

## CHAPTER 37

### STATE AGRICULTURAL SOCIETY; STATE FAIR

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#### 37.01 PUBLIC CORPORATION.

The State Agricultural Society is a public corporation. The conveyance to the state of the land in Ramsey County described as Southeast Quarter (SE 1/4) of Section Twenty-one (21) and East half (E 1/2) of East half (E 1/2) of Southwest Quarter (SW 1/4), Section Twenty-one (21), Township Twenty-nine (29), Range Twenty-three (23), is confirmed. Anything in that conveyance to the contrary notwithstanding, the state holds that land and any other property known and used as the "State Fairgrounds" forever for the following public purposes: (1) exhibiting under the management and control of the society, at annual fairs and at other times determined by the society, the agricultural, stock-breeding, horticultural, mining, mechanical, industrial, and other products and resources of the state, including proper exhibits and expositions of the arts, human skills, and sciences; and (2) other uses and purposes determined by the State Agricultural Society, including the leasing of parts of the State Fairgrounds. The society shall not lease any part of the State Fairgrounds if the lessee is going to compete with an existing established business of auto racing within a radius of 40 miles, except during the operation of the state fair and all other public exhibitions pertinent to expositions of human art, industry, or skill. Neither the state nor the society shall ever charge or encumber this property. Any part of the State Fairgrounds which is within the boundaries of a city or other political subdivision of the state is detached from the city or political subdivision. Nothing in this section exempts otherwise taxable property on the fairgrounds or the fairgrounds itself from real and personal property taxes pursuant to chapters 272 to 275 and 471.

**History:** (7860) *RL s 3079; Ex1957 c 6 s 1; 1982 c 625 s 2; 1985 c 265 art 2 s 1*

#### 37.02 BUDGET; BUILDING RESTRICTIONS; EXEMPTIONS.

The State Agricultural Society is subject to and has all powers, rights, and privileges granted by law, with the following exceptions:

(1) The society need not comply with the provisions of Laws 1939, chapter 431, relating to budgets, allotments, and encumbering of funds.

(2) The society is not subject to the supervision of the commissioner of administration in the erection and construction of any new building.

(3) The books and accounts of the society are subject to examination by the legislative auditor.

**History:** (53-1m, 53-43) 1925 c 426 art 17 s 1; 1939 c 431 art 8 s 12; 1951 c 489 s 1; 1974 c 492 s 14; 1985 c 265 art 2 s 1

### 37.03 MEMBERSHIP.

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

(1) 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.

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

(3) 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.

(4) 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.

(5) 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.

(b) The societies and associations listed in paragraph (a), clauses (4) and (5), 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.

(c) If a society or association ceases to exist or otherwise fails to comply with the requirements of paragraph (b), 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.

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

**Subd. 2. Eligibility to vote.** On all questions arising for determination by the State Agricultural Society, including the election of members of the board of managers, each delegate present is entitled to one vote. The society shall not recognize proxies except that when less than three delegates of a county or district agricultural society shall attend the annual meeting, those present may cast the full vote of that society. All delegates must be accredited, in writing, and their credentials must be signed by the president and secretary of the society or association represented.

**History:** (7861) RL s 3080; 1905 c 307; 1911 c 381 s 1; 1913 c 194; 1919 c 116 s 1; 1921 c 290 s 1; 1927 c 144 s 1; 1931 c 231; 1933 c 136; Ex1933 c 57 s 1,2; 1935 c 227; Ex1936 c 110; 1937 c 106 s 1; 1961 c 630 s 1; 1973 c 97 s 1; 1985 c 265 art 2 s 1; 1988 c 522 s 1; 1991 c 35 s 1; 2001 c 85 s 1; 2003 c 2 art 1 s 5

### 37.04 BOARD OF MANAGERS.

**Subdivision 1. Membership; quorum.** A board of managers shall manage and control the State Agricultural Society. The board consists of a president and nine other members, two of whom are vice-presidents. Each member represents one of nine regional districts. Six members constitute a quorum for the purposes of any board meeting.

**Subd. 2. Regional districts.** For purposes of electing members of the board of managers of the State Agricultural Society, the regional districts are identical with the nine congressional districts as established by Laws 1933, chapter 185, and are numbered accordingly.

**Subd. 3. Annual meeting.** The annual meeting of the society must be held at the State Fairgrounds or at any other place in Minnesota selected by the board of managers. The meeting must be held during a three-day period selected by the board of managers commencing no earlier than January 2 and no later than January 31. At least 30 days' written notice of the time and place of the annual meeting must be given to all members of the society.

