

398A.07 BONDS.

Subdivision 1. **Authorization.** An authority may from time to time issue bonds, or other obligations however designated, in principal amounts as it shall deem necessary to fulfill its purpose and to exercise any of its powers, to provide funds for operating expenses in anticipation of revenues of the current year, or for capital expenditures in anticipation of the issuance of long term bonds or the receipt of a grant or loan of state or federal funds, to refund the principal of or interest or redemption premiums on outstanding bonds whether or not the amounts refunded have become due and payable, to establish or increase reserves to secure the payment of bonds or interest on them, and to pay costs and expenses of the issuance of the bonds.

Subd. 2. **Security.** Bonds may be made payable exclusively from the revenues from one or more projects, or from one or more revenue producing contracts, or from the authority's revenues generally, including but not limited to specified taxes which the authority may levy or which a particular municipality may agree to levy for a specified purpose, and may be additionally secured by a pledge of any grant, subsidy, or contribution from any public agency, including but not limited to a participating municipality, or any income or revenues from any source. They may be secured by a mortgage or deed of trust of the whole or any part of the property of the authority. They shall be payable solely from the revenues, funds, and property pledged or mortgaged for their payment. No commissioner, officer, employee, agent, or trustee of the authority shall be liable personally on its bonds or be subject to any personal liability or accountability by reason of their issuance. Neither the state nor a county or other municipality except the authority may pledge its faith and credit or taxing power or shall be obligated in any manner for the payment of the bonds or interest on them, except as specifically provided by agreement under section 398A.06; but nothing herein shall affect the obligation of the state or municipality to perform any contract made by it with the authority, and when the authority's rights under a contract with the state or a municipality are pledged by the authority for the security of its bonds, the holders or a bond trustee may enforce the rights as a third-party beneficiary. All bonds shall be negotiable within the meaning and for the purposes of the Uniform Commercial Code, subject only to any registration requirement.

Subd. 3. **Bond resolution or indenture.** Bonds of the authority shall be authorized by resolutions of its board of commissioners which may set forth, or may authorize and direct the execution of an indenture or security agreement with a corporate trustee setting forth, the terms and conditions thereof, the covenants and agreements entered into by the authority for their security, the real and personal property, if any, which is mortgaged or pledged for their further security, the rights and duties of the trustee, if any, and the manner of and conditions for adoption of amending or supplemental resolutions or indentures. Covenants may be made regarding:

(1) the custody, collection, securing, investment, reinvestment, and disbursement of bond proceeds and any revenues with respect to which the authority has any right or interest;

(2) the purposes to which the proceeds shall be applied, and the pledge of the proceeds, until so applied, to secure the payment of the bonds and interest thereon;

(3) the rentals, rates, or charges to be established for use and availability of the authority's property or service;

(4) the establishment of funds or accounts for the disbursement of proceeds, the segregation of revenues, and the debt service and reserve requirements of the bonds;

(5) the conditions for the issuance of any additional bonds and the refunding of outstanding bonds and the terms upon which additional bonds may be issued and secured;

- (6) the priority of any bonds with respect to any pledge of revenues, mortgage, or security interest;
- (7) the operation and maintenance of any property, the revenues of which are pledged;
- (8) the custody of any of the authority's property or investments, its safekeeping, the kinds of securities in which funds may be invested and reinvested, the insurance to be carried on property and against liability, and the use and disposition of insurance proceeds;
- (9) the vesting in a corporate trustee, within or outside the state, and successors and individual cotrustees as may be provided for, of funds and properties and trust rights and powers as the authority may determine, and the limitation of the rights, powers, duties, and obligations of the trustees;
- (10) the appointment of any paying agent within or outside the state; and
- (11) any other matter reasonably related to the security of the bonds.

Subd. 4. Sale. Bonds may be issued and sold in one or more series, at public and private sale, at the price, bearing the date or dates, maturing at the time or times, bearing interest at the rate or rates, in the denominations, in the form whether coupon or registered, with the privileges of conversion, exchange, and registration of transfer, having the rank or priority, to be executed on behalf of the authority by the officers and other persons, to be subject to the terms of redemption with or without premium, and to contain or be subject to the other terms the resolution, indenture, or security agreement may provide, and shall not be restricted by any other law limiting the amount, maturities, interest rates, purchase price, or other terms of obligations of public agencies or municipalities.

Subd. 5. Recitals. The authority shall be estopped to deny the correctness of any recital in any bond or any certificate given by direction of the authority, that it has been issued pursuant to the provisions and for the purposes of the Regional Railroad Authorities Act, and that all conditions precedent to the issuance exist or have been performed.

Subd. 6. Bonds as investments and security for deposits. Notwithstanding any other law, the state of Minnesota and all its public officers, governmental units, agencies, and instrumentalities, all banks, trust companies, savings banks and institutions, savings associations, investment companies, and other persons carrying on a banking business, all insurance companies, insurance associations, and other persons carrying on an insurance business, and all executors, administrators, guardians, trustees and other fiduciaries may legally invest any sinking funds, money, or other funds belonging to them or within their control in any bonds or other obligations issued pursuant to this section, and the bonds or obligations may be pledged as security for any public deposits.

History: 1980 c 616 s 7; 1983 c 326 s 15; 1995 c 202 art 1 s 25