

Bond Case Briefs

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BONDS - MINNESOTA

Lakes Area Business Ass'n v. City of Forest Lake

Court of Appeals of Minnesota - January 27, 2014 - N.W.2d - 2014 WL 274049

Business association and city residents brought action against city and city development authority alleging that authority's issuing of bonds to finance construction of new city hall and public safety building without a referendum violated state law. The County District Court entered judgment in favor of defendants. The business association and residents appealed.

The Court of Appeals held that:

- Statute governing capital improvement bonds did not apply to authority, and
- Statute governing revenue bonds permitted authority to issue bonds without a referendum.

Statute governing capital improvement bonds used to finance the construction of public facilities applied only to municipalities and their issuance of bonds, and thus any of the provisions of the statute allegedly requiring that a vote take place before the issuance of the bonds did not apply to city development authority's issuance of bonds to finance construction of a new city hall and public safety building. Minnesota Statutes section 475.521.

Statute governing the authority of economic development authorities to issue revenue bonds to finance the construction of projects did not require that a referendum be held before the issuance of such bonds, and thus municipal economic development authority could issue \$22.5 million in revenue bonds to finance construction of a new city hall and public safety building without holding a referendum. Minnesota Statutes section 469.103.