CHAPTER 446A

PUBLIC FACILITIES AUTHORITY

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446A.01 MINNESOTA PUBLIC FACILITIES AUTHORITY ACT.

This chapter may be cited as the "Minnesota Public Facilities Authority Act."

History: *1987 c 386 art 3 s 18; 1999 c 86 art 1 s 69*

446A.02 DEFINITIONS.

Subdivision 1. **Applicability.** For the purposes of this chapter, the terms in this section have the meanings given them.

Subd. 1a. MS 2006 [Repealed by amendment, 2007 c 96 art 1 s 1]

Subd. 2. **Authority.** "Authority" means the Minnesota Public Facilities Authority.

Subd. 3. MS 2006 [Repealed by amendment, 2007 c 96 art 1 s 1]

Subd. 4. MS 2006 [Repealed by amendment, 2007 c 96 art 1 s 1]

Subd. 4a. **Eligible recipient.** "Eligible recipient" means a governmental unit or other entity that may be defined as an eligible recipient for specific programs within this chapter, and which may be different from one program to another.

Subd. 5. **Governmental unit.** "Governmental unit" means a state agency, home rule charter or statutory city, county, sanitary district, or other governmental subdivision.

Subd. 6. **Project.** "Project" means any eligible activity authorized in this chapter including the acquisition, design, construction, improvement, expansion, repair, or rehabilitation of all or part of any structure, facility, or equipment.

History: *1987 c 312 art 1 s 26; 1987 c 386 art 3 s 19; 1989 c 354 s 3; 1994 c 632 art 2 s 40,41; 1Sp2003 c 4 s 1; 2007 c 96 art 1 s 1*

446A.03 MINNESOTA PUBLIC FACILITIES AUTHORITY.

Subdivision 1. **Membership.** The Minnesota Public Facilities Authority consists of the commissioner of employment and economic development, the commissioner of management and budget, the commissioner of the Pollution Control Agency, the commissioner of agriculture, the commissioner of health, and the commissioner of transportation.

Subd. 2. **Chair; other officers.** The commissioner of employment and economic development shall serve as the chair and chief executive officer of the authority. The authority shall have the position of vice-chair rotate annually among its members. In the absence of the chair or vice-chair at meetings of the authority members may elect a chair for the meeting, and may elect other officers as necessary from its members.

Subd. 3. MS 1992 [Repealed, 1994 c 632 art 2 s 67]

Subd. 3a. **Delegation.** In addition to any powers to delegate that members of the authority have as commissioners, they may delegate to the chair, vice-chair, or executive director their responsibilities as members of the authority for reviewing and approving financing of eligible projects that have been certified to the authority by another department or agency, projects that have been authorized by law, or programs specifically authorized by resolution of the authority.

Subd. 4. **Board actions.** (a) A majority of the authority, excluding vacancies, constitutes a quorum to conduct its business, to exercise its powers, and for all other purposes.

(b) The board may conduct its business by any technological means available, including teleconference calls or interactive video, that allows for an interaction between members. If a meeting is conducted under this paragraph, a specific location must be available for the public to attend the meeting and at least one member must be present at that location.

Subd. 5. **Executive director; staffing.** (a) The authority shall employ and the chair shall appoint, with the concurrence of the authority, an executive director in the unclassified service.

(b) The executive director may employ a deputy director and chief financial officer.

(c) The executive director shall:

(1) perform duties that the authority may require in carrying out its responsibilities to manage and implement the funds and programs in this chapter, implementation of debt issuance authorized by the authority, compliance with all state and federal program requirements, and state and federal securities and tax laws and regulations;

(2) employ officers, employees, and agents that the executive director considers necessary to discharge the functions of the executive director; and

(3) define the duties of officers, employees, and agents, and delegate to them any of the powers, duties, and responsibilities, subject to the executive director's control and under conditions prescribed by the executive director.

Subd. 6. **Administrative services.** The authority shall enter into agreements for administrative and professional services, and technical support.

Subd. 7. MS 2006 [Repealed by amendment, 2007 c 96 art 1 s 2]

History: *1987 c 186 s 15; 1987 c 312 art 1 s 26 subd 2; 1987 c 386 art 3 s 20; 1991 c 238 art 1 s 16; 1993 c 163 art 1 s 30; 1993 c 327 s 17; 1994 c 632 art 2 s 42,43; 1995 c 232 s 8; 1997 c 141 s 8; 1Sp2003 c 4 s 1; 2006 c 281 art 4 s 23; 2007 c 96 art 1 s 2; 2009 c 101 art 2 s 109; 2010 c 290 s 1*

446A.04 POWERS; DUTIES; PROGRAM ADMINISTRATION.

Subdivision 1. MS 2006 [Repealed by amendment, 2007 c 96 art 1 s 3]

Subd. 2. **Power to sue; enter contracts.** The authority may sue and be sued. The authority may make and enter into contracts, leases, and agreements necessary to perform its duties and exercise its powers.

Subd. 3. **Gifts; grants.** The authority may apply for, accept, and disburse gifts, grants, loans, or other property from the United States, the state, private sources, or any other source for any of its purposes. Money received by the authority under this subdivision must be deposited in the state treasury and is appropriated to the authority to carry out its duties.

Subd. 4. **Contract for services.** The authority may retain or contract for the services of accountants, financial advisors, and other consultants or agents needed to perform its duties and exercise its powers.

Subd. 5. **Fees.** (a) The authority may set and collect fees for costs incurred by the authority, the Department of Employment and Economic Development, the Department of Health, the Pollution Control Agency, and the Department of Transportation, including costs for personnel, professional, and administrative services, for debt issuance related costs and the establishment and maintenance of reserve funds. Fees charged directly to borrowers or grantees upon executing a loan or grant agreement must not exceed one-half of one percent of the loan or grant amount. Servicing fees assessed to loan repayments must not exceed two percent of the loan repayment. The disposition of fees collected for costs incurred by the authority is governed by subdivision 20. The authority shall enter into interagency agreements to transfer funds into appropriate administrative accounts established for fees collected under this subdivision for costs incurred by the Department of Employment and Economic Development, the Department of Health, or the Pollution Control Agency. Fees collected under this subdivision for costs incurred by the Department of Transportation must be credited to the fund or account which is the source of the loan to which the fees are related.

(b) The authority shall annually report to the chairs of the finance and appropriations committees of the legislature on:

(1) the amount of fees collected under this subdivision for costs incurred by the authority;

(2) the purposes for which the fee proceeds have been spent; and

(3) the amount of any remaining balance of fee proceeds.

Subd. 6. **Property.** The authority may acquire, encumber, hold, and convey through lease, purchase, gift, or otherwise, any real or personal property.

Subd. 6a. **Loans; grants.** The authority may make and contract to make loans and grants to eligible recipients to finance projects that the eligible recipient may construct or acquire. The authority may acquire or contract to acquire notes and bonds issued by eligible recipients to finance those projects.

Subd. 6b. **Debt.** The authority may borrow money to administer its programs and may issue bonds or notes as evidence of the borrowing in accordance with sections 446A.12 to 446A.20.

Subd. 7. **In general.** The authority has all the powers necessary and convenient to carry out its duties under this chapter.

Subd. 8. **Powers.** In implementing the purposes and the programs described in this chapter, the authority has the powers in subdivisions 9 to 21.

Subd. 9. **Rules.** It may adopt, amend, and repeal rules necessary to effectuate its purposes.

Subd. 10. **Personal property.** It may acquire, hold, and dispose of personal property for its corporate purposes.

Subd. 11. **Real property.** It may acquire real property, or an interest in real property, in its own name, by purchase or foreclosure, where the acquisition is necessary or appropriate to protect a loan in which the authority has an interest and may sell, transfer, and convey the property to a buyer and, in the event the sale, transfer, or conveyance cannot be effected with reasonable promptness or at a reasonable price, may lease the property to a tenant.

Subd. 12. **Notes; mortgages; obligations; sale of.** It may sell, at public or private sale, any note, mortgage or other instrument or obligation evidencing or securing a loan.

Subd. 13. **Insurance.** It may procure insurance against a loss in connection with its property in the amounts, and from the insurers, as may be necessary or desirable.

Subd. 14. **Loan terms; modification.** It may consent, whenever it considers it necessary or desirable in the fulfillment of its purpose, to the modification of the rate of interest, time of payment, installment of principal or interest, or other term, of a contract or agreement to which the authority is a party.

Subd. 15. **Loan payments; interest and amortization.** It may establish and collect reasonable interest and amortization payments on loans, and in connection with them may establish and collect or authorize the collection of reasonable fees and charges or require money to be placed in escrow, sufficient to provide for the payment and security of its bonds, notes, commitments and other obligations and for their servicing, to provide reasonable allowances for or insurance against losses which may be incurred and to cover the cost of issuance of obligations and technical, consultative, and project assistance services.

Subd. 16. **Investments.** (a) It may cause any money not required for immediate disbursement, including the general reserve account, to be invested in direct obligations of or obligations guaranteed as to principal and interest by the United States, or in insured savings accounts, up to the amount of the insurance, in any institution the accounts of which are insured by the Federal Savings and Loan Insurance Corporation or to be deposited in a savings or other account in a bank insured by the Federal Deposit Insurance Corporation or to be invested in time certificates of deposit issued by a bank insured by the Federal Deposit Insurance Corporation and maturing within one year or less and in the investments described in section 11A.24, subdivision 4, except clause (d). It may deposit money in excess of the amount insured with security as provided in chapter 118A.

(b) Notwithstanding paragraph (a), it may invest and deposit money into accounts established pursuant to resolutions or indentures securing its bonds or notes in investments and deposit accounts or certificates, and with security, agreed upon with the holders or a trustee for the holders.

Subd. 17. **Consultative and technical services.** It may provide general consultative and technical services to assist in financing the entities to which loans may be made. It may enter into agreements or other transactions concerning the receipt or provision of those services.

Subd. 18. **Financial information.** Financial information, including credit reports, financial statements and net worth calculations, received or prepared by the authority regarding an authority loan, financial assistance, or insurance is private data with regard to data on individuals as defined in section 13.02, subdivision 12 and nonpublic data with regard to data not on individuals as defined in section 13.02, subdivision 9.

Subd. 19. **Appropriations; gifts; grants.** The authority may accept appropriations, gifts, grants, bequests, and devises and use or dispose of them for its purposes. All gifts, grants, bequests, and revenues from those sources are appropriated to the authority.

Subd. 20. **Proceeds appropriated to authority.** Proceeds of the authority's bonds, notes, and other obligations; amounts granted or appropriated to the authority for the making or purchase or the insurance or guaranty of loans or for bond reserves; income from investment; money in the funds; and all revenues from loans, fees, and charges of the authority including rentals, royalties, dividends, or other proceeds are annually appropriated to the authority for the accomplishment of its corporate purposes and must be spent, administered, and accounted for in accordance with the applicable provisions of all bond and note resolutions, indentures, and other instruments, contracts, and agreements of the authority. Notwithstanding section 16A.28, these appropriations are available until expended.

Subd. 21. **General purpose.** The authority may do all things necessary and proper to fulfill its purpose.

History: *1987 c 386 art 3 s 21,29; 1988 c 546 s 1,2; 1992 c 601 s 11; 1994 c 632 art 2 s 51; 1995 c 233 art 2 s 56; 1997 c 141 s 9; 1997 c 200 art 5 s 2; 1999 c 86 art 1 s 70; 2001 c 7 s 90; 2005 c 20 art 1 s 38; 2007 c 96 art 1 s 3,13,15*

446A.05 MS 2006 [Repealed, 2007 c 96 art 1 s 16]

446A.051 PROJECT FINANCIAL ASSISTANCE.

Subdivision 1. **Determination of financial assistance.** The authority shall assist eligible recipients in determining what grants or loans under sections 446A.07, 446A.072, 446A.073, 446A.075, and 446A.081 to apply for to finance projects and the manner in which the eligible recipient will pay for its portion of the project cost.

Subd. 2. MS 2012 [Repealed, 2013 c 105 s 10]

Subd. 3. **Financial feasibility review.** (a) The authority shall review the proposed financing for each project certified to the authority to ascertain whether or not: (1) total financing of a project is assured; (2) the governmental unit's financial plan to pay for its portion of the project cost is feasible; (3) the proposed project and financing plan is an eligible use of the money; and (4) the proposal is in compliance with applicable state and federal tax and securities laws and regulations.

(b) Unless a project is specifically authorized by law, the authority may reject the proposed financing for a project meeting the requirements in paragraph (a) if a majority of members believe the financing of

the project would not be in the best interests of the state or would be detrimental to the authority's funds or programs. A determination to reject a proposed project shall not be made in an arbitrary and capricious manner and must be supported by substantive evidence and documented by a resolution of the authority stating its findings.

