

## CHAPTER 458C

## ECONOMIC DEVELOPMENT AUTHORITIES

ECONOMIC DEVELOPMENT  
AUTHORITIES

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## ECONOMIC DEVELOPMENT AUTHORITIES

**458C.01 DEFINITIONS.**

Subdivision 1. **Terms.** In sections 458C.01 to 458C.23, the terms defined in this section have the meaning given them.

Subd. 2. **Authority.** "Authority" means an economic development authority, unless specified otherwise.

Subd. 3. **City.** "City" means a home rule charter or statutory city.

Subd. 4. **Development.** "Development" includes redevelopment, and developing includes redeveloping.

Subd. 5. **Cost of redevelopment.** "Cost of redevelopment" means, with respect to an economic development district project, the cost of:

- (a) acquiring property, whether by purchase, lease, condemnation, or otherwise;
- (b) demolishing or removing structures or other improvements on acquired properties;
- (c) correcting soil deficiencies necessary to develop or use the property for an appropriate use as determined by the authority;
- (d) constructing or installing public improvements, including streets, roads, and utilities;
- (e) providing relocation benefits to the occupants of acquired properties;
- (f) planning, engineering, legal and other services necessary to carry out the functions listed in clauses (a) to (e); and
- (g) the allocated administrative expenses of the authority for the project.

**History:** 1986 c 399 art 2 s 13; 1986 c 400 s 13; 1Sp1986 c 3 art 2 s 41

**458C.03 ECONOMIC DEVELOPMENT AUTHORITY; ESTABLISHMENT.**

A city may, by adopting an enabling resolution in compliance with the procedural requirements of section 458C.05, establish an economic development authority that, subject to section 458C.04, has the powers contained in sections 458C.01 to 458C.23 and a housing and redevelopment authority under chapter 462 or other law, and a city under chapter 472A or other law. If the economic development authority exercises the powers of a housing and redevelopment authority contained in chapter 462 or other law, the city shall exercise the powers relating to a housing and redevelopment authority granted to a city by chapter 462 or other law.

**History:** 1986 c 399 art 2 s 14; 1986 c 400 s 14; 1Sp1986 c 3 art 2 s 41

**458C.04 LIMIT OF POWERS.**

Subdivision 1. **Resolution.** The enabling resolution may impose the following limits upon the actions of the authority:

(1) that the authority must not exercise any specified powers contained in sections 458C.01 to 458C.23, chapters 462 and 472A or that the authority must not exercise any powers without the prior approval of the city council;

(2) that, except when previously pledged by the authority, the city council may, by resolution, require the authority to transfer any portion of the reserves generated by activities of the authority that the city council determines is not necessary for the successful operation of the authority, to the debt service fund of the city, to be used solely to reduce tax levies for bonded indebtedness of the city;

(3) that the sale of all bonds or obligations issued by the authority be approved by the city council before issuance;

(4) that the authority follow the budget process for city departments as provided by the city and as implemented by the city council and mayor;

(5) that all official actions of the authority must be consistent with the adopted comprehensive plan of the city, and any official controls implementing the comprehensive plan;

(6) that the authority submit all planned activities for influencing the action of any other governmental agency, subdivision, or body to the city council for approval;

(7) that the authority submit its administrative structure and management practices to the city council for approval; and

(8) any other limitation or control established by the city council by the enabling resolution.

Subd. 2. **Modification of resolution.** The enabling resolution may be modified at any time, subject to subdivision 5, and provided that any modification is made in accordance with this section.

Subd. 3. **Report on resolution.** Without limiting the right of the authority to petition the city council at any time, each year, within 60 days of the anniversary date of the first adoption of the enabling resolution, the authority shall submit to the city council a report stating whether and how the enabling resolution should be modified. Within 30 days of receipt of the recommendation, the city council shall review the enabling resolution, consider the recommendations of the authority, and make any modification it considers appropriate. Modifications must be made in accordance with the procedural requirements of section 458C.05.

Subd. 4. **Compliance.** The city council's determination that the authority has complied with the limitations imposed under this section is conclusive.

Subd. 5. **Limits; security.** Limits imposed under this section must not be applied in a manner that impairs the security of any bonds issued or contracts executed before the limit is imposed. The city council must not modify any limit in effect at the time any bonds or obligations are issued or contracts executed to the detriment of the holder of the bonds or obligations or any contracting party.

**History:** 1986 c 399 art 2 s 15; 1986 c 400 s 15; 1Sp1986 c 3 art 2 s 41

**458C.05 PROCEDURAL REQUIREMENT.**

Subdivision 1. **Enabling resolution.** The creation of an authority by a city must be by written resolution known as the enabling resolution. Before adopting the enabling resolution, the city council shall conduct a public hearing. Notice of the time and place of hearing, a statement of the purpose of the hearing, and a summary of the resolution must be published in a newspaper of general circulation within the city once a week for two consecutive weeks. The first publication must appear not more than 30 days from the date of the public hearing.

