times, bear interest at such rate or rates, ~~not exceeding seven percent per annum~~, be in such denomination or denominations, be in such form either coupon or registered, carry such conversion or registration privileges, have such rank or priority, be executed in such manner, be payable in such medium of payment at such place or places, and be subject to such terms of redemption (with or without premium) as the resolution, its trust indenture or mortgage may provide. The bonds may be sold at public or private sale at not less than par. Any provision of any law to the contrary notwithstanding, any bonds issued pursuant to sections 462.415 to 462.705 shall be fully negotiable. In any suit, action, or proceedings involving the validity or enforceability of any bonds of an authority or the security therefor, any bond reciting in substance that it has been issued by the authority to aid in financing a project, as herein defined, shall be conclusively deemed to have been issued for that purpose, and the project shall be conclusively deemed to have been planned, located, and carried out in accordance with the purposes and provisions of sections 462.415 to 462.705. ~~Notwithstanding any other provision of this section, an authority is authorized to execute a note secured by a first mortgage at a rate of interest in excess of seven percent per annum with the Minnesota housing finance agency, pursuant to chapter 462A, to finance a housing project which is subsidized in whole or in part with money provided by the federal government.~~

In cities of the first class, the governing body of the city must approve all notes executed with the Minnesota housing finance agency pursuant to this section, when the interest rate on the note exceeds seven percent.

Sec. 8. Minnesota Statutes 1986, section 462C.05, subdivision 1, is amended to read:

Subdivision 1. A city may also include in the housing plan, a program or programs to administer, and make or purchase a loan or loans to finance one or more multifamily housing developments within its boundaries, of the kind described in subdivision 2, 3, 4 or 7, and upon the conditions set forth in this section. A loan may be made or purchased for

(a) the acquisition and preparation of a site and the construction of a new development,

(b) the rehabilitation of an existing building and site and the discharge of any lien or other interest in the building and site,

(c) for the acquisition of an existing building and site and the rehabilitation thereof, ~~or~~

(d) for the acquisition of an existing building and site for purposes of conversion to limited equity cooperative ownership by low or moderate income families, ~~provided that: or~~

(e) for the acquisition, or acquisition and improvement, of an existing

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building and site by a nonprofit corporation which will operate the building as a multifamily housing development for rental primarily to elderly or handicapped persons.

(~~a~~) With respect to loans made or purchased pursuant to clause (b) or (c), the cost of rehabilitation of an existing building is must be estimated to equal at least \$1,000 per dwelling unit or 20 percent of the appraised value of the original building and site whichever is less, except that with respect to rehabilitation which consists primarily of improvement of the property with facilities or improvements to conserve energy or convert or retrofit for use of alternative energy sources, rehabilitation loans may be made without regard to cost; (~~b~~) and at least a substantial portion of such rehabilitation cost is must be estimated to be incurred for compliance with building codes or conservation of energy.

(~~e~~) Each development upon completion shall comply with all applicable code requirements; (~~d~~) A loan or loans may be made or purchased for either the construction or the long term financing of a development, or both, including the financing of the acquisition of dwelling units and interests in common facilities provided therein, by persons to whom such units and facilities may be sold as contemplated in chapter 515 or 515A or any supplemental or amendatory law thereof or as contemplated for a development consisting of cooperative housing; and.

(~~e~~) Substantially all of the proceeds of each loan shall be used to pay the cost of a multifamily housing development, including property functionally related and subordinate to it; but nothing herein prevents the construction or acquisition of the development over, under, or adjacent to, and in conjunction with facilities to be used for purposes other than housing.

Sec. 9. Minnesota Statutes 1986, section 466.06, is amended to read:

466.06 LIABILITY INSURANCE.

The governing body of any municipality may procure insurance against liability of the municipality and its officers, employees, and agents for damages resulting from its torts and those of its officers, employees, and agents, including torts specified in section 466.03 for which the municipality is immune from liability. The insurance may provide protection in excess of the limit of liability imposed by section 466.04. If the municipality has the authority to levy taxes, the premium costs for such insurance may be levied in excess of any per capita or millage tax limitation imposed by statute or charter. However, a school district may not levy pursuant to this section for premium costs for motor vehicle insurance protecting against injuries or damages arising out of the operation of district owned, operated, leased, or controlled vehicles for the transportation of pupils for purposes for which state aid is authorized under section 124.223, or for purposes for which the district is authorized to levy under section 275.125, subdivision 5d. Any independent board or commission in the municipality having authority to disburse funds for a particular municipal function without approval of the governing body may similarly procure liability