History: *1988 c 546 s 4; 2006 c 251 s 11; 2007 c 96 art 1 s 4; 2008 c 277 art 1 s 84; 2013 c 105 s 9*

446A.06 MS 2006 [Repealed, 2007 c 96 art 1 s 16]

446A.07 CLEAN WATER REVOLVING FUND.

Subdivision 1. **Establishment of fund.** The authority shall establish a clean water revolving fund to provide loans for the purposes and eligible costs authorized under title VI of the Federal Water Pollution Control Act. The fund must be credited with repayments.

Subd. 1a. **Definitions.** (a) For the purposes of this section, the terms in this subdivision have the meanings given them.

(b) "Eligible recipients" means governmental units or other entities eligible to receive loans or other assistance as provided in title VI of the Federal Water Pollution Control Act.

(c) "Federal Water Pollution Control Act" means the Federal Water Pollution Control Act, as amended, United States Code, title 33, sections 1251 et seq.

Subd. 2. **State funds.** A state matching fund is established to be used in compliance with federal matching requirements specified in the Federal Water Pollution Control Act.

Subd. 3. **Capitalization grant agreement.** The authority shall enter an agreement with the administrator of the United States Environmental Protection Agency to receive capitalization grants for the clean water revolving fund. The authority may exercise powers necessary to comply with the requirements specified in the agreement, which must be in compliance with the Federal Water Pollution Control Act.

Subd. 4. **Intended use plan.** (a) The authority shall annually prepare and submit to the United States Environmental Protection Agency an intended use plan. The plan must identify the intended uses of the amounts available to the clean water revolving fund, including a list of wastewater treatment and stormwater projects and all other eligible activities to be funded during the fiscal year.

(b) To be eligible for placement on the intended use plan:

(1) a project must be listed on the Pollution Control Agency's project priority list;

(2) the applicant must submit a written request to the authority, including a brief description of the project, a project cost estimate and the requested loan amount, and a proposed project schedule; and

(3) for a construction loan, the project must have a facility plan approved by the Pollution Control Agency.

(c) The Pollution Control Agency shall annually provide to the authority its project priority list of wastewater and stormwater projects to be considered for funding. The authority may not submit the plan until it has received the review and comment of the Pollution Control Agency or until 30 days have elapsed since the plan was submitted to the Pollution Control Agency, whichever occurs first. In addition, the authority shall offer eligible recipients seeking placement on the intended use plan an opportunity to review

and comment on the plan before it is adopted. The plan may be amended to add additional projects for consideration for funding as it determines funds are available and additional projects are able to proceed.

Subd. 5. **Applications.** Applications by eligible recipients for loans from the clean water revolving fund must be made to the authority on forms requiring information prescribed by the authority. The Pollution Control Agency shall certify to the authority those projects that appear to meet the criteria set forth in the Federal Water Pollution Control Act, this section, and rules of the Pollution Control Agency.

Subd. 6. **Award and terms of loans.** The authority shall award loans for projects certified by the Pollution Control Agency or shall provide funding for the appropriate state agency or department to make loans for eligible activities identified in the intended use plan, provided the use of funds and the terms and conditions of the loans are in conformance with the Federal Water Pollution Control Act, this section, and rules of the Pollution Control Agency and the authority adopted under this section.

Subd. 7. **Loan conditions.** (a) When making loans from the clean water revolving fund, the authority shall comply with the conditions of the Federal Water Pollution Control Act, including the criteria in this subdivision.

(b) Loans must be made at or below market interest rates, including interest-free loans, for terms not to exceed those allowed under the Federal Water Pollution Control Act.

(c) The annual principal and interest payments must begin no later than one year after completion of the project. Loans must be fully amortized no later than 20 years after project completion, unless the recipient's average annual residential wastewater system cost after completion of the project would exceed 1.4 percent of median household income in the recipient governmental unit or entity, in which case the loan must be fully amortized no later than 30 years after project completion.

(d) An eligible recipient shall establish a dedicated source of revenue for repayment of the loan.

(e) The fund must be credited with all payments of principal and interest on all loans.

(f) A loan may not be used to pay operating expenses or current obligations, unless specifically allowed by the Federal Water Pollution Control Act.

(g) A loan made by the authority must be secured by notes or bonds of the eligible recipient of the loan.

Subd. 8. **Other uses of revolving fund.** (a) The clean water revolving fund may be used as provided in title VI of the Federal Water Pollution Control Act, including the following uses:

(1) to buy or refinance the debt obligation of governmental units for treatment works where debt was incurred and construction begun after March 7, 1985, at or below market rates;

(2) to guarantee or purchase insurance for local obligations to improve credit market access or reduce interest rates;

(3) to provide a source of revenue or security for the payment of principal and interest on revenue or general obligation bonds issued by the authority if the bond proceeds are deposited in the fund;

(4) to provide loan guarantees, loans, or set-aside for similar revolving funds established by a governmental unit other than state agencies, or state agencies under sections 17.117, 103F.725, subdivision 1a, and 116J.617;

(5) to earn interest on fund accounts; and

(6) to pay the reasonable costs incurred by the authority and the Pollution Control Agency of administering the fund and conducting activities required under the Federal Water Pollution Control Act, including water quality management planning under section 205(j) of the act and water quality standards continuing planning under section 303(e) of the act.

(b) The clean water revolving fund may be used to provide additional subsidization as permitted under the Federal Water Pollution Control Act and other federal laws to provide principal forgiveness or grants:

(1) based on affordability criteria and requirements established for the water infrastructure funding program under section 446A.072;

(2) for 25 percent of project costs up to a maximum of $1,000,000 for projects to address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities; and

(3) for 50 percent of project costs up to a maximum of $3,000,000 for projects that address emerging contaminants as defined by the United States Environmental Protection Agency.

Subd. 9. **Payments.** Payments from the fund must be made in accordance with the applicable state and federal law governing the payments, except that for projects other than those funded under section 17.117, 103F.725, subdivision 1a, 116J.617, or 462A.05, no payment for a project may be made to an eligible recipient until and unless the authority has determined the total estimated cost of the project and ascertained that financing of the project is assured by:

(1) a loan authorized by state law or the appropriation of proceeds of bonds or other money of the governmental unit to a fund for the construction of the project; and

(2) an irrevocable undertaking, by resolution of the eligible recipient of the governmental unit, to use all money made available for the project exclusively for the project, and to pay any additional amount by which the cost of the project exceeds the estimate by the appropriation to the construction fund of additional money or the proceeds of additional bonds to be issued by the eligible recipient.

Subd. 10. MS 2006 [Repealed by amendment, 2007 c 96 art 1 s 5]

Subd. 11. **Rules of Pollution Control Agency.** The Pollution Control Agency shall adopt rules relating to the certification of projects to the authority for funding, and other matters that the Pollution Control Agency considers necessary for proper administration of its duties under this section. Eligible activities are those required under the Federal Water Pollution Control Act of 1987, as amended.

History: *1987 c 386 art 3 s 24; 1989 c 354 s 4; 1990 c 564 s 4; 1992 c 601 s 12; 1994 c 465 art 1 s 51; 1994 c 632 art 2 s 44-48; 1995 c 220 s 122; 1996 c 407 s 47; 2002 c 380 art 2 s 17; 2002 c 393 s 64; 2007 c 96 art 1 s 5; 2009 c 16 s 1; 2010 c 290 s 2; 1Sp2025 c 15 art 2 s 4*

446A.071 Subdivision 1. MS 1994 [Repealed, 1996 c 463 s 61]

Subd. 2. MS 1995 Supp [Repealed, 1996 c 463 s 61]

Subd. 3. MS 1994 [Repealed, 1996 c 463 s 61]

Subd. 4. MS 1994 [Repealed, 1996 c 463 s 61]

Subd. 5. MS 1994 [Repealed, 1996 c 463 s 61]

Subd. 6. MS 1994 [Repealed, 1996 c 463 s 61]

Subd. 7. MS 1994 [Repealed, 1995 c 220 s 141; 1996 c 463 s 61]

Subd. 8. MS 1994 [Repealed, 1996 c 463 s 61]

446A.072 WATER INFRASTRUCTURE FUNDING PROGRAM.

Subdivision 1. **Establishment of program.** The authority will establish a water infrastructure funding program to provide supplemental assistance to governmental units receiving funding through the clean water revolving fund program, the drinking water revolving fund program, or the United States Department of Agriculture Rural Economic and Community Development's (USDA/RECD) Water and Waste Disposal Loans and Grants program for the predesign, design, and construction of municipal wastewater and drinking water systems, including purchase of land and easements. The purpose of the program is to assist governmental units demonstrating financial need to build cost-effective projects to address existing environmental or public health problems. To implement the program, the authority shall establish a water infrastructure fund to provide grants for the purposes authorized under title VI of the Federal Water Pollution Control Act and the federal Safe Drinking Water Act. The fund shall be credited with all investment income from the fund and all repayments of loans, grants, and penalties.

Subd. 2. MS 2000 [Repealed, 2002 c 393 s 91]

Subd. 3. **Program administration.** (a) The authority shall provide supplemental assistance, as provided in subdivision 5a to governmental units:

(1) whose projects are listed on the Pollution Control Agency's project priority list or the Department of Health's project priority list;

(2) that demonstrate their projects are a cost-effective solution to an existing environmental or public health problem; and

(3) whose projects are approved by the USDA/RECD or certified by the commissioner of the Pollution Control Agency or the Department of Health.

(b) For a governmental unit receiving grant funding from the USDA/RECD, applications must be made to the USDA/RECD with additional information submitted to the authority as required by the authority. Eligible project costs and affordability criteria shall be determined by the USDA/RECD.

(c) For a governmental unit not receiving grant funding from the USDA/RECD, application must be made to the authority on forms prescribed by the authority for the clean water revolving fund program or the drinking water revolving fund program with additional information as required by the authority. In accordance with section 116.182, the Pollution Control Agency or Department of Health shall:

(1) calculate the essential project component percentage based on the portion of project costs necessary to convey or treat the existing wastewater flows and loadings or, for drinking water projects, to provide safe drinking water to meet existing needs, which must be multiplied by the total project cost to determine the eligible project cost for the program under this section; and

(2) review and certify approved projects to the authority.

(d) Each fiscal year the authority shall make funds available for projects based on their ranking on the Pollution Control Agency's project priority list or the Department of Health's project priority list. The authority shall reserve funds for a project when the applicant receives a funding commitment from the United States Department of Agriculture Rural Development (USDA/RECD) or the project is certified by the Pollution Control Agency or Department of Health. Funds must be reserved in an amount based on the

project cost estimate submitted to the authority when the project is certified or the as-bid cost, whichever is less.

Subd. 4. MS 2000 [Repealed, 2002 c 393 s 91]

Subd. 4a. MS 1997 [Repealed, 1998 c 404 s 84]

Subd. 5. MS 2000 [Repealed, 2002 c 393 s 91]

Subd. 5a. **Type and amount of assistance.** (a) For a governmental unit receiving grant funding from the USDA/RECD, the authority may provide assistance in the form of a grant of up to 65 percent of the eligible grant need determined by USDA/RECD. A governmental unit may not receive a grant under this paragraph for more than $10,000,000 per project or $20,000 per existing connection, whichever is less, unless specifically approved by law.

(b) For a governmental unit receiving a loan from the clean water revolving fund under section 446A.07, the authority may provide assistance under this section in the form of a grant if the average annual residential wastewater system cost after completion of the project would otherwise exceed 1.4 percent of the median household income of the project service area. In determining whether the average annual residential wastewater system cost would exceed 1.4 percent, the authority must consider the total costs associated with building, operating, and maintaining the wastewater system, including existing wastewater debt service, debt service on the eligible project cost, and operation and maintenance costs. Debt service costs for the proposed project are calculated based on the maximum loan term permitted for the clean water revolving fund loan under section 446A.07, subdivision 7. The amount of the grant is equal to 80 percent of the amount needed to reduce the average annual residential wastewater system cost to 1.4 percent of median household income in the project service area, to a maximum of $10,000,000 per project or $20,000 per existing connection, whichever is less, unless specifically approved by law. The eligible project cost is determined by multiplying the total project costs minus any other grants by the essential project component percentage calculated under subdivision 3, paragraph (c), clause (1). In no case may the amount of the grant exceed 80 percent of the eligible project cost.

