

CHAPTER 472

MINNESOTA AREA REDEVELOPMENT ACT

472.01	Citation.	472.10	Eminent domain proceedings, money deposit, title.
472.02	Findings; declaration of policy; public purpose.	472.11	Loans to redevelopment agencies.
472.03	Definitions.	472.12	Loan application requirements.
472.04	Local or area agencies; establishment.	472.125	Participation in federal loans or guarantees.
472.05	Municipalities may join together.	472.13	Minnesota account.
472.06	Conflict of interest.	472.14	Limitation of powers.
472.07	Agencies; meetings, expenses.	472.15	Examination and audit of local agency.
472.08	Schedule of powers.	472.16	Severability.
472.09	Bond issue for redevelopment purposes.		

472.01 CITATION.

Sections 472.01 to 472.16 may be cited as the Minnesota area redevelopment act.

History: 1961 c 629 s 1

472.02 FINDINGS; DECLARATION OF POLICY; PUBLIC PURPOSE.

Subdivision 1. It is hereby declared that there exists in the state certain areas of substantial and persistent unemployment causing hardship to many individuals and their families and that there also exist certain rural areas where development and redevelopment should be encouraged; that unemployment and rural underdevelopment detracts from the state and national welfare by wasting vital human resources; that to overcome this problem the powers and facilities of the state government and local communities, in cooperation with the federal government, should assist rural areas and areas of substantial and chronic unemployment in planning and financing economic redevelopment by private enterprise; that governmental assistance to communities, industries, enterprises, and individuals in rural areas and areas needing economic redevelopment will enable such areas to enhance their prosperity by the establishment of stable and diversified local economies; and that under the provisions of sections 472.01 to 472.16 new employment opportunities will be created through the development and expansion of new or existing facilities and resources.

Subd. 2. It is found that economic insecurity due to underdevelopment and unemployment or underemployment in certain regional or local areas of this state threatens the health, safety, morals, and general welfare of the people of the entire state; that involuntary unemployment and its resulting burden of indigence falls not only upon unemployed workers and their families but also upon the entire state in various forms of public assistance; that the continued absence of employment and industrial opportunities in rural areas and areas of substantial and persistent unemployment areas causes the migration of persons from the state, and that this movement of persons reduces the tax base of counties, cities, and other local political subdivisions, impairing their financial ability to support education and other local governmental services.

Subd. 3. The legislature hereby finds, declares, and determines that underdevelopment in rural areas and unemployment in certain depressed areas of the state can best be eliminated by the promotion, attraction, encouragement, and assistance of commerce, industry, and manufacturing in such areas; that the establishment of local or regional area redevelopment agencies in Minnesota having the power to acquire, build, lease, sell, or otherwise provide plants and facilities for industrial, recreational, or commercial development will create new employment and promote economic redevelopment of rural areas and of depressed or underdeveloped areas in the state; that such area redevelopment agencies, aided by funds obtained from the state and federal governments, will stimulate present investment in such areas by making available to qualified enterprises financial and planning aid where such aid is or may be unavailable from private sources; that the present and prospective health, safety, morals, and right

to gainful employment requires the assistance and development within rural areas and the depressed areas of this state of new and expanded industrial, recreational, commercial, and manufacturing enterprises, and that the accomplishment of these objectives is a public purpose for which public money may be spent.

History: 1961 c 629 s 2; 1973 c 123 art 5 s 7; 1973 c 197 s 1; 1986 c 444

472.03 DEFINITIONS.

Subdivision 1. Unless the context clearly indicates otherwise, the words, terms and phrases defined in this section have the meanings given them.

Subd. 2. "Authority" means the energy and economic development authority.

Subd. 3. "Local agency" means the area or municipal redevelopment agencies created or authorized to be created by sections 472.01 to 472.16, or the governing body of any Indian tribe or any entity established and recognized by that governing body.

Subd. 4. "Municipality" means any city of any class, county, town, or school district, however organized.

Subd. 5. "Governing body" means the council, board of trustees, or other body charged with governing any municipality or other state public body.

Subd. 6. "Board" means the governing body of any local or area redevelopment agency created in accordance with the provisions of sections 472.01 to 472.16.

Subd. 7. "Redevelopment area" means a depressed area within the territorial boundaries of any municipality or group of municipalities of the state reasonably defined by the local or area redevelopment agency wherein critical conditions of unemployment, underdevelopment, economic depression, depletion of natural resources, or widespread reliance on public assistance are found to exist by the municipality or municipalities.