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insurance with respect to the field of its operation. The procurement of such insurance constitutes a waiver of the defense limits of governmental immunity liability under section 466.04 to the extent of the liability stated in the policy but has no effect on the liability of the municipality beyond the coverage so provided. Procurement of commercial insurance, participation in a self-insurance pool pursuant to section 471.981, or provision for an individual self-insurance plan with or without a reserve fund or reinsurance shall not constitute a waiver of any of the immunities conferred under section 466.03.

Sec. 10. **[471.562] DEFINITIONS.**

Subdivision 1. APPLICABILITY. In sections 10 to 12, the terms defined in this section have the meanings given in this section.

Subd. 2. ECONOMIC DEVELOPMENT LOAN REPAYMENT. "Economic development loan repayment" means any payment received or to be received by a municipality with respect to a loan made by the municipality for economic development purposes from the proceeds of a federal or state grant, from the proceeds of bonds issued pursuant to section 12 or from municipal resources appropriated for that purpose.

Subd. 3. MUNICIPALITY. "Municipality" means any city, however organized, a housing and redevelopment authority created pursuant to, or exercising the powers contained in, chapter 462, or a port authority created pursuant to, or exercising the powers contained in, chapter 458.

Subd. 4. PROJECT. "Project" means an industrial development district as defined in section 458.191, subdivision 1; a project as defined in section 462.421, subdivision 14; a development district as defined in chapter 472A or any special law; or a project as defined in section 474.02, subdivisions 1, 1a, or 1b.

Sec. 11. **[471.563] USES OF LOAN REPAYMENTS.**

Subject to any restrictions imposed on their use by any related federal or state grant, economic development loan repayments, and the proceeds of any bonds issued pursuant to section 12 may be applied by a municipality to any of the following purposes:

(1) to finance or otherwise pay the costs of a project;

(2) to pay principal and interest on any bonds issued pursuant to section 273.77, with respect to a project, certification of which is requested before August 1, 1987, or pursuant to chapter 474, chapter 458, chapter 462, or section 12, to purchase insurance or other credit enhancement for any of those obligations or to create or maintain reserves therefor; or

(3) for any other purpose authorized by law.

If economic development loan repayments are used to pay principal or interest on any such obligations, the municipality may be reimbursed for the

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amount so applied with interest not exceeding the rate of interest on the obligations from subsequent collections of taxes or other revenues that had been designated as the primary source of payment of the obligations.

Sec. 12. [471.564] BONDS.

A municipality may by resolution authorize, issue, and sell revenue bonds payable from all or any portion of a municipality's economic development loan repayments to finance any expenditure the municipality is authorized to make under section 11. The bonds may be issued in one or more series and sold at public or private sale and at the prices the municipality may determine. The bonds may be secured, bear interest at the rate or rates, have the rank or priority, be executed in the manner, mature and be subject to the defaults, redemptions, repurchases, tender options, or other terms that the municipality determines. The municipality may enter into and perform all contracts deemed necessary or desirable by it to issue the bonds and apply the proceeds of the bonds, including an indenture of trust with a trustee within or without the state, a loan agreement, lease or installment sale contract in connection with the project to be financed, or a guaranty of the bonds or related instrument. The bonds may be further secured by any pledge or mortgage securing the economic development loan repayments pledged to the bonds. The bonds, and the bonds shall so state, shall not be payable from nor charged upon any funds other than the economic development loan repayments and property pledged or mortgaged to the payment thereof. The municipality shall not have the power to obligate itself to pay the bonds from funds other than the economic development loan repayments and properties pledged and mortgaged. No owner or owners of the bonds shall ever have the right to compel any exercise of the taxing powers of the municipality to pay the principal of or interest on any such bonds or to enforce payment thereof against any other property of the municipality. Bonds may be issued under this section and their proceeds loaned to a nongovernmental person or entity, only if the municipality estimates that the economic development loan repayments pledged to the payment of principal and interest, exclusive of economic development loan repayments to be made by the person or entity, if paid to the municipality in accordance with their terms, are sufficient to pay principal and interest on the bonds when due.