(c) For a governmental unit receiving a loan from the drinking water revolving fund under section 446A.081, the authority may provide assistance under this section in the form of a grant if the average annual residential drinking water system cost after completion of the project would otherwise exceed 1.2 percent of the median household income of the project service area. In determining whether the average annual residential drinking water system cost would exceed 1.2 percent, the authority must consider the total costs associated with building, operating, and maintaining the drinking water system, including existing drinking water debt service, debt service on the eligible project cost, and operation and maintenance costs. Debt service costs for the proposed project are calculated based on the maximum loan term permitted for the drinking water revolving fund loan under section 446A.081, subdivision 8, paragraph (c). The amount of the grant is equal to 80 percent of the amount needed to reduce the average annual residential drinking water system cost to 1.2 percent of median household income in the project service area, to a maximum of $10,000,000 per project or $20,000 per existing connection, whichever is less, unless specifically approved by law. The eligible project cost is determined by multiplying the total project costs minus any other grants by the essential project component percentage calculated under subdivision 3, paragraph (c), clause (1). In no case may the amount of the grant exceed 80 percent of the eligible project cost.

(d) Notwithstanding the limits in paragraphs (a), (b), and (c), for a governmental unit receiving supplemental assistance under this section after January 1, 2002, if the authority determines that the governmental unit's construction and installation costs are significantly increased due to geological conditions

of crystalline bedrock or karst areas and discharge limits that are more stringent than secondary treatment, the maximum award under this section shall not be more than $25,000 per existing connection.

Subd. 5b. MS 2016 [Repealed by amendment, 1Sp2017 c 8 art 2 s 15]

Subd. 6. **Disbursements.** Disbursements of grants awarded under this section by the authority to recipients must be made for eligible project costs as incurred by the recipients, and must be made by the authority in accordance with the project financing agreement and applicable state and federal laws and rules governing the payments.

Subd. 7. MS 2016 [Repealed by amendment, 1Sp2017 c 8 art 2 s 15]

Subd. 8. **Eligibility.** A governmental unit is eligible for assistance under this section only after applying for grant funding from other sources and funding has been obtained, rejected, or the authority has determined that the potential funding is unlikely.

Subd. 9. **Funding limitation.** Supplemental assistance may not be used to reduce the service charges of a significant industrial user that has a separate service charge agreement with the recipient, or a single user that has caused the need for the project or whose current or projected usage exceeds one-half of the current wastewater or drinking water system capacity.

Subd. 10. MS 2000 [Repealed, 2002 c 393 s 91]

Subd. 11. **Report on needs.** By February 1 of each even-numbered year, the authority, in conjunction with the Pollution Control Agency and the Department of Health, shall prepare a report to the Finance Division of the senate Environment and Natural Resources Committee and the house of representatives Environment and Natural Resources Finance Committee on wastewater and drinking water funding assistance needs of governmental units under this section.

Subd. 12. **System replacement fund.** Each governmental unit receiving a grant under this section shall establish a system replacement fund and shall annually deposit a minimum of $.50 per 1,000 gallons of flow for major rehabilitation, expansion, or replacement of the wastewater or drinking water system. Money must remain in the account for the life of the corresponding project loan from the authority or USDA/RECD, unless use of the fund is approved in writing by the authority for major rehabilitation, expansion, or replacement of the wastewater or drinking water system. By March 1 each year during the life of the loan, each recipient shall submit a report to the authority regarding the amount deposited and the fund balance for the prior calendar year. A recipient is not required to maintain a fund balance greater than the amount of the grant received. Failure to comply with the requirements of this subdivision shall result in the authority assessing a penalty fee to the recipient equal to one percent of the supplemental assistance amount for each year of noncompliance.

Subd. 13. MS 2000 [Repealed, 2002 c 393 s 91]

Subd. 14. **Consistency with land use plans.** A governmental unit applying for a project in an unsewered area shall include in its application to the authority a certification from the county in which the project is located that:

(1) the project is consistent with the county comprehensive land use plan, if the county has adopted one;

(2) the project is consistent with the county water plan, if the county has adopted one; and

(3) the county has adopted specific land use ordinances or controls so as to meet or exceed the requirements of Minnesota Rules, part 7082.0050.

History: *1996 c 463 s 45; 1997 c 246 s 18; 1998 c 404 s 50-52; 1999 c 223 art 2 s 48; 2000 c 492 art 1 s 60; 2002 c 393 s 65-75; 2006 c 281 art 4 s 24; 2007 c 96 art 1 s 6; 2008 c 277 art 3 s 3; 2008 c 300 s 37,38; 2010 c 290 s 3-6; 2016 c 158 art 1 s 185; 1Sp2017 c 8 art 2 s 15; 1Sp2025 c 15 art 2 s 5*

446A.073 POINT SOURCE IMPLEMENTATION GRANTS.

Subdivision 1. **Program established.** When money is appropriated for grants under this program, the authority shall award grants up to a maximum of $12,000,000 to governmental units to cover 80 percent of the cost of water infrastructure projects made necessary by:

(1) a wasteload reduction prescribed under a total maximum daily load plan required by section 303(d) of the federal Clean Water Act, United States Code, title 33, section 1313(d);

(2) a phosphorus concentration or mass limit which requires discharging one milligram per liter or less at permitted design flow which is incorporated into a permit issued by the Pollution Control Agency;

(3) any other water quality-based effluent limit established under section 115.03, subdivision 1, paragraph (a), clause (5), item (viii), and incorporated into a permit issued by the Pollution Control Agency that exceeds secondary treatment limits; or

(4) a total nitrogen concentration or mass limit that requires discharging ten milligrams per liter or less at permitted design flow.

Subd. 2. **Grant application.** Application for a grant must be made to the authority on forms prescribed by the authority, including a project schedule and cost estimate for the work necessary to comply with the requirements listed in subdivision 1. The Pollution Control Agency shall review and certify to the authority those projects that have plans and specifications approved under section 115.03, subdivision 1, paragraph (a), clause (6).

Subd. 3. **Project priorities.** The authority shall accept applications under this program during the month of July. When a project is certified by the Pollution Control Agency the authority shall reserve money for the project in the order listed on the Pollution Control Agency's project priority list and in an amount based on the cost estimate submitted to the authority when the project is certified or the as-bid costs, whichever is less. Notwithstanding Minnesota Rules, chapter 7077, the Pollution Control Agency may rank a drinking water infrastructure project on the agency's project priority list if the project is necessary to meet an applicable requirement in subdivision 1.

Subd. 4. **Grant approval.** The authority must make a grant for an eligible project only after:

(1) the applicant has submitted the as-bid cost for the water infrastructure project;

(2) the Pollution Control Agency has certified the grant eligible portion of the project; and

(3) the authority has determined that the additional financing necessary to complete the project has been committed from other sources.

Subd. 5. **Grant disbursement.** Disbursement of a grant must be made for eligible project costs as incurred by the governmental unit and in accordance with a project financing agreement and applicable state and federal laws and rules governing the payments.

History: *2005 c 20 art 1 s 39; 2006 c 251 s 12,13; 2007 c 96 art 1 s 7; 2013 c 105 s 1-3,9; 1Sp2015 c 4 art 4 s 127-129; 1Sp2017 c 8 art 2 s 16; 2025 c 20 s 266,267; 1Sp2025 c 15 art 2 s 6*

446A.074 MS 2012 [Repealed, 2013 c 105 s 10]

446A.075 SMALL COMMUNITY WASTEWATER TREATMENT PROGRAM.

Subdivision 1. **Creation of account.** A small community wastewater treatment account is created in the special revenue fund. The authority shall make loans and grants from the account as provided in this section. Money in the fund is annually appropriated to the authority and does not lapse. The account shall be credited with all loan repayments and investment income from the account and servicing fees assessed under section 446A.04, subdivision 5. The authority shall manage and administer the small community wastewater treatment account and for these purposes, may exercise all powers provided in this chapter.

Subd. 1a. **Technical assistance grants.** If requested, and if it is an eligible use of funds, the authority may provide technical assistance grants to governmental units seeking to address noncomplying subsurface sewage treatment systems. A grant under this subdivision must not exceed $20,000 plus $1,000 per household, for a maximum total of $60,000. Technical assistance grant funds may be used by a county recipient to pay its qualified staff for services listed in clauses (1) to (3) or by a governmental unit to contract with a licensed subsurface sewage treatment system business, county, the University of Minnesota on-site sewage treatment program, a regional development commission, or other qualified nonprofit organization for one or more of the following services:

(1) conduct site evaluations and prepare a report by a certified subsurface sewage treatment system designer indicating the feasibility of installing new subsurface sewage treatment systems meeting the requirements of section 115.55;

(2) provide independent advice on the feasibility of subsurface sewage treatment system alternatives; and

(3) assist the governmental unit to develop the technical, managerial, and financial capacity necessary to build, operate, and maintain subsurface sewage treatment systems.

Subd. 2. **Construction loans and grants.** (a) The authority may award loans and grants as provided in this subdivision to governmental units from the small community wastewater treatment account for projects to replace noncomplying subsurface sewage treatment systems with a subsurface sewage treatment system or systems meeting the requirements of section 115.55 or a land-based treatment system with a state disposal system permit. A governmental unit receiving a loan or grant from the account shall own the subsurface sewage treatment systems built under the program and shall be responsible, either directly or through a contract with a private vendor, for all inspections, maintenance, and repairs necessary to ensure proper operation of the systems.

(b) Loans as provided in subdivision 6 may be awarded for up to 100 percent of eligible project costs minus any grants awarded under paragraph (c) or from other sources.

(c) The authority may award a grant to a project if the estimated average annual residential wastewater system cost after completion of the project would otherwise exceed 1.4 percent of the median household income of the project service area. In determining the estimated average annual residential wastewater system

cost, the authority must consider the total costs associated with building, operating, and maintaining the wastewater system including debt service. The amount of the grant shall be 80 percent of the amount needed to reduce the average annual residential wastewater system cost to 1.4 percent of the median household income, but not to exceed 80 percent of the eligible project cost minus any other grants.

Subd. 3. **Project priority list.** Governmental units seeking loans or grants from the small community wastewater treatment program shall first submit a project proposal to the Pollution Control Agency on a form prescribed by the Pollution Control Agency. A project proposal shall include the compliance status for all subsurface sewage treatment systems in the project area. The Pollution Control agency shall rank project proposals on its project priority list used for the clean water revolving fund under section 446A.07.

Subd. 4. **Applications.** Governmental units with projects on the project priority list shall submit applications for loans or grants under this program to the authority on forms prescribed by the authority. An application for technical assistance funds shall include the number of households served by subsurface sewage treatment systems in the community and a work plan and schedule for the proposed use of funds. An application for construction funds shall include:

(1) a list of the subsurface sewage treatment systems proposed to be replaced over a period of up to three years;

(2) a project schedule and cost estimate for each year of the project;

(3) a financing plan for repayment of the loan; and

(4) a management plan providing for the inspection, maintenance, and repairs necessary to ensure proper operation of the systems.

Subd. 5. **Awards.** (a) The authority must award loans and grants as provided in this section to governmental units with approved applications based on their ranking on the Pollution Control Agency's project priority list.

(b) Except as provided in paragraph (c), prior to the award of construction loans or grants under subdivision 2, paragraph (b), the Pollution Control Agency shall certify that the land-based treatment systems to be built are designed according to the criteria set forth in section 115.55 and rules of the Pollution Control Agency.

(c) If a governmental unit receives preliminary approval by the Pollution Control Agency of its feasibility report prepared under subdivision 1a, clause (1), the authority may make a partial construction award for eligible design costs.

(d) The total amount awarded for a construction project under subdivision 2 must not exceed $2,000,000.

Subd. 6. **Loan terms and conditions.** Loans from the small community wastewater treatment account shall comply with the following terms and conditions:

(1) principal and interest payments must begin no later than two years after the loan is awarded;

(2) loans shall carry an interest rate of one percent;

(3) loans shall be fully amortized within 20 years but not to exceed the expected design life of the system;

(4) a governmental unit receiving a loan must establish a dedicated source or sources of revenues for repayment of the loan and must issue a general obligation note to the authority for the full amount of the loan; and

(5) each property owner voluntarily seeking assistance for repair or replacement of an individual treatment system under this program must provide a utility easement to the governmental unit to allow access to the system for management and repairs.

Subd. 7. **Special assessment deferral.** (a) A governmental unit receiving a loan under this section that levies special assessments to repay the loan may defer payment of the assessments under the provisions of sections 435.193 to 435.195.

(b) A governmental unit that defers payment of special assessments for one or more properties under paragraph (a) may request deferral of that portion of the debt service on its loan, and the authority shall accept appropriate amendments to the general obligation note of the governmental unit. If special assessment payments are later received from properties that received a deferral, the funds received shall be paid to the authority with the next scheduled loan payment.

Subd. 8. **Eligible costs.** (a) Eligible costs for technical assistance grants as provided in subdivision 1a shall include the cost of soil borings.

(b) Eligible costs for construction loans and grants shall include the costs for design, construction, related legal fees, and land acquisition.

Subd. 9. **Disbursements.** Loan and grant disbursements by the authority under this section must be made for eligible project costs as incurred by the recipients, and must be made in accordance with the project loan or grant and loan agreement and applicable state law.