Subd. 2. **Modifications.** All modifications to the enabling resolution must be by written resolution and must be adopted after notice is given and a public hearing conducted as required for the original adoption of the enabling resolution.

**History:** 1986 c 399 art 2 s 16; 1986 c 400 s 16; 1Sp1986 c 3 art 2 s 41

**458C.06 TRANSFER OF AUTHORITY.**

Subdivision 1. **Economic development, housing, redevelopment powers.** The city may, by ordinance, divide any economic development, housing, and redevelopment powers granted under chapter 462 and this chapter between the economic development authority and any other authority or commission established under statute or city charter for economic development, housing, or redevelopment.

Subd. 2. **Project control, authority, operation.** The city may, by resolution, transfer the control, authority, and operation of any project as defined in section 273.73, subdivision 8, or any other program or project authorized by chapter 462 or 472A located within the city, from the governmental agency or subdivision that established the project to the economic development authority. The city council may also require acceptance of control, authority, and operation of the project by the economic development authority. The economic development authority may exercise all of the powers that the governmental unit establishing the project could exercise with respect to the project.

When a project or program is transferred to the economic development authority, the authority shall covenant and pledge to perform the terms, conditions, and covenants of the bond indenture or other agreements executed for the security of any bonds issued by the governmental subdivision that initiated the project or program. The economic development authority may exercise all of the powers necessary to perform the terms, conditions, and covenants of any indenture or other agreements executed for the security of the bonds and shall become obligated on the bonds when the project or program is transferred as provided in this subdivision.

Subd. 3. **Transfer of personnel.** Notwithstanding any other law or charter provision to the contrary, the city council may, by resolution, place any employees of the housing and redevelopment authority under the direction, supervision, or control of the economic development authority. The placement of any employees under the direction, supervision, or control of the economic development authority does not affect the rights of any employees of the housing and redevelopment authority, including any rights existing under a collective bargaining agreement or fringe benefit plan. The employees shall become employees of the economic development authority.

*History: 1986 c 399 art 2 s 17; 1986 c 400 s 17; 1Sp1986 c 3 art 2 s 41*

**458C.07 ECONOMIC DEVELOPMENT AUTHORITY.**

An economic development authority is a public body corporate and politic and a political subdivision of the state with the right to sue and be sued in its own name. An authority carries out an essential governmental function when it exercises its power, but the authority is not immune from liability because of this.

*History: 1986 c 399 art 2 s 18; 1986 c 400 s 18; 1Sp1986 c 3 art 2 s 41*

**458C.08 COMMISSIONERS; APPOINTMENT, TERMS, VACANCIES, PAY, REMOVAL.**

Subdivision 1. **Commissioners.** Except as provided in subdivision 2, clause (d), an economic development authority shall consist of either three, five, or seven commissioners who shall be appointed after the enabling resolution provided for in section 458C.05 becomes effective. The resolution must indicate the number of commissioners constituting the authority.

Subd. 2. **Appointment, terms; vacancies.** (a) Three-member authority: the commissioners constituting a three-member authority, one of whom must be a member of the city council, shall be appointed by the mayor with the approval of the city council. Those initially appointed shall be appointed for terms of two, four, and six years, respectively. Thereafter all commissioners shall be appointed for six-year terms.

(b) Five-member authority: the commissioners constituting a five-member authority, two of whom must be members of the city council, shall be appointed by the mayor with the approval of the city council. Those initially appointed shall be appointed for

terms of two, three, four, and five years respectively and one member for six years. Thereafter all commissioners shall be appointed for six-year terms.

(c) Seven-member authority: the commissioners constituting a seven-member authority, two of whom must be members of the city council, shall be appointed by the mayor with the approval of the city council. Those initially appointed shall be appointed for terms of one, two, three, four, and five years respectively and two members for six years. Thereafter all commissioners shall be appointed for six-year terms.

(d) The enabling resolution may provide that the members of the city council shall serve as the commissioners.

(e) The enabling resolution may provide for the appointment of members of the city council in excess of the number required in clauses (a), (b), and (c).

(f) A vacancy is created in the membership of an authority when a city council member of the authority ends council membership. A vacancy for this or another reason must be filled for the balance of the unexpired term, in the manner in which the original appointment was made. The city council may set the term of the commissioners who are members of the city council to coincide with their term of office as members of the city council.

**Subd. 3. Increase in commission members.** An authority may be increased from three to five or seven members, or from five to seven members by a resolution adopted by the city council following the procedure provided for modifying the enabling resolution in section 458C.05.

**Subd. 4. Compensation and reimbursement.** A commissioner, including the president, shall be paid for attending each regular or special meeting of the authority in an amount to be determined by the city council. In addition to receiving pay for meetings, the commissioners may be reimbursed for actual expenses incurred in doing official business of the authority. All money paid for compensation or reimbursement must be paid out of the authority's budget.