Sec. 13. Minnesota Statutes 1986, section 471.981, subdivision 4, is amended to read:

Subd. 4. A political subdivision or joint self-insurance pool of counties established by the Minnesota association of counties insurance trust may participate as create or become a member in of a mutual insurance company organized under chapter 66A, and may exchange reciprocal or interinsurance contracts as authorized by chapter 71A. For purposes of this subdivision and subdivisions 4a, 4b, and 4c, "county" includes a joint powers entity created by counties for a special purpose. Membership in a mutual insurance company created by a joint self-insurance pool of counties shall be limited to joint self-insurance pools of counties. Notwithstanding section 66A.02, chapter 317 shall apply to a mutual

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insurance company created pursuant to this subdivision. Notwithstanding section 66A.08, for a mutual insurance company created under this subdivision, there shall be not less than 32 bona fide applications for policies of insurance of each kind sought to be written, signed by at least 32 members, covering at least 32 separate risks, each risk, within the maximum net single risk described in this subdivision and one year's premiums thereon paid in cash, and admitted assets of not less than \$100,000, which admitted assets shall not be less than five times the maximum net single risk, as defined in this subdivision. The company shall have on deposit with the commissioner of insurance, as security for all of its policyholders, stock or bonds of this state or of the United States or bonds of any of the political subdivisions of this state, or personal obligations secured by first mortgages on real estate within this state worth, exclusive of buildings, the amount of the lien, and bearing interest of not less than three percent per annum, to an amount the actual market value of which, exclusive of interest, shall never be less than \$100,000. No such company shall expose itself to any loss on any one risk or hazard, except as provided in this subdivision, in an amount exceeding ten percent of its net assets, actual and contingent. In this subdivision, "contingent assets" means the aggregate amount of the contingent liability of its members for the payment of loss and expenses not provided for by its cash funds. "Contingent liability," in this subdivision, means an amount not to exceed one annual premium as stated in the policy. No portion of any risk or hazard which has been reinsured, as authorized by the laws of this state, shall be included in determining the limitation of risk prescribed by this subdivision.

Sec. 14. Minnesota Statutes 1986, section 471.981, is amended by adding a subdivision to read:

Subd. 4a. INSURANCE INSTALLMENT PURCHASE AGREEMENT. A county may, by resolution of its governing body, and without advertisement for bids, enter into an insurance installment purchase agreement with a self-insurance pool created under subdivision 3. Such a self-insurance pool may purchase insurance on behalf of the participating counties and may use insurance installment purchase agreements or other obligations of the participating counties to provide the participating counties with coverage against all or any part of the risks enumerated in subdivision 1 and against any risk which the county is authorized to insure under section 176.181, subdivision 1. The self-insurance pool may fund insurance claims and reserves and finance insurance installment purchase agreements for the self-insurance pool or a mutual insurance company established pursuant to subdivision 4 by issuing revenue bonds, bonds which are general obligations of the self-insurance pool or mutual insurance company, or other obligations secured by payments made or to be made by the participating counties. An insurance installment purchase agreement of a participating county may require that the county make payments sufficient to produce revenue for the prompt payment of the bonds or other obligations, including all interest and premiums, if any, accruing on them. The insurance installment purchase agreements may provide for additional contributions or premiums if it is actuarially determined that the assets of the insurance installment purchase agreements available to pay claims are insufficient. The insurance installment purchase

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agreements may be multiyear contracts and shall not be subject to any referendum, public bidding, or net debt limitation requirement of chapter 475.

Sec. 15. Minnesota Statutes 1986, section 471.981, is amended by adding a subdivision to read:

Subd. 4b. BOND ISSUE FOR INSURANCE PROCUREMENT. A self-insurance pool of counties may issue bonds which are general obligations of the self-insurance pool or revenue bonds secured by insurance installment purchase agreements of the participating counties issued pursuant to subdivision 4a. The self-insurance pool, with the approval of the governing body of each participating county, shall fix the total amount needed for the procurement of insurance and shall apportion to each participating county the county's share of that amount and of the costs of operation, or of annual debt service or payments required to pay such amount with interest. Any other law notwithstanding, bonds or other obligations issued under this subdivision may be sold at public or private sale upon the terms and conditions the issuer determines. No election shall be required to authorize the issuance of the obligations, and the obligations shall not be subject to any limitation on net debt. Proceeds of obligations issued pursuant to this subdivision may be used to establish a debt service reserve for the obligations or to refund obligations previously issued pursuant to this subdivision. Any debt service reserve fund established under this subdivision shall not be subject to investment guidelines set forth in chapters 118 and 475. A self-insurance pool may designate a bank or trust company authorized to exercise trust powers in this state as trustee for the holders of obligations issued pursuant to this subdivision and may create funds and accounts necessary to secure payment of the obligations.

If required by the resolution authorizing the issuance of obligations pursuant to this subdivision, the governing body of each participating county shall annually levy a tax sufficient to repay the costs of retirement of any bonds or to make payments under insurance installment purchase agreements. Taxes may be levied pursuant to this subdivision without limitation as to rate or amount.

Sec. 16. Minnesota Statutes 1986, section 471.981, is amended by adding a subdivision to read:

Subd. 4c. INSURANCE INSTALLMENT PURCHASE; INTEREST RATE. Participating counties may delegate to a self-insurance pool of counties the power to determine the interest rate on insurance installment purchase agreements provided that the rate is uniform and does not exceed the net effective rate on revenue bonds or other obligations sold by the pool by more than one-fourth of one percent.

Sec. 17. Minnesota Statutes 1986, section 475.51, subdivision 3, is amended to read:

Subd. 3. "Obligation" means any promise to pay a stated amount of money at a fixed future date or upon demand of the obligee, regardless of the source of funds to be used for its payment, made for the purpose of incurring

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debt, including the purchase of property through an installment purchase contract or any other deferred payment agreement, for which funds are not appropriated in the current year's budget.

Sec. 18. Minnesota Statutes 1986, section 474.02, subdivision 2, is amended to read:

Subd. 2. "Municipality" means any city and any town described in section 368.01 and any county where the project is located outside the boundaries of a city or a town described in section 368.01. In all cases in which a project involves telephonic communications conducted by or to be conducted by a telephone company, or financial or other assistance to rail users as defined in section 222.48, subdivision 6, for the purpose of making capital investment loans for rail line rehabilitation, "municipality" also means any county. In any case in which a city or town described in section 368.01 has consented to the issuance of bonds by a county on behalf of an organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1986, to finance a project within its boundaries or to refund bonds previously issued by such city or town, "municipality" means any county.

Sec. 19. Minnesota Statutes 1986, section 474.03, subdivision 12, is amended to read:

Subd. 12. **REFUNDING.** It may issue revenue bonds to refund, in whole or in part, bonds previously issued by the municipality or redevelopment agency under authority of sections 474.01 to 474.13, and interest on them. The municipality may issue revenue bonds to refund, in whole or in part, bonds previously issued by any other municipality or redevelopment agency on behalf of an organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1986, under authority of sections 474.01 to 474.13, and interest on them, but only with the consent of the original issuer of such bonds.

Sec. 20. Minnesota Statutes 1986, section 475.54, subdivision 1, is amended to read:

Subdivision 1. Except as provided in subdivision 3 ~~or~~, 5a, or 5b, or as expressly authorized in another law, all obligations of each issue shall mature or be subject to mandatory sinking fund redemption in installments, the first not later than three years and the last not later than 30 years from the date of the issue. No amount of principal of the issue payable in any calendar year shall exceed five times the amount of the smallest amount payable in any preceding calendar year ending three years or more after the issue date.

Sec. 21. Minnesota Statutes 1986, section 475.54, is amended by adding a subdivision to read:

Subd. 15. For purposes of determining the amount of principal that may be payable in any calendar year under subdivision 1, any principal payment obligation secured by an investment, the face amount of which is equal to or greater

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than the amount of principal, may be disregarded if the investment matures or is callable by the holder thereof on or before the maturity date of the principal.

