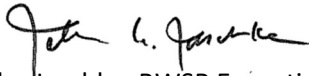


## Memorandum

**Date:** July 2, 2019

**To:** SWCD District Managers and Board Chairs



**From:** John Jaschke, BWSR Executive Director and LeAnn Buck, MASWCD Executive Director

### RE: SWCD Authorities to Obtain Loans or Incur Debt

This joint memorandum is to provide Soil and Water Conservation Districts (SWCDs) updated information about SWCD authorities to obtain loans or incur debt. Under current statute, **SWCDs do not explicitly have the authority to incur debt.** In addition the Office of the State Auditor released the following information on June 14, 2019:

“The authority of a local unit of government to incur indebtedness is governed by statute. Many local units of government have authority to issue bonds or certificates of indebtedness for specific purposes, often subject to restrictions on amount or duration. Some local units of government are authorized to enter into a lease-purchase agreement with a local bank, an equipment company, or other entity. See, e.g., [Minn. Stat. § 465.71](#). School districts, with certain limitations, have specific statutory authority to obtain a line of credit from a financial institution. See e.g., Minn. Stat. § 123B.12 (b).

However, absent this type of specific authority to obtain a loan or line of credit, governmental entities may not simply go to a financial institution and take out a conventional loan or line of credit.”

If your SWCD plans to or has obtained a loan or incurred debt, please consult with your county attorney or designated legal counsel, your insurance provider, and your auditor to determine your legal and fiscal authorities and insurance coverage options.

Additional clarification

**Minnesota State statutes *do allow* SWCDs to acquire property and credit card use. The following are references to Minnesota State Statutes 103C.**

103C.331 POWERS OF DISTRICT BOARDS.

**Subd. 8 .Acquiring and maintaining property.**

A district may acquire any rights or interests in real or personal property by option, purchase, exchange, lease, gift, grant, bequest, devise, or otherwise. It may maintain, operate, administer, and improve any properties acquired. It may receive income from the properties and expend the income to implement this chapter and sections 103F.401 to 103F.455. It may sell, lease, or otherwise dispose of any of its property or interests.

#### 103C.321 OFFICERS AND EMPLOYEES.

##### **Subd. 6. Credit card use.**

The supervisors may authorize the use of a credit card by any soil and water conservation district officer or employee otherwise authorized to make a purchase on behalf of the soil and water conservation district. If a soil and water conservation district officer or employee makes a purchase by credit card that is not approved by the supervisors, the officer or employee is personally liable for the amount of the purchase. A purchase by credit card must otherwise comply with all statutes, rules, or soil and water conservation district policy applicable to soil and water conservation district purchases.