Subd. 10. **Audits.** A governmental unit receiving a loan under this section must annually provide to the authority for the term of the loan a copy of its annual independent audit or, if the governmental unit is not required to prepare an independent audit, a copy of the annual financial reporting form it provides to the state auditor.

History: *2006 c 251 s 15; 2007 c 96 art 1 s 9; 2009 c 109 s 14; 2010 c 290 s 7-10; 2013 c 105 s 4-7*

446A.076 ESTIMATED FUNDING NEEDS.

By February 1 each year, the Public Facilities Authority must submit to the legislative committees with jurisdiction over capital investment and environment and natural resources finance an estimate of the amount necessary to fund grants under sections 446A.072 and 446A.073. The report shall show for each community included in the estimate:

(1) the average annual residential wastewater treatment rates for the community if the community does not receive any grant funding under sections 446A.072 and 446A.073;

(2) the average annual residential wastewater treatment rates for the community if the community receives the maximum amount that the community is qualified for under sections 446A.072 and 446A.073; and

(3) a comparison of the rates in clause (2) with three times the annual Twin Cities metropolitan area weighted average retail charge per household as determined in the most recent Survey of Municipal Residential Wastewater Rates prepared by Metropolitan Council Environmental Services.

History: *2018 c 214 art 2 s 13; art 6 s 3*

446A.077 LEAD SERVICE LINE REPLACEMENT; GRANT PROGRAM.

Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given.

(b) "Lead service line" means a water supply connection that is made of or lined with a material consisting of lead and that connects a water main to a building. A lead pigtail, lead gooseneck, or other lead fitting is considered a lead service line, regardless of the composition of the service line or other portions of piping to which the piece is attached. A galvanized service line is considered a lead service line.

(c) "Service line" means any piping, tubing, or fitting connecting a water main to a building. Service line includes the property owner side and the system side of a service line.

Subd. 2. **Establishment.** The authority must establish a program to replace lead drinking water service lines in the state and must provide grants to entities for this purpose. The program must be structured to maximize use of federal funds available for the purposes described in subdivision 4.

Subd. 3. **Eligible recipients.** (a) The following are eligible recipients of grants under this section:

(1) community public water suppliers of a community water system as defined in Code of Federal Regulations, title 40, section 141.2, as amended;

(2) municipalities;

(3) suppliers of other residential drinking water systems; and

(4) any applicant eligible for loans and grants under the federal Safe Drinking Water Act.

(b) All eligible recipients as part of the grant application process must apply to be listed on the Department of Health project priority list.

(c) Notwithstanding paragraph (a), recipients of grants funded by state general obligation bond proceeds under this section must be political subdivisions of the state.

Subd. 4. **Eligible uses.** (a) An eligible recipient may use a grant provided under this program for:

(1) removing and replacing lead drinking water service lines;

(2) repaying debt incurred for the purposes described in clauses (1), (3), and (4);

(3) providing information to residents on the benefits of removing lead service lines; or

(4) performing necessary construction activities required for and associated with removing and replacing lead service lines.

(b) Grant money used for removing and replacing lead drinking water service lines under paragraph (a), clause (1), must pay for 100 percent of the cost of replacing the privately owned portions of those lines.

(c) Grant money used for removing and replacing lead drinking water service lines under paragraph (a), clause (1), may pay for up to 100 percent of the cost of replacing the publicly owned portions of those lines.

(d) Notwithstanding paragraph (a), eligible uses of grants funded by state general obligation bond proceeds under this section are limited to removing and replacing publicly owned portions of drinking water service lines and performing necessary construction activities required for and associated with removing and replacing publicly owned portions of lead service lines.

Subd. 5. **Grant priorities.** (a) Each applicant must submit a plan to the Department of Health for replacement of all lead service lines in the service area that describes how the recipient will prioritize the expenditure of grant money received under this section, including:

(1) removing lead service lines that are an imminent threat to public health and safety;

(2) targeting areas with children with elevated blood lead levels;

(3) targeting areas with children under the age of five;

(4) how the recipient will target the removal and replacement of lead service lines that provide drinking water to schools, licensed child care facilities, or other properties known to the recipient to be used by disproportionately large numbers of children;

(5) targeting areas with lower-income residents and other disadvantaged communities;

(6) coordinating the replacement of publicly owned and privately owned portions of lead service lines; and

(7) coordinating the replacement of lead service lines with water main replacement projects for the most efficient use of money.

(b) The authority must use available money received for the program under this section first for grants to repay debt incurred under subdivision 4, paragraph (a), clause (2).

Subd. 6. **Workforce plan.** Applicants who serve 15,000 service connections or more must submit a workforce plan as part of their application. The workforce plan must include a description of how the applicant will maximize the use of registered apprentices, along with populations under-represented in the construction industry in the lead removal and replacement work.

Subd. 7. **Reporting.** By September 15 each year, the authority must report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over environment and natural resources policy and finance, health policy and finance, and economic development finance and policy, on the operation of the program during the previous fiscal year. The report must also include:

(1) an estimate of the total cost to remove and replace all lead service lines in public drinking water systems in Minnesota, an estimate of the total cost to remove and replace all privately owned lead drinking water service lines in Minnesota, and a computation of the amount the estimates changed since the program was created. If either of the cost estimates changed since the most recent previous report was submitted, the report must include an explanation of the reasons the estimate changed;

(2) the number of elementary schools, middle schools, or secondary schools as those terms are defined in section 120A.05, within a municipal community public water supply service area served by lead service lines;

(3) the number of licensed child care settings that are served by lead service lines;

(4) any amounts appropriated for the grant program that remain unspent;

(5) a list of the eligible recipients that submitted a plan to the commissioner of health; and

(6) a list of the eligible recipients that received a grant under this section in order of priority as determined by the authority.

Subd. 8. **Prevailing wage.** Laborers and mechanics performing work on a project funded by a grant under this section, including removing and replacing lead drinking water service lines and installing replacement drinking water service lines, must be paid the prevailing wage rate for the work as defined in section 177.42, subdivision 6. The project is subject to the requirements and enforcement provisions of sections 177.27, 177.30, 177.32, 177.41 to 177.435, and 177.45.

Subd. 9. **Mapping and inventory costs.** The authority may spend up to ten percent of the amounts appropriated for the grant program for costs related to mapping and inventory activities that will be used in identifying lead service lines for replacement under this section. The authority may enter into interagency agreements with the Department of Health, including agreements to transfer funds, for the Department of Health to provide technical assistance to community public water suppliers, as defined in the federal Safe Drinking Water Act, for producing an inventory of publicly and privately owned lead service lines and associated replacement plans within their jurisdiction. Any amounts not spent on mapping and inventory work must be used by the authority for replacement of lead service lines under this section.

History: *2023 c 39 s 2; 2026 c 130 art 2 s 3,4*

446A.078 LEAD LINE REMOVAL GOAL.

It is the goal of the state of Minnesota to remove all lead service lines in public drinking water systems by 2033.

History: *2023 c 39 s 3*

446A.08 MS 1992 [Repealed, 1994 c 632 art 2 s 67]

446A.081 DRINKING WATER REVOLVING FUND.

Subdivision 1. **Definitions.** (a) For the purposes of this section, the terms in this subdivision have the meanings given them.

(b) "Eligible recipient" means governmental units or other entities eligible to receive loans or other assistance as provided in the federal Safe Drinking Water Act.

(c) "Federal Safe Drinking Water Act" means the federal Safe Drinking Water Act, as amended, United States Code, title 42, sections 300f et seq.

Subd. 2. **Establishment of fund.** The authority shall establish a drinking water revolving fund to provide loans and other forms of financial assistance authorized by the federal Safe Drinking Water Act, as determined by the authority under the rules adopted under this section for the purposes and eligible costs authorized under the federal Safe Drinking Water Act. The fund must be credited with repayments. The federal Safe Drinking Water Act requires that the fund corpus must be managed so as to be available in perpetuity for the financing of drinking water systems in the state. At a minimum, 15 percent of the funds received each

federal fiscal year shall be available solely for providing loans to public water systems which regularly serve fewer than 10,000 individuals.

Subd. 3. **State funds.** A state matching fund is established to be used in compliance with federal matching requirements specified in the federal Safe Drinking Water Act.

Subd. 4. **Capitalization grant agreement.** The authority shall enter into an agreement with the administrator of the United States Environmental Protection Agency to receive capitalization grants for the fund. The authority and the Department of Health shall enter into an operating agreement with the administrator of the United States Environmental Protection Agency to satisfy the criteria in the act to operate the fund. The authority and the Department of Health may exercise the powers necessary to comply with the requirements specified in the agreements and to ensure that loan recipients comply with all applicable federal and state requirements.

Subd. 5. **Intended use plan.** The authority shall annually prepare and submit to the United States Environmental Protection Agency an intended use plan. The plan must identify the intended uses of the amounts available to the drinking water revolving loan fund. The Department of Health shall provide a prioritized list of drinking water projects and other eligible activities to be considered for funding by the authority. The plan may be amended by the authority and include additional eligible projects proposed by the Department of Health.

Subd. 6. **Applications.** Applications by municipalities, privately owned public water systems, and eligible entities identified in the annual intended use plan for loans from the fund must be made to the authority on the forms prescribed by the rules of the authority and the rules of the Department of Health adopted under this section. The authority shall forward the application to the Department of Health within ten days of receipt. The Department of Health shall approve those applications that appear to meet the criteria in the federal Safe Drinking Water Act, this section, and the rules of the Department of Health or the authority.

Subd. 7. **Award and terms of loans.** The authority shall award loans to those municipalities, privately owned public water systems, and other eligible entities approved by the Department of Health, provided that the applicant is able to comply with the terms and conditions of the authority loan, which must be in conformance with the federal Safe Drinking Water Act, this section, and the rules of the authority adopted under this section.

Subd. 8. **Loan conditions.** (a) When making loans from the drinking water revolving fund, the authority shall comply with the conditions of the federal Safe Drinking Water Act, including the criteria in this subdivision.

(b) Loans must be made at or below market interest rates, including zero interest loans, for terms not to exceed those allowed under the federal Safe Drinking Water Act.

(c) The annual principal and interest payments must begin no later than one year after completion of the project. Loans must be amortized no later than 20 years after project completion, unless the recipient's average annual residential drinking water system cost after completion of the project would exceed 1.2 percent of median household income in the recipient governmental unit or entity, in which case the loan must be fully amortized no later than 30 years after project completion.

(d) A loan recipient must identify and establish a dedicated source of revenue for repayment of the loan, and provide for a source of revenue to properly operate, maintain, and repair the water system.

(e) The fund must be credited with all payments of principal and interest on all loans, except the costs as permitted under section 446A.04, subdivision 5, paragraph (a).

(f) A loan may not be used to pay operating expenses or current obligations, unless specifically allowed by the federal Safe Drinking Water Act.

(g) A loan made by the authority must be secured by notes or bonds of the governmental unit and collateral to be determined by the authority for private borrowers.

(h) Notwithstanding any law or rule to the contrary, for projects to replace lead service lines, loan and grant agreements must not exceed ten years. The interest rate for loans to replace lead service lines shall be zero percent with principal payments commencing not later than 18 months after completion of the project.

Subd. 9. **Other uses of fund.** (a) The drinking water revolving loan fund may be used as provided in the act, including the following uses:

(1) to buy or refinance the debt obligations, at or below market rates, of public water systems for drinking water systems, where the debt was incurred after the date of enactment of the act, for the purposes of construction of the necessary improvements to comply with the national primary drinking water regulations under the federal Safe Drinking Water Act;

(2) to purchase or guarantee insurance for local obligations to improve credit market access or reduce interest rates;

(3) to provide a source of revenue or security for the payment of principal and interest on revenue or general obligation bonds issued by the authority if the bond proceeds are deposited in the fund;

(4) to provide loans or loan guarantees for similar revolving funds established by a governmental unit or state agency;

(5) to earn interest on fund accounts;

(6) to pay the reasonable costs incurred by the authority, the Department of Employment and Economic Development, and the Department of Health for conducting activities as authorized and required under the act up to the limits authorized under the act; and

(7) to develop and administer programs for water system supervision, source water protection, and related programs required under the act.

(b) The drinking water revolving fund may be used to provide additional subsidization as permitted under the federal Safe Drinking Water Act and other federal law to disadvantaged communities to provide principal forgiveness or grants:

(1) based on affordability criteria and requirements established for drinking water projects under the water infrastructure funding program under section 446A.072;

(2) for 80 percent of project costs up to a maximum of $100,000 for projects needed to comply with national primary drinking water standards for an existing nonmunicipal community public water system;

(3) to the extent permitted under the federal Safe Drinking Water Act and other federal laws for projects to replace the privately owned portion of drinking water lead service lines;

(4) to the extent permitted under the federal Safe Drinking Water Act and other federal laws for 50 percent of project costs up to a maximum of $3,000,000 for projects to address emerging contaminants in drinking water as defined by the United States Environmental Protection Agency; and

(5) for 50 percent of project costs up to a maximum of $3,000,000 for projects needed to comply with a maximum contaminant level as defined by the federal Safe Drinking Water Act.