Subd. 8. The term "federal agency" means and includes the government of the United States or any department, corporation, agency or instrumentality thereof, heretofore or hereafter created and established.

Subd. 9. "Minnesota account" means the account appropriated to the energy and economic development authority by section 472.13, to assist a local agency in financing or planning a redevelopment project.

Subd. 10. "Redevelopment project" means any approved site, structure, facility, or undertaking comprising or connected with any industrial, recreational, commercial, or manufacturing enterprise established or assisted by a local, regional, or area redevelopment agency.

Subd. 11. "Rural area" means any area so defined in section 109 of the rural development act of 1972, Public Law Number 92-419, and unless in conflict with that act, shall include all areas not within the outer boundary of any city having a population of 50,000 or more and its immediately adjacent urbanized and urbanizing areas with a population density of more than 100 persons per square mile.

Subd. 12. "Indian economic enterprise" means any commercial, industrial, or business activity established or organized for the purpose of profit, at least 51 percent of which is owned by persons of 25 percent or more Indian blood.

Subd. 13. "Indian tribe" means any group qualifying under Public Law Number 93-262, section 3.

History: 1961 c 629 s 3; 1973 c 123 art 5 s 7; 1973 c 197 s 2; 1975 c 421 s 1-3; 1976 c 239 s 115; 1983 c 289 s 111; 1984 c 583 s 36; 1983 c 289 s 115 subd 1(d); 1Sp1985 c 13 s 348

472.04 LOCAL OR AREA AGENCIES; ESTABLISHMENT.

Subdivision 1. In order to carry out the purposes of sections 472.01 to 472.16, any municipality or group of municipalities may establish in the manner hereinafter provided, a public body, corporate and politic, to be known as the local or area redevelopment agency in and for that municipality or group of municipalities; provid-

ed, however, that no such agency shall be established until the governing body of the municipality shall by resolution find that the area is a rural area as defined herein, or:

(1) That there has existed in the area substantial and persistent unemployment for an extended period of time;

(2) That the rate of unemployment, excluding unemployment due primarily to temporary or seasonal factors, is currently six percent or more as determined by available state or federal statistics;

(3) That conditions of chronic unemployment, underdevelopment of natural resources and economic depression are not likely to be alleviated without public financial or planning assistance to provide the economic opportunity for private, industrial, recreational, commercial, or manufacturing enterprises.

In making the determinations under this subdivision the governing body shall consider among other relevant factors the number of low income farm families in the surrounding farm areas, the proportion that such low income families are to the total farm families in such areas, the relationship of the income levels of the families in each such area to the general levels of income in the United States, the current and prospective employment opportunities in each such area, the extent of migration out of the area, and the proportion of the population of each such area which has been receiving public assistance from the federal government or from the state.

Subd. 2. The governing body of a municipality shall consider such a resolution only after a public hearing thereon after notice appropriate to inform the public given not less than ten nor more than 30 days prior to the date of the hearing. Opportunity to be heard shall be granted to all residents of the municipality and its environs and to all other interested persons. The resolution shall be published in the same manner in which ordinances are published in the municipality.

Subd. 3. When the resolution becomes finally effective it shall be deemed sufficient and conclusive for all purposes including the policy requirements of section 472.02.

Subd. 4. When the resolution becomes finally effective the clerk of the municipality shall file a certified copy thereof with the energy and economic development authority. In any suit, action, or proceeding involving the validity or enforcement of, or relating to any contract of a local or area redevelopment agency, the agency shall be conclusively deemed to have become established and authorized to transact business and exercise its powers upon the filing of that certified copy of the resolution with the energy and economic development authority, and proof of the resolution and of that filing may be made in any such suit, action, or proceeding by a certificate of the executive secretary of the energy and economic development authority.

Subd. 5. A local agency shall be governed by a board of commissioners appointed by the mayor or head of the municipality with the approval of its governing body. The board shall consist of five commissioners who shall be residents of the area of operation of the local agency and shall be appointed initially for terms of one, two, three, four, and five years respectively. Thereafter all commissioners shall be appointed for five year terms. Each vacancy in an unexpired term shall be filled in the same manner in which the original appointment was made. No public officer or employee shall be eligible to serve as a commissioner, but a commissioner may be a notary public.