**Subd. 4. Elections.** At the annual meeting, the members of the society shall elect a president from among the members of the board of managers for a term of one year. The president may not be a resident of the fourth or the fifth regional districts. The members shall also elect seven managers as follows:

(1) at the annual meeting on each third year after 1963, one manager from each of the first, third, and sixth regional districts;

(2) at the annual meeting on each third year after 1964, one manager from each of the seventh and ninth regional districts;

(3) at the annual meeting on each third year after 1965, one manager from each of the second and eighth regional districts.

At the annual meeting in each even-numbered year a vice-president must be elected from the fifth regional district, and in each odd-numbered year a vice-president must be elected from the fourth regional district.

**Subd. 5. Regional representatives.** Only one member of the board of managers, exclusive of the president, may be a resident of any one regional district. On the day before the last day of the annual meeting, the accredited delegates to the meeting from each regional district whose manager's term expires in that year shall meet together at the place of the annual meeting and nominate and certify to the annual meeting the choice of that district for manager. At the time fixed for the election of the president of the society and after the nominations have been certified, presented, and read to the annual meeting, the annual meeting shall proceed to elect managers to fill all expiring terms.

**Subd. 6. Vacancies.** A vacancy which occurs before the expiration of any term of office of a member of the board of managers may be filled by the remaining members of the board. Any person appointed to fill a vacancy holds office only until the next annual meeting of the society, at which a successor must be elected in the manner provided to serve the balance of the unexpired term.

**History:** (7862) *RL s 3081; 1911 c 381 s 2; 1917 c 277 s 1; 1917 c 508 s 1; 1963 c 141 s 1; 1982 c 625 s 3; 1985 c 265 art 2 s 1*

### **37.05 OFFICERS; COMPENSATION; EXPENSES.**

The annual honorarium of the president of the board of managers is \$1,400, and that of the other members is \$1,000 each.

On the final day of each annual meeting of the society the board shall elect a secretary to hold office for one year and until a successor is elected and qualified. The board shall set the compensation of the secretary. The board may also appoint a treasurer for the term of one year and fix the treasurer's compensation. The treasurer shall keep all accounts and fiscal records of the society. The board may designate the secretary as the treasurer of the society.

The board may allow the traveling expenses of its members and of the secretary and treasurer or other employees while in the performance of their official duties. Claims for traveling expenses must be itemized in full and verified before allowance.

**History:** (7863) *RL s 3082; 1911 c 381 s 3; 1963 c 388 s 1; 1965 c 431 s 1; 1982 c 625 s 4; 1985 c 265 art 2 s 1*

### **37.06 SECRETARY; LEGISLATIVE AUDITOR; DUTIES; REPORT.**

The secretary shall keep a complete record of the proceedings of the annual meetings of the State Agricultural Society and all meetings of the board of managers and any committee of the board, keep all accounts of the society other than those kept by the treasurer of the society, and perform other duties as directed by the board of managers. On or before December 31 each year, the secretary shall report to the governor for the fiscal year ending October 31 all the proceedings of the society during the current year and

its financial condition as appears from its books. This report must contain a full, detailed statement of all receipts and expenditures during the year.

The books and accounts of the society for the fiscal year must be examined and audited annually by an independent auditor, either a private auditor or the legislative auditor. If the audit is conducted by the legislative auditor, the cost of the examination must be paid by the society to the state and credited to the general fund.

A summary of this examination, certified by the auditor, must be appended to the secretary's report, along with the auditor's recommendations and the proceedings of the first annual meeting of the society held following the secretary's report, including addresses made at the meeting as directed by the board of managers. The summary, recommendations, and proceedings must be printed in the same manner as the reports of state officers. Copies of the report must be printed annually and distributed as follows: to each society or association entitled to membership in the society, to each newspaper in the state, and the remaining copies as directed by the board of managers.

