CHAPTER 110A

RURAL WATER USER DISTRICTS

110A.01 POLICY STATEMENT.
110A.02 DEFINITIONS.
110A.03 WATER USER DISTRICT; ORGANIZATION.
110A.04 PETITION FOR ORGANIZATION.
110A.05 LANDS INCLUDED.
110A.06 ORGANIZING DISTRICT WITHIN TERRITORIAL BOUNDARIES OF ANOTHER DISTRICT.
110A.07 DIRECTORS; ELECTION.
110A.08 GROUPING OF DIRECTORS ELECTED AT LARGE; TERM OF OFFICE.
110A.09 PETITION; SIGNATURES.
110A.10 INSTRUMENTS CONSTITUTING PETITION.
110A.11 MAPS, PLANS, AND ESTIMATES.
110A.12 PETITION; COMPLIANCE.
110A.13 PUBLISHING PETITION.
110A.14 PROTEST AGAINST ORGANIZATION.
110A.15 INVESTIGATING PROPOSED DISTRICT AND WORKS.
110A.16 FEASIBILITY; RECORDING; ESTABLISHMENT.
110A.17 DIRECTORS; QUALIFICATION; MEETING.
110A.18 ADDITIONAL TERRITORY.

ADDING TERRITORY

110A.19 PETITION TO INCLUDE ADDITIONAL TERRITORY.
110A.20 MAPS; PLANS; ESTIMATES.
110A.21 PUBLICATION; PROTESTS.
110A.22 APPROVAL OF EXTENSION.

DIRECTORS, ELECTIONS, OFFICERS; POWERS

110A.23 MEMBERS; ELECTION; TERMS.
110A.24 ELECTION; TIME, PLACE, PURPOSE, RULES.
110A.25 DIRECTORS.
110A.26 OFFICERS AND EXECUTIVE COMMITTEE; SURETY BOND.
110A.27 CORPORATE POWERS; RULES, MINUTES, BOOKS, RECORDS.
110A.28 POWERS.

BIDS, FINANCES, PROPERTY, DISSOLUTION

110A.29 CONTRACTS FOR PUBLIC WORKS, BUILDINGS, MATERIALS.
110A.30 DEBT.
110A.31 SERVICE CHARGES.
110A.32 DISBURSEMENTS; FISCAL YEAR; AUDITS.
110A.33 WORKS; OWNERSHIP; SALE.
110A.34 FORECLOSURE.
110A.35 DISSOLUTION.

APPEALS

110A.36 FINAL ORDER ON PETITION.

110A.01 POLICY STATEMENT.

Conservation of the state's water resources is a state function, and the public interest, welfare, convenience, and necessity require the creation of water user districts and the construction of systems of works, in the manner provided, for the conservation, storage, distribution, and use of water. The construction of systems of works by districts, as provided, is hereby declared to be in all respects for the welfare and benefit of the people of Minnesota.

History: *1978 c 744 s 1*

110A.02 DEFINITIONS.

Subdivision 1. **Applicability.** For the purposes of sections 110A.01 to 110A.36 the following terms have the definitions given in this section.

Subd. 2. **Water user district or district.** "Water user district" or "district" means a district organized under sections 110A.01 to 110A.36, either as originally organized or as reorganized, altered, or extended.

Subd. 3. **Board.** "Board" means the board of directors of a district organized under sections 110A.01 to 110A.36.

Subd. 4. **Works; system.** "Works" and "system" include all lands, property, rights, rights-of-way, easements, and related franchises deemed necessary or convenient for their operation, all water rights acquired or exercised by the board in connection with works, all means of conserving, controlling, and distributing water, including, but not limited to outlets, treatment plants, pumps, lift stations, service connections, mains,

valves, hydrants, wells, reservoirs, tanks and other appurtenances of public water systems. A work or system may be used for domestic, commercial, industrial and stock watering purposes only and shall not be used for irrigation purposes.

Subd. 5. **Project.** "Project" means any one of the works defined, or any combination of works which are physically connected or jointly managed and operated as a single unit.

Subd. 6. **City.** "City" means any home rule charter, statutory or other city, however organized.

