

appointive position, and upon the termination of such service shall be returned to his permanent civil service classification. If no vacancy is available in his permanent civil service classified position, seniority shall prevail and the person most recently certified to such position shall be returned to the permanent civil service classification held by him prior to such certification.

Sec. 3. This act shall become effective only after its approval by a majority of the governing body of the city of Minneapolis and upon compliance with the provisions of Minnesota Statutes 1967, Section 645.021.

Approved June 3, 1969.

CHAPTER 938—H. F. No. 68

[Coded]

An act relating to business corporations; authorizing formation of regional tourism development credit corporations; amending Minnesota Statutes 1967, Chapter 301, by adding sections.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. Minnesota Statutes 1967, Chapter 301, is amended by adding a section to read:

[301.85] Regional tourism development credit corporations. *Subdivision 1. For the purposes of sections 301.85 to 301.98, the commissioner of the department of economic development of the state shall divide the state into six tourist regions and shall keep on file in his office and in the office of the secretary of state the legal descriptions and a map of such regions.*

Subd. 2. Any ten or more natural persons who are residents of the state and residents of the same region may form a regional tourism development credit corporation to serve the region in which they are residents by complying with the conditions prescribed in sections 301.85 to 301.98.

Subd. 3. They subscribe and acknowledge a certificate specifying:

(a) The name, the general nature of its business, and the principal place of transacting its business, which place shall be located in the region the corporation is formed to serve. The name shall distinguish the corporation from all other corporations authorized to do

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business in the state, and shall contain the words "Tourism Development Credit Corporation".

- (b) *The period of its duration which shall be perpetual.*
- (c) *The name and residence of each incorporator.*
- (d) *The names and addresses of those composing the board of directors until the first election.*
- (e) *The highest amount of indebtedness or liability to which the corporation shall be subject.*

Subd. 4. *The certificate may contain any other lawful provision defining and regulating the powers and business of the corporation, its officers, directors, members, and stockholders.*

Sec. 2. Minnesota Statutes 1967, Chapter 301, is amended by adding a section to read:

[301.86] Purposes. *The purpose of the corporation is to assist, encourage, and through the cooperative efforts of the institutions and corporations which, from time to time become members thereof, develop and advance the tourist and recreational business prosperity and economic welfare of the state and region; to encourage and assist in the location of new tourists and recreational businesses in the state and region and to rehabilitate existing tourist and recreational businesses; to stimulate and assist in the expansion of all kinds of tourist and recreational activity which will tend to promote the tourist and recreational development and maintain the economic stability of the state and region and provide maximum opportunities for employment; to cooperate and act in conjunction with other organizations, public or private, the objects of which are the promotion and advancement of tourist and recreational developments in the state and region; and to furnish money and credit to approved and qualified applicants, for the promotion, development and conduct of all kinds of tourist and recreational activity in the state and region, thereby establishing a source of credit not otherwise readily available therefor.*

Sec. 3. Minnesota Statutes 1967, Chapter 301, is amended by adding a section to read:

[301.87] Certificate. *The certificate of the corporation shall be filed for record with the secretary of state. If he finds that the certificate conforms to law, has endorsed thereon the approval of the commissioner of banks, and that the required fee has been paid, the secretary of state shall record the same and certify that fact thereon. After such recordation the certificate shall be filed for record with the*

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register of deeds of the county of the principal place of business, as specified in the certificate.

Sec. 4. Minnesota Statutes 1967, Chapter 301, is amended by adding a section to read:

[301.88] Publication of certificate. *Every such certificate of incorporation shall be published in a qualified newspaper in the county of such principal place of business for two successive days in a daily, or for two successive weeks in a weekly, newspaper. Upon filing with the secretary of state proof of such publication, its corporate organization shall be complete.*

Sec. 5. Minnesota Statutes 1967, Chapter 301, is amended by adding a section to read:

[301.89] Additional powers. *In addition to the powers enumerated in Minnesota Statutes, Section 300.08, Subdivision 1, the corporation may:*

(1) *Borrow money and otherwise incur indebtedness for any of the purposes of the corporation; to issue its bonds, debentures, notes or other evidences of indebtedness, whether secured or unsecured, therefore and to secure the same by mortgages, pledges, deeds of trust or other lien on its property, franchises, and privileges of every kind and nature or any part thereof.*

(2) *Lend money to, and to guarantee, endorse, or act as surety on the bonds, notes, contracts or other obligations of, or otherwise assist financially, any person, firm, corporation or association, and to establish and regulate the terms and conditions with respect to any such loans or financial assistance and the charges for interest and service connected therewith; to make working capital loans, take equity positions in corporations, and take second or third position mortgages.*

(3) *Purchase, receive, hold, lease, or otherwise acquire, and to sell, convey, mortgage, lease, pledge, or otherwise dispose of, upon such terms and conditions as the board of directors may deem advisable, real and personal property, together with such rights and privileges as may be incidental and appurtenant thereto and the use thereof, including, but not restricted to, any real property or personal property acquired by the corporation from time to time in the satisfaction of debts or enforcement of obligations.*