Subd. 6. The board of commissioners shall hold office until their successors have been appointed and qualified. A certificate of appointment of each commissioner shall be filed with the clerk of the municipality and a certified copy thereof shall be transmitted to the energy and economic development authority. Whenever the membership of an agency is changed by reason of a new appointment a certificate of that appointment and a certified copy thereof shall be promptly so filed.

History: 1961 c 629 s 4; 1965 c 51 s 81; 1973 c 197 s 3; 1983 c 289 s 115 subd 1(d); 1984 c 543 s 67

472.05 MUNICIPALITIES MAY JOIN TOGETHER.

Subdivision 1. Two or more municipalities, by agreement entered into through

action of their governing bodies, may jointly exercise any of the powers conferred by sections 472.01 to 472.16; provided, that the governing body of each of the municipalities shall first have duly adopted the resolution provided for in section 472.04, subdivision 1.

Subd. 2. Such agreement shall set forth the purpose of the agreement and the powers to be exercised, and it shall provide for the method by which the purpose sought shall be accomplished or the manner in which the power shall be exercised.

Subd. 3. The agreement shall provide for the establishment of a joint board of commissioners to exercise on behalf of the entire redevelopment area all of the powers authorized or conferred upon any municipality by the terms of sections 472.01 to 472.16. The joint board shall be selected from the board of commissioners of the municipalities entering into the joint agreement and shall be chosen by a vote of the respective boards; provided, however, that the governor shall also appoint one member to such joint board from the state at large. Such joint board shall consist of not less than seven nor more than 11 members.

Subd. 4. Such agreement may be continued for a definite term or until rescinded or terminated in accordance with its terms.

Subd. 5. Such agreement shall provide for the disposition of any property acquired as a result of such joint exercise of powers and the return of any surplus moneys in proportion to contributions of the several contracting parties after the purpose of the agreement has been completed.

Subd. 6. The residence requirements for holding office in any governmental unit shall not apply to any officer appointed to carry out any such agreement.

History: 1961 c 629 s 5

472.06 CONFLICT OF INTEREST.

No commissioner or employee of any local redevelopment agency shall acquire any interest, direct or indirect, in any project or in any property included or planned to be included in any project, nor have any interest, direct or indirect, in any contract or proposed contract for materials or service to be furnished or used in connection with any project. This section shall not apply to the deposit of any funds of an agency in any bank in which a member of an agency shall have an interest, if such funds are deposited and protected in accordance with chapter 118.

History: 1961 c 629 s 6; 1986 c 444

472.07 AGENCIES; MEETINGS, EXPENSES.

Subdivision 1. The powers of each agency shall be vested in the commissioners thereof in office at any time, a majority of whom shall constitute a quorum for all purposes. Each agency shall select a chair and a secretary from among its commissioners and shall adopt such bylaws and other rules for the conduct of its affairs as it deems appropriate. The regular meetings of an agency shall be held in a fixed place and shall be open to the public. A commissioner shall not receive compensation for services but shall be entitled to receive necessary expenses, including traveling expenses, included in the performance of duties.

Subd. 2. Any municipality within the area of operation of the local redevelopment agency is authorized to provide staff services to the agency for the administration of its affairs, including liaison between the local agency, the municipality and the energy and economic development authority, and between the local agency and other agencies of the state whose facilities and services may be useful to the local agency in accomplishing its purposes.

Subd. 3. The local agency is authorized to make reimbursement to any municipality or other agency of the state for such special expenses as may be incurred in the provision of any services or for the use of any facilities required by the local agency.

History: 1961 c 629 s 7; 1983 c 289 s 115 subd 1(d); 1986 c 444

472.08 SCHEDULE OF POWERS.

Subdivision 1. A local redevelopment agency shall be a public body corporate and politic and shall have all the powers necessary or convenient to carry out the purposes of sections 472.01 to 472.16; provided that such agencies shall not have the power to levy and collect taxes or special assessments, nor shall any agency exercise the power of eminent domain unless the governing body of the municipality or municipalities, in the case of a joint exercise of power, shall by resolution have expressly conferred such power on the agency. A local redevelopment agency shall also have the following powers in addition to others granted in sections 472.01 to 472.16:

(1) to sue and be sued, to have a seal, which shall be judicially noticed, and to alter the same at pleasure; to have perpetual succession; and to make, and from time to time amend and repeal, rules and regulations not inconsistent with these sections;