Subd. 7. **Court.** "Court" means district court in the judicial district where the largest number of petitioners resides.

History: *1978 c 744 s 2*

110A.03 WATER USER DISTRICT; ORGANIZATION.

A water user district may be created and organized as provided in sections 110A.01 to 110A.36, and may sue and be sued in its corporate name. The procedure provided by sections 110A.01 to 110A.36 is alternative to that provided by other law. A district may not be organized in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott or Washington Counties.

History: *1978 c 744 s 3*

110A.04 PETITION FOR ORGANIZATION.

A water user district may be organized under the provisions of sections 110A.01 to 110A.36 after filing in the court a petition in compliance with the requirements set forth, and the approval of the petition by the court. The petition shall state that it is the intent and purpose of the petitioners to create a district under the provisions of sections 110A.01 to 110A.36, subject to approval by the court. The petition shall contain:

(1) the name of the proposed district;

(2) the object and purpose of the system proposed to be constructed or acquired, together with a general description of the nature, location, and method of operation of the proposed works;

(3) a description of the land constituting the proposed district and its boundaries, and the names of any cities or towns included partly or wholly within the boundaries;

(4) the location of the principal place of business of the proposed district;

(5) a statement that the proposed district shall not have the power to levy taxes or assessments; and

(6) the number of members of the board of directors of the proposed district, which shall be not less than five nor more than 13, a statement as to whether the directors shall be elected at large or shall be apportioned to election divisions, the names and addresses of the members who shall serve until their successors are elected and qualified as provided in sections 110A.01 to 110A.36, and if election divisions are provided for, the respective divisions which the directors are to represent. The persons named in the petition as directors shall be owners of land within the district. If election divisions are provided for, they shall be owners of land within the divisions they are to represent.

History: *1978 c 744 s 4*

110A.05 LANDS INCLUDED.

The lands proposed to be included within the district need not consist of contiguous parcels. A district may to the extent authorized by resolution of the governing body of the city consist of land within the limits of a city and may consist of land within the limits of any town or county, located outside the metropolitan area, as defined by section 473.121, subdivision 2.

History: *1978 c 744 s 5*

110A.06 ORGANIZING DISTRICT WITHIN TERRITORIAL BOUNDARIES OF ANOTHER DISTRICT.

A district may to the extent authorized by the existing district be organized within, or partly within, the territorial boundaries of another district organized under this or other law, so long as the works or systems, their operation, the exercise of powers and the assumptions of duties and responsibilities, of one district, do not nullify, conflict with, or materially affect those of another preexisting district. A new district may not be organized within the boundaries of a preexisting district if the preexisting district disapproves within 30 days after mailing of notice pursuant to section 110A.13.

History: *1978 c 744 s 6*

110A.07 DIRECTORS; ELECTION.

Directors may be elected either at large, or from election divisions. If the petition states that the directors shall be elected from election divisions, the petition shall describe the boundaries of the divisions, which may be drawn either with or without regard to the limits of any city or town included within the district boundaries. So far as practicable, each district shall include the same number of parties to contracts with the district for purchase of water.

History: *1978 c 744 s 7*

110A.08 GROUPING OF DIRECTORS ELECTED AT LARGE; TERM OF OFFICE.

Directors shall be elected within 60 days after the petition is approved by the court and filed with the secretary of state. The directors named in the petition shall hold office until the election. So far as possible, an equal number of those elected shall serve one, two and three years.

History: *1978 c 744 s 8*

110A.09 PETITION; SIGNATURES.

The petition must be signed by 50 percent of the landowners, except the holders of easements for electric or telephone transmission and distribution lines, within the area outside the limits of any city constituting the proposed district. If the proposed district includes any area within a city, the petition must be accompanied by a resolution of the governing body of the city requesting a specific area within the city be included within the proposed district. On each petition, set opposite the signature of each petitioner, shall be stated the petitioner's name and post office address and the location of land of which the petitioner is the owner.

History: *1978 c 744 s 9; 1986 c 444*

110A.10 INSTRUMENTS CONSTITUTING PETITION.