(4) *Acquire, by purchase or otherwise, the good will, business, rights, real and personal property and other assets, or any part thereof, of such persons, firms, corporations, joint stock companies,*

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associations of trust as may be in furtherance of the corporate purposes provided herein, and to assume, undertake, guarantee or pay the obligations, debts, and liabilities of any such person, firm, corporation, joint stock company, association, or trust; to acquire improved or unimproved real estate for the purpose of constructing tourist or recreational business establishments thereon or for the purpose of disposing of such real estate to others for the construction of tourist or recreational business establishments, and, in furtherance of the corporate purposes provided herein, to acquire, construct, or reconstruct, alter, repair, maintain, operate, sell, lease, or otherwise dispose of tourist or recreational business establishments.

(5) *Acquire, subscribe for, own, hold, sell, assign, transfer, mortgage, pledge or otherwise dispose of the stock, shares, bonds, debentures, notes or other securities and evidences of interest in, or indebtedness of, any person, firm, corporation, joint stock company, association or trust, and, while the owner or holder thereof, to exercise all the rights, powers, and privileges of ownership, including the right to vote thereon.*

(6) *Cooperate with and avail itself of the facilities of the department of economic development and any similar government agencies; and to cooperate and avail itself of the facilities of planning and development agencies in the regions, which agencies shall be named in the bylaws as the agencies designated for the region of incorporation; cooperate with and assist and encourage local organizations in the various communities of the state, the purpose of which shall be the promotion, assistance, and development of the tourist and recreational business prosperity and economic welfare of such communities of the state.*

Sec. 6. Minnesota Statutes 1967, Chapter 301, is amended by adding a section to read:

[301.90] Capital stock. *The capital stock of the corporation shall be 20,000 shares of no par value, which shall be issued for \$10 per share in cash. At least 25 percent of the capital stock shall be paid into the treasury of the corporation in cash before the corporation may transact any business other than such as relates to its organization.*

Sec. 7. Minnesota Statutes 1967, Chapter 301, is amended by adding a section to read:

[301.91] Directors. *Subdivision 1. All the corporate powers of the corporation shall be exercised by a board of not less than nine elected directors who shall be residents of Minnesota. One-*

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third of the directors shall be elected from persons who are actively engaged in the vacation travel industry in the region of incorporation. The remaining number of directors shall be elected from persons representative of and involved in any of the lending institutions which are nonstockholder members of the corporation. The commissioner of the department of economic development of the state or his designated representative and the director or chairman of the regional development or planning agency as designated in the bylaws, or his designated representative, shall be ex officio directors, with all the authority but without the liability as such, except for gross negligence or willful misconduct. The number of directors and their terms of office shall be determined by the bylaws. If a vacancy occurs in the board of directors through death, resignation, or otherwise, the remaining directors may elect a person to fill the vacancy until the next annual meeting of the corporation.

Subd. 2. The first board of directors shall adopt bylaws which remain effective until amended or repealed by action of a subsequent board.

Subd. 3. The first annual meeting shall be held at a date to be fixed by the board of directors as soon as reasonably possible after a minimum of 25 percent of the capital stock of the corporation shall have been paid into its treasury. The annual meeting shall be called in the manner provided by the bylaws. At the first annual meeting, and at each annual meeting thereafter, a majority of the elected directors shall be elected by a vote of the nonstockholder members of the corporation hereinafter provided for, and the remaining elected directors shall be elected by a vote of the stockholder members. The stockholder members shall have one vote for each share of stock. The nonstockholder members shall each have one vote, and each nonstockholder member having a loan limit as herein defined of more than \$10,000 shall have one additional vote in such election.

Sec. 8. Minnesota Statutes 1967, Chapter 301, is amended by adding a section to read:

[301.92] Nonstockholder members. *The nonstockholder members of the corporation shall consist of such national or state banks, savings banks, state or federal savings and loan associations, trust companies, stock or mutual insurance companies, mutual funds, credit unions, and other financial institutions located throughout the state and not restricted to a particular region as may make application for membership in said corporation, and membership shall become effective upon the acceptance of such application by the board of directors. Each such member of the corporation shall lend money to*

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the corporation as and when called upon by it to do so on such terms and other conditions as shall be approved from time to time by a majority of the directors. Provided, however, that no nonstockholder member may be required to lend money to the corporation unless and until at least 20 financial institutions have become or continue to remain nonstockholder members of the corporation. Provided further, that the nonstockholder members shall not be subject to a call of funds unless and until one or more financial institutions have undertaken a direct participation in the loan made by the corporation of at least 20 percent of the amount of such loan. The total amount of loans by any member at any one time shall not exceed the following limit to be determined as of the time such member becomes a member, on the basis of the balance sheet of such member at the close of its preceding fiscal year, certified by its proper officers: two and one-half percent of the capital and surplus of commercial banks and trust companies; two and one-half percent of one-half of the total surplus accounts of savings banks; two and one-half percent of the guaranty funds, surplus, and undivided profits of savings and loan associations; two and one-half percent of the capital and surplus of stock insurance companies; two and one-half percent of the guaranty funds or of the surplus, whichever is applicable, of mutual insurance companies; and comparable limits approved by the board of directors of the corporation for other banking, financing, mutual funds, credit unions, and insurance companies and related corporations, partnership, foundations, and other institutions. All loan limits shall be established at the thousand dollar amount nearest to the amount computed in accordance with the aforesaid percentages. All calls of funds which nonstockholder members are committed to lend to the corporation shall be prorated by the corporation among the nonstockholder members in the same proportion that the individual lines of credit bear to the aggregate lines of credit. Upon 60 days written notice, a member of the corporation may withdraw from membership in the corporation at the expiration date of such notice, and after said expiration date shall be free of obligations hereunder except those accrued prior to said expiration date.

