

## CHAPTER 37

## STATE AGRICULTURAL SOCIETY; STATE FAIR

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**37.03 MEMBERSHIP.**

Subdivision 1. **Members.** Members of the State Agricultural Society must be citizens of this state. The membership is as follows:

(a) Three delegates chosen annually by each agricultural society or association in the state which maintains an active existence, holds annual fairs, and is entitled to share in the state appropriation under the provisions of section 38.02. If one of those societies or associations fails to choose delegates, then its president, secretary, and treasurer, by virtue of their offices, are its delegates. If two fairs receiving state aid are operating in one county, each delegate from each society or association is entitled to one-half vote at regular or special meetings of the state society.

(b) One delegate, appointed by the county board of each county in which no county or district agricultural society exists.

(c) Individuals elected by the society as honorary members for having performed eminent services in agriculture, horticulture, or related arts and sciences or long and faithful service in or benefits to the society. Honorary members must be elected by two-thirds vote at any annual meeting. The number of honorary members may not exceed the society's membership and only one honorary member may be elected annually. Each honorary member is entitled to one vote.

(d) Two elected delegates and the president may represent each of the following societies and associations: the Minnesota State Horticultural Society, the Minnesota Dairy Goat Association, the Minnesota Honey Producers Association, Inc., the Minnesota Livestock Breeders' Association, the Minnesota Crop Improvement Association, the Minnesota Pork Producers Association, the Minnesota Lamb and Wool Producers Association, the Minnesota Horse Breeders' Association, the Minnesota Veterinary Medical Association, the Minnesota Beef Cattle Improvement Association, the Central Livestock Association, the Minnesota State Poultry Association, the Farm Equipment Association, the Minnesota State Florists Association, the State Fair Exhibitors' Organization, the Minnesota Federation of County Fairs, the Minnesota Forestry Association, the Minnesota Horse Council, Minnesota Nursery and Landscape Association, Minnesota Apple Growers' Association, State Grange of Minnesota, Minnesota Farmers' Union, American Dairy Association of the Midwest, and the Minnesota Farm Bureau Federation.

(e) The following societies and associations are entitled to one delegate each: Central Minnesota Vegetable Growers Association, the Minnesota Fruit and Vegetable Growers' Association, Minnesota Shorthorn Breeders' Association, the Minnesota Milking Shorthorn Association, Minnesota Guernsey Breeders' Association, Minnesota Jersey Cattle Club, Minnesota Holstein Association, Minnesota Hereford Breeders, the Minnesota Angus Association, Minnesota Ayreshire Breeders' Association, Minnesota Brown Swiss Association, Minnesota Poland China Breeders' Association, Minnesota Duroc Breeders', Minnesota Chester White Association, Minnesota Turkey Growers' Association, Minnesota Gladiolus Society, Minnesota Hampshire Sheep Association, Minnesota Suffolk Sheep Association, North American Dairy Sheep Association, and the Minnesota Berkshire Association.

(f) The societies and associations listed in paragraphs (d) and (e) must be active and statewide in their scope and operation, hold annual meetings, and be incorporated under the laws of the state before they are entitled to a delegate. The societies and

associations must file with the secretary of state, on or before December 20, a report showing that the society or association has held a regular annual meeting for that year, a summary of its financial transactions for the current year, and an affidavit of the president and secretary that it has a paid-up membership of at least 25. On or before December 31, the secretary of state shall certify to the secretary of the State Agricultural Society the names of the societies or associations that have complied with these provisions.

(g) If a society or association ceases to exist or otherwise fails to comply with the requirements of paragraph (f), its membership in the State Agricultural Society and its right to delegates is terminated and it may be replaced by another society or association representing the same or similar interests and chosen by a majority vote of the members of the society at its next annual meeting.

(h) The members of the board of managers of the State Agricultural Society are members of the society and entitled to one vote each.

*[For text of subd 2, see M.S.2002]*

**History:** 2003 c 2 art 1 s 5

### 37.13 OWNERSHIP OF MONEY AND PROPERTY; CAPITAL IMPROVEMENTS.

*[For text of subd 1, see M.S.2002]*

Subd. 2. [Repealed, 1Sp2003 c 21 art 8 s 20]

37.26 [Repealed, 2003 c 128 art 3 s 47]

### 37.31 ISSUANCE OF BONDS.

Subdivision 1. **Bonding authority.** The society may issue negotiable bonds in a principal amount that the society determines necessary to provide sufficient money for achieving its purposes, including the payment of interest on bonds of the society, 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 society incident to and necessary or convenient to carry out its corporate purposes and powers. Bonds of the society 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 \$20,000,000, excluding bonds for which refunding bonds or crossover refunding bonds have been issued.