The petition may contain any number of separate instruments, and to each sheet for petitioners' signatures shall be attached a full and correct copy of the petition. Every sheet of every petition containing signatures shall have below the signatures an affidavit by the circulator in substantially the following form:

State of Minnesota,

County of .....

....., being first duly sworn, deposes, that the affiant is the circulator of the foregoing petition containing ..... signatures; that each person whose name appears on the petition sheet personally signed the petition in the presence of affiant; that the affiant believes that each signer is an owner of the land described opposite the signer's signature, to be included within the proposed district, residing at the address written opposite the signer's name, and that affiant stated to every petitioner the legal effect and nature of the petition before each signed.

.....

Circulator.

History: *1978 c 744 s 10; 1986 c 444*

110A.11 MAPS, PLANS, AND ESTIMATES.

The petition shall be accompanied by the resolutions required by section 110A.05, maps showing the location of land within the proposed district and the proposed system of works, and by other maps, plans, and estimates as necessary to describe fully the proposed system.

History: *1978 c 744 s 11*

110A.12 PETITION; COMPLIANCE.

Upon receipt of the petition, the court shall determine whether it complies with the requirements of sections 110A.01 to 110A.36 and dismiss the petition if the requirements are not complied with. The petitioners may present a new petition covering the same matter, or the same petition with additional signatures if additional signatures are necessary.

History: *1978 c 744 s 12*

110A.13 PUBLISHING PETITION.

Subdivision 1. **Publication requirements.** The petition and a map of the proposed district shall be published in each county in which lands within the proposed district lie, in a newspaper of general circulation published in the county, once each week for at least two successive weeks before the time the petition is filed with the court together with a list of names of the petitioners within the county and their addresses.

Subd. 2. **Notice; certain cities and districts.** Prior to being filed with the court, the petition and a map of the proposed district shall be sent by certified mail to each city with a population of 20,000 or less if the proposed district comes within one-half mile of the city's boundary, each city with a population of greater than 20,000 if the proposed district comes within one mile of the city's boundary and to each existing district

organized under chapter 116A or Laws 1978, chapter 744, if the new district boundary comes within one mile of an existing system's boundary.

History: *1978 c 744 s 13*

110A.14 PROTEST AGAINST ORGANIZATION.

Any owner of land within the proposed district may file with the court a protest against the qualifications of any signer of the petition, and the court shall consider and determine the validity of protests.

History: *1978 c 744 s 14*

110A.15 INVESTIGATING PROPOSED DISTRICT AND WORKS.

If the court determines that the petitioners have complied with the requirements of sections 110A.01 to 110A.36, it shall make an immediate investigation of the proposed district and of its proposed works, systems, or plans and of the engineering and economic feasibility of the project. The court, in its discretion, may make an estimate of the cost of the investigation and require the petitioners to defray part or all of the estimated cost before proceeding with the investigation.

History: *1978 c 744 s 15*

110A.16 FEASIBILITY; RECORDING; ESTABLISHMENT.

The court, within 90 days from the receipt of the petition, or within 90 days from the time funds are available to defray the cost of the investigation, shall declare that the proposed project is or is not feasible, will conform to public health and conform to public convenience and welfare. If the project is not feasible, the court shall dismiss the petition. If the court deems the project feasible and conforming to public convenience and welfare, it shall immediately execute a certificate setting forth a copy of the petition declaring that the petition is approved, and file it in the Office of the Secretary of State and a copy of it, certified by the secretary of state, in the office of the county auditor of each county in which any of the lands in the district are located. Thereupon, the district, under its designated name, shall be a body politic and corporate under the provisions of sections 110A.01 to 110A.36 and a public corporation of the state.

History: *1978 c 744 s 16*

110A.17 DIRECTORS; QUALIFICATION; MEETING.

Upon the filing of the certificate in the Office of the Secretary of State and a certified copy in the office of each county auditor, the members of the board of directors named in the petition shall immediately qualify and assume the duties of their office. Failure or refusal to qualify within a period of 15 days thereafter shall be deemed to create a vacancy which shall be filled as provided by sections 110A.01 to 110A.36. The first meeting of the board of directors shall be called by the director first named in the petition.