**Subd. 5. Removal for cause.** A commissioner may be removed by the city council for inefficiency, neglect of duty, or misconduct in office. A commissioner shall be removed only after a hearing. A copy of the charges must be given to the commissioner at least ten days before the hearing. The commissioner must be given an opportunity to be heard in person or by counsel at the hearing. When written charges have been submitted against a commissioner, the city council may temporarily suspend the commissioner. If the city council finds that those charges have not been substantiated, the commissioner shall be immediately reinstated. If a commissioner is removed, a record of the proceedings, together with the charges and findings, shall be filed in the office of the city clerk.

**History:** 1986 c 399 art 2 s 19; 1986 c 400 s 19; 1Sp1986 c 3 art 2 s 41

#### **458C.09 OFFICERS; DUTIES; ORGANIZATIONAL MATTERS.**

**Subdivision 1. Bylaws, rules, seal.** An authority may adopt bylaws and rules of procedure and shall adopt an official seal.

**Subd. 2. Officers.** An authority shall elect a president, a vice president, a treasurer, a secretary, and an assistant treasurer. The authority shall elect the president, treasurer, and secretary annually. A commissioner must not serve as president and vice president at the same time. The other offices may be held by the same commissioner. The offices of secretary and assistant treasurer need not be held by a commissioner.

**Subd. 3. Duties and powers.** The officers have the usual duties and powers of their offices. They may be given other duties and powers by the authority.

**Subd. 4. Treasurer's duties.** The treasurer:

- (1) shall receive and is responsible for authority money;
- (2) is responsible for the acts of the assistant treasurer;
- (3) shall disburse authority money by check only;

(4) shall keep an account of the source of all receipts, and the nature, purpose, and authority of all disbursements; and

(5) shall file the authority's detailed financial statement with its secretary at least once a year at times set by the authority.

Subd. 5. **Assistant treasurer.** The assistant treasurer has the powers and duties of the treasurer if the treasurer is absent or disabled.

Subd. 6. **Treasurer's bond.** The treasurer shall give bond to the state conditioned for the faithful discharge of official duties. The bond must be approved as to form and surety by the authority and filed with the secretary. The bond must be for twice the amount of money probably on hand at any one time, as determined at least annually by the authority. However, the bond must not exceed \$300,000.

Subd. 7. **Public money.** Authority money is public money.

Subd. 8. **Checks.** An authority check must be signed by the treasurer and one other officer named by the authority in a resolution. The check must state the name of the payee and the nature of the claim that the check is issued for.

Subd. 9. **Financial statement.** The authority's detailed financial statement must show all receipts and disbursements, their nature, the money on hand, the purposes to which the money on hand is to be applied, the authority's credits and assets, and its outstanding liabilities in a form required for the city's financial statements. The authority shall examine the statement together with the treasurer's vouchers. If the authority finds that the statement and vouchers are correct, it shall approve them by resolution and enter the resolution in its records.

**History:** 1986 c 399 art 2 s 20; 1986 c 400 s 20; 1Sp1986 c 3 art 2 s 41

#### 458C.10 EMPLOYEES; SERVICES; SUPPLIES.

Subdivision 1. **Employees.** An economic development authority may employ an executive director, a chief engineer, other technical experts and agents, and other employees as it may require, and determine their duties, qualifications, and compensation.

Subd. 2. **Contract for services.** The authority may contract for the services of consultants, agents, public accountants, and other persons needed to perform its duties and exercise its powers.

Subd. 3. **Legal services.** The authority may use the services of the city attorney or hire a general counsel for its legal needs. The city attorney or general counsel, as determined by the authority, is its chief legal advisor.

Subd. 4. **Supplies.** The authority may purchase the supplies and materials it needs to carry out sections 458C.01 to 458C.23.

Subd. 5. **City purchasing.** An authority may use the facilities of its city's purchasing department in connection with construction work and to purchase equipment, supplies, or materials.

Subd. 6. **City facilities, services.** A city may furnish offices, structures and space, and stenographic, clerical, engineering, or other assistance to its authority.

Subd. 7. **Delegation power.** The authority may delegate to one or more of its agents or employees powers or duties as it may deem proper.

**History:** 1986 c 399 art 2 s 21; 1986 c 400 s 21; 1Sp1986 c 3 art 2 s 41

#### 458C.11 CONFLICT OF INTEREST.

Except as authorized in section 471.88 a commissioner, officer, or employee of an authority must not acquire any financial interest, direct or indirect, in any project or in any property included or planned to be included in any project, nor shall the person have any financial interest, direct or indirect, in any contract or proposed contract for materials or service to be furnished or used in connection with any project.

**History:** 1986 c 399 art 2 s 22; 1986 c 400 s 22; 1Sp1986 c 3 art 2 s 41

**458C.12 DEPOSITORIES; DEFAULT; COLLATERAL.**

Subdivision 1. **Named; bond.** Every two years an authority shall name national or state banks within the state as depositories. Before acting as a depository, a named bank shall give the authority a bond approved as to form and surety by the authority. The bond must be conditioned for the safekeeping and prompt repayment of deposits. The amount of bond must be at least equal to the maximum sums expected to be deposited at any one time.