**History:** (7864) *RL s 3083; 1911 c 381 s 4; 1957 c 61 s 1; 1963 c 388 s 2; 1973 c 492 s 14; 1982 c 625 s 5; 1985 c 265 art 2 s 1; 1999 c 99 s 9; 1Sp2011 c 10 art 3 s 31*

### **37.07 MONTHLY STATEMENTS BY SECRETARY; PURCHASES, EXPENDITURES.**

The secretary of the State Agricultural Society shall prepare a signed statement each month summarizing receipts and expenditures for the preceding month, which must be approved by the president or a vice-president of the board of managers. The secretary's affidavit must be attached to this statement. The affidavit must state:

(1) that all articles were purchased by or under the secretary's direction, and that to the secretary's best information and belief, all articles purchased by the board of managers were purchased at a fair cash market value and received by the society, and that all services charged for were actually provided;

(2) that neither the secretary nor any person in the secretary's behalf, or the board of managers, to the secretary's best information and belief, had any pecuniary or other interest in any purchase made or services rendered, or received any pecuniary or other benefit from the purchases or services, directly or indirectly, by commission, percentage, deduction, or otherwise; and

(3) that the articles specified conformed in every respect to the goods ordered, in both quality and quantity.

The report must also show the amount of money in the hands of the treasurer of the society.

Copies of the secretary's monthly report must be furnished to the commissioner of management and budget and to each member of the board of managers no later than the tenth of the month following the month's activities reported.

The board of managers shall designate one or more national or state banks, or trust companies authorized to do a banking business, as official depositories for the society's money, and shall then require the treasurer to deposit all or part of that money in the designated bank or banks. The designation must be in writing and must set forth all the terms and conditions upon which the deposits are made, and it must be signed by the president and secretary and made a part of the minutes of the board. Any bank or trust company designated must qualify as a depository by furnishing a corporate surety bond or collateral as required by section 118A.03, and must, as long as any of the society's money is on deposit with it, maintain the bond or collateral

in the amounts required by that section. No bond or collateral is required to secure any deposit if it is insured under federal law, as provided in section 118A.03.

**History:** (7865) 1911 c 381 s 8; 1963 c 388 s 3; 1965 c 411 s 1; 1973 c 492 s 14; 1985 c 265 art 2 s 1; 1996 c 399 art 2 s 12; 1999 c 99 s 10; 2009 c 101 art 2 s 109

**37.08** [Repealed, 1963 c 388 s 4]

**37.09** [Repealed, 1963 c 388 s 4]

**37.10** [Repealed, 1963 c 388 s 4]

**37.11** [Superseded by 37.02]

**37.12** [Repealed, 1963 c 388 s 4]

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

Subdivision 1. **Use of money.** The state owns all money and other property of the society in the name of the society and there may be no division of its assets among society members. Money received by the society must be used for holding its annual fair and for other exhibitions or expositions the society holds, for the improvement of the fairgrounds, for the payment of expenses, premiums, and purses, for the acquisition of real and personal property, for the use and benefit of the society, and for furnishing attractions and amusements the board of managers considers necessary for the success of its fairs and other exhibitions and expositions.

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

**History:** (7872) RL s 3084; Ex1957 c 6 s 2; 1965 c 411 s 2; 1985 c 265 art 2 s 1; 2000 c 418 art 1 s 2

### **37.14 MANAGEMENT OF PROPERTY; GENERAL OFFICES.**

The custody, management, and control of the fairgrounds and all fairgrounds structures are vested in the society as a department of the state, and its general offices containing its property and records must be maintained upon the fairgrounds.

**History:** (7873) RL s 3085; 1985 c 265 art 2 s 1

### **37.15 EXHIBITIONS.**

The society shall hold upon the fairgrounds an annual fair and may invite the cooperation of any other states or countries in that fair. The society shall provide for and pay premiums, and money spent for premiums, exhibits, or other displays must be for the purpose of encouraging agriculture, horticulture, stock-breeding, manufactures, and the mining, mechanical, and industrial arts and sciences.

**History:** (7874) RL s 3086; 1961 c 561 s 6; 1985 c 265 art 2 s 1

### **37.16 RULES; VIOLATION.**

The society may make all bylaws, ordinances, and rules consistent with law which it considers necessary or proper for the government of the fairgrounds and all fairs to be held on them, and for the protection, health, safety, and comfort of the public on the fairgrounds. The bylaws, ordinances, and rules are effective

when filed with the secretary of the society. The violation of a bylaw, rule, or ordinance of the society is a misdemeanor.

**History:** (7875) *RL s 3087; 1965 c 796 s 1; 1985 c 265 art 2 s 1*

### 37.17 SHOWS, EXHIBITIONS, PERFORMANCES, PRIVILEGES.

Subdivision 1. **License, regulation.** The society may license and regulate shows, exhibitions, performances, and privileges on the fairgrounds, revoke licenses, and prohibit, remove, and summarily stop exhibitions, performances, or privileges which violate society rules or other law.