History: *1978 c 744 s 17*

110A.18 ADDITIONAL TERRITORY.

The procedure for extending a water user district by including additional territory shall be as provided by sections 110A.19 to 110A.22.

History: *1978 c 744 s 18*

ADDING TERRITORY

110A.19 PETITION TO INCLUDE ADDITIONAL TERRITORY.

A water user district may be extended by including additional territory by filing with the court a petition signed by at least 50 percent of the landowners except the holders of easements for electric or telephone transmission and distribution lines, in any area outside the limits of a city to be included, a copy of a resolution of the governing body of a city requesting a specific area within the city be included within the expanded district, and a resolution of the board of directors of the district approving the expansion of the district, upon compliance with the requirements hereinafter set forth. The petition shall contain a description of the lands to be included.

History: *1978 c 744 s 19*

110A.20 MAPS; PLANS; ESTIMATES.

The petition shall be accompanied by maps showing the location of the lands to be included, the proposed system of works and other plans and estimates as necessary to fully describe the project.

History: *1978 c 744 s 20*

110A.21 PUBLICATION; PROTESTS.

Subdivision 1. **Publication requirements.** The petition shall be published in each county in which the lands to be included lie, in a newspaper of general circulation published in the county, once each week for at least two successive weeks before the time the petition is filed with the court together with the list of names of the petitioners and their addresses and land owned. Any owner of land within the area to be included, who did not sign the petition may file a written protest with the court as provided in section 110A.14.

Subd. 2. **Notice; certain cities and districts.** Prior to being filed with the court, a map of the proposed district shall be sent by certified mail to each city with a population of 20,000 or less if the proposed district comes within one-half mile of the city's boundary, each city with a population greater than 20,000 if the proposed district comes within one mile of the city's boundary and to each existing district organized under chapter 116A or Laws 1978, chapter 744, if the new proposed district boundary comes within two miles of the existing system's boundary.

History: *1978 c 744 s 21*

110A.22 APPROVAL OF EXTENSION.

(a) Upon receipt of the petition the court shall act upon the petition in the same manner as required upon an original petition to create a district, as set forth in sections 110A.12 to 110A.17.

(b) Upon the approval of the petition, and project and the issuance and filing of the certificate of approval in the Office of the Secretary of State and filing a copy in the office of the county auditor of each county in which any lands in which the district is located, the included areas shall be part of the district.

History: *1978 c 744 s 22*

DIRECTORS, ELECTIONS, OFFICERS; POWERS

110A.23 MEMBERS; ELECTION; TERMS.

After the election of the board of directors members of the board to succeed those elected in the initial election provided for in section 110A.08, respectively, and to fill unexpired terms, shall be nominated and elected and shall take office in the following manner. One year from the date of the initial election an election shall be held to elect directors to succeed those whose terms are about to expire. The term of each director thus elected shall commence two weeks after the director's election and continue for three years and until a successor is elected and qualified. Election of directors shall be conducted as provided by section 110A.24.

History: *1978 c 744 s 23; 1986 c 444*

110A.24 ELECTION; TIME, PLACE, PURPOSE, RULES.

Subdivision 1. **Election time, place.** The board of directors of the district shall fix the hour and place, within the boundaries of the district, of each election and shall preside. If the district is divided into election divisions, the board in its discretion may fix a place of election within each election division, and the directors who represent that division shall preside.

Subd. 2. **Eligible voters.** Every person or corporation which is a party to a contract with the district for the purchase of water to be furnished by the district, may cast one vote at each election for each director to be elected. In case election divisions are provided for, each person or corporation entitled to vote by reason of being a party to a contract shall select the division in which the person or corporation shall vote, which selection shall be made under rules established by the board of directors.

Subd. 3. **Notice to eligible voters.** The board shall at least 20 days prior to the date of election, mail to each person or corporation entitled to vote, at the person's or corporation's last known place of residence or business, a notice stating the time, place, and purpose of the election or, in the alternative, publish in each county in which lands within the district lie, in a newspaper of general circulation in the county, once each week for at least two successive weeks before the time of election, a notice that the election will be held giving the purpose, time and place.