(2) to employ an executive director, technical experts, and such officers, agents and employees, permanent and temporary, as it may require, and determine their qualifications, duties, and compensation; for such legal service as it may require, to call upon the chief law officer of the municipality or to employ its own counsel and legal staff; so far as practical, to use the services of local public bodies, in its area of operation, such local bodies, if requested, to make such services available;

(3) to delegate to one or more of its agents or employees such powers or duties as it may deem proper;

(4) to approve, upon proper application by a public instrumentality or facility or private applicant, a redevelopment project after first determining that the declared public purpose of sections 472.01 to 472.16 will be accomplished by the establishment of such project in the redevelopment area;

(5) to sell, transfer, convey, or otherwise dispose of real or personal property or any interest therein, and to execute such leases, deeds, conveyances, negotiable instruments, purchase agreements, and other contracts or instruments, and take such action as may be necessary or convenient to carry out the purposes of these sections;

(6) within its area of operation to acquire real or personal property or any interest therein by gift, grant, purchase, exchange, lease, transfer, bequest, devise, or otherwise, and, when authorized as provided for herein, by the exercise of the power of eminent domain, in the manner provided by chapter 117, and any amendments thereof, to acquire real property which it may deem necessary for its purposes under these sections, after the adoption by it of a resolution declaring that the acquisition of the real property is necessary to eliminate one or more of the conditions found to exist in the resolution adopted pursuant to section 472.04, subdivision 1;

(7) to determine and designate redevelopment areas;

(8) to cooperate with industrial development corporations, state and federal agencies, and private persons or corporations in their efforts to promote the expansion of recreational, commercial, industrial, and manufacturing activity in a redevelopment area;

(9) to determine upon proper application by any public body or private applicant whether the declared public purpose of these sections has been accomplished or will be accomplished by the establishment of a redevelopment project in a redevelopment area;

(10) to conduct examinations and investigations to obtain information necessary to the determination and designation of a redevelopment area and the establishment of a redevelopment project therein;

(11) to cooperate with or act as agent for the federal government, the state, or any state public body or any agency or instrumentality thereof in carrying out the provisions of these sections or of any other related federal, state, or local legislation;

(12) to borrow money or other property and accept contributions, grants, gifts, services or other assistance from the federal or state government to accomplish the purposes of sections 472.01 to 472.16;

(13) to conduct mined underground space development pursuant to sections 472B.03 to 472B.07.

Subd. 2. In addition to the powers provided in subdivision 1, a redevelopment agency shall have the further power:

(1) To include in any contract for financial assistance with the federal government any conditions which the federal government may attach to its financial aid of a redevelopment project;

(2) To issue bonds, notes, or other evidences of indebtedness as hereinafter provided, for any of its purposes and to secure the same by mortgages upon property held or to be held by it, or by pledge of its revenues, including grants or contributions;

(3) To invest any funds held in reserve or sinking funds, or any funds not required for immediate disbursement, in property or securities in which savings banks may legally invest funds subject to their control.

History: 1961 c 629 s 8; 1985 c 194 s 26

472.09 BOND ISSUE FOR REDEVELOPMENT PURPOSES.

Subdivision 1. A local or area redevelopment agency shall have power to issue bonds for any of its corporate purposes. Subject to the limitations of this section, such bonds may be of such type as it determines, including, but not limited to, bonds on which the principal and interest are payable exclusively from the income and revenues of the project financed with the proceeds of such bonds, or exclusively from the income and revenues of certain designated projects, whether or not they are financed in whole or in part with the proceeds of such bonds. Any such bonds may be additionally secured by a pledge of any grant or contribution from the federal government or other sources, or a pledge of any income or revenues of the agency, from the redevelopment project for which the proceeds of the bonds are to be used, or a mortgage of any project, projects, or other property of the agency. Neither the commissioners of any agency nor any person executing the bonds shall be liable personally thereon by reason of the issuance thereof.

Subd. 2. The bonds and other obligations of a redevelopment agency shall not be a debt of any municipality or municipalities, the state, or any political subdivision thereof, and neither a municipality nor the state or any political subdivision thereof shall be liable thereon, nor in any event shall such bonds or obligations be payable out of any funds or properties other than those of said agency.

Subd. 3. Such bonds shall not constitute an indebtedness within the meaning of any constitutional, per capita or other statutory debt limitation or restriction.

