

CHAPTER 362A

MINNESOTA RURAL DEVELOPMENT FINANCE
AUTHORITY ACT

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362A.01 ESTABLISHMENT; PURPOSES; BOARD OF DIRECTORS.

Subdivision 1. Any county or combination of counties by resolution of the county board or boards may establish a rural development financing authority as a public nonprofit corporation with the same powers and duties as those conferred and imposed on a private nonprofit corporation by chapter 317, and all present and future laws amending or supplementing that chapter, except as otherwise or additionally provided herein. No such authority shall transact any business or exercise any powers until a certified copy of the resolutions of each participating county board has been submitted to the secretary of state and a certificate of incorporation issued pursuant to section 317.10. Each resolution shall include all of the provisions required by section 317.08, subdivision 2. Alternatively, a county may determine by resolution of the county board (without such filing) to exercise the powers granted in this chapter to a rural development finance authority.

Subd. 2. **Purposes.** The purposes of a rural development financing authority are:

(a) to acquire, construct, improve and equip projects comprising real and personal property within or outside the state, used or useful for producing or processing products of agriculture, including but not limited to assembling, fabricating, manufacturing, mixing, storing, warehousing, distributing, selling or any one or more or all of these processes. For the purpose of sections 362A.01 to 362A.08 the term agriculture shall include forestry and timber production and the phrase "producing products of agriculture" does not include acquiring agricultural land;

(b) to investigate, improve and develop methods of constructing, operating and financing such projects;

(c) to provide for the operation and maintenance of each project under an operating or lease agreement with a person, firm, or corporation considered qualified by experience and financial resources to assure that to the limit of its design and capacity it will make facilities for efficient and economical processing of agricultural products available throughout the term of the agreement to all producers contracting therefor;

(d) to promote agricultural, industrial and scientific research in cooperation with state institutions of higher learning and profit or nonprofit private corporations, associations or foundations;

(e) to assist in promoting new job opportunities through the development of natural resources and the agricultural industry by cooperating with private companies and with agencies of the federal and state governments and with agencies and political subdivisions of other states and of foreign nations to engage in the processing of agricultural products;

(f) to enter into contracts with or to employ financial, management, and production consultants, and scientific and economic specialists to develop and assist in promoting the purposes of the authority and to assist in operating, maintaining, constructing and financing authority projects;

(g) to employ a financial management company to assist in organizing, initiating, developing and operating projects for the authority under such terms and conditions

as may be agreed upon between the authority and the company and to include any fee charged or to be charged by the company in the total capital costs of each project to be financed; and

(h) to provide 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.

Subd. 3. Each rural development financing authority shall be managed and controlled by a board of directors consisting of that number of persons equal to the number of counties establishing the authority, but in no case less than five. The directors shall be elected by the establishing county board or boards and each county board shall have one vote. The directors initially elected shall serve staggered terms designated by the electing board or boards. Thereafter, all directors shall be elected for five year terms and until their successors are elected and qualify. Each vacancy in an unexpired term shall be filled in the manner in which the original appointment was made. Each director shall be a resident of the establishing county or counties and, no director shall hold any other public office or be an officer, employee, director, shareholder, or member of any corporation, firm, or association with which the authority has entered into any operating or lease agreement. Directors may be removed by the appointing board or boards for the reasons and in the manner prescribed by section 462.435, and shall receive no compensation other than reimbursement for expenses incurred in the performance of their duties. Directors shall have no personal liability for corporate obligations of the authority or the methods of enforcement and collection thereof.

Subd. 4. Rural development financing authorities shall have no capital stock and sections 362A.01 to 362A.08 shall constitute their articles of incorporation. An authority may adopt bylaws consistent with sections 362A.01 to 362A.08.

History: 1971 c 920 s 1; 1978 c 667 s 10; 1982 c 498 s 1; 1984 c 502 art 10 s 9; 1984 c 618 s 52

362A.02 FINANCING PROJECTS AND FACILITIES.

An authority may provide funds for its purposes by using the following methods or any combination thereof:

- (1) Issuing bonds of the authority as authorized by section 362A.03, subdivision 1; and
- (2) Issuing notes of the authority as authorized by section 362A.03, subdivision 2.

History: 1971 c 920 s 2; 1973 c 35 s 65

362A.03 ISSUANCE OF BONDS AND NOTES.

Subdivision 1. For the purposes authorized in section 362A.01, subdivision 2, the authority may issue bonds and execute mortgages and contracts, pledge revenues, and enter into covenants and agreements for the security thereof in the same manner and subject to the same conditions as a municipality under the provisions of chapter 474, and all present and future laws amending and supplementing that chapter, except as otherwise and additionally provided in sections 362A.01 to 362A.08. Net rentals and other charges payable to the authority by the operator or lessee of any project and pledged by the authority for payment of its bonds and interest thereon, and for the creation and maintenance of reserves therefor, may in its discretion be reduced by amounts not exceeding the payments actually received by the authority from the other sources described in sections 362A.01 to 362A.08.