Subd. 4. **Voting procedure.** At the hour and place of the election, the presiding directors shall call the roll of those entitled to vote, and the number of votes to which each is entitled. They shall make a record of the qualified voters present and prescribe the manner of casting ballots and canvassing votes. If election divisions are provided for, but the election is held at one place within the district instead of being held in each division, the board shall call the roll for each division and conduct the election for each division separately. All costs incident to the election of directors shall be paid by the district.

Subd. 5. **Declaring winner.** The candidate for director required to fill an existing vacancy or to succeed an outgoing director who receives the highest number of votes cast shall be declared elected.

History: *1978 c 744 s 24; 1986 c 444*

110A.25 DIRECTORS.

Subdivision 1. **Qualification.** No person shall be qualified to hold office as a member of the board of directors of any district unless that person is a party to a contract to purchase water from the district.

Subd. 2. **Vacancies.** Vacancies on the board by reason of death, disability, failure to hold land in the district, or in the election division if election divisions are provided for, or otherwise shall be filled by the

board of directors. The members elected to fill vacancies shall serve until members to fill out the remainder of the terms may be elected at the next succeeding district election.

Subd. 3. **Compensation.** Members of the board of directors shall be paid their actual expenses while engaged in performing the duties of their office or otherwise engaged upon the business of the district. In addition they shall receive as compensation for services at rates determined by qualified voters at an annual meeting.

History: *1978 c 744 s 25; 1986 c 444*

110A.26 OFFICERS AND EXECUTIVE COMMITTEE; SURETY BOND.

Subdivision 1. **Electing officers; appointing executive committee.** The board of directors shall elect the officers of the district who shall be a president, a vice-president, a secretary and a treasurer. The board shall appoint an executive committee and other officers, agents, and employees as necessary to transact the business of the district. The president, vice-president, and treasurer shall be elected from the membership of the board of directors.

Subd. 2. **Treasurer's bond.** The treasurer shall furnish and maintain a corporate surety bond in an amount sufficient to cover all moneys coming into the treasurer's possession or control, which shall be satisfactory in form and with sureties approved by the board. The bond, as approved, shall be filed with the secretary of state, and copies filed with the auditors of counties within the district and the premium upon the bond paid by the district.

History: *1978 c 744 s 26; 1986 c 444*

110A.27 CORPORATE POWERS; RULES, MINUTES, BOOKS, RECORDS.

Subdivision 1. **Powers exercised by board.** The corporate powers of the district shall be exercised by the board of directors of the district.

Subd. 2. **Rules; minutes; public books; records.** The board of directors may adopt rules and regulations or bylaws, consistent with sections 110A.01 to 110A.36, for the conduct of the business and affairs of the district. The board of directors shall cause to be kept accurate minutes of their meetings and accurate records and books of account, conforming to approved methods of bookkeeping, clearly setting out and reflecting the entire operation, management, and business of the district. The books and records shall be kept at the principal place of business of the district and at reasonable business hours always open to public inspection.

History: *1978 c 744 s 27*

110A.28 POWERS.

Subdivision 1. **Usual powers.** The district shall have all the usual powers of a public corporation, and may acquire by purchase, gift, or other lawful means and hold real or personal property reasonably necessary for the conduct of its business, or lease property for its proper purposes, and sell, lease, or otherwise dispose of property when not needed.

Subd. 2. **Acquisition and disposition of property.** The district may own, construct, reconstruct, improve, purchase, lease, receive by gift, or otherwise acquire, hold, extend, manage, use, or operate any works, as defined in sections 110A.01 to 110A.36, and any and every kind of property, personal or real, necessary, useful, or incident to their acquisition, extension, management, use, and operation, and may sell, mortgage, alienate, or otherwise dispose of works under the terms and conditions provided in sections 110A.01 to 110A.36.

