475.525 MUNICIPAL DISTRICT HEATING BONDS.

Subdivision 1. **General obligation bonds.** A municipality may, by resolution, authorize, issue and sell general obligation bonds or obligations to finance any expenditure by the municipality for the acquisition, construction, expansion, modification or operation of a district heating system and for the purpose of loaning the proceeds of the bonds or obligations to any person, firm or public or private corporation to acquire, construct, expand or modify a district heating system. Except with regard to the net debt limit as provided in section 465.74, subdivision 4, the general obligation bonds or obligations authorized by this subdivision shall be authorized, issued and sold in the same manner and subject only to the same conditions as those provided in chapter 475. When revenues from the operation of a district heating system are pledged to the repayment of the bonds or obligations, the estimated collections of said revenues so pledged may be deducted from the taxes otherwise required to be levied before the issuance of the bonds or obligations under section 475.61, subdivision 1, or the collections thereof may be certified annually to reduce or cancel the initial tax levies in accordance with section 475.61, subdivision 1 or 3.

Subd. 2. **Revenue bonds.** Notwithstanding any other law, general or special, or the provisions of any home rule charter to the contrary, a municipality may, by resolution, authorize, issue and sell revenue bonds or obligations payable solely from all or a portion of revenues derived from a district heating system located wholly or partially within a municipality to finance the acquisition, construction, expansion, modification, or operation of a district heating system and for the purpose of loaning the proceeds of the bonds or obligations to any person, firm or public or private corporation to acquire, construct, expand or modify a district heating system. The bonds or obligations shall mature as determined by resolution of the municipality and may be issued in one or more series and shall bear such date or dates, bear interest at such rate or rates, be in such denomination or denominations, be in such form either coupon or registered, carry such conversion or registration privileges, have such rank or priority, be executed in such manner, be payable in medium of payment at such place or places, and be subject to such terms of redemption, with or without premium, as such resolution, its trust indenture or mortgage may provide. The bonds or obligations may be sold at public or private sale at the price or prices as the municipality by resolution shall determine, and any provision of any law to the contrary notwithstanding, shall be fully negotiable. In any suit, action, or proceedings involving the validity or enforceability of any bonds or obligations of the municipality or the security therefor, any bond or obligation reciting in substance that it has been issued by the municipality to aid in the acquisition, construction, expansion, modification or operation of a district heating system shall be conclusively deemed to have been issued for such purpose. Neither the municipality nor any council member, officer, employee or agent of the municipality nor any person executing the bonds or obligations shall be liable personally on the bonds or obligations by reason of the issuance thereof. The bonds or obligations may be further secured by a pledge and mortgage of all or any portion of the property in aid of which the bonds or obligations are issued and such covenants as the municipality shall deem by such resolution to be necessary and proper to secure payment of the bonds or obligations. The bonds or obligations, and the bonds or obligations shall so state on their face, shall not be payable from nor charged upon any funds other than the revenues and property pledged or mortgaged to the payment thereof, nor shall the issuing municipality be subject to any liability thereon or have the powers to obligate itself to pay or pay the bonds or obligations from funds other than the revenues and properties pledged and mortgaged and no holder or holders of the bonds or obligations shall ever have the right to compel any exercise of any taxing power of the issuing municipality or any other public body to pay the principal of or interest on any such bonds or obligations, nor to enforce payment thereof against any property of the municipality or other public body other than that expressly pledged or mortgaged for the payment thereof.

Subd. 3. **Redevelopment agency.** A municipality may itself, or by ordinance authorize any redevelopment agency as defined in section 469.153, subdivision 3, acting for the municipality, to exercise any and all of

the powers granted to the municipality under subdivision 2 and to the redevelopment agency under any other law for the purpose of financing all or any portion of the district heating system and any conversion facilities for modifying the user's heating or water system to use the heat energy converted from the steam or hot water furnished by the district heating system including, but without limitation, the payment of interest during construction and for a reasonable time thereafter and the establishment of reserves for bond payment and for working capital, in which event if the issuer is a redevelopment agency the sources of revenue that may be pledged to the payment of revenue bonds or obligations shall include any revenues of the redevelopment agency. The proceeds of bonds or obligations issued by the municipality or redevelopment agency may be used to make or purchase loans for facilities which the issuer estimates will require such financing, and, for the purpose of making or purchasing such loans the issuer shall have power to enter into loan agreements and other related agreements, both before and after the issuance of the obligations, with such persons, firms, public or private corporations, federal or state agencies, governmental units, and under such terms and conditions as the issuer shall deem appropriate; and any governmental unit in the state shall have the power to apply, contract for, and receive the loans without limitation under any other provisions of this chapter.

History: *1981 c 334 s 7; 1Sp1981 c 4 art 4 s 4,5; 1987 c 291 s 239*