Subd. 2. The authority shall have the power from time to time to issue notes, and from time to time to issue renewal notes herein referred to as notes, for any purpose or purposes for which bonds may be issued, whenever the authority shall determine the payment thereof can be made in full from any moneys or revenues which the authority expects to receive from any source. Such notes may, among other things, be issued to

provide funds to pay preliminary costs of surveys, plans, development, or other matters relating to any proposed or existing project. The authority may pledge such moneys or revenues, subject to any other pledge thereof, for the payment of the notes and may in addition secure the notes in the same manner and with the same effect as herein provided for bonds and may also secure the notes by the personal guarantee of property owners within a benefited area. The authority shall have the power to make contracts for the future sale from time to time of the notes, by which the purchaser shall be committed to purchase the notes from time to time on terms and conditions stated in such contracts. The authority may pay such consideration as it shall deem proper for such commitments.

History: 1971 c 920 s 3

362A.04 PROCESSING AGREEMENT.

The authority may enter into agreements with owners of agricultural land, within or outside the state, providing for payment of charges for the use and availability of any project for processing products of such land, to pay part or all of the capital cost incurred by the authority. The charges may be made payable in fixed amounts, or in installments with interest at an agreed rate, or in amounts proportionate to the volume of products processed from time to time, or in any combination of these ways. Such agreements may bind landowners to devote a specified acreage to production for processing by the project, or the authority and the operator of the project to cause specified quantities to be processed, or both, for such periods as may be agreed. Charges payable by landowners to the authority under such agreements may be pledged by it to pay or guarantee the payment of its bonds, or may be used by the authority for the purposes stated in section 362A.01, subdivision 2.

History: 1971 c 920 s 4

362A.041 APPLICATIONS FOR LOAN GUARANTIES.

The authority, or a county exercising the powers of an authority pursuant to section 362A.01, may undertake or participate in undertaking a project deemed to further the policies and purposes of the agricultural resource loan guaranty program established and described in sections 41A.01 to 41A.06, by applying to the agricultural resource loan guaranty board for a guaranty by the state of a portion of a loan for the project to be secured by the applicant, or by another eligible borrower. For this purpose it may do all acts and things required of an applicant or of a borrower under the provisions of sections 41A.01 to 41A.06, including but not limited to the computation, segregation, and application of tax increments by deposit in the loan guaranty fund under the terms of the loan guaranty.

History: 1984 c 502 art 10 s 10

362A.05 AGREEMENTS FOR RESERVATION OF TAX INCREMENTS.

The authority may enter into an agreement with any county in which a project is to be situated, or a county exercising the powers of an authority may adopt a resolution, under which the increment of taxable value of property constituting an agricultural resource project for which a conditional commitment for a loan guaranty has been made by the state as provided in section 41A.04, subdivision 3, over and above the taxable value of the project site as last finally determined before the project was undertaken, may be excluded from the taxable value of property on which the mill rate of taxes is computed in every subsequent year, for so long as may be provided in the loan guaranty, but the aggregate mill rate of taxes levied by the county and all other taxing districts on other properties in each such year shall be spread also on the incremental taxable value of the project, and the tax resulting therefrom, when collected, shall be remitted to the authority or to the county, as the case may be, for deposit and use in the loan guaranty fund of the state as provided in sections 41A.01 to 41A.06. The tax increment for an agricultural resource project shall be discharged when either of the following occurs: (a) the loan obligation has been satisfied; or (b) the amount

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in the project account equals the amount of the guaranteed portion of the outstanding principal and interest on the guaranteed loan. Every county shall have the power by resolution of the county board to do all acts and things necessary for the computation, segregation, and application of tax increments under the loan guaranty in accordance with this section.

History: 1971 c 920 s 5; 1979 c 322 s 10; 1984 c 502 art 10 s 11

362A.06 APPROVAL BY COMMISSIONER OF ENERGY AND ECONOMIC DEVELOPMENT.

Any authority contemplating the exercise of the powers granted by sections 362A.01 to 362A.08 may apply to the commissioner of energy and economic development for information, advice, and assistance. No authority shall undertake any project herein authorized until the commissioner has approved the project, on the basis of preliminary information the commissioner may require, as tending to further the purposes and policies of sections 362A.01 to 362A.08. The commissioner is authorized to handle the preliminary information in a confidential manner, to the extent requested by the authority. Approval shall not be deemed to be an approval by the commissioner or the state of the feasibility of the project or the terms of the lease to be executed or the bonds to be issued therefor, and the commissioner shall so state in communicating the approval.

History: 1971 c 920 s 6; 1981 c 356 s 217; 1983 c 289 s 115 subd 1; 1986 c 444

362A.07 STATE AND COUNTY NOT LIABLE ON BONDS.

The bonds and other obligations of an authority shall not be the debt of the state of Minnesota or of any county or political subdivision.

History: 1971 c 920 s 7; 1983 c 213 s 11

362A.08 CITATION.

Sections 362A.01 to 362A.08 may be cited as the Minnesota rural development finance authority act.

History: 1971 c 920 s 8