Subd. 10. **Payments.** Payments from the fund to borrowers must be in accordance with the applicable state and federal laws governing the payments, except no payment for a project may be made to a borrower until and unless the authority has determined that the total estimated cost of the project and the financing of the project are assured by:

(1) a loan authorized by state law or appropriation of proceeds of bonds or other money of the borrower to a fund for the construction of the project; and

(2) an irrevocable undertaking, by resolution of the governing body of the borrower, to use all money made available for the project exclusively for the project, and to pay any additional amount by which the cost of the project exceeds the estimate by the appropriation to the construction fund of additional money or proceeds of additional bonds to be issued by the borrower.

Subd. 11. MS 2006 [Repealed by amendment, 2007 c 96 art 1 s 10]

Subd. 12. **Rules of the department.** The Department of Health shall adopt rules relating to the procedures for administration of the Department of Health's duties under the act and this section.

History: *1994 c 632 art 2 s 50; 1997 c 200 art 5 s 3-5; 1Sp2003 c 4 s 1; 2007 c 96 art 1 s 10; 2009 c 16 s 2; 2010 c 290 s 11,12; 1Sp2017 c 8 art 2 s 17; 2020 c 115 art 1 s 14; 2023 c 39 s 4,5; 1Sp2025 c 15 art 2 s 7*

446A.082 DRINKING WATER CONTAMINANTS GRANTS.

Subdivision 1. **Program established.** When money is appropriated under this program, the authority shall award grants to a governmental unit for up to 50 percent of the cost of drinking water infrastructure projects to address a confirmed exceedance of maximum contaminant level as defined by the federal Safe Drinking Water Act or a health advisory level for a drinking water emerging contaminant as defined by the Environmental Protection Agency.

Subd. 2. **Eligibility.** An eligible project for this program must:

(1) be listed on the Drinking Water Revolving Fund Project Priority List under Minnesota Rules, part 4720.9015;

(2) receive priority points under Minnesota Rules, part 4720.9020, subpart 2, 4, or 4a; and

(3) be certified by the commissioner of health under Minnesota Rules, part 4720.9060.

Subd. 3. **Application and reservation of funds.** (a) Grant applications to the authority may be made at any time on forms prescribed by the authority, including a project schedule and cost estimate for the work necessary to comply with the purpose described in subdivision 2.

(b) The commissioner of health shall review and certify to the authority those projects that have plans and specifications approved under Minnesota Rules, part 4720.9060. When a project is certified by the commissioner of health, the authority shall reserve grant funds for the project in the order listed on the commissioner of health's project priority list and in an amount based on the cost estimate in the commissioner of health's certification or the as-bid costs, whichever is less.

Subd. 4. **Grant amount.** The grant amount for an eligible project under this program shall be for an amount up to 50 percent of the eligible as-bid project cost up to $5,000,000, minus the amount of federal emerging contaminant funds the project receives under section 446A.081, subdivision 9, paragraph (b), clause (4), or other federal emerging contaminant funds.

Subd. 5. **Grant approval.** The authority shall award a grant for an eligible project only after:

(1) the applicant has submitted the as-bid project cost;

(2) the commissioner of health has certified the grant eligible portion of the project; and

(3) the authority has determined that the additional financing necessary to complete the project has been committed from other sources.

Subd. 6. **Grant disbursement.** Grant funds shall be disbursed by the authority as eligible project costs are incurred by the governmental unit and in accordance with a project financing agreement and applicable state laws and rules governing the disbursements.

Subd. 7. **Recovering expenses.** Money granted to a grantee under this program may be recovered in a civil action brought by the attorney general against any person who may be liable under section 115B.04 or any other law. To be eligible for recovery, the expenses must be reasonable and necessary expenses, including all response costs, and administrative and legal expenses. The authority, Department of Health, and Pollution Control Agency's certification of expenses shall be prima facie evidence that the expenses are reasonable and necessary. Any money recovered in a civil action for a project financed with bonds under this section shall be transferred to the commissioner of management and budget for deposit in the state bond proceeds fund and applied toward principal interest on outstanding bonds.

History: *1Sp2025 c 15 art 2 s 8; 2026 c 130 art 2 s 5*

446A.083 METHAMPHETAMINE LABORATORY CLEANUP REVOLVING ACCOUNT.

Subdivision 1. **Definitions.** As used in this section:

(1) "clandestine lab site" has the meaning given in section 152.0275, subdivision 1, paragraph (a);

(2) "property" has the meaning given in section 152.0275, subdivision 2, paragraph (a), but does not include motor vehicles; and

(3) "remediate" has the meaning given to remediation in section 152.0275, subdivision 1, paragraph (a).

Subd. 2. **Account established.** The authority shall establish a methamphetamine laboratory cleanup revolving account in the public facility authority fund to provide loans to counties and cities to remediate clandestine lab sites. The account must be credited with repayments.

Subd. 3. **Applications.** Applications by a county or city for a loan from the account must be made to the authority on the forms prescribed by the authority. The application must include, but is not limited to:

(1) the amount of the loan requested and the proposed use of the loan proceeds;

(2) the source of revenues to repay the loan; and

(3) certification by the county or city that it meets the loan eligibility requirements of subdivision 4.

Subd. 4. **Loan eligibility.** A county or city is eligible for a loan under this section if the county or city:

(1) identifies a site or sites designated by a local public health department or law enforcement as a clandestine lab site;

(2) has required the site's property owner to remediate the site at cost, under a local public health nuisance ordinance that addresses clandestine lab remediation;

(3) certifies that the property owner cannot pay for the remediation immediately;

(4) certifies that the property owner has not properly remediated the site; and

(5) issues a revenue bond, secured as provided in subdivision 8, payable to the authority to secure the loan.

Subd. 5. **Use of loan proceeds; reimbursement by property owner.** (a) A loan recipient shall use the loan to remediate the clandestine lab site or if this has already been done to reimburse the applicable county or city fund for costs paid by the recipient to remediate the clandestine lab site.

(b) A loan recipient shall seek reimbursement from the owner of the property containing the clandestine lab site for the costs of the remediation. In addition to other lawful means of seeking reimbursement, the loan recipient may recover its costs through a property tax assessment by following the procedures specified in section 145A.08, subdivision 2, paragraph (c).

(c) A mortgagee is not responsible for cleanup costs under this section solely because the mortgagee becomes an owner of real property through foreclosure of the mortgage or by receipt of the deed to the mortgaged property in lieu of foreclosure.

Subd. 6. **Award and disbursement of funds.** The authority shall award loans to recipients on a first-come, first-served basis, provided that the recipient is able to comply with the terms and conditions of the authority loan, which must be in conformance with this section. The authority shall make a single disbursement of the loan upon receipt of a payment request that includes a list of remediation expenses and evidence that a second-party sampling was undertaken to ensure that the remediation work was successful or a guarantee that such a sampling will be undertaken.

Subd. 7. **Loan conditions and terms.** (a) When making loans from the revolving account, the authority shall comply with the criteria in paragraphs (b) to (e).

(b) Loans must be made at a two percent per annum interest rate for terms not to exceed ten years unless the recipient requests a 20-year term due to financial hardship.

(c) The annual principal and interest payments must begin no later than one year after completion of the cleanup. Loans must be amortized no later than 20 years after completion of the cleanup.

(d) A loan recipient must identify and establish a source of revenue for repayment of the loan and must undertake whatever steps are necessary to collect payments within one year of receipt of funds from the authority.

(e) The account must be credited with all payments of principal and interest on all loans, except the costs as permitted under section 446A.04, subdivision 5, paragraph (a).

(f) Loans must be made only to recipients with clandestine lab ordinances that address remediation.

Subd. 8. **Authority to incur debt.** Counties and cities may incur debt under this section by resolution of the board or council authorizing issuance of a revenue bond to the authority. The county or city may

secure and pay the revenue bond only with proceeds derived from the property containing the clandestine lab site, including assessments and charges under section 145A.08, subdivision 2, paragraph (c); payments by the property owner; or similar revenues.

History: *2005 c 136 art 7 s 15*

446A.085 TRANSPORTATION REVOLVING LOAN FUND.

Subdivision 1. **Definitions.** (a) For the purposes of this section, the terms defined in this subdivision have the meanings given them.

(b) "Act" means the National Highway System Designation Act of 1995, Public Law 104-59, as amended.

(c) "Borrower" means the state, counties, cities, and other governmental entities eligible under the act and state law to apply for and receive loans from the transportation revolving loan fund.

(d) "Loan" means financial assistance provided for all or part of the cost of a project including money disbursed in anticipation of reimbursement or repayment, loan guarantees, lines of credit, credit enhancements, equipment financing leases, bond insurance, or other forms of financial assistance.

Subd. 2. **Purpose.** The purpose of the transportation revolving loan fund is to provide loans for public transportation projects eligible for financing or aid under any federal act or program or state law, including, without limitation, the study of the feasibility of construction, reconstruction, resurfacing, restoring, rehabilitation, or replacement of transportation facilities; acquisition of right-of-way; and maintenance, repair, improvement, or construction of city, town, county, or state highways, roads, streets, rights-of-way, bridges, tunnels, railroad-highway crossings, drainage structures, signs, maintenance and operation facilities, guardrails, and protective structures used in connection with highways or transit projects. Enhancement items, including without limitation bicycle paths, ornamental lighting, and landscaping, are eligible for financing provided they are an integral part of overall project design and construction of a federal-aid highway. Money in the fund may not be used for any toll facilities project or congestion-pricing project.

Subd. 3. **Establishment of fund.** A transportation revolving loan fund is established to make loans for the purposes described in subdivision 2. A highway account is established in the fund for highway projects eligible under United States Code, title 23. A transit account is established in the fund for transit capital projects eligible under United States Code, title 49. A state funds general loan account is established in the fund for transportation projects eligible under state law. Other accounts may be established in the fund as necessary for its management and administration. The transportation revolving loan fund receives federal money under the act and money from any source. Money received under this section must be paid to the commissioner of management and budget and credited to the transportation revolving loan fund. Money in the fund is annually appropriated to the authority and does not lapse. The fund must be credited with investment income, and with repayments of principal and interest, except for servicing fees assessed under section 446A.04, subdivisions 5 and 15.

Subd. 4. **Management of fund and accounts.** The authority shall manage and administer the transportation revolving loan fund and individual accounts in the fund. For those purposes, the authority may exercise all powers provided in this chapter.

Subd. 5. MS 2000 [Repealed by amendment, 1Sp2001 c 8 art 2 s 67]

Subd. 6. MS 2006 [Repealed by amendment, 2007 c 96 art 1 s 11]

Subd. 7. **Applications.** (a) Applicants for loans must submit an application to the authority on forms prescribed by the authority. The applicant must provide the following information:

(1) the estimated cost of the project and the amount of the loan sought;

(2) other possible sources of funding in addition to loans sought from the transportation revolving loan fund;

(3) the proposed methods and sources of funds to be used for repayment of loans received; and

(4) information showing the financial status and ability of the borrower to repay loans.

(b) Each project must be certified by the commissioner of transportation under subdivision 8 before its consideration by the authority.

Subd. 8. **Certification of projects.** The commissioner of transportation shall consider the following information when evaluating projects to certify to the authority:

(1) a description of the nature and purpose of the proposed transportation project including an explanation of the need for the project and the reasons why it is in the public interest;

(2) the relationship of the project to the area transportation improvement program, the approved statewide transportation improvement program, and to any transportation plans required under state or federal law;

(3) the estimated cost of the project and the amount of loans sought;

(4) proposed sources of funding in addition to loans sought from the transportation revolving loan fund;

(5) the need for the project as part of the overall transportation system;

(6) the overall economic impact of the project; and

(7) the extent to which completion of the project will improve the movement of people and freight.

Subd. 9. **Loan conditions.** A loan made under this section must:

(1) bear interest at or below market rates or as otherwise specified in federal law;

(2) have a repayment term not longer than 30 years;

(3) be fully amortized no later than 30 years after project completion;

(4) be subject to repayment of principal and interest beginning not later than five years after the facility financed with a loan has been completed, or in the case of a highway project, five years after the facility has opened to traffic; and

(5) be disbursed for specific project elements only after all applicable environmental requirements have been met.

Subd. 10. **Loans in anticipation of future apportionments.** A loan may be made to a county, or to a statutory or home rule charter city having a population of 5,000 or more, in anticipation of repayment of the loan from sums that will be apportioned to a county from the county state-aid highway fund under section 162.07 or to a city from the municipal state-aid street fund under section 162.14.