Subd. 2. **One bank account.** An authority may deposit all its money from any source in one bank account.

Subd. 3. **Default; collateral.** When authority funds are deposited by the treasurer in a bonded depository, the treasurer and the surety on the treasurer's official bond are exempt from liability for the loss of the deposits because of the failure, bankruptcy, or other act or default of the depository. However, an authority may accept assignments of collateral from its depository to secure deposits just as assignments of collateral are permitted by law to secure deposits of the authority's city.

**History:** 1986 c 399 art 2 s 23; 1986 c 400 s 23; 1Sp1986 c 3 art 2 s 41

**458C.13 OBLIGATIONS.**

Subdivision 1. **Taxes and assessments prohibited.** An authority must not levy a tax or special assessment, except as otherwise provided in sections 458C.01 to 458C.23, pledge the credit of the state or the state's municipal corporations or other subdivisions, or incur an obligation enforceable on property not owned by the authority.

Subd. 2. **Budget to city.** Annually, at a time fixed by charter, resolution, or ordinance of the city, an authority shall send its budget to its city's council. The budget must include a detailed written estimate of the amount of money that the authority expects to need from the city to do authority business during the next fiscal year. The needed amount is what is needed in excess of any expected receipts from other sources.

Subd. 3. **Fiscal year.** The fiscal year of the authority must be the same as the fiscal year of its city.

Subd. 4. **Report to city.** Annually, at a time and in a form fixed by the city council, the authority shall make a written report to the council giving a detailed account of its activities and of its receipts and expenditures during the preceding calendar year, together with additional matters and recommendations it deems advisable for the economic development of the city.

Subd. 5. **Audits.** The financial statements of the authority must be prepared, audited, filed, and published or posted in the manner required for the financial statements of the city that established the authority. The financial statements must permit comparison and reconciliation with the city's accounts and financial reports. The report must be filed with the state auditor by June 30 of each year. The auditor shall review the report and may accept it or, in the public interest, audit the books of the authority.

Subd. 6. **Compliance examinations.** At the request of the city or upon the auditor's initiative, the state auditor may make a legal compliance examination of the authority for that city. Each authority examined must pay the total cost of the examination, including the salaries paid to the examiners while actually engaged in making the examination. The state auditor may bill monthly or at the completion of the audit. All collections received must be deposited in the revolving fund of the state auditor.

**History:** 1986 c 399 art 2 s 24; 1986 c 400 s 24; 1Sp1986 c 3 art 2 s 41

**458C.14 ECONOMIC DEVELOPMENT DISTRICTS; SCHEDULE OF POWERS.**

Subdivision 1. **Establishment.** An economic development authority may create and define the boundaries of economic development districts at any place or places within the city if the district satisfies the requirements of section 273.73, subdivision 10, except that the district boundaries must be contiguous, and may use the powers

granted in sections 458C.01 to 458C.23 to carry out its purposes. First the authority must hold a public hearing on the matter. At least ten days before the hearing, the authority shall publish notice of the hearing in a daily newspaper of general circulation in the city. Also, the authority shall find that an economic development district is proper and desirable to establish and develop within the city.

**Subd. 2. Acquire property.** The economic development authority may acquire by lease, purchase, gift, devise, or condemnation proceedings the needed right, title, and interest in property to create economic development districts. It shall pay for the property out of money it receives under sections 458C.01 to 458C.23. It may hold and dispose of the property subject to the limits and conditions in sections 458C.01 to 458C.23. The title to property acquired by condemnation or purchase must be in fee simple, absolute. The authority may accept an interest in property acquired in another way subject to any condition of the grantor or donor. The condition must be consistent with the proper use of the property under sections 458C.01 to 458C.23. Property acquired, owned, leased, controlled, used, or occupied by the authority for any of the purposes of this section is for public governmental and municipal purposes and is exempt from taxation by the state or by its political subdivisions. The exemption applies only while the authority holds property for its own purpose. The exemption is subject to the provisions of section 272.02, subdivision 5. When property is sold it begins to be taxed again.

**Subd. 2a. Options.** The economic development authority may sign options to purchase, sell, or lease property.

**Subd. 3. Eminent domain.** The economic development authority may use eminent domain under chapter 117, or under its city's charter to acquire property it is authorized to acquire by condemnation. The authority may acquire in this way property acquired by its owner by eminent domain or property already devoted to a public use only if its city's council approves. The authority may possess property to be condemned after it files a petition in condemnation proceedings describing the property. The authority may abandon the condemnation before taking possession.