Sec. 9. Minnesota Statutes 1967, Chapter 301, is amended by adding a section to read:

[301.93] Earned surplus. *The corporation shall set apart as earned surplus all of its net earnings in each and every year until such earned surplus shall equal the total of the paid-in capital. Said earned surplus shall not be paid out in dividends, but shall be kept and used to meet losses and contingencies of the corporation. Whenever the amount of the surplus becomes impaired, it shall be restored to the required amount in the manner provided for its original accu-*

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mulation. In computing the earnings of the corporation there shall be first deducted from the gross interest charged or received from each loan, obligation or indebtedness an amount equal to one quarter of one percent per annum on the principal balance from time to time owing and such sums shall be set aside and held in a reserve for losses. Such reserve shall be held exclusively for the payment of any obligation or liability due the nonstockholder members. This reserve shall be in addition to any other reserves that the board of directors may from time to time establish in conformity with good business and accounting practices.

Sec. 10. Minnesota Statutes 1967, Chapter 301, is amended by adding a section to read:

[301.94] Limitations on obligations. *At no time shall the total obligations of the corporation exceed 20 times the amount of the paid-in capital and surplus, not including earned surplus.*

Sec. 11. Minnesota Statutes 1967, Chapter 301, is amended by adding a section to read:

[301.95] Deposit of funds. *The corporation shall not deposit any of its funds in any financial institution unless such institution has been designated as a depository by a vote of a majority of the directors, exclusive of any director who is an officer or director of the depository so designated. The corporation shall not receive money on deposit. No loan shall be made directly or indirectly to any officer of the corporation or to any firm of which such officer is a member or officer.*

Sec. 12. Minnesota Statutes 1967, Chapter 301, is amended by adding a section to read:

[301.96] Supervision and examination. *The corporation is subject to the supervision of and examination by the commissioner of banks in the manner provided by Minnesota Statutes, Section 46.04. The corporation shall pay the actual expenses of the examination as fixed by the commissioner. The corporation shall make such reports of its condition to the commissioner as he may prescribe.*

Sec. 13. Minnesota Statutes 1967, Chapter 301, is amended by adding a section to read:

[301.97] Rights of holders of capital stock. *The holders of capital stock as such shall have no preemptive or preferential right to purchase or subscribe for any part of the unissued capital stock of the corporation of any class or for any new issue of stock of any class, whether now or hereafter authorized or issued, or to purchase or sub-*

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scribe for any bonds or other obligations, whether or not convertible into stock of any class of the corporation, now or hereafter authorized or issued.

Sec. 14. Minnesota Statutes 1967, Chapter 301, is amended by adding a section to read:

[301.98] Obligations are legal investments for members. *Notwithstanding any other statutes, the notes or other interest-bearing obligations of any corporation organized under sections 301.85 to 301.98, issued in accordance with sections 301.85 to 301.98 and the articles of incorporation and the bylaws of the corporation shall be legal investments for any banks, savings banks, savings and loan associations, trust companies, stock or mutual insurance companies, mutual funds, credit unions, or other financial institutions which become members of the corporation.*

Approved June 4, 1969.

CHAPTER 939—H.F. No. 296

[Not Coded]

An act relating to tax levies permitted in the independent school districts in the county of Hennepin numbered 271, 272, 273, 274, 276, 277, 278, 279, 280, 281, 282, 283, 284, and 286.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. Hennepin county; independent school districts; tax levies. The total amount of taxes levied for the years 1969 and 1970 by and for any of the independent school districts numbered 271, 272, 273, 274, 276, 277, 278, 279, 280, 281, 282, 283, 284, and 286, Hennepin county, for all general and special school purposes including the county school tax of one mill, required to be levied by statute, but exclusive of any state levy, income tax apportionment or other aids, shall not exceed in any year the greater of: (a) For independent school districts having a population in excess of 5,000, \$125 per capita; for such districts having a population of 5,000 or less, \$115 per capita, or (b) \$315 per resident pupil unit in average daily attendance in kindergarten and grades one to 12, inclusive, plus in each case the amount of any levies for bonds issued and interest thereon, such pupil units in average daily attendance to be computed in accordance with Minnesota Statutes 1965, Section 124.17, plus the amount of gross foundation program aid without de-

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