Subd. 3. **Contracts and agreements.** A district may enter into any contract, lease, agreement, or arrangement with a state, county, city, town, district, governmental or public corporation or association, or with a person, firm, or corporation, public or private, or with the government of the United States, or with any officer, department, bureau, or agency thereof, or with any corporation organized under federal law to exercise the powers set forth in this section, or for the sale, leasing, or otherwise furnishing or establishing of water rights, water supply, conveyance and distribution of water, water service, or water storage, for domestic, industrial, municipal, or stock watering purposes, or for the financing or payment of the cost and expenses incident to the construction, acquisition, or operation of works, or incident to any obligation or liability entered into or incurred by the district.

Subd. 4. **Authority out of district.** A district may exercise any of the powers enumerated in this section either within or beyond or partly within and partly beyond the boundaries of the district and of the state, unless prohibited by the law of the area or state concerned or of the United States of America.

Subd. 5. **Appropriating waters.** A district may appropriate the waters of the state in the same manner as other persons under the laws of this state. A district shall not, in the exercise of the powers conferred by sections 110A.01 to 110A.36, interfere with, injure, or otherwise damage or affect existing water rights, other than through the purchase of the rights or through condemnation proceedings. No district, corporation, association, or individual holding a water right for lands located either within or outside the boundaries of a district shall be in any way affected by the operations of the district other than by reason of a contract voluntarily entered into by the organization or individual with the district, or by reason of the exercise by the district of the power of eminent domain.

Subd. 6. **Eminent domain.** A district may exercise the power of eminent domain pursuant to chapter 117, after declaring by resolution the necessity for and purpose of the taking of property and the extent of the taking.

Subd. 7. **Indebtedness; no taxes or assessments; contractual obligations.** The district shall have no power of taxation, or of levying assessments for special benefits. No governmental authority shall have power to levy or collect taxes or assessments for the purpose of paying, in whole or in part, any indebtedness or obligation of or incurred by the district or upon which the district may be or become in any manner liable. Nor shall any privately owned property within or outside a district, or the owner thereof, nor any city, town, county, or other political subdivision or public or private corporation or association or its property, be directly or indirectly liable for any district indebtedness or obligation beyond the liability to perform an express contract between the owner or public or private organization and the district.

Subd. 8. **Charges by contract only; expense prorated by use.** No person, city, town, county, or other governmental subdivision, or other public or private corporation or association shall be liable for the payment of any rent or charge for water storage, water supply, or for any of the costs of operation of a district, unless a contract has been entered into between the person or public or private organization and the district furnishing water storage or water supply. All capital and operating expenses shall be borne by the users in proportion to their use of water supplied by the district.

Subd. 9. **Federal grants, loans; other gifts.** A district organized under sections 110A.01 to 110A.36 may exercise any power conferred by sections 110A.01 to 110A.36 to obtain grants or loans or both from any federal agency pursuant to acts of Congress, and may accept from private owners or other sources, gifts, deeds or instruments of trust or title relating to land, water rights and any other form of property.

Subd. 10. **Cooperation with U.S.** A district may purchase and acquire lands, water rights, rights-of-way, and real and personal properties of every nature in cooperation with the United States under conditions as

may to the board seem advisable, and to convey them under the conditions, terms and restrictions approved by the directors and the federal government or any of its agencies and to pay the purchase price and any and all construction costs or other necessary expenses and costs in connection with any works contemplated by sections 110A.01 to 110A.36 either from its own funds or cooperatively with the federal government.

Subd. 11. **Service close to city of up to 20,000.** A district shall not, in the exercise of the powers conferred by sections 110A.01 to 110A.36, provide service to actual or potential residential, commercial, industrial or publicly owned land uses within one-half mile of the limits of a city of up to 20,000 persons without approval by the city council. Approval shall not be required prior to serving class 2a lands as defined in section 273.13.

Subd. 12. **Service close to city of over 20,000.** A district shall not, in the exercise of the powers conferred by sections 110A.01 to 110A.36, provide service to actual or potential residential, commercial, industrial or publicly owned land uses within one mile of the limits of a city of more than 20,000 persons without approval by the city council. Approval shall not be required prior to serving class 2a lands as defined in section 273.13.

History: *1978 c 744 s 28; 1Sp1985 c 14 art 4 s 11,12*

BIDS, FINANCES, PROPERTY, DISSOLUTION

110A.29 CONTRACTS FOR PUBLIC WORKS, BUILDINGS, MATERIALS.