Sec. 22. Minnesota Statutes 1986, section 475.54, is amended by adding a subdivision to read:

Subd. 16. A municipality may enter into an agreement with a bank or dealer described in section 475.66, subdivision 1, for an exchange of interest rates pursuant to this subdivision. A municipality with outstanding obligations bearing interest at a variable rate may agree to pay sums equal to interest at a fixed rate or at a different variable rate determined pursuant to a formula set out in the agreement on an amount not exceeding the outstanding principal amount of the obligations, in exchange for an agreement by the bank or dealer to pay sums equal to interest on a like amount at a variable rate determined pursuant to a formula set out in the agreement. A municipality with outstanding obligations bearing interest at a fixed rate or rates may agree to pay sums equal to interest at a variable rate determined pursuant to a formula set out in the agreement on an amount not exceeding the outstanding principal amount of the obligations, in exchange for an agreement by the bank or dealer to pay sums equal to interest on a like amount at a fixed rate or rates set out in the agreement. The agreement to pay the bank or dealer is not an obligation of the municipality as defined in section 475.51, subdivision 3. For purposes of calculation of a debt service levy, determination of a rate of interest on a special assessment or other calculation based on the rate of interest on an obligation, a municipality which has entered into an interest rate swap agreement described in this subdivision may determine to treat the amount or rate of interest on the obligation as the net rate or amount of interest payable after giving effect to the swap agreement. Subject to any applicable bonds covenants, any payments required to be made by the municipality under the swap agreement may be made from sums secured to pay debt service on the obligations with respect to which the swap agreement was made or from any other available source of the municipality.

Sec. 23. Minnesota Statutes 1986, section 475.55, subdivision 1, is amended to read:

Subdivision 1. **INTEREST; FORM.** ~~(1) Interest on obligations shall not exceed the greatest of (a) the rate determined pursuant to subdivision 4 for the month in which the resolution authorizing the obligations was adopted; or (b) the rate determined pursuant to subdivision 4 for the month in which the obligations are sold; or (c) the rate of ten percent per annum. All obligations shall be securities as provided in the Uniform Commercial Code, chapter 336, article 8, may be issued as certificated securities or as uncertificated securities, and if issued as certificated securities may be issued in bearer form or in registered form, as defined in section 336.8-102. The validity of an obligation shall not be impaired by the fact that one or more officers authorized to execute it by the governing body of the municipality shall have ceased to be in office before delivery to the purchaser or shall not have been in office on the formal issue date~~

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of the obligation. Every obligation, as to certificated securities, or transaction statement, as to uncertificated securities, shall be signed manually by one officer of the municipality or by a person authorized to act on behalf of a bank or trust company, located in or outside of the state, which has been designated by the governing body of the municipality to act as 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. The seal need not be used. A municipality may do all acts and things which are permitted or required of issuers of securities under the Uniform Commercial Code, chapter 336, article 8, and may designate a corporate registrar to perform on behalf of the municipality the duties of a registrar as set forth in those sections. Any registrar shall be an incorporated bank or trust company, located in or outside of the state, authorized by the laws of the United States or of the state in which it is located to perform the duties. If obligations are issued as uncertificated securities, and a law requires or permits the obligations to contain a statement or recital, whether on their face or otherwise, it shall be sufficient compliance with the law that the statement or recital is contained in the transaction statement or in an ordinance, resolution, or other instrument which is made a part of the obligation by reference in the transaction statement as provided in section 336.8-202.

(2) ~~Notwithstanding paragraph (1), interest on obligations issued after April 1, 1986 and before July 1, 1987 is not subject to any limitation on rate or amount. For purposes of this paragraph, obligations issued after April 1, 1986 and before July 1, 1987 include reissuing, reselling, remarketing, refunding, refinancing or tendering, whether pursuant to section 475.54, subdivision 5a, or otherwise, of obligations after July 1, 1987 if the original obligations were issued before July 1, 1987 and after April 1, 1986.~~

Sec. 24. Minnesota Statutes 1986, section 475.55, is amended by adding a subdivision to read:

Subd. 1a. INTEREST. Interest on obligations issued after April 1, 1986, is not subject to any limitation on rate or amount.