Subd. 4. The bonds of a redevelopment agency are declared to be issued for an essential public and governmental purpose and to be public instrumentalities. The provisions of these sections exempting from taxation redevelopment agencies, their properties and income, shall be considered additional security for the repayment of bonds and shall constitute, by virtue of this section and without the necessity of the same being restated in the bonds, a contract between the bondholders and each and every one thereof, including all transferees of the bonds from time to time on the one hand and the redevelopment agencies issuing the bonds on the other. A redevelopment agency may by covenant confer upon the holder of such bonds such rights and remedies as it deems necessary or advisable, including but not limited to, the right in the event of default to have a receiver appointed to take possession of and operate the redevelopment project.

Subd. 5. Nothing in these sections should be construed to exempt from taxation any property which any redevelopment agency sells, leases, conveys, or otherwise transfers to private individuals or corporations for development, use or operation in connection with a redevelopment project and such property, real or personal, shall have the same tax status as if such property were owned by such private individuals or corporations.

Subd. 6. The bonds of a redevelopment agency shall be authorized by its resolu-

tion and may be 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 six 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 priority, and be subject to such terms of redemption as such resolution, its trust indenture or mortgage may provide. The bonds may be sold at public or private sale at not less than par.

Subd. 7. Subject to the approval of the state and economic development authority, the bonds of a redevelopment agency may be declared securities in which all public officers and bodies of the state and of its municipal subdivisions, all insurance companies and associations, all savings banks and savings institutions, including savings, building and loan associations, executors, administrators, guardians, trustees, and all other fiduciaries in the state may properly and legally invest the funds within their control. In the case of such bonds, each mortgage or issue of bonds shall relate only to a single specified project and to no other, and those bonds shall be secured by a mortgage upon all the real property of which such projects consist and shall be first lien bonds, secured by a mortgage not exceeding 80 percent of the estimated cost prior to the completion of the project, or 80 percent of the appraised value or actual cost, but in no event in excess of 80 percent of the actual cost, after that completion, as certified by the energy and economic development authority.

Subd. 8. **Federal volume limitation act.** Sections 474A.01 to 474A.21 apply to any issuance of obligations under this section which are subject to limitation under a federal volume limitation act as defined in section 474A.02, subdivision 9, or existing federal tax law as defined in section 474A.02, subdivision 8.

History: 1961 c 629 s 9; 1983 c 213 s 20; 1983 c 289 s 115 subd 1(d); 1984 c 582 s 12.23; 1Sp1985 c 14 art 8 s 63; 1986 c 465 art 1 s 8

472.10 EMINENT DOMAIN PROCEEDINGS, MONEY DEPOSIT, TITLE.

Subdivision 1. Should a local agency deem it necessary it may, in its discretion, after having filed in court an application to assess compensation for the property to be appropriated pursuant to eminent domain proceedings, forthwith pay into court a sum of money to secure compensation to the owner of the appropriated property, which amount shall be fixed by the court in a sum not less than the true and full valuation of the property appropriated as fixed by the assessor and as finally equalized. The title to the property appropriated shall pass to the local agency upon the payment of that sum of money into court, and, after 30 days notice thereof to the owner, the local agency shall have the right to enter immediately upon the property appropriated and demolish any structure thereon or therein and proceed with the construction of the project proposed by it. Provided, however, no property for which condemnation proceedings have been initiated shall be demolished until 30 days after the court appointed appraisers have made and filed their award. It shall then proceed with the prosecution of its suit to assess compensation with due diligence. The deposit shall be applied, so far as may be necessary for that purpose, to the payment of any award that may be made, with interest thereon, and the residue, if any, shall be returned to the local agency.

Subd. 2. Real property in an area, needed or convenient for a project, which is to be acquired by condemnation pursuant to this section, may be acquired by the local agency for the project, including any property devoted to a public use, whether or not held in trust, notwithstanding that such property may have been previously acquired by condemnation or is owned by a public utility corporation, it being hereby expressly determined that the public use in conformity with the provisions of these sections shall be deemed a superior public use; provided, however, that property devoted to a public use may be so acquired only if the governing body of the municipality has approved its acquisition by the local agency. An award of compensation shall not be increased by reason of any increase in the value of the real property caused by the assembly, clearance or reconstruction, or proposed assembly, clearance or reconstruction for the purposes of these sections of the real property in an area.