**Subd. 4. Contracts.** The economic development authority may make contracts for the purpose of economic development within the powers given it in sections 458C.01 to 458C.23. The authority may contract or arrange with the federal government, or any of its departments, with persons, public corporations, the state, or any of its political subdivisions, commissions, or agencies, for separate or joint action, on any matter related to using the authority's powers or doing its duties. The authority may contract to purchase and sell real and personal property. However, an obligation or expense must not be incurred except when existing appropriations together with the reasonable expected revenue of the authority from other sources are sufficient to discharge the obligation or pay the expense when due. The state and its municipal subdivisions are not liable on the obligations.

**Subd. 4a. Limited partner.** The economic development authority may be a limited partner in a partnership whose purpose is consistent with the authority's purpose.

**Subd. 5. Rights; easements.** The economic development authority may acquire rights or an easement for a term of years or perpetually for development of an economic development district.

**Subd. 6. Supplies; materials.** The economic development authority may buy the supplies and materials it needs to carry out this section.

**Subd. 7. Receive public property.** The economic development authority may accept land, money, or other assistance, whether by gift, loan or otherwise, in any form from the federal or state government, or an agency of either, or a local subdivision of state government to carry out sections 458C.01 to 458C.23 and to acquire and develop an economic development district and its facilities under this section.

**Subd. 8. Development district authority.** The economic development authority may sell or lease land held by it for economic development in economic development

districts. The authority may acquire, sell, or lease single or multiple tracts of land regardless of size, to be developed as a part of the economic development of the district under sections 458C.01 to 458C.23.

**Subd. 9. Foreign trade zone.** The economic development authority may apply to the board defined in United States Code, title 19, section 81a, for the right to use the powers provided in United States Code, title 19, sections 81a to 81u. If the right is granted, the authority may use the powers. One authority may apply with another authority.

**Subd. 10. Relation to chapter 474.** The economic development authority may exercise powers and duties of a redevelopment agency under chapter 474, for a purpose in sections 458C.01 to 458C.23 or 462.411 to 462.705. The authority may also use the powers and duties in sections 458C.01 to 458C.23 and 462.411 to 462.705 for a purpose in chapter 474.

**Subd. 11. Public facilities.** The authority may operate and maintain a public parking facility or other public facility to promote development in an economic development district.

**History:** 1986 c 399 art 2 s 25; 1986 c 400 s 25; 1Sp1986 c 3 art 2 s 41

#### 458C.15 GENERAL OBLIGATION BONDS.

**Subdivision 1. Authority; procedure.** An economic development authority may issue general obligation bonds in the principal amount authorized by two-thirds majority vote of its city's council. The bonds may be issued in anticipation of income from any source. The bonds may be issued: (1) to secure funds needed by the authority to pay for acquired property or (2) for other purposes in sections 458C.01 to 458C.23. The bonds must be in the amount and form and bear interest at the rate set by the city council. The authority shall sell the bonds to the highest bidder. The authority shall publish notice of the time and the place for receiving bids, once at least two weeks before the bid deadline. Sections 458C.01 to 458C.23 govern issuance of the bonds. When those sections are silent, chapter 475 governs. The authority when issuing the bonds is a municipal corporation under chapter 475, and issuance of the bonds is subject to the provisions of chapter 475.

**Subd. 2. Detail; maturity.** The authority with the consent of its city's council shall set the date, denominations, place of payment, form, and details of the bonds. The bonds must mature serially. The first installment is due in not more than three years and the last in not more than 20 years from the date of issuance.

**Subd. 3. Signatures; coupons; liability.** The bonds must be signed by the president of the authority, be attested by its secretary, and be countersigned by its treasurer; the signatures may be facsimile signatures. The interest coupons if any, must be attached to the bonds. The coupons must be executed and authenticated by the printed, engrossed, or lithographed facsimile signature of the authority's president and secretary. The bonds do not impose any personal liability on a member of the authority.

**Subd. 4. Pledge.** The bonds must be secured by the pledge of the full faith, credit, and resources of the issuing authority's city. The authority may pledge the full faith, credit, and resources of the city only if the city specifically authorizes the authority to do so. The city council must first decide whether the issuance of the bonds by the authority is proper in each case and if so, what amount of bonds to issue. The city council shall give specific consent in an ordinance to the pledge of the city's full faith, credit, and resources. The authority shall pay the principal amount of the bonds and the interest on it from taxes levied under this section to make the payment or from authority income from any source.

**Subd. 5. Tax levy.** An authority that issues bonds under this section, shall, before issuing them, levy a tax for each year on the taxable property in the authority's city. The tax must be for at least five percent more than the amount required to pay the principal and interest on the bonds as the principal and interest mature. The tax must be levied annually until the principal and interest are paid in full. After the bonds have



been delivered to the purchasers, the tax must not be repealed until the debt is paid. After the bonds are issued, the authority need not take any more action to authorize extending, assessing, and collecting the tax. The authority's secretary shall immediately send a certified copy of the levy to the county auditor. The secretary shall send with the copy full information on the bonds for which the tax is levied. The county auditor shall extend and assess the levied tax annually until the principal and interest are paid in full. The authority shall transfer the surplus from the excess levy in this section to a sinking fund after the principal and interest for which the tax was levied and collected is paid. The authority may direct its secretary to send a certificate to the county auditor before October 15 in a year. The certificate must state how much available income including the amount in the sinking fund the authority will use to pay principal or interest or both on each specified issue of the authority's bonds. The auditor shall then reduce the bond levy for that year by that amount. The authority shall then set aside the certified amount and may not use it for any purpose except to pay the principal and interest on the bonds. The taxes in this section shall be collected and sent to the authority by the county treasurer under the law on collection of other taxes. The taxes must be used only to pay the bonds when due.