Sec. 25. Minnesota Statutes 1986, section 475.55, subdivision 2, is amended to read:

Subd. 2. **SUPERSESSION.** The provisions of this section shall supersede any maximum interest rate fixed by any other law or a city charter 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 limit the interest on any obligation issued pursuant to a law or charter authorizing the issuer to determine the rate or rates of interest.~~

Sec. 26. Minnesota Statutes 1986, section 475.55, subdivision 3, is amended to read:

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Subd. 3. **SPECIAL ASSESSMENTS.** Notwithstanding any contrary provisions of law or charter, special assessments pledged to the payment of obligations may bear interest at the rate the governing body by resolution determines, not exceeding the ~~greater of (a) the maximum interest rate per annum which the obligations may bear under the provisions of this section for the month in which the resolution authorizing the special assessment was adopted or (b) the maximum interest rate permitted to be charged against the assessments under the law~~ or city charter pursuant to which the assessments were levied.

Sec. 27. Minnesota Statutes 1986, section 475.55, subdivision 4, is amended to read:

Subd. 4. **RATE DETERMINATION.** On or before the 20th day of each month, the commissioner of finance shall determine the most recently published yield for the Bond Buyer's Index of 20 Municipals. This rate plus one percent and rounded to the next highest percent per annum shall be the rate for the next succeeding month for the purpose set forth in subdivision 7. The commissioner of finance shall publish the maximum rate in the State Register each month.

Sec. 28. Minnesota Statutes 1986, section 475.55, subdivision 6, is amended to read:

Subd. 6. **REGISTRATION DATA PRIVATE.** All information contained in any register maintained by a municipality or by a corporate registrar with respect to the ownership of municipal obligations is nonpublic data as defined in section 13.02, subdivision 9, or private data on individuals as defined in section 13.02, subdivision 12. The information is not public and is accessible only to the individual or entity that is the subject of it, except if disclosure:

(1) is necessary for the performance of the duties of the municipality or the registrar;

(2) is requested by an authorized representative of the state commissioner of revenue or attorney general or of the commissioner of internal revenue of the United States for the purpose of determining the applicability of a tax; ~~or~~

(3) is required under section 13.03, subdivision 4; or

(4) is requested at any time by the corporate trust department of a bank or trust company acting as a tender agent pursuant to documents executed at the time of issuance of the obligations to purchase obligations described in section 475.54, subdivision 5a, or obligations to which a tender option has been attached in connection with the performance of such person's duties as tender agent, or purchaser of the obligations.

Sec. 29. Minnesota Statutes 1986, section 475.55, subdivision 7, is amended to read:

Subd. 7. **ASSUMED MAXIMUM INTEREST RATE FOR OTHER LAWS.** If an obligation is not subject to a maximum interest rate pursuant to subdivi-

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sion 1, paragraph (1) and another law provides for a calculation of a debt service levy, determination of a rate of interest on a special assessment, or other factor based on an assumption that a maximum interest rate applies to the obligation, the governing body of the municipality may estimate or determine an assumed maximum interest rate for purposes of that law. If the municipality does not determine, specify or estimate the maximum interest rate for such purpose, then the maximum interest rate for purposes of the other law is the ~~maximum~~ interest rate ~~that would apply if subdivision 1, paragraph (2) were not in effect determined by the commissioner of finance under subdivision 4.~~ This subdivision does not limit the interest rate that may be paid on obligations under subdivision 1 la.

Sec. 30. Minnesota Statutes 1986, section 475.56, is amended to read:

475.56 INTEREST RATE.

(a) Any municipality issuing obligations under any law may issue obligations bearing interest at a single rate or at rates varying from year to year which may be lower or higher in later years than in earlier years. Such higher rate for any period prior to maturity may be represented in part by separate coupons designated as additional coupons, extra coupons, or B coupons, but the highest aggregate rate of interest contracted to be so paid for any period shall not exceed the maximum rate authorized by law. Such higher rate may also be represented in part by the issuance of additional obligations of the same series, over and above but not exceeding two percent of the amount otherwise authorized to be issued, and the amount of such additional obligations shall not be included in the amount required by section 475.59 to be stated in any bond resolution, notice, or ballot, or in the sale price required by section 475.60 or any other law to be paid; but if the principal amount of the entire series exceeds its cash sale price, such excess shall not, when added to the total amount of interest payable on all obligations of the series to their stated maturity dates, cause the average annual rate of such interest to exceed the maximum rate authorized by law. This section does not authorize a provision in any such obligations for the payment of a higher rate of interest after maturity than before.