Subdivision 1. **Cost estimate.** Before a district shall enter into a contract for the construction, alteration, extension, or improvement of works, or any part or section thereof, or a building for the use of the district, or for the purchase of materials, machinery, or apparatus, the district shall cause estimates of the cost to be made by a competent engineer or engineers, and if the estimated cost exceeds $10,000 no contract shall be entered into for a price, cost or consideration exceeding the estimate nor without advertising for sealed bids.

Subd. 2. **Board supervises bidding.** Prior to advertisement, plans and specifications for the proposed construction work or materials shall be prepared and filed at the principal office or place of business of the district. The advertisement shall designate the nature of construction work proposed to be done or materials proposed to be purchased. The board shall supervise bid lettings by water user districts.

History: *1978 c 744 s 29*

110A.30 DEBT.

(a) The district may borrow money and incur indebtedness by issuing its obligations or entering into contracts for any lawful corporate purpose; provided that all such obligations and contracts, whether express or implied, shall be payable solely:

(1) from revenues, income, receipts and profits derived by the district from its operation and management of systems;

(2) from the proceeds of warrants, notes, revenue bonds, debentures, or other evidences of indebtedness issued and sold by the district which are payable solely from such revenues, income, receipts and profits; or

(3) from federal or state grant gifts or other moneys received by the district which are available therefor.

(b) The district may by resolution pledge any such source to the payment of such obligations and contracts and the interest coming due thereon. Any resolution may specify the particular revenues that are pledged and the terms and conditions to be performed by the district and the rights of the holders of district obligations, and may provide for priorities of liens in any revenues as between the holders of district obligations issued at different times or under different resolutions. The district may provide for the refunding of any district obligation through the issuance of other district obligations, entitled to rights and priorities similar in all respects to those held by the obligations that are refunded. All such obligations and refunding obligations shall be issued in accordance with the provisions of chapter 475, except that such obligations may be sold by negotiation.

History: *1978 c 744 s 30*

110A.31 SERVICE CHARGES.

Subdivision 1. **Water charge.** The directors of the district are authorized to agree with the holders of district obligations as to the maximum or minimum amounts which the district shall charge and collect for water sold by the district.

Subd. 2. **Authority to set prices and make contracts.** The directors of the district are authorized to fix and establish the prices, rates and charges at which any and all services, products, resources and facilities made available under the provisions of sections 110A.01 to 110A.36 shall be sold and disposed of; to enter into any and all contracts and agreements, and to do any and all things which in its judgment are necessary, convenient or expedient for the accomplishment of any and all the purposes and objectives of sections 110A.01 to 110A.36, under the general regulations and upon the terms, limitations and conditions it shall prescribe; and the directors shall enter into contracts and fix and establish prices, rates and charges so as to provide at all times funds which will be sufficient to pay all costs of operation and maintenance of any and all of the works and systems authorized by sections 110A.01 to 110A.36, together with necessary repairs thereto, and which will provide at all times sufficient funds to meet and pay the principal and interest of all obligations and other evidences of indebtedness of the district when due. Nothing in sections 110A.01 to 110A.36 shall authorize any change, alteration or revision of rates, prices or charges established by any contract entered into under authority of sections 110A.01 to 110A.36 except as provided by the contract.

Subd. 3. **Default remedies.** Every contract made by the board for the sale, conveyance and distribution of water, use of water, water storage, or other service, or for the sale of any property or facilities, shall provide that in the event of any failure or default in the payment of any money specified in the contract to be paid to the board, the board may, upon notice as shall be prescribed in the contract, terminate the contract and all obligations thereunder. The act of the board in ceasing on a default to furnish or deliver water, use of water, or water storage, under a contract shall not deprive the board of, or limit any remedy provided by the contract or by law for the recovery of money due or which may become due under the contract.

History: *1978 c 744 s 31*

110A.32 DISBURSEMENTS; FISCAL YEAR; AUDITS.