**Subd. 6. Authorized securities.** Bonds legally issued under this chapter are authorized securities under section 50.14. A savings bank, trust company, or insurance company may invest in them. A public or municipal corporation may invest its sinking funds in them. The bonds may be pledged by a bank or trust company as security for the deposit of public money in place of a surety bond.

The authority's bonds are instrumentalities of a public governmental agency.

**History:** 1986 c 399 art 2 s 26; 1986 c 400 s 26; 1Sp1986 c 3 art 2 s 41

#### **458C.16 REVENUE BONDS; PLEDGE; COVENANTS.**

**Subdivision 1. Authority.** An economic development authority may decide by resolution to issue its revenue bonds either at one time or in series from time to time. The revenue bonds may be issued to provide money to pay to acquire land needed to operate the authority, to purchase or construct facilities, to purchase, construct, install, or furnish capital equipment to operate a facility for economic development of any kind within the city, or to pay to extend, enlarge, or improve a project under its control. The issued bonds may include the amount the authority considers necessary to establish an initial reserve to pay principal and interest on the bonds. The authority shall state in a resolution how the bonds and their attached interest coupons are to be executed.

**Subd. 2. Form.** The bonds of each series issued by the authority under this section shall bear interest at a rate or rates, shall mature at the time or times within 20 years from the date of issuance and shall be in the form, whether payable to bearer, registrable as to principal, or fully registrable, as may be determined by the authority. Section 458C.15, subdivision 6, applies to all bonds issued under this section, and the bonds and their coupons, if any, when payable to bearer, shall be negotiable instruments.

**Subd. 3. Sale.** The sale of revenue bonds issued by the authority shall be at public or private sale. The bonds may be sold in the manner and for the price that the authority determines to be for the best interest of the authority. The bonds may be made callable, and if so issued, may be refunded.

**Subd. 4. Agreements.** The authority may by resolution make an agreement or covenant with the bondholders or their trustee. The authority must first decide that the agreement or covenant is needed or desirable to do what the authority may do under this section and to assure that the revenue bonds are marketable and promptly paid.

**Subd. 5. Revenue pledge.** In issuing general obligation or revenue bonds, the authority may secure the payment of the principal and the interest on the bonds by a pledge of and lien on authority revenue. The revenue must come from the facility to be acquired, constructed, or improved with the bond proceeds or from other facilities named in the bond-authorizing resolutions. The authority also may secure the payment

with its promise to impose, maintain, and collect enough rentals, rates and charges, for the use and occupancy of the facilities and for services furnished in connection with the use and occupancy, to pay its current expenses to operate and maintain the named facilities, and to produce and put enough net revenue in a special fund to meet the interest and principal requirements of the bonds, and to collect and keep any more money required by the resolutions. The authority shall decide what is current expense under this subdivision based on what is normal and reasonable under accepted accounting principles. Revenues pledged by the authority must not be used or pledged for any other authority purpose or to pay any other bonds issued under this section or under section 458C.15, unless the other use or pledge is specifically authorized in the bond-authorizing resolutions.

**Subd. 6. Not city debt.** Revenue bonds issued under this section are not a debt of the authority's city nor a pledge of that city's full faith and credit. The bonds are payable only from project revenue as described in this section. A revenue bond must contain on its face a statement to the effect that the economic development authority and its named city do not have to pay the bond or the interest on it except from revenue and that the faith, credit, and taxing power of the city are not pledged to pay the principal of or the interest on the bond.

**Subd. 7. Not applicable.** Sections 474.01, subdivisions 7a, 7b, and 8 and 474.02, subdivision 1d, do not apply to revenue bonds issued under this section and chapter 474 if the interest on the revenue bonds is subject to both state and federal income tax or if the revenue bond proceeds are not loaned by the authority to a private person.

**Subd. 8. Tax increment bonds.** Obligations secured or payable from tax increment revenues and issued pursuant to this section or section 458C.15 are subject to the provisions of section 273.77.

*History: 1986 c 399 art 2 s 27; 1986 c 400 s 27; 1Sp1986 c 3 art 2 s 41*

#### **458C.17 SECTIONS THAT APPLY IF FEDERAL LIMIT APPLIES.**

Sections 474.16 to 474.23 apply to obligations issued under sections 458C.01 to 458C.23 that are limited by a federal limitation act defined in section 474.16, subdivision 5.