History: 1961 c 629 s 10

472.11 LOANS TO REDEVELOPMENT AGENCIES.

Subdivision 1. When it has been determined by the energy and economic development authority upon application of a local or area redevelopment agency that the establishment of a particular redevelopment project in a redevelopment area has accomplished or will accomplish the public purposes of these sections, the energy and economic development authority may contract to loan such redevelopment agency an amount not in excess of 20 percent of the cost or estimated cost of such redevelopment project, as established or to be established subject, however, to the following conditions:

(1) In the case of a redevelopment project to be established,

(a) the energy and economic development authority shall have first determined that the local or area redevelopment agency holds funds in an amount equal to, or property of a value equal to not less than 10 percent of the estimated cost of establishing the redevelopment project, which funds or property are available for and shall be applied to the establishment of such project; provided that in any case where a public facility within the redevelopment area has been or may be constructed and will benefit a redevelopment project, the imputed value of the benefit of such facility to the redevelopment project may be determined and the estimated cost thereof credited to the local agency for the purpose of satisfying the requirements of this subparagraph. A public facility includes but is not limited to such items as utility installations, street improvements, public buildings and facilities such as parks, playgrounds, schools, recreational buildings and parking facilities;

(b) the energy and economic development authority shall have also determined that the redevelopment agency has obtained from other sources, by gift, grant, or loan from private or other state or federal sources, a firm commitment for all other funds, over and above the loan of the energy and economic development authority, and such funds or property as the redevelopment agency may hold, necessary for payment of all the estimated cost of establishing the redevelopment project, and that the sum of all these funds, together with the machinery and equipment to be provided by the owner or operator of the redevelopment project is adequate to insure completion and operation of the plant, enterprise, or facility.

(2) In the case of a redevelopment project established without initial energy and economic development authority or local agency participation,

(a) the energy and economic development authority shall have first determined that the local or area redevelopment agency has expended funds in an amount equal to, or has applied property of a value equal to, not less than 10 percent of the cost of establishing the redevelopment project; provided that in any case where a public facility within the redevelopment area has been or may be constructed and will benefit a redevelopment project, the imputed value of the benefit of such facility to the redevelopment project may be determined and the estimated cost thereof credited to the local agency for the purpose of satisfying the requirements of this subparagraph. A public facility includes but is not limited to such items as utility installations, street improvements, public buildings and facilities such as parks, playgrounds, schools, recreational buildings and parking facilities;

(b) the energy and economic development authority shall have also determined that the local agency has obtained from other public or private sources other funds necessary for payment of all the cost of establishing the redevelopment project, and that the local agency participation and these funds, together with the machinery and equipment provided by the owner or operator of the redevelopment project has been adequate to insure completion and operation of the plant, enterprise, or facility; provided, however, that the proceeds of any loan made by the energy and economic development authority to a local agency pursuant to this subparagraph shall be used only for the establishment of additional redevelopment projects in furtherance of the public purposes of these sections.

Subd. 2. Any such loan of the energy and economic development authority shall be for such period of time and shall bear interest at such rate as shall be determined

by the energy and economic development authority and may be secured by a mortgage on the redevelopment project for which such loan was made, such mortgage to be second and subordinate only to the mortgage securing the first lien obligation, if any, issued to secure the commitment of funds from a private or public source and used in the financing of the redevelopment project.

Subd. 3. Money loaned by the energy and economic development authority to the local agency shall be withdrawn from the Minnesota account established by section 472.13, and paid over to the local agency in such manner as shall be provided and prescribed by the rules of the energy and economic development authority.

Subd. 4. All payments of interest on said loans and the principal thereof shall be deposited by the energy and economic development authority in the Minnesota fund and shall remain therein to be applied and reapplied to carry out the purposes of sections 472.01 to 472.16.

Subd. 5. When any agency of the federal government participates in the financing of a redevelopment project by loan, grant, or otherwise, the energy and economic development authority may adjust the required ratios of financial participation by the local agency, the owner or operator of the redevelopment project, and the energy and economic development authority in such manner as to insure that the maximum benefits of federal participation will be available to the local agency, the energy and economic development authority, or both, by such participation; provided, however, that no such adjustment of ratios shall permit the energy and economic development authority to grant a loan to the local agency in excess of 30 percent of the cost or estimated cost of the redevelopment project.

Subd. 6. Where any federal agency participating in the financing of a redevelopment project is not permitted to take as security for such participation a mortgage, the lien of which is junior to any other mortgage, the energy and economic development authority or local agency shall in such instances be authorized to take as security for its loan to the project or local agency, a mortgage junior in lien to that of the federal agency.