Subd. 11. **Payment by county or city.** Notwithstanding the allocation provisions of section 162.08 for counties, and the apportionment provisions of section 162.14 for cities, sums apportioned under section

162.13 to a statutory or home rule charter city, or under section 162.07 to a county, that has loan repayments due to the transportation revolving loan fund, shall be paid by the commissioner of transportation to the appropriate loan fund to offset the loan repayments that are due.

Subd. 12. MS 2006 [Repealed by amendment, 2007 c 96 art 1 s 11]

Subd. 13. **Duties and rules of Department of Transportation.** The commissioner of transportation shall establish and adopt rules to implement a program to identify, assist with development, and certify projects eligible for loans under this section to the authority.

Subd. 14. MS 2006 [Repealed by amendment, 2007 c 96 art 1 s 11]

Subd. 15. **Transportation infrastructure loans.** A loan may be made to a statutory or home rule charter city to finance transportation infrastructure projects for the purposes described in subdivision 2 but without regard to whether they are eligible for financing under a federal act or program or state law. The loan must be repayable under the terms and conditions provided in this section and established by the authority and agreed to by the city. The loan must be repaid by the city from the proceeds of special assessments, tax increments, or other local taxes, such as sales taxes, lodging taxes, liquor taxes, admissions and recreation taxes, and food and beverage taxes, authorized to be used for purposes of the project. In addition to any method the authority considers to be appropriate, the authority may fund those loans by issuing Build America Bonds under section 54AA of the Internal Revenue Code, as amended.

History: *1997 c 141 s 10; 1998 c 389 art 16 s 17; 1999 c 230 s 34,35; 1Sp2001 c 8 art 2 s 67; 2003 c 112 art 2 s 50; 1Sp2003 c 4 s 1; 2007 c 96 art 1 s 11,15; 2009 c 101 art 2 s 109; 2010 c 216 s 23*

446A.086 STATE MAY GUARANTEE GOVERNMENTAL UNIT BUILDING DEBT; REPAYMENT.

Subdivision 1. **Definitions.** (a) As used in this section, the following terms have the meanings given.

(b) "Authority" means the Minnesota Public Facilities Authority.

(c) "Commissioner" means the commissioner of management and budget.

(d) "Debt obligation" means:

(1) a general obligation bond or note issued by a county, a bond or note to which the general obligation of a county is pledged under section 469.034, subdivision 2, or a bond or note payable from a county lease obligation under section 641.24, to provide funds for the construction of:

(i) jails;

(ii) correctional facilities;

(iii) law enforcement facilities;

(iv) a courthouse or justice center, if connected to a jail, correctional facility, or other law enforcement facility;

(v) social services and human services facilities;

(vi) solid waste facilities; or

(vii) qualified housing development projects as defined in section 469.034, subdivision 2; or

(2) a general obligation bond or note issued by a governmental unit to provide funds for the construction, improvement, or rehabilitation of:

(i) wastewater facilities;

(ii) drinking water facilities;

(iii) stormwater facilities; or

(iv) any publicly owned building or infrastructure improvement that has received partial funding from grants awarded by the commissioner of employment and economic development related to redevelopment, contaminated site cleanup, bioscience, small cities development programs, and rural business infrastructure programs, for which bonds are issued by the authority under section 446A.087.

(e) "Governmental unit" means a county or a statutory or home rule charter city.

Subd. 2. **Application.** (a) This section provides a state guarantee of the payment of principal and interest on debt obligations if:

(1) the obligations are issued for new projects or the refunding at a net present value savings of debt service costs of obligations that are currently guaranteed pursuant to this section and are not issued for the purposes of refunding previous obligations other than as described in this sentence;

(2) application to the Public Facilities Authority is made before issuance; and

(3) the obligations are covered by an agreement meeting the requirements of subdivision 3.

(b) Applications to be covered by the provisions of this section must be made in a form and contain the information prescribed by the authority. Applications are subject to either a fee of $500 for each bond issue requested by a county or governmental unit or the applicable fees under section 446A.087.

(c) Application fees paid under this section must be deposited in a separate credit enhancement bond guarantee account in the special revenue fund. Money in the credit enhancement bond guarantee account is appropriated to the authority for purposes of administering this section.

(d) Neither the authority nor the commissioner is required to promulgate administrative rules under this section and the procedures and requirements established by the authority or commissioner under this section are not subject to chapter 14.

Subd. 3. **Agreement.** (a) For specified debt obligations to be covered by this section, the governmental unit must enter an agreement with the authority obligating the governmental unit to be bound by this section.

(b) This agreement must be in a form prescribed by the authority and contain any provisions required by the authority, including, at least, an obligation to:

(1) deposit with the paying agent three days before the date on which the payment is due an amount sufficient to make that payment or ten days prior to the date a payment is due on revenue bonds issued by the authority under section 446A.087;

(2) notify the authority, if the governmental unit will be unable to make all or a portion of the payment; and

(3) include a provision in the bond resolution and county's agreement with the paying agent for the debt obligation that requires the paying agent to inform the commissioner if it becomes aware of a default or

potential default in the payment of principal or interest on that issue or if, on the day two business days before the date a payment is due on that issue, there are insufficient funds to make the payment on deposit with the paying agent.

(c) Funds invested in a refunding escrow account established under section 475.67 that are to become available to the paying agent on a principal or interest payment date are deemed to be on deposit with the paying agent three business days before the payment date.

(d) The provisions of an agreement under this subdivision are binding as to an issue as long as any debt obligation of the issue remains outstanding.

(e) This section and the obligations of the state under this section are not a public debt of the state under article XI, section 4, of the Minnesota Constitution, and the legislature may, at any time, choose not to appropriate amounts under subdivision 4, paragraph (b).

Subd. 4. **Notifications; payment; appropriation.** (a) After receipt of a notice of a default or potential default in payment of principal or interest in debt obligations covered by this section or an agreement under this section, and after consultation with the governmental unit and the paying agent, and after verification of the accuracy of the information provided, the authority shall notify the commissioner of the potential default. The notice must include a final figure as to the amount due that the governmental unit will be unable to repay on the date due.

(b) Upon receipt of this notice from the authority, the commissioner shall issue a payment and authorize the authority to pay to the bond holders or paying agent for the debt obligation the specified amount on or before the date due. The amounts needed for the purposes of this subdivision are annually appropriated to the authority from the general fund.

Subd. 5. **Interest on state paid amount.** If the state has paid part or all of the principal or interest due on a debt obligation, the amount paid bears interest from the date paid by the state until the date of repayment. The interest rate is the commissioner's invested cash rate as it is certified by the commissioner. Interest only accrues on the amounts paid and outstanding less the reduction in aid under subdivision 7 and other payments received from the governmental unit.

Subd. 6. **Pledge of governmental unit's full faith and credit.** If the state has paid part or all of the principal or interest due on a debt obligation, the governmental unit's pledge of its full faith and credit and unlimited taxing powers to repay the principal and interest due on those debt obligations becomes, without an election or the requirement of a further authorization, a pledge of the full faith and credit and unlimited taxing powers of the governmental unit to repay to the state the amount paid, with interest. Amounts paid by the state must be repaid in the order in which the state payments were made.

Subd. 7. **Aid reduction for repayment.** (a) Except as provided in paragraph (b), the commissioner may reduce, by the amount paid by the state under this section on behalf of the governmental unit, plus the interest due on the state payments, the local government aid under chapter 477A. The amount of any aid reduction reverts from the appropriate account to the state general fund.

(b) If, after review of the financial situation of the governmental unit, the authority advises the commissioner that a total reduction of the aids would cause an undue hardship on the governmental unit, the authority, with the approval of the commissioner, may establish a different schedule for reduction of aids to repay the state. The amount of aids to be reduced are decreased by any amounts repaid to the state by the governmental unit from other revenue sources.

Subd. 8. **Tax levy for repayment.** (a) With the approval of the authority, a governmental unit may levy in the year the state makes a payment under this section an amount up to the amount necessary to provide funds for the repayment of the amount paid by the state plus interest through the date of estimated repayment by the governmental unit. The proceeds of this levy may be used only for this purpose unless they exceed the amount actually due. Any excess must be used to repay other state payments made under this section or must be deposited in the debt redemption fund of the governmental unit. The amount of aids to be reduced to repay the state are decreased by the amount levied.

(b) If the state is not repaid in full for a payment made under this section by November 30 of the calendar year following the year in which the state makes the payment, the authority shall require the governmental unit to certify a property tax levy in an amount up to the amount necessary to provide funds for repayment of the amount paid by the state plus interest through the date of estimated repayment by the governmental unit. To prevent undue hardship, the authority may allow the governmental unit to certify the levy over a five-year period. The proceeds of the levy may be used only for this purpose unless they are in excess of the amount actually due, in which case the excess must be used to repay other state payments made under this section or must be deposited in the debt redemption fund of the governmental unit. If the authority orders the governmental unit to levy, the amount of aids reduced to repay the state are decreased by the amount levied.

Subd. 9. **Mandatory plan; technical assistance.** If the state makes payments on behalf of a governmental unit under this section or the governmental unit defaults in the payment of principal or interest on an outstanding debt obligation, it must submit a plan to the authority for approval specifying the measures it intends to implement to resolve the issues which led to its inability to make the payment and to prevent further defaults. If the authority determines that a governmental unit's plan is not adequate, the authority shall notify the governmental unit that the plan has been disapproved, the reasons for the disapproval, and that the state will not make future payments under this section for debt obligations of the affected governmental unit issued after the date specified in that notice until its plan is approved. The authority may also notify the governmental unit that until its plan is approved, aids due the governmental unit will be withheld after a date specified in the notice.

Subd. 10. **Continuing disclosure agreements.** The authority may enter into written agreements or contracts relating to the continuing disclosure of information needed to facilitate the ability of governmental units to issue debt obligations according to federal securities laws, rules, and regulations, including Securities and Exchange Commission rules and regulations, section 240.15c2-12. The agreements or contracts may be in any form the authority deems reasonable and in the state's best interests.

Subd. 11. **Amount of debt obligation authorized.** The amount of debt outstanding under this section must not exceed $1,500,000,000.

Subd. 12. **Federal interest subsidy payments.** Whenever the state pays under this section interest on bonds for which the issuer is entitled to federal interest subsidy payments, the state is subrogated to the issuer's rights to any federal interest subsidy payments relating to the interest paid by the state, unless and until the state has been reimbursed by the issuer in full.

History: *2000 c 493 s 3; 2001 c 214 s 4; 2003 c 112 art 2 s 50; 2003 c 127 art 12 s 9; 1Sp2003 c 21 art 10 s 11; 2005 c 151 art 5 s 41; 2006 c 259 art 9 s 6; 2007 c 96 art 1 s 15; 2008 c 300 s 39; 2009 c 88 art 3 s 7; art 6 s 12; 2009 c 101 art 2 s 109; 2010 c 290 s 13-15; 1Sp2010 c 1 art 14 s 14; 1Sp2019 c 10 art 3 s 40; 1Sp2025 c 13 art 7 s 2,3; 2026 c 130 art 2 s 6*

446A.087 CREDIT ENHANCED BOND PROGRAM.

Subdivision 1. **Establishment of program.** A credit enhanced bond program is established for the purposes set forth in subdivision 2.

Subd. 2. **Purpose.** The purpose of the credit enhanced bond program is to provide loans to governmental units through the purchase of general obligation bonds of governmental units issued to finance all or a portion of the costs of a project. The program shall include providing credit enhancement to the general obligation bonds of the governmental unit through the guarantee program as provided in section 446A.086. The authority shall obtain funds to make the loans authorized pursuant to this section through the issuance of its revenue bonds payable from loan repayments pledged to the bonds, and such other sources and security as are specifically pledged by the authority.

Subd. 3. **Definitions.** (a) Terms used in this section have the meanings given to them in this subdivision.

(b) "Applicant" means any governmental unit applying to the authority for a loan pursuant to this section.

(c) "Borrower" means any governmental unit that has entered into a commitment for the sale of its general obligation bonds to the authority pursuant to this section and subsequently sells its general obligation bonds to the authority and enters into a regulatory agreement.

(d) "Commitment" means a written agreement between a governmental unit and the authority obligating the governmental unit to deliver its general obligation bonds to the authority on a date in the future evidencing a loan pursuant to this section and to enter into a regulatory agreement with the authority, all upon the terms and conditions set forth in the commitment.

(e) "Eligible cost" means any cost of a project authorized by law to be financed from the proceeds of general obligation bonds of a governmental unit.

(f) "General obligation bonds" means bonds or notes secured by the full faith and credit and unlimited taxing powers of a governmental unit.

(g) "Project" means the construction, improvement, or rehabilitation of any publicly owned building or infrastructure improvement that has received partial funding from grants awarded by the commissioner of employment and economic development related to redevelopment, contaminated site cleanup, bioscience, small cities development programs, and rural business infrastructure programs.