*History: 1986 c 399 art 2 s 28; 1986 c 400 s 28; 1Sp1986 c 3 art 2 s 41*

#### **458C.18 ADDITIONAL POWERS.**

**Subdivision 1. As agent.** An economic development authority may cooperate with or act as agent for the federal or the state government, or a state public body, or an agency or instrumentality of a government or a public body to carry out sections 458C.01 to 458C.23 or any other related federal, state or local law in the area of economic development district improvement.

**Subd. 2. Studies, analysis, research.** An authority may study and analyze economic development needs in the city, and ways to meet the needs. An authority may study the desirable patterns for land use for economic development and community growth and other factors affecting local economic development in the city and make the result of the studies available to the public and to industry in general. An authority may engage in research and give out information on economic development within the city.

**Subd. 3. Public relations.** To further an authorized purpose an authority may (1) join an official, industrial, commercial, or trade association, or another organization concerned with the purpose, (2) have a reception of officials who may contribute to advancing the city and its economic development, and (3) carry out other public relations activities to promote the city and its economic development. Activities under this subdivision have a public purpose.

**Subd. 4. Accept public land.** An authority may accept conveyances of land from all other public agencies, commissions or other units of government, if the land can be properly used by the authority in an economic development district, to carry out the purposes of sections 458C.01 to 458C.23.

Subd. 5. **Economic development.** An authority may carry out the law on economic development districts to develop and improve the lands in an economic development district to make it suitable and available for economic development uses and purposes. An authority may fill, grade, and protect the property and do anything necessary and expedient, after acquiring the property, to make it suitable and attractive as a tract for economic development. An authority may lease some or all of its lands or property and may set up local improvement districts in all or part of an economic development district.

In general, with respect to an economic development district, an authority may use all the powers given an economic development authority by law.

Subd. 6. **As borrower.** An authority after authorizing bonds under section 458C.15 or 458C.16 may borrow to provide money immediately required for the bond purpose. The loans must not exceed the amount of the bonds. The authority shall by resolution decide the terms of the loans. The loans must be evidenced by negotiable notes due in not more than 12 months from the date of the loan payable to the order of the lender or to bearer, to be repaid with interest from the proceeds of the bonds when the bonds are issued and delivered to the bond purchasers. The loan must not be obtained from any commissioner of the authority or from any corporation, association, or other institution of which an authority commissioner is a stockholder or officer.

Subd. 7. **As lender.** The proceeds of obligations issued by an authority under section 458C.16 and temporary loans obtained under this section may be used to make or purchase loans for economic development facilities that the authority believes will require financing. To make or purchase the loans, the authority may enter into loan and related agreements, both before and after issuing the obligations, with persons, firms, public or private corporations, federal or state agencies, and governmental units under terms and conditions the authority considers appropriate. A governmental unit in the state may apply, contract for, and receive the loans. Chapter 475 does not apply to the loans.

Subd. 8. **Mined space development.** Upon delegation by a municipality as provided in section 472B.08, an authority may exercise any of the delegated powers in connection with mined underground space development under sections 472B.03 to 472B.07.

Subd. 9. **City facilities, services.** An authority city may furnish offices, structures, and space, stenographic, clerical, engineering, or other assistance to its authority.

**History:** 1986 c 399 art 2 s 29; 1986 c 400 s 29; 1Sp1986 c 3 art 2 s 41

#### 458C.19 SALE OF PROPERTY.

Subdivision 1. **Power.** An economic development authority may sell and convey property owned by it within the city or an economic development district. First, the authority must decide that the sale and conveyance are in the best interests of the city or district and its people, and that the transaction furthers its general plan of economic development. This section is not limited by other law on powers of economic development authorities.

Subd. 2. **Notice; hearing.** An authority shall hold a hearing on the sale. At the hearing a taxpayer may testify for or against the sale. At least ten, but not more than 20, days before the hearing the authority shall publish notice of the hearing on the proposed sale in a newspaper. The newspaper must be published and have general circulation in the authority's county and city. The notice must describe the property to be sold and state the time and place of the hearing. The notice must also state that the public may see the terms and conditions of the sale at the authority's office and that at the hearing the authority will meet to decide if the sale is advisable.

Subd. 3. **Decision; appeal.** The authority shall make its findings and decision on whether the sale is advisable and enter its decision on its records within 30 days of the hearing. A taxpayer may appeal the decision. The appeal is made by filing a notice of appeal with the district court in the city or economic development district's county

and serving the notice on the secretary of the authority, within 20 days after the decision is entered. The only ground for appeal is that the action of the authority was arbitrary, capricious, or contrary to law.

**Subd. 4. Terms.** The terms and conditions of sale of the property must include the use that the bidder will be allowed to make of it. The authority may require the purchaser to file security to assure that the property will be given that use. In deciding the sale terms and conditions the authority may consider the nature of the proposed use and the relation of the use to the improvement of the authority's city and the business and the facilities of the authority in general. The sale must be made on the authority's terms and conditions. The authority may publish an advertisement for bids on the property at the same time and in the same manner as the notice of hearing required in this section. The authority may award the sale to the bid considered by it to be most favorable considering the price and the specified intended use. The authority may also sell the property at private sale at a negotiated price if after its hearing the authority considers that sale to be in the public interest and to further the aims and purposes of sections 458C.01 to 458C.23.

