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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **1175**

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The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs

A bill for an act

relating to state finance; modifying aircraft facilities state financing to allow flexibility in obtaining a new lessee for the facility; amending Minnesota Statutes 2006, sections 116R.02, subdivision 5; 116R.03; 116R.12, by adding a subdivision; repealing Minnesota Statutes 2006, sections 116R.02, subdivisions 3, 6, 7, 9; 116R.16.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2006, section 116R.02, subdivision 5, is amended to read:

Subd. 5. Use of proceeds; aircraft maintenance facility. The proceeds of the bonds issued in a principal amount not to exceed \$250,000,000 may be used to finance the costs related to the planning, construction, improvement, or equipping of a heavy maintenance facility for aircraft and facilities subordinate and related to the facility to be located at the Duluth International Airport and any costs of issuance, reserves, credit enhancement, or an initial period of interest payments related to the bonds or the facility. The bond proceeds are appropriated to the commissioner for the purposes specified in this subdivision. ~~The facility may be owned by the Metropolitan Airports Commission and leased for the benefit of one or more airline companies for use as a heavy maintenance base.~~ With the approval of the commissioner, the owner of the facility may place a mortgage or security interest lien on the facility or any interest in or part of the facility. The mortgage is exempt from the mortgage registry tax imposed under chapter 287. In the event of a default under the loan, lease agreement, or other revenue agreement, the facility, or any part of the facility, may be leased or sold to another person for any lawful purpose, subject to the approval of the commissioner. The approval of the commissioner is not required if the bond trustee has taken control of the facility as a result of a default.

2.1 The ownership of the facility by the owner may create no liability of the owner for
 2.2 payment of the debt service on the bonds if so determined by the commissioner. The
 2.3 owner may require as a condition of entering into the lease of the facility that the lessee or
 2.4 other party pay all costs, expenses, or any other obligations of ownership of the facility.

2.5 No revenues derived from the lease of the project may be used other than for a
 2.6 purpose related to the project, including its operation, administration, maintenance,
 2.7 improvement, or financing.

2.8 Sec. 2. Minnesota Statutes 2006, section 116R.03, is amended to read:

2.9 **116R.03 GENERAL POWERS.**

2.10 For the purpose of exercising the specific powers authorized under sections 116R.01
 2.11 to 116R.16 and effectuating the other purposes of sections 116R.01 to 116R.16, the
 2.12 commissioner may:

2.13 (1) acquire, hold, pledge, assign, lease, or dispose of real or personal property or
 2.14 any interest in property, including a mortgage or security interest in a facility described in
 2.15 section 116R.02, subdivision 5 or 6;

2.16 (2) enter into agreements, contracts, or other transactions with any federal or state
 2.17 agency, any person and any domestic or foreign partnership, corporation, association, or
 2.18 organization, including contracts or agreements for administration and implementation of
 2.19 all or part of sections 116R.01 to 116R.16;

2.20 (3) acquire real property, or an interest therein, by purchase or foreclosure, where
 2.21 the acquisition is necessary or appropriate;

2.22 (4) enter into agreements with lenders, borrowers, or the issuers of securities for the
 2.23 purpose of regulating the development and management of any facility financed in whole
 2.24 or in part by the proceeds of bonds or loans;

2.25 (5) enter into agreements with other appropriate federal, state, or local governmental
 2.26 units; ~~and~~

2.27 (6) contract with, use, or employ any federal, state, regional, or local public or
 2.28 private agency or organization, legal counsel, financial advisors, investment bankers or
 2.29 others, upon terms the commissioner considers necessary or desirable, to assist in the
 2.30 exercise of any of the powers authorized under sections 116R.01 to 116R.16 and to carry
 2.31 out the objectives of sections 116R.01 to 116R.16 and may pay for the services from bond
 2.32 proceeds or otherwise available department money; and

2.33 (7) in the event of a default under the loan, lease agreement, or other revenue
 2.34 agreement, the facility, or any part of the facility, may be leased or sold to another person
 2.35 for any lawful purpose, subject to the approval of the commissioner. The approval of the

3.1 commissioner is not required if the bond trustee has taken control of the facility as a
3.2 result of a default.

3.3 Sec. 3. Minnesota Statutes 2006, section 116R.12, is amended by adding a subdivision
3.4 to read:

3.5 Subd. 4. **Approval.** The approval of the commissioner is not required if the bond
3.6 trustee has taken control of the facility as a result of a default.

3.7 Sec. 4. **REPEALER.**

3.8 Minnesota Statutes 2006, sections 116R.02, subdivisions 3, 6, 7, and 9; and 116R.16,
3.9 are repealed.