(h) "Regulatory agreement" means a written agreement entered into by the authority and a borrower in connection with the purchase of the borrower's general obligation bonds by the authority pursuant to this section.

Subd. 4. **Establishment of fund and accounts.** A credit enhancement bond program fund is established for the purposes described in subdivision 2. Other accounts may be established in the fund as necessary for its management and administration. Money in the fund is annually appropriated to the authority and does not lapse. The fund must be credited with investment income, and with repayments of principal and interest, except for fees assessed under section 446A.04, subdivisions 5 and 15.

Subd. 5. **Management of fund and accounts.** The authority shall manage and administer the credit enhancement bond program fund and individual accounts in the fund. For those purposes, the authority may exercise all powers provided in this chapter.

Subd. 6. **Applications.** (a) Applicants for participation in the credit enhancement bond program must submit an application to the authority on forms prescribed by the authority. The applicant shall provide

information customary to that needed for the disclosure purposes in issuing general obligation bonds in the market, in addition to the following information:

(1) the total estimated cost of the project and the amount of general obligation bond proceeds sought;

(2) other sources of funding if the general obligation bond proceeds do not cover the entire costs identified;

(3) the proposed sources of funds to be used for repayment of the general obligation bonds;

(4) information showing the applicant's financial status and ability of the applicant to repay loans;

(5) the proposed term and principal repayment schedule for the general obligation bonds of the applicant; and

(6) the statutory authorization for the applicant to issue such general obligation bonds, together with a statement that the statutory provision authorizes the use of proceeds of such general obligation bonds to pay the costs of a project.

(b) The authority may establish deadlines or time periods for the submission of applications to facilitate funding loans from the proceeds of a specific bond issue proposed or previously issued by the authority, or the authority may accept applications from time to time.

(c) Each application must be complete and accurate to be considered delivered to and received by the authority or to be considered as having met any deadline established by the authority with respect to an application period. If any application is determined by the authority to be incomplete or inaccurate, the authority shall notify the applicant and specify the missing or inaccurate information.

(d) The executive director and the staff of the authority shall evaluate the applications to determine if the application should be accepted or rejected by the authority.

(e) The authority is not obligated to accept any application including those complete and accurate and submitted by any specified deadline for submission if the authority determines that it is not practicable to fund the loan for any reason including, but not limited to, the creditworthiness of the applicant, the proposed loan amount, the term and repayment schedule, the sources of funding available to the authority, and current market conditions. Upon acceptance and approval of an application by the authority, the authority may require that the applicant authorize, execute, and deliver a commitment to the authority within such time period specified by the authority in its acceptance of the application. The authority may reject an approved application for failure by the applicant to authorize, execute, and deliver a commitment by the specified deadline.

Subd. 7. **Loan terms and conditions.** (a) The terms and conditions of loans provided by the authority pursuant to the credit enhanced bond program are as provided by this section, any applicable bond resolution or series bond resolution of the authority, any trust indenture pursuant to which any series of bonds of the authority are issued, the regulatory agreement, the commitment and the general obligation bond, and the authorizing resolution of the borrower.

(b) The loan must be made by the authority through its purchase of the general obligation bond of the borrower. The borrower shall provide the authority with the opinion of nationally recognized bond counsel as to the valid authorization, issuance, and enforceability of the general obligation bond of the borrower, and the exclusion of interest thereon from gross income for the purposes of federal taxation, subject to customary qualifications. The general obligation bond of the borrower may pledge other specified sources

of revenues for repayment to the extent permitted or required by law, in addition to the full faith and credit and unlimited taxing powers of the borrower.

(c) The authority may disburse the proceeds of the loan as a single payment for the general obligation bond or from time to time pursuant to draw requests if the general obligation bond of the borrower is structured as a periodic drawdown bond. In the event the authority pays for the general obligation bond in a single payment, the borrower shall establish a project account and disburse the proceeds of its general obligation bond solely for costs of the project approved in its application pursuant to such additional requirements specified in the regulatory agreement.

(d) In order to facilitate the issuance of the authority's revenue bonds to finance a pool of loans to different borrowers, the authority may require the borrower in the commitment to issue its general obligation bond on a date certain in the future, and may require the borrower to pay the costs incurred by the authority as a result of the borrower's failure to deliver its general obligation bond as required by the commitment. The commitment may also require the borrower to provide to the authority full disclosure of all material facts and financial information relating to the borrower that would be required if the borrower issued its general obligation bond to the public, certified as to completeness and accuracy by authorized officers of the borrower, and authorization for the authority to use such information in connection with the sale of the authority's revenue bonds or disclosure relating to the authority's revenue bonds.

(e) In addition to delivering its general obligation bond, each borrower shall enter into a regulatory agreement with the authority providing additional terms of the loan as the authority may specify, including providing to the authority periodic reports and information relating to the acquisition or construction of the project and use of the proceeds of the borrower's general obligation bond and periodic operating, financial, and other information as to the creditworthiness of the borrower, and providing and filing continuing secondary market disclosure to the extent required by the authority.

(f) The purchase or commitment to purchase general obligation bonds of borrowers by the authority shall be subject to the availability of proceeds of revenue bonds of the authority for such purpose and the authority is not liable to any borrower for the failure to purchase its general obligation bond pursuant to a commitment or any other agreement if proceeds of the authority's revenue bonds are not available for any reason.

Subd. 8. **Interest rate determination.** The rate of interest on the general obligation bonds of the borrower must be the true interest cost on the revenue bonds of the authority issued to purchase such general obligation bonds of the borrower plus the ongoing percentage fee charged by the authority under subdivision 10; provided that the interest rate must not exceed any limit imposed by federal tax law with respect to the authority's revenue bonds.

Subd. 9. **Market considerations.** The authority may suspend offering loans if it is determined by the executive director that there are extreme or unusual events impacting the bond market and that to continue making loans would be detrimental to holders of the authority's revenue bonds or the financial viability of the credit enhanced bond program, or if the state is warned by one of its rating agencies that continuing to make loans will result in lowering the state's bond rating. If the making of loans is suspended under this section, the authority shall have the option to resume making loans once it has determined that the conditions for suspending the program no longer exist.

Subd. 10. **Fees.** The authority shall charge a nonrefundable application fee of $1,000 payable by each applicant upon submission of an application to the authority. A separate application fee must be payable for each application submitted, including a resubmitted application for an application that was rejected by the

authority or determined to be incomplete or inaccurate by the authority. The authority shall charge an ongoing periodic fee of ten basis points of the outstanding principal amount of the loan to be added to, and be a component of, the interest rate on the general obligation bonds of the borrower.

Subd. 11. **Authority revenue bonds.** (a) The authority is authorized to issue revenue bonds as provided in this chapter to fund the credit enhanced bond program. The revenue bonds may be issued in one or more series pursuant to a resolution of the authority or a series resolution or pursuant to a trust indenture with a financial institution with trust powers as trustee, authorized by resolution of the authority. Any issue of bonds may be used to fund one or more loans, may be payable by the loans funded from such issue of bonds and such additional loans as pledged by the authority, and may be payable on a subordinated basis to other bonds. As permitted by the terms of any revenue bonds issued by the authority, the authority may sell the general obligations pledged to the payment of the revenue bonds and any proceeds of the sale in excess of those used to pay the principal of the revenue bonds must be deposited to the credit enhanced bond program fund and may be used to purchase additional general obligation bonds of borrowers, to provide credit enhancement for the authority's revenue bonds, or to pay any other expense of the credit enhanced bond program.

(b) The authority may issue short-term bonds in anticipation of issuing long-term bonds for the purpose of acquiring general obligation bonds of borrowers.

(c) Bonds issued by the authority for the credit enhanced bond program must not be general obligations of the authority to the payment of which the general assets of the authority are pledged or available for payment. All bonds issued for the credit enhanced bond programs by the authority must be revenue bonds payable solely from the sources specified in the bond.

Subd. 12. **Reports, disclosure, audits.** (a) During the term of the loan, the borrower shall provide written reports to the authority. The content and timing of these reports must be as specified in the regulatory agreement.

(b) During the term of the loan, the borrower shall disclose to the authority any material information or events adversely affecting the creditworthiness of the borrower as specified in the regulatory agreement. If required by the authority in a regulatory agreement, the borrower shall enter into a continuing disclosure undertaking to provide disclosure to the market.

(c) During the term of the loan, the borrower shall provide to the authority on an annual basis financial statements of the borrower audited by an independent accounting firm, as further specified in the regulatory agreement.

History: *2008 c 300 s 40*

446A.09 REPORT; AUDIT.

The authority shall report to the legislature and the governor by January 15 of each year. The report must include a complete operating and financial statement covering the authority's operations during the year, including amounts of income from all sources. The report must also include the authority's analysis of the interest rate subsidy provided to borrowers on loans made during the year. Books and records of the authority are subject to audit by the legislative auditor in the manner prescribed for state agencies.

History: *1987 c 386 art 3 s 26; 2007 c 96 art 1 s 12*

446A.10 MS 1994 [Repealed, 1996 c 310 s 1]

446A.11 Subdivision 1. [Renumbered 446A.04, subd 8]

Subd. 2. [Renumbered 446A.04, subd 9]

Subd. 3. [Renumbered 446A.04, subd 10]

Subd. 4. [Renumbered 446A.04, subd 11]

Subd. 5. [Renumbered 446A.04, subd 12]

Subd. 6. [Renumbered 446A.04, subd 13]

Subd. 7. [Renumbered 446A.04, subd 14]

Subd. 8. [Renumbered 446A.04, subd 15]

Subd. 9. [Renumbered 446A.04, subd 16]

Subd. 10. [Renumbered 446A.04, subd 17]

Subd. 11. [Renumbered 446A.04, subd 18]

Subd. 12. [Renumbered 446A.04, subd 19]

Subd. 13. [Renumbered 446A.04, subd 20]

Subd. 14. [Renumbered 446A.04, subd 21]

BOND ISSUANCE

446A.12 ISSUANCE OF BONDS.

Subdivision 1. **Bonding authority.** The authority may issue negotiable bonds in a principal amount that the authority determines necessary to provide sufficient funds for achieving its purposes, including the making of loans and purchase of securities, the payment of interest on bonds of the authority, the establishment of reserves to secure its bonds, the payment of fees to a third party providing credit enhancement, and the payment of all other expenditures of the authority incident to and necessary or convenient to carry out its corporate purposes and powers, but not including the making of grants. Bonds of the authority may be issued as bonds or notes or in any other form authorized by law. The principal amount of bonds issued and outstanding under this section at any time may not exceed $2,000,000,000, excluding bonds for which refunding bonds or crossover refunding bonds have been issued, and excluding any bonds issued for the credit enhanced bond program or refunding or crossover refunding bonds issued under the program. The principal amount of bonds issued and outstanding under section 446A.087, may not exceed $500,000,000, excluding bonds for which refunding bonds or crossover refunding bonds have been issued.

Subd. 2. **Refunding of bonds.** The authority may issue bonds to refund outstanding bonds of the authority, to pay any redemption premiums on those bonds, and to pay interest accrued or to accrue to the redemption date next succeeding the date of delivery of the refunding bonds. The authority may apply the proceeds of any refunding bonds to the purchase or payment at maturity of the bonds to be refunded, or to the redemption of outstanding bonds on the redemption date next succeeding the date of delivery of the refunding bonds and may, pending the application, place the proceeds in escrow to be applied to the purchase, retirement, or redemption. Pending use, escrowed proceeds may be invested and reinvested in obligations issued or guaranteed by the state or the United States or by any agency or instrumentality of the state or the United

States, or in certificates of deposit or time deposits secured in a manner determined by the authority, maturing at a time appropriate to assure the prompt payment of the principal and interest and redemption premiums, if any, on the bonds to be refunded. The income realized on any investment may also be applied to the payment of the bonds to be refunded. After the terms of the escrow have been fully satisfied, any balance of the proceeds and any investment income may be returned to the authority for use by it in any lawful manner. All refunding bonds issued under this subdivision must be issued and secured in the manner provided by resolution of the authority.

Subd. 3. **Type of bonds.** Bonds issued under this section must be negotiable investment securities within the meaning and for all purposes of the Uniform Commercial Code, subject only to the provisions of the bonds for registration. The bonds issued may be either general obligations of the authority, secured by its full faith and credit and payable out of any money, assets, or revenues of the authority, subject to the provisions of resolutions or indenture pledging and appropriating particular money, assets, or revenues to particular bonds, or limited obligations of the authority not secured by its full faith and credit and payable solely from specified sources or assets.