Subd. 7. In the case of any redevelopment project to be established or assisted by participation of an Indian organization, the Indian organization shall establish to the satisfaction of the energy and economic development authority that the project is an Indian economic enterprise.

Subd. 8. Where a local development corporation or local redevelopment agency does not exist or is financially unable to participate in a proposed redevelopment project, the energy and economic development authority is empowered to accept loan applications from, and make loans directly to, private enterprises. The loans are subject to the same conditions and procedures as loans to local redevelopment agencies provided that the city, township, or county government having jurisdiction over the redevelopment project area passes and files with the energy and economic development authority a resolution in support of the redevelopment project stipulating the project's economic benefit to the area involved. Where a city or township as well as a county has jurisdiction, the support or opposition of the city or township government shall prevail over the support or opposition of the county government in determining whether or not to accept the application.

Subd. 9. The energy and economic development authority is empowered to provide technical assistance loans from the Minnesota account for the development and planning of redevelopment projects. The technical assistance loans may be provided through the payment of money to: (a) other state agencies or departments; (b) the employment of private individuals; (c) the employment of public, private, or nonprofit firms; (d) state, area, district, or local organizations; or (e) other nonprofit institutions. Money awarded pursuant to clauses (b) and (c) shall be in the form of loans and shall be repaid unless the project is deemed unfeasible by the energy and economic development authority. The energy and economic development authority shall require the repayment of some or all technical assistance money and shall prescribe the terms and conditions of the repayment. The amount of technical assistance loans is limited

to an aggregate of ten percent of the money available in the Minnesota account. The technical assistance loans shall not be included when computing the 20 percent limitation provided in section 472.125. The energy and economic development authority may loan technical assistance money in cooperation with the technical assistance grant programs of any agency of the federal government. The energy and economic development authority may prescribe rules to carry out the purposes of this subdivision.

History: 1961 c 629 s 11; 1975 c 421 s 4; 1978 c 600 s 1; 1979 c 333 s 103; 1984 c 583 s 36; 1983 c 289 s 115 subd 1(d); 1985 c 248 s 70; 1Sp1985 c 13 s 349,350

472.12 LOAN APPLICATION REQUIREMENTS. ✓

Subdivision 1. Prior to the loaning of any funds for a redevelopment project in a redevelopment area the local agency shall receive from the applicant and, in the case of energy and economic development authority participation, shall forward to the energy and economic development authority a loan application in the form adopted by the local agency, which shall contain among other things the following information:

(1) A general description of the redevelopment project and of the industrial, recreational, commercial, or manufacturing enterprise for which the project has been or is to be established;

(2) A legal description of all real estate necessary for the project;

(3) Such plans and other documents as may be required to show the type, structure, and general character of the redevelopment project;

(4) A general description of the type, classes and number of employees employed or to be employed in the operation of the redevelopment project;

(5) Cost or estimates of cost of establishing the redevelopment project.

Subd. 2. Where energy and economic authority participation in the financing of any redevelopment project is sought the local agency shall submit a loan application containing the information described in subdivision 1, together with the following additional information:

(1) A general description and statement of value of any property, real or personal, of the local agency applied or to be applied to the establishment of the project;

(2) A statement of cash funds previously applied or then held by the local agency which are available for and are to be applied to the establishment of the redevelopment project;

(3) Evidence of the arrangement made by the local agency for the financing of all costs of the redevelopment project over and above the participation of the local agency;

(4) In the case of a lease of property by the local agency a general description of the tenant to whom the local agency has leased or will lease any property in connection with the redevelopment project, or, in the case of the sale of property by the local agency in connection with a redevelopment project, the buyer to whom the local agency has sold or will sell the project;

(5) A general description of the form of lease or sales agreement entered into or to be entered into by and between the local agency and its tenants or purchasers;

(6) Evidence that the establishment of the redevelopment project will not cause the removal of an industrial, recreational, commercial, or manufacturing plant or facility from one area of the state to another.

Subd. 3. The energy and economic development authority shall hold such hearings and make such investigations as to each loan application received as shall be necessary to determine whether the public purposes of these sections will be accomplished by the granting of a requested loan. In carrying out its duties under these sections, the energy and economic development authority may delegate to other agencies of state government such powers, duties and responsibilities as it determines necessary or appropriate to accomplish the purposes of these sections, and such other agencies are hereby authorized and directed to perform such functions and duties as may be delegated pursuant to this subdivision.