Subd. 2. **Service of process.** The acceptance of any license given pursuant to subdivision 1 by a nonresident of Minnesota is an appointment by the nonresident of the secretary of state to be a lawful agent upon whom may be served all legal processes in any action or proceeding against the nonresident resulting from the operation of the licensed show, exhibition, performance, or privilege. The acceptance of a license by the nonresident signifies agreement that service of process upon the secretary of state has the same effect as service upon the nonresident personally. Publication of summons need not be made upon the nonresident. In all cases under this subdivision, service of process or service of any writ or notice in an action or proceedings must be made upon the secretary of state in the manner provided by law for service upon residents of the state, and has the same effect as personal service within the state upon the nonresident. After a nonresident appears in an action or proceeding by an attorney residing in Minnesota, papers must be served upon the attorney.

Subd. 3. [Repealed, 1982 c 625 s 16]

Subd. 4. **Solicitation.** No person may solicit money or sell or distribute any merchandise or material of any kind without a license issued by the society authorizing the solicitation, sale, or distribution from a fixed location on the fairgrounds.

**History:** (7876) *RL s 3088; 1951 c 253 s 1; 1981 c 357 s 27; 1982 c 625 s 6-8; 1985 c 265 art 2 s 1; 1Sp1985 c 14 art 8 s 1; 1986 c 390 s 1*

### 37.18 UNLICENSED OR IMPROPER EXHIBITION.

A person who engages in a play, game, concert, or theatrical or other performance, or who exhibits a show of any kind on the fairgrounds without a license from the society is guilty of a misdemeanor and must be removed from the fairgrounds.

A person who sells, distributes, or exhibits obscene materials or performances is guilty of a misdemeanor and the board of managers of the society shall suspend that person's license and require the forfeiture of all money paid to the society in connection with the performance or exhibit.

**History:** (7877) *RL s 3089; 1982 c 625 s 9; 1985 c 265 art 2 s 1*

### 37.19 CONTRACTS.

The society may contract in its own name and through its officers and agents without advertising for or publicly requesting bids. This chapter and all ordinances, bylaws, and rules adopted by the society's board of managers are a part of every contract entered into with any exhibitor, privilege holder, lessee, licensee, or other person. The society may contract for the purchase of services from any business, municipality, county, state agency, or department. The society may purchase, sell, lease, or otherwise engage in transactions respecting real property in its own name, and with terms and conditions acceptable to its board of managers. The provisions of section 37.01 apply to the specific properties described in it, except space rental contracts

and ground leases for a term of one year or less. The society shall submit to the state Executive Council for its approval, as provided by chapter 9, all its transactions involving real properties, and no transaction involving real property is final until it is approved by the Executive Council. All transactions involving real property previously made by the society are ratified, confirmed, and approved.

**History:** (7878) *RL s 3090; Ex1957 c 6 s 3; 1965 c 411 s 3; 1982 c 625 s 10; 1983 c 337 s 4; 1984 c 441 s 1; 1985 c 265 art 2 s 1*

### **37.20 SPECIAL PEACE OFFICERS.**

The secretary or the president of the society may appoint, in a writing signed by either of them, as many peace officers, as defined in section 626.84, subdivision 1, clause (c), as are necessary, both during the annual fair and throughout the year for the regulation of the Minnesota State Fairgrounds. These peace officers, before entering upon their duties, shall take and subscribe the usual oath of office, endorsed upon their appointment. They have upon the fairgrounds all the power and authority of peace officers and may, within these limits, without warrant, arrest any person found violating state law or any rule, bylaw, or ordinance of the society. They may summarily remove the persons and property of the offenders from the grounds, and take them before any court of competent jurisdiction to be dealt with according to law. Each peace officer shall wear an appropriate badge of office while acting as a peace officer. The society may also contract with the state, any county, or any municipality for police service and protection on the fairgrounds.

**History:** (7879) *RL s 3091; 1965 c 796 s 2; 1982 c 625 s 11; 1985 c 265 art 2 s 1*

### **37.21 SALE OF LIQUORS.**

Subdivision 1. **Liquor prohibited.** Except as provided in subdivision 2, no person may sell, barter, give away, or otherwise dispose of or introduce, have, or keep for barter, gift, or sale, any intoxicating liquors of any kind upon the State Fairgrounds, or aid and abet any of those acts. The presence and possession of any kind of these liquors, in any quantity, upon the person or upon the premises leased or occupied by any person within these limits is a public nuisance and is prima facie evidence of the purpose of the person to barter, give away, or sell the liquor. Any person who violates this section is guilty of a misdemeanor.