Subd. 4. **Resolution and terms of sale.** The bonds of the authority must be authorized by a resolution or resolutions adopted by the authority. The bonds must bear the date or dates, mature at the time or times, bear interest at a fixed or variable rate, including a rate varying periodically at the time or times and on the terms determined by the authority, or any combination of fixed and variable rates, be in the denominations, be in the form, carry the registration privileges, be executed in the manner, be payable in lawful money of the United States, at the place or places within or without the state, and be subject to the terms of redemption or purchase before maturity as the resolutions or certificates provide. If, for any reason existing at the date of issue of the bonds or existing at the date of making or purchasing any loan or securities from the proceeds or after that date, the interest on the bonds is or becomes subject to federal income taxation, this fact does not affect the validity or the provisions made for the security of the bonds. The authority may make covenants and take or have taken actions that are in its judgment necessary or desirable to comply with conditions established by federal law or regulations for the exemption of interest on its obligations. The authority may refrain from compliance with those conditions if in its judgment this would serve the purposes and policies set forth in this chapter with respect to any particular issue of bonds, unless this would violate covenants made by the authority. The maximum maturity of a bond, whether or not issued for the purpose of refunding, must be 30 years from its date. The bonds of the authority may be sold at public or private sale, at a price or prices determined by the authority; provided that (i) the aggregate price at which an issue of bonds is initially offered by underwriters to investors, as stated in the authority's official statement with respect to the offering, must not exceed by more than three percent the aggregate price paid by the underwriters to the authority at the time of delivery; (ii) the commission paid by the authority to an underwriter for placing an issue of bonds with investors must not exceed three percent of the aggregate price at which the issue is offered to investors as stated in the authority's offering statement; and (iii) the spread or commission must be an amount determined by the authority to be reasonable in the light of the risk assumed and the expenses of issuance, if any, required to be paid by the underwriters.

Subd. 5. **Exemption.** The notes and bonds of the authority are not subject to sections 16C.03, subdivision 4, and 16C.05.

History: *1988 c 546 s 5; 1989 c 354 s 5; 1990 c 564 s 5; 1991 c 354 art 10 s 10; 1994 c 632 art 2 s 52; 1Sp1995 c 2 art 1 s 39; 1997 c 200 art 5 s 6; 1998 c 386 art 2 s 91; 2002 c 380 art 2 s 18; 2002 c 393 s 76; 2004 c 272 art 4 s 1; 2006 c 258 s 39; 2006 c 281 art 4 s 25; 2008 c 300 s 41; 2008 c 363 art 10 s 22; 1Sp2017 c 8 art 2 s 18*

446A.13 TENDER OPTION.

An obligation may be issued giving its owner the right to tender or the authority to demand tender of the obligation to the authority or another person designated by it, for purchase at a specified time or times, if the authority has first entered into an agreement with a suitable financial institution obligating the financial institution to provide funds on a timely basis for purchase of bonds tendered. The obligation is not considered to mature on any tender date and the purchase of a tendered obligation is not considered a payment or discharge of the obligation by the authority. Obligations tendered for purchase may be remarketed by or on behalf of the authority or another purchaser. The authority may enter into agreements it considers appropriate to provide for the purchase and remarketing of tendered obligations, including:

(1) provisions under which undelivered obligations may be considered tendered for purchase and new obligations may be substituted for them;

(2) provisions for the payment of charges of tender agents, remarketing agents, and financial institutions extending lines of credit or letters of credit assuring repurchase; and

(3) provisions for reimbursement of advances under letters of credit that may be paid from the proceeds of the obligations or from tax and other revenues appropriated for the payment and security of the obligations and similar or related provisions.

History: *1988 c 546 s 6*

446A.14 INTEREST RATE SWAPS AND OTHER AGREEMENTS.

Subdivision 1. **Agreements.** (a) The authority may enter into interest rate exchange or swap agreements, hedges, forward purchase or sale agreements, loan sale or pooling agreements or trusts, or other similar agreements in connection with:

(1) the issuance or proposed issuance of bonds;

(2) the making, proposed making, or sale of loans or other financial assistance or investments;

(3) outstanding bonds, loans, or other financial assistance; or

(4) existing similar agreements.

(b) The agreements authorized by this subdivision include, without limitation, master agreements, options or contracts to enter into those agreements in the future and related agreements, including, without limitation, agreements to provide credit enhancement, liquidity, or remarketing; valuation; monitoring; or administrative services currently or in the future. However, the term of an option to enter into an interest rate swap, exchange, hedge, or other similar agreement and the term of a contract to sell, buy, or refund bonds in the future must not exceed five years and the authorization of the authority to enter into option agreements with respect to interest rate swap agreements expires on December 31, 2008; provided that the option agreements entered into prior to that date remain valid agreements of the authority after that date.

(c) The agreements authorized by this subdivision or supplements to master agreements may be entered into on the basis of negotiation with a qualified third party or through a competitive proposal process on terms and conditions and with covenants and provisions approved by the authority and may include, without limitation:

(1) provisions establishing reserves;

(2) pledging assets or revenues of the authority for current or other payments or termination payments;

(3) contracting with the other parties to the agreements to provide for the custody, collection, securing, investment, and payment of money of the authority or money held in trust; or

(4) requiring the issuance of bonds or entering into loans or other agreements authorized by this subdivision in the future.

(d) Subject to the terms of the agreement and other agreements of the authority with bondholders or other third parties, the agreements authorized by this subdivision may be general or limited obligations of the authority payable from all available or certain specified funds appropriated to the authority. The agreements authorized by this subdivision do not constitute debt of the authority for the purposes of the limits on bonds or notes of the authority set forth in section 446A.12, subdivision 1.

(e) The authority may issue bonds to provide funds to make payments, including, without limitation, termination payments pursuant to an agreement authorized by this subdivision.

(f) The aggregate notional amount of interest rate swap or exchange agreements in effect at any time must not exceed an amount equal to ten percent of the aggregate principal amount of bonds the authority is authorized to have outstanding pursuant to section 446A.12, subdivision 1, including the notional amount of interest rate swap or exchange agreements with respect to which a reversing agreement has been entered into, the effect of which is to terminate the original agreement or a portion thereof, and reversing agreements with respect to all or a portion of existing agreements.

Subd. 2. **Powers of authority.** For the purposes of this section, the authority may exercise all powers provided in this chapter. The authority may consent, whenever it considers it necessary or desirable in connection with agreements entered into under this subdivision, to modifications, amendments, or waivers of the terms of the agreements. The proceeds of any agreements entered into pursuant to this subdivision are appropriated to the authority pursuant to section 446A.04, subdivision 20. The agreements entered into pursuant to this subdivision are not subject to sections 16C.03, subdivision 4, and 16C.05.

History: *1988 c 546 s 7; 2004 c 272 art 4 s 2; 2007 c 96 art 1 s 15*

446A.15 BOND FUND.

Subdivision 1. **Creation and contents.** The authority may establish a special fund or funds for the security of one or more or all series of its bonds. The funds must be known as debt service reserve funds. The authority may pay into each debt service reserve fund:

(1) any money appropriated by the state only for the purposes of the fund;

(2) the proceeds of sale of bonds to the extent provided in the resolution or indenture authorizing the issuance of them;

(3) funds directed to be transferred by the authority to the debt service reserve fund; and

(4) other money made available to the authority from any other source only for the purpose of the fund.

Subd. 2. **Use of funds.** Except as provided in this section, the money credited to each debt service reserve fund must be used only for the payment of the principal of bonds of the authority as they mature, the purchase of the bonds, the payment of interest on them, or the payment of any premium required when the bonds are redeemed before maturity. Money in a debt service reserve fund must not be withdrawn at a time and in an amount that reduces the amount of the fund to less than the amount the authority determines to be reasonably

necessary for the purposes of the fund. However, money may be withdrawn to pay principal or interest due on bonds secured by the fund if other money of the authority is not available.

Subd. 3. **Investment.** Money in a debt service reserve fund not required for immediate use may be invested in accordance with section 446A.04, subdivision 16, paragraph (b).

Subd. 4. **Minimum amount of reserve at issuance.** If the authority establishes a debt service reserve fund for the security of any series of bonds, it shall not issue additional bonds that are similarly secured if the amount of any of the debt service reserve funds at the time of issuance does not equal or exceed the minimum amount required by the resolution creating the fund, unless the authority deposits in each fund at the time of issuance, from the proceeds of the bonds, or otherwise, an amount that when added together with the amount then in the fund will be at least the minimum amount required.

Subd. 5. **Transfer of excess.** To the extent consistent with the resolutions and indentures securing outstanding bonds, the authority may at the close of a fiscal year transfer to any other fund or account from any debt service reserve fund any excess in that reserve fund over the amount determined by the authority to be reasonably necessary for the purpose of the reserve fund.

Subd. 6. MS 2006 [Repealed, 2007 c 96 art 1 s 16]

History: *1988 c 546 s 8; 1994 c 632 art 2 s 53; 2007 c 96 art 1 s 15*

446A.16 MONEY OF THE AUTHORITY.

Subdivision 1. **Functions of commissioner of management and budget.** Except as otherwise provided in this section, money of the authority must be paid to the commissioner of management and budget as agent of the authority and the commissioner shall not commingle the money with other money. The money in the accounts of the authority must be paid out only by the commissioner of management and budget on requisition of the chair of the authority or of another officer or employee as the authority authorizes. Deposits of the authority's money must, if required by the commissioner or the authority, be secured by obligations of the United States or of the state of a market value equal at all times to the amount of the deposit and all banks and trust companies are authorized to give security for the deposits.

Subd. 2. **Contracts and security.** Notwithstanding the provisions of this section, the authority may, with the approval of the commissioner of management and budget, contract with the holders of any of its bonds as to the custody, collection, securing, investment, and payment of money of the authority or money held in trust or otherwise for the payment of bonds, and to carry out the contract. Money held in trust or otherwise for the payment of bonds or in any way to secure bonds and deposits of the money may be secured in the same manner as money of the authority, and all banks and trust companies are authorized to give security for the deposits. All money paid to the commissioner as agent of the authority is appropriated to the authority.

Subd. 3. **System of accounts.** Subject to agreements with bondholders, the commissioner of management and budget shall prescribe a system of accounts.

History: *1988 c 546 s 9; 2003 c 112 art 2 s 50; 2009 c 101 art 2 s 109; 1Sp2019 c 10 art 3 s 37*

446A.17 NONLIABILITY.

Subdivision 1. **Nonliability of individuals.** No member of the authority, staff of the authority, or other person executing the bonds, loans, interest rate swaps, or other agreements or contracts of the authority is liable personally on the bonds, loans, interest rate swaps, or other agreements or contracts of the authority

or is subject to any personal liability or accountability by reason of their issuance, execution, delivery, or performance.

Subd. 2. **Nonliability of state.** The state is not liable on bonds, loans, interest rate swaps, or other agreements or contracts of the authority issued or entered into under this chapter and the bonds, loans, interest rate swaps, or other agreements or contracts of the authority are not a debt of the state. The bonds, loans, interest rate swaps, or other agreements or contracts of the authority must contain on their face a statement to that effect.

History: *1988 c 546 s 10; 2004 c 272 art 4 s 3; 2007 c 96 art 1 s 14*

446A.18 PURCHASE AND CANCELLATION BY AUTHORITY.

Subject to agreements with bondholders that may then exist, the authority may purchase out of funds available for the purpose, bonds of the authority which shall then be canceled, at a price not exceeding the following amounts:

(1) if the bonds are then redeemable, the redemption price then applicable plus accrued interest to the next interest payment date of the bonds; or

(2) if the bonds are not redeemable, the redemption price applicable on the first date after the purchase upon which the bonds become subject to redemption plus accrued interest to that date.

History: *1988 c 546 s 11*

446A.19 STATE PLEDGE AGAINST IMPAIRMENT OF CONTRACTS.

The state pledges and agrees with the holders of bonds issued under sections 446A.051, and 446A.12 to 446A.20 or other parties to any loans, interest rate swaps, or other agreements or contracts of the authority that the state will not limit or alter the rights vested in the authority to fulfill the terms of any agreements made with the bondholders or parties to any loans, interest rate swaps, or other agreements or contracts of the authority or in any way impair the rights and remedies of the holders until the bonds, together with interest on them, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of the bondholders, are fully met and discharged or, with respect to any loans, interest rate swaps, or other agreements or contracts of the authority, the agreements have been fully performed by the authority or otherwise terminated or discharged. The authority may include this pledge and agreement of the state in any agreement with the holders of bonds issued under sections 446A.051, and 446A.12 to 446A.20 or in any loans, interest rate swaps, or other agreements or contracts of the authority.

History: *1988 c 546 s 12; 2004 c 272 art 4 s 4*

446A.20 RESERVES; FUNDS; ACCOUNTS.

The authority may establish reserves, funds, or accounts necessary to carry out the purposes of the authority or to comply with any agreement made by or any resolution passed by the authority.

History: *1988 c 546 s 13*

446A.21 MS 1998 [Repealed, 1999 c 231 s 207]