Subd. 4. Nothing in these sections shall empower the energy and economic development authority in any manner to give, pledge, or loan the credit or taxing power of the state, nor shall any of its obligations be deemed to be obligations of the state or any of its political subdivisions.

History: 1961 c 629 s 12; 1983 c 289 s 115 subd 1(d)

472.125 PARTICIPATION IN FEDERAL LOANS OR GUARANTEES.

The energy and economic development authority may participate with the appropriate federal agency under the Rural Development Act of 1972, the Public Works and Economic Development Act of 1965, or the Small Business Act in the financing of redevelopment projects. Such participation may take the form of loans or guarantees of any balance remaining after federal participation. The loans or guarantees shall be made subject to the conditions and limitations set forth in sections 472.11 and 472.12. In no event shall a loan or guarantee exceed 20 percent of the total cost of the project. In addition, the total guarantees outstanding at any time shall not exceed five times the balance in the Minnesota account.

History: 1975 c 331 s 1; 1984 c 583 s 36; 1983 c 289 s 115 subd 1(d); 1Sp1985 c 13 s 351

472.13 MINNESOTA ACCOUNT.

Subdivision 1. **Account created.** In the economic development fund created in section 116M.06, subdivision 4, there is created a Minnesota account, to be drawn upon and used by the authority in the manner and for the purposes provided for in sections 472.01 to 472.16.

Subd. 2. **Loans.** The authority shall have the power, from time to time, to draw upon the Minnesota account the amounts the authority determines for loans to local or area redevelopment agencies for the financing and planning of redevelopment projects. When the amounts so allocated by the authority as loans to local or area redevelopment agencies are repaid to the authority pursuant to the terms of its agreements with the local agency, the authority shall pay the amounts into the Minnesota account, it being the purpose and intent of this section that the account shall operate as a revolving account whereby all appropriations and payments made to it may be applied and reapplied to the purposes of sections 472.01 to 472.16 and shall not revert to the general fund of the state.

Subd. 3. **Excess money.** If the authority determines that money held for the credit of the Minnesota account is in excess of the amounts needed by the authority to carry out the purposes of sections 472.01 to 472.16, the authority may by resolution release the excess from the account and transfer it to the general fund of the state treasury.

Subd. 4. **Matching money.** The authority may utilize any money in the Minnesota account for the purpose of matching federal money available under the Public Works and Economic Development Act of 1965.

History: 1961 c 629 s 13; Ex1961 c 92 s 1; 1969 c 399 s 49; 1975 c 331 s 2; 1977 c 455 s 86; 1983 c 289 s 112; 1984 c 583 s 36; 1Sp1985 c 13 s 352

NOTE: For appropriations to the Minnesota fund see Laws 1963, chapter 762, section 1 and Laws 1975, chapter 331, section 3.

472.14 LIMITATION OF POWERS.

The state does hereby pledge to and agree with the United States or any agency thereof that in the event that any federal agency shall construct, loan, or contribute any funds for the construction, extension, improvement, or enlargement of any redevelopment project, or any portion thereof, the state will not alter or limit the rights and powers of the energy and economic development authority or local agency in any manner which would be inconsistent with the due performance of any agreements between the energy and economic development authority or local agency and any such federal agency, and the energy and economic development authority and local agency

MINNESOTA STATUTES 1986

8299

MINNESOTA AREA REDEVELOPMENT ACT 472.16

shall continue to have and may exercise all powers herein granted, so long as the same shall be necessary or desirable for the carrying out of the purposes of these sections.

History: 1961 c 629 s 14; 1983 c 289 s 115 subd 1(d)

472.15 EXAMINATION AND AUDIT OF LOCAL AGENCY.

The accounts, books and records of any local or area agency, including its receipts, disbursements, contracts, mortgages, investments and other matters relating to its finances, operation and affairs shall be examined and audited from time to time by the state auditor as provided by law.

History: 1961 c 629 s 15; 1973 c 492 s 7

472.16 SEVERABILITY.

The provisions of these sections shall be severable, and if any of the provisions of sections 472.01 to 472.16 or the application thereof to any person, condition, circumstance, or transaction shall be held invalid, the invalidity shall not affect other provisions or applications of said sections which can be given effect without the invalid provision or application, it being the intent of the legislature that these sections would have been adopted had such invalid provision not been included therein.

History: 1961 c 629 s 16