(b) Any obligation of an issue of obligations otherwise subject to section 475.55, subdivision 1, may bear interest at a rate varying periodically at the time or times and on the terms, including convertibility to a fixed rate of interest, determined by the governing body of the municipality, but the rate of interest for any period shall not exceed the maximum rate of interest for the obligations determined in accordance with section 475.55, subdivision 1. For purposes of section 475.61, subdivisions 1 and 3, the interest payable on variable rate obligations for their term shall be determined as if their rate of interest is the maximum rate permitted for the obligations under section 475.55, subdivision 1, or the lesser maximum rate of interest payable on the obligations in accordance with their terms, but if the interest rate is subsequently converted to a fixed rate the levy may be modified to provide at least five percent in excess of amounts necessary to pay principal of and interest at the fixed rate on the

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obligations when due. For purposes of computing debt service or interest pursuant to section 475.67, subdivision 12, interest throughout the term of bonds issued pursuant to this subdivision is deemed to accrue at the rate of interest first borne by the bonds. The provisions of this paragraph do not apply to obligations issued by a statutory or home rule charter city with a population of less than ~~40,000~~ 7,500, as defined in section 477A.011, subdivision 3, or to obligations that are not rated A or better, or an equivalent subsequently established rating, by Standard and Poor's Corporation, Moody's Investors Service or other similar nationally-recognized rating agency, except that any statutory or home rule charter city, regardless of population or bond rating, may issue variable rate obligations as a participant in a bond pooling program established by the league of Minnesota cities that meets this bond rating requirement.

Sec. 31. Minnesota Statutes 1986, 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 sold by an issuer in an amount not exceeding the total sum of ~~\$300,000~~ \$1,200,000 in any ~~three-month~~ 12-month period;

(3) obligations issued by a governing body other than a school board 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;

(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;

(5) obligations issued to fund pension and retirement fund liabilities under section 475.52, subdivision 6, obligations issued with tender options under section 475.54, subdivision 5a, crossover refunding obligations referred to in section 475.67, subdivision 13, and any issue of obligations comprised in whole or in part of obligations bearing interest at a rate or rates which vary periodically referred to in section 475.56; and

(b) (6) obligations ~~qualifying under section 475.55, subdivision 1, paragraph~~ (2) to be issued for a purpose, in a manner, and upon terms and conditions authorized by law, if the governing body of the municipality, on the advice of bond counsel or special tax counsel, determines that interest on the obligations will be includable in cannot be represented to be excluded from gross income for purposes of federal income taxation.

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Sec. 32. Minnesota Statutes 1986, section 475.66, subdivision 3, is amended to read:

Subd. 3. Subject to the provisions of any resolutions or other instruments securing obligations payable from a debt service fund, any balance in the fund may be invested

(a) in governmental bonds, notes, bills, mortgages, and other securities, which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress,

(b) in shares of an investment company (1) registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and (2) whose only investments are in securities described in the preceding clause and repurchase agreements fully collateralized by those securities, if the repurchase agreements are entered into only with those primary reporting dealers that report to the Federal Reserve Bank of New York and with the 100 largest United States commercial banks,

(c) in any security which is (1) a general obligation of the state of Minnesota or any of its municipalities or (2) a general obligation of the Minnesota housing finance agency, provided that investments under this clause (2) may be made only (i) prior to August 1, 1990, and (ii) for a period of no more than three years,

(d) in bankers acceptances of United States banks eligible for purchase by the Federal Reserve System, or

(e) in commercial paper issued by United States corporations or their Canadian subsidiaries that is of the highest quality and matures in 270 days or less.

The fund may also be used to purchase any obligation, whether general or special, of an issue which is payable from the fund, 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 such an issue prior to maturity in accordance with its terms. The securities representing any such investment may be sold or hypothecated by the municipality at any time, but the money so received remains a part of the fund until used for the purpose for which the fund was created.

