

MINNESOTA STATUTES 1977 SUPPLEMENT

473.641 METROPOLITAN GOVERNMENT

the addition of structures and facilities for use of or lease to others by the corporation.

[For text of subd 3, see M.S.1976]

[1977 c 417 s 12]

473.652 Construction work.

Subdivision 1. The provisions of section 471.345, subject to the provisions of subdivision 2, shall apply to all construction work and every purchase of equipment, supplies, or materials necessary in carrying out the provisions of sections 473.601 to 473.679.

Subd. 2. If the executive director of the corporation with the written concurrence of the chairman or vice-chairman declares that an emergency exists requiring immediate purchase of material or supplies or the making of emergency repairs at a cost of no more than \$5,000, or if two-thirds of the members of the corporation declare that an emergency exists requiring immediate purchase of materials or supplies or the making of emergency repairs at a cost in excess of \$5,000, the corporation shall not be required to advertise for bids. The materials or supplies may be purchased in the open market at the lowest price obtainable, or the emergency repairs may be contracted for or performed without securing formal competitive bids.

[1977 c 417 s 13]

CHAPTER 474. MUNICIPAL INDUSTRIAL DEVELOPMENT ACT

Sec.

474.01 Citation; policies, purposes and findings;
participation by municipalities.

474.01 Citation; policies, purposes and findings; participation by municipalities.

[For text of subds 1 to 6, see M.S.1976]

Subd. 7. Any municipality or redevelopment agency contemplating the exercise of the powers granted by this chapter may apply to the commissioner of economic development for information, advice, and assistance. The commissioner is authorized to handle such preliminary information in a confidential manner, to the extent requested by the municipality.

Subd. 7a. No municipality shall undertake any project authorized by this chapter until the commissioner of securities has approved the project, on the basis of preliminary information which the commissioner may require, as tending to further the purposes and policies of this chapter. Approval shall not be deemed to be an approval by the commissioner of securities or the state of the feasibility of the project or the terms of the revenue agreement to be executed or the bonds to be issued therefor, and the commissioner shall state this in communicating approval.

[For text of subd 8, see M.S.1976]

[1977 c 420 s 1,2]

CHAPTER 475. PUBLIC INDEBTEDNESS

Sec.

475.51 Definitions.
475.61 Tax levies.

Sec.

475.66 Debt service fund.
475.76 Reverse repurchase agreements. [New]

475.51 Definitions.

[For text of subds 1 to 11, see M.S.1976]

PUBLIC INDEBTEDNESS 475.66

Subd. 12. "Reverse repurchase agreement" means an obligation incurred by a municipality to repurchase at a fixed future date and price a security sold by it to a financial institution on the date of the agreement, or another security identical as to the issuer, source of payment, principal amount, interest rate, maturity, and redemption provisions. The principal amount of the obligation is the sale price of the security, excluding any accrued interest thereon paid to the municipality. The interest payable by the municipality on the obligation is the difference between the sale price and the repurchase price of the security, excluding any accrued interest thereon received by the financial institution.

[1977 c 259 s 1]

475.61 Tax levies.

[For text of subds 1 to 3, see M.S.1976]

Subd. 4. All such taxes shall be collected and remitted to the municipality by the county treasurer as other taxes are collected and remitted, and shall be used only for payment of the obligations on account of which levied or to repay advances from other funds used for such payments, except that any surplus remaining in the debt service fund when the obligations and interest thereon are paid may be appropriated to any other general purpose by the municipality. However, the amount of any surplus remaining in the debt service fund of a school district when the obligations and interest thereon are paid shall be used to reduce the maintenance levy authorized pursuant to section 275.125, subdivision 2a.

[For text of subd 5, see M.S.1976]

[1977 c 447 art 7 s 27]

475.66 Debt service fund.

Subdivision 1. All 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. Sufficient cash for payment of principal, interest, and redemption premiums when due with respect to the obligations for which any debt service fund 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 committee 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, provided however, that the governing body may authorize the purchase of longer term investments subject to an agreement to repurchase such investments at times and prices sufficient to yield the amounts estimated to be so required. 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. 2. Investments may be held in safekeeping with any federal reserve bank, 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, or a reporting dealer to the federal reserve bank of New York, provided that the municipality's ownership of all securities in which the fund is invested is evidenced by written acknowledgments identifying the securities by

475.66 PUBLIC INDEBTEDNESS

the names of the issuers, maturity dates, interest rates, and serial numbers or other distinguishing marks:

[For text of subds 3 and 4, see M.S.1976]

[1977 c 127 s 1,2]

475.76 Reverse repurchase agreements.

Subdivision 1. A reverse repurchase agreement may be entered into by a municipality, subject to the provisions of this section, only with a bank qualified as depository of funds of the municipality, 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 with a reporting dealer to the federal reserve bank of New York.

Subd. 2. Reverse repurchase agreements shall not be included in computing the net debt of a municipality, and may be made without an election or public sale, and the interest payable thereon shall not be subject to the limitation in section 475.55. The interest shall not be deducted or excluded from gross income of the recipient for the purpose of state income, corporate franchise, or bank excise taxes or, if so provided by federal law, for the purpose of federal income tax.

Subd. 3. Reverse repurchase agreements shall be made on behalf of the municipality only by its treasurer or other officer designated pursuant to law or charter as custodian of funds and securities held by it, or by a deputy of the officer, when authorized by a resolution of its governing body, and subject to any limitations imposed by the governing body. They may be made in writing or orally, provided that confirmation of an oral agreement is made by the other party by wire or in writing transmitted or mailed within one business day thereafter. The agreement or confirmation shall state the sale date and price, the repurchase date and price, and the issuer, designation, principal amount, coupon interest rate, if any, maturity date, and redemption date, if any, of the security.

Subd. 4. In the event of failure by a bank or dealer to redeliver a security under a reverse repurchase agreement upon tender of the repurchase price by the municipality at the repurchase date, the obligation of the municipality to repurchase shall cease, and the bank or dealer shall be liable to the municipality for any amount by which the market price of the security at that date exceeds the repurchase price. In the event of failure by a municipality to tender the repurchase price when due under an agreement, the obligation of the bank or dealer to redeliver shall cease, and the municipality shall be liable to the bank or dealer for any amount by which the repurchase price exceeds the market price of the security at the repurchase date. The market price of a security for the purpose of this subdivision shall be deemed to be the average of bid prices quoted, as of the pertinent date, by two or more banks or dealers referred to in subdivision 1, other than the purchaser. Any amount for which either party to a reverse repurchase agreement is liable under the provisions of this subdivision shall be recoverable by action, and may be offset against any existing or subsequent liability owed to the defaulting party, other than a liability of a bank as trustee, custodian, paying agent, or other fiduciary. Any amount for which the municipality becomes liable shall be included in computing its net debt, whether or not it causes the net debt of the municipality to exceed any limit otherwise applicable.

Subd. 5. Reverse repurchase agreements entered into in accordance with the foregoing provisions shall be valid and binding, whether or not they conform to the following limitations. However, the execution of an agreement that does not conform constitutes misconduct on the part of the responsible officer, subject to a penalty as provided in section 609.43, if the term of the agreement exceeds:

(a) A period of 30 consecutive days, including the sale date but not including the repurchase date; or

(b) A period which, with the aggregate periods of all agreements made within the preceding 12 months with respect to one security or two or more identical securities, exceeds 90 days, whether or not the period from the first sale to the last repurchase exceeds 12 months.

[1977 c 259 s 2]