Subd. 2. **Refunding of bonds.** The society may issue bonds to refund outstanding bonds of the society, 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 society 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 of the bonds. 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 society, 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 society 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 society.

Subd. 3. **Kind of bonds.** Bonds issued under this section must be negotiable investment securities within the meaning and for all purposes of the Uniform Commer-

cial Code, subject only to the provisions of the bonds for registration. The bonds issued must be limited obligations of the society 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 society must be authorized by a resolution or resolutions adopted by the society. 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 society, 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 society 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 society 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 society. 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 society may be sold at public or private sale, at a price or prices determined by the society; provided that:

(1) 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 society at the time of delivery;

(2) the commission paid by the society 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 society's offering statement; and

(3) the spread or commission must be an amount determined by the society to be reasonable in 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 society are not subject to sections 16C.03, subdivision 4, and 16C.05.

**Subd. 6. Reserves; funds; accounts.** The society may establish reserves, funds, or accounts necessary to carry out the purposes of the society or to comply with any agreement made by or any resolution passed by the society.

**Subd. 7. Approval; commissioner of finance.** Before issuing bonds under this section, the society must obtain the approval, in writing, of the commissioner of finance.

**Subd. 8. Expiration.** The authority to issue bonds, other than bonds to refund outstanding bonds, under this section expires July 1, 2009.

**History:** 2003 c 127 art 12 s 1; 1Sp2003 c 21 art 10 s 11

### 37.32 TENDER OPTION.

An obligation may be issued giving its owner the right to tender or the society to demand tender of the obligation to the society or another person designated by it, for purchase at a specified time or times, if the society 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 society. Obligations tendered for purchase may be remarketed by or on behalf of the society or another purchaser. The

society 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:** 2003 c 127 art 12 s 2; 1Sp2003 c 21 art 10 s 11

### 37.33 BOND FUND.

Subdivision 1. **Creation and contents.** The society 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 society may pay into each debt service reserve fund:

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

(2) money directed to be transferred by the society to the debt service reserve fund; and

(3) other money made available to the society 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 society 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 society 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 society 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 37.07.

Subd. 4. **Minimum amount of reserve at issuance.** If the society 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 society 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 society 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 society to be reasonably necessary for the purpose of the reserve fund.

**History:** 2003 c 127 art 12 s 3; 1Sp2003 c 21 art 10 s 11

### 37.34 MONEY OF THE SOCIETY.

The society may contract with the holders of any of its bonds as to the custody, collection, securing, investment, and payment of money of the society 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 society, and all banks and trust companies are authorized to give security for the deposits.

**History:** 2003 c 127 art 12 s 4; 1Sp2003 c 21 art 10 s 11

### **37.35 NONLIABILITY.**

**Subdivision 1. Nonliability of individuals.** No member of the society or other person executing the bonds is liable personally on the bonds or is subject to any personal liability or accountability by reason of their issuance.

**Subd. 2. Nonliability of state.** The state is not liable on bonds of the society issued under section 37.31 and those bonds are not a debt of the state. The bonds must contain on their face a statement to that effect.

**History:** 2003 c 127 art 12 s 5; 1Sp2003 c 21 art 10 s 11

### **37.36 PURCHASE AND CANCELLATION BY SOCIETY.**

Subject to agreements with bondholders that may then exist, the society may purchase out of money available for the purpose, bonds of the society 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:** 2003 c 127 art 12 s 6; 1Sp2003 c 21 art 10 s 11

### **37.37 STATE PLEDGE AGAINST IMPAIRMENT OF CONTRACTS.**

The state pledges and agrees with the holders of bonds issued under section 37.31 that the state will not limit or alter the rights vested in the society to fulfill the terms of any agreements made with the bondholders 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. The society may include this pledge and agreement of the state in any agreement with the holders of bonds issued under section 37.31.

**History:** 2003 c 127 art 12 s 7; 1Sp2003 c 21 art 10 s 11