**Subd. 5. One-year deadline.** The purchaser shall, within one year from the date of purchase, devote the property to its intended use, or shall begin work on the improvements to the property to devote it to that use. If the purchaser fails to do so, the authority may cancel the sale and title to the property shall return to it. The authority may extend the time to comply with a condition if the purchaser has good cause. The terms of sale may contain other provisions that the authority considers necessary and proper to protect the public interest. A purchaser must not transfer title to the property within one year of purchase without the consent of the authority.

**Subd. 6. Covenant running with the land.** A sale made under this section must incorporate in the deed as a covenant running with the land the conditions of sections 458C.01 to 458C.23 relating to the use of the land. If the covenant is violated the authority may declare a breach of the covenant and seek a judicial decree from the district court declaring a forfeiture and a cancellation of the deed.

**Subd. 7. Plans; specifications.** A conveyance must not be made until the purchaser gives the authority plans and specifications to develop the property sold. The authority must approve the plans and specifications in writing. The preparation of final plans and specifications before the hearing on the sale is not required by this subdivision but the authority may make that requirement.

**History:** 1986 c 399 art 2 s 30; 1986 c 400 s 30; *ISp1986 c 3 art 2 s 41*

#### **458C.20 ADVANCES BY AUTHORITY.**

An authority may advance its general fund money or its credit, or both, without interest, for the objects and purposes of sections 458C.01 to 458C.23. The advances must be repaid from the sale or lease, or both, of developed or redeveloped lands. If the money advanced for the development or redevelopment was obtained from the sale of the authority's general obligation bonds, then the advances must have not less than the average annual interest rate that is on the authority's general obligation bonds that are outstanding at the time the advances are made. The authority may advance repaid money for more objects and purposes of sections 458C.01 to 458C.23 subject to repayment in the same manner. The authority must still use rentals of lands acquired with advanced money to collect and maintain reserves to secure the payment of principal and interest on revenue bonds issued to finance economic development facilities, if the rentals have been pledged for that purpose under section 458C.16. Advances made to acquire lands and to construct facilities for recreation purposes if authorized by law need not be reimbursed under this section. Sections 458C.01 to 458C.23 do not exempt lands leased from the authority to a private person, or entity from assessments or taxes against the leased property while the lessee is liable for the assessments or taxes under the lease.

**History:** 1986 c 399 art 2 s 31; 1986 c 400 s 31; *ISp1986 c 3 art 2 s 41*

**458C.22 CITY MAY LEVY TAXES FOR ECONOMIC DEVELOPMENT AUTHORITY.**

Subdivision 1. **City tax levy.** A city may, at the request of the authority, levy a tax in any year for the benefit of the authority. The tax must be for not more than .75 mill times the assessed valuation of taxable property in the city. The tax may be levied beyond levy limits in law. The amount levied must be paid by the city treasurer to the treasurer of the authority, to be spent by the authority.

Subd. 2. **Reverse referendum.** A city may increase its levy for economic development authority purposes under subdivision 1 in the following way. Its city council must first pass a resolution stating the proposed amount of levy increase. The city must then publish the resolution together with a notice of public hearing on the resolution for two successive weeks in its official newspaper or if none exists in a newspaper of general circulation in the city. The hearing must be held two to four weeks after the first publication. After the hearing, the city council may decide to take no action or may adopt a resolution authorizing the proposed increase or a lesser increase. A resolution authorizing an increase must be published in the city's official newspaper or if none exists in a newspaper of general circulation in the city. The resolution is not effective if a petition requesting a referendum on the resolution is filed with the city clerk within 30 days of publication of the resolution. The petition must be signed by voters equaling five percent of the votes cast in the city in the last general election. The election must be held pursuant to the procedure specified in section 275.58.

**History:** 1986 c 399 art 2 s 32; 1986 c 400 s 32; 1Sp1986 c 3 art 2 s 41

**458C.23 SPECIAL LAW; OPTIONAL USE.**

A city that has established a port authority by special law or that has been granted the power to establish a port authority by special law, or a city whose city council has been authorized to exercise the powers of a port authority by special law may elect to use the powers granted in sections 458C.01 to 458C.23. If the election is made, the powers and duties set forth in sections 458C.01 to 458C.23 supersede the special law and the special law must not be used anymore. The use of powers under sections 458C.01 to 458C.23 by a city described in this section does not impair the security of any obligations issued or contracts or agreements executed under the special law. Control, authority, and operation of any project may be transferred to the authority in the manner provided in section 458C.06.

**History:** 1986 c 399 art 2 s 33; 1986 c 400 s 33; 1Sp1986 c 3 art 2 s 41