Subd. 2. **Exceptions.** The following exceptions apply:

(1) The State Agricultural Society may issue, under terms and conditions it chooses, licenses for the sale, possession, and consumption of intoxicating liquors at special events taking place on the fairgrounds at times other than during the annual fair including, but not limited to, family reunions, class reunions, weddings, conventions, and similar events.

(2) The State Agricultural Society may issue, under terms and conditions it chooses, consistent with state law, licenses for the sale, possession, and consumption of intoxicating malt liquors during the annual fair or at other times of their choosing, provided that at least one Minnesota brewed malt liquor is made available for sale at each allowed location within the grounds.

(3) The State Agricultural Society may issue a license for the sale and consumption of wine to a holder of a state fair concession's contract with the State Agricultural Society which authorizes the licensee to sell Minnesota-produced wine by the glass at the state fair in connection with the sale of food by the concessionaire. For the purposes of this subdivision, "Minnesota-produced wine" means wine produced by a farm winery licensed under section 340A.315.

**History:** (7880) *RL s 3092; 1982 c 625 s 12; 1985 c 265 art 2 s 1; 2000 c 440 s 1; 2007 c 13 art 1 s 4; 2007 c 89 s 1,2; 2010 c 255 s 1*

**37.22 LOCKUP; SEIZURE OF LIQUORS.**

The society may provide and maintain a watchhouse or lockup on the fairgrounds for the confinement of offenders and the temporary detention of suspected persons. The society's peace officers shall, without warrant, seize and destroy any intoxicating liquors found upon the fairgrounds.

**History:** (7881) *RL s 3093; 1982 c 625 s 13; 1985 c 265 art 2 s 1*

**37.23** [Repealed, 1982 c 625 s 16]

**37.24 UNLAWFUL ADMISSIONS.**

Any person who steals or unlawfully obtains a ticket, paper, or other writing entitling, or purporting to entitle, the holder to admission to any part of the State Fairgrounds or who sells or disposes of a ticket which upon its face appears to be nontransferable and to have been issued to another, without informing the purchaser of its character, is guilty of a misdemeanor.

**History:** (7883) *RL s 3095; 1985 c 265 art 2 s 1*

**37.25 MISDEMEANORS.**

In addition to other misdemeanors specified by statute, during the annual state fair or during any period when the board of managers requires fees for admission to the fairgrounds, every person who trespasses on, enters, or attempts to enter the fairgrounds in any manner, except through the entrance gates, without payment of the required fees or who trespasses on, enters, or attempts to enter any reserved enclosure on the fairgrounds, or who obtains permission to do so by impersonating another or by any misrepresentation or false pretense is guilty of a misdemeanor. A person who is found lurking, lying in wait, or loitering in the immediate vicinity of, or concealed in any building, yard, or premises upon the fairgrounds with intent to commit any offense or mischief is guilty of a misdemeanor.

**History:** (7884) *RL s 3096; 1965 c 796 s 4; 1985 c 265 art 2 s 1*

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

**37.27 MS 1981 Supp** [Repealed, 1982 c 625 s 16]

**37.27 FAIR FOUNDATION.**

The State Agricultural Society may establish a nonprofit corporation to be operated exclusively for charitable purposes as contemplated by sections 170(c)(2) and 501(c)(3) of the United States Internal Revenue Code. Subject to those sections, the corporation must be organized and operated exclusively for the benefit and to carry out the purposes of the State Agricultural Society for so long as the State Agricultural Society is and remains an organization as described in section 509(a)(1) or 509(a)(2) of the Internal Revenue Code. The corporation shall solicit, receive, hold, invest, and contribute funds and property for the use and benefit of the State Agricultural Society in a manner consistent with the public good and primarily for capital expenditures and other needs not funded by other means. The corporation may be known as the Minnesota State Fair Foundation.

**History:** 2001 c 85 s 2

## STATE FAIR FOUNDATION BONDS

### 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 \$50,000,000, 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 Commercial 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 society'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 management and budget.** Before issuing bonds under this section, the society must obtain the approval, in writing, of the commissioner of management and budget.

Subd. 8. MS 2018 [Repealed, 1Sp2019 c 6 art 8 s 10]

**History:** 2003 c 127 art 12 s 1; 1Sp2003 c 21 art 10 s 11; 2004 c 228 art 1 s 15; 2009 c 88 art 6 s 2; 2009 c 101 art 2 s 109; 2014 c 150 art 5 s 1; 1Sp2019 c 6 art 8 s 1; 1Sp2025 c 13 art 8 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