Subdivision 1. **Approval requirements.** Money of the district shall be paid only upon approval of the board of directors and by warrant or other instrument in writing signed by the president and by the treasurer of the district. In case of the death, absence, or other disqualification of the president, the vice-president shall sign warrants or other instruments.

Subd. 2. **Calendar fiscal year; audit.** The fiscal year of the district shall coincide with the calendar year. The board of directors, at the close of each year's business, shall cause an audit of the books, records

and financial affairs of the district to be made by an experienced certified public accountant, copies of a written report of which audit, certified to by the auditors, shall be placed and kept on file at the principal place of business of the district and shall be filed with the secretary of state.

History: *1978 c 744 s 32; 2010 c 191 s 3*

110A.33 WORKS; OWNERSHIP; SALE.

Subdivision 1. **Disposition requirements.** No water supply works owned by the district shall be sold, alienated, or mortgaged by the district, except under the circumstances described by this section.

Subd. 2. **Board resolution; special election.** If in the judgment of the board of directors it is for the best interest of the district to sell any portion of the district works not needed for the performance of any outstanding contract, and not mortgaged or pledged as provided for in subdivision 3, the board shall pass a resolution to that effect. The board shall call a special election at which the question of selling the portion of the works shall be submitted to the electors of the district qualified to vote for district directors. The board shall mail to each qualified elector, at the last known place of residence or place of business of the elector, a notice stating the time, place, and purpose of the election, and so far as practicable shall conduct the election in all other respects as provided in section 110A.24. If a majority of all qualified electors of the district vote "yes," the board may sell the portion of the works.

Subd. 3. **Mortgage; pledge; no state pledge.** If, in order to borrow money from the federal government or from any of its agencies, or from the state, it is necessary that the district mortgage or otherwise pledge any or all of its property to secure the payment of loans made to it, the district may mortgage or pledge property and assets for the purpose. Nothing in this section shall prevent the district from assigning, pledging, or otherwise legally committing its revenues, incomes, receipts, or profits to secure the payment of indebtedness to the federal government or any agency thereof, or the state. The state shall never pledge its credit or funds, or any part thereof, for the payment or settlement of any indebtedness or obligation whatsoever of any district created under the provisions of sections 110A.01 to 110A.36. Nothing in sections 110A.01 to 110A.36 authorizes any agency of the state to make loans to a district, unless the agency is otherwise authorized by law.

History: *1978 c 744 s 33; 1986 c 444*

110A.34 FORECLOSURE.

If any district created under sections 110A.01 to 110A.36 shall execute and deliver a mortgage or trust deed to secure the payment of any money borrowed by it for the purposes herein authorized, it may be provided in the mortgage or trust deed that it may be foreclosed upon default and a receiver may be appointed with the authority provided in the mortgage or trust deed.

History: *1978 c 744 s 34*

110A.35 DISSOLUTION.

Subdivision 1. **Dissolution requirements.** Any district may be dissolved by authorization of a majority vote of the electors, qualified to vote for district directors, voting thereon at a special election called by the board of directors for that purpose, notice of which shall be mailed to each qualified elector at least 20 days prior to the date of the election and the procedure for which shall conform as nearly as may be to the procedure provided in section 110A.24, for the election of directors. The district shall discharge its obligations before dissolution. The board may liquidate noncash assets prior to dissolution.

Subd. 2. **Time of effect; filing.** Dissolution shall be completed upon resolution of the board of directors canvassing the vote and declaring that a majority of the qualified electors voting thereon have voted in favor of dissolution. A verified copy of the resolution shall be filed in the Office of the Secretary of State and with the auditors of counties within the district.

Subd. 3. **Applications for appropriating water.** In case of dissolution all applications for appropriation of water shall be canceled and all rights of the district in applications shall end.

History: *1978 c 744 s 35*

APPEALS

110A.36 FINAL ORDER ON PETITION.

Any party aggrieved by a final order issued pursuant to section 110A.12 which approves or dismisses a petition or which refuses or establishes a project or a district, may appeal as in other civil cases. The appeal shall be made and perfected within 30 days after the filing of the order.

History: *1978 c 744 s 36; 1983 c 247 s 46*