Sec. 33. Minnesota Statutes 1986, section 475.67, subdivision 3, is amended to read:

Subd. 3. Any or all obligations and interest thereon may be refunded if and when and to the extent that for any reason the taxes or special assessments, revenues, or other funds appropriated for their payment are not sufficient to pay all principal and interest due or about to become due thereon. All obligations of one or more issues regardless of their source of payment and interest thereon may be refunded before their due dates, if consistent with covenants made with the holders thereof, when determined by the governing body to be necessary or

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desirable for the reduction of debt service cost to the municipality or for the extension or adjustment of the maturities in relation to the resources available for their payment, or in the case of obligations payable solely from a special fund, for the more advantageous sale of additional obligations payable from the same fund or to relieve the municipality of restrictions imposed by covenants made with the holders of the obligations to be refunded; provided the amount of interest which may be refunded from the proceeds of the refunding obligations shall not exceed the amount of proceeds estimated to be required in excess of the principal amount of refunded obligations to retire the refunded obligations in accordance with subdivision 6, but in no event shall the aggregate principal amount of the refunding obligations exceed by more than ten percent the aggregate principal amount of the obligations to be refunded. No general obligations, for which the full faith and credit of the issuer is pledged, shall be issued to refund special obligations previously issued for any purpose, payable solely from a special fund, unless such issuance is authorized by such election, hearing, petition, resolution, or other procedure as would have been required as a condition precedent to the original issuance of general obligations for the same purpose.

Sec. 34. Minnesota Statutes 1986, 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: each such obligation, if repayable, shall be called for redemption prior to its maturity in accordance with its terms no later than either (i) the earliest date on which it may be redeemed without payment of any premium, or (ii) if the obligation is only prepayable with payment of a premium, on the earliest date on which it may be redeemed with payment of the least premium required by its terms. No refunding obligations

shall be issued and sold more than six months before the refunded obligations mature or are called for redemption in accordance with their terms, unless either (i) as a result of the refunding the average life of the maturities is extended at least ~~five~~ three years or (ii) as of the nominal date of the refunding obligations the present value of the dollar amount of the debt service ~~or interest only~~ on the refunding obligations, computed to their stated maturity dates, after deducting any premium or adding any discount, is lower by at least ~~five~~ three percent than the present value of the dollar amount of debt service ~~or interest only~~; ~~as the case may be~~, on all general obligations refunded, exclusive of any premium or discount, computed to their stated maturity dates; provided that in computing the dollar amount of debt service ~~or interest only~~ on the refunding obligations, any expenses of the refunding payable from a source other than the proceeds of the refunding obligations or the interest derived from the investment thereof shall be added to the dollar amount of debt service ~~or interest only~~ on the refunding obligations. For purposes of this subdivision, the present value of the dollar amount of debt service means the dollar amount of debt service to be paid, discounted to the nominal date of the refunding obligations at a rate equal

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to the yield on the refunding obligations. Expenses of the refunding include the amount, if any, in excess of the proceeds of the refunding obligations or the principal amount of obligations to be refunded, whichever is the greater, which is required to be deposited in escrow to provide cash and purchase securities sufficient to retire the refunded obligations and unaccrued interest thereon in accordance with subdivision 6; 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. 35. [475.78] **PERFECTION OF PLEDGE.**

Neither filing nor possession is required to perfect the security interest created by any pledge or appropriation of revenues or funds of the municipality, including any of its investments, to the payment of bonds issued by the municipality.

Sec. 36. [475.79] **POWERS AVAILABLE TO OTHER POLITICAL SUBDIVISIONS.**

Any powers granted to a municipality under chapter 475, other than the power to issue general obligation bonds and levy taxes, may be exercised by any other public corporation, authority, governmental unit, or other political subdivision of the state of Minnesota that is not a municipality. This grant of authority does not limit the powers granted to an entity under any other law.

Sec. 37. **REPEALER.**

Minnesota Statutes 1986, sections 475.55, subdivision 5; and 475.67, subdivision 11; are repealed.

Sec. 38. **EFFECTIVE DATE.**

Sections 8, 18, 19, 23 to 29, 31, 35, and 37 are effective the day following final enactment.

Approved June 1, 1987

CHAPTER 345—S.F.No. 1008

An act relating to occupations and professions; providing for the regulation of the practice of chiropractic; providing for peer review of services and fees; providing grounds for license revocation; prescribing penalties; appropriating money; amending Minnesota Statutes 1986, sections 148.06, subdivision 1; 148.07, subdivision 2; 148.08, subdivision 3; 148.10, subdivisions 1, 3, and by adding a subdivision; and 319A.02, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 148; repealing Minnesota Statutes 1986, section 148.101.

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