

owner whose vehicle shall be permanently destroyed or permanently removed from the state shall *upon filing a verified claim be entitled to a refund of the unused portion of the unused portion of the tax paid upon the vehicle so destroyed or removed from the state, computed pro rata by the month, one-twelfth of the annual tax paid for each month of the year remaining after the month in which the plates and certificate were returned to the registrar.*

Sec. 2. *The provisions of this act shall apply to all vehicles permanently destroyed or permanently removed from the state on and after July 1, 1957.*

Approved April 29, 1957.

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CHAPTER 896—H. F. No. 1711

[Coded]

*An act providing for the formation of development corporations.*

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

Section 1. [301.71] **Development of corporations.**  
Subdivision 1. Any three or more natural persons who are residents of this state may form a development corporation by complying with the conditions prescribed in this act.

Subd. 2. They subscribe and acknowledge a certificate specifying:

(1) The name, the general nature of its business, and the principal place of transacting its business. The name shall distinguish the corporation from all other corporations authorized to do business in the state, and shall contain the words "Development Corporation."

(2) The period of its duration, which shall be not more than 20 years.

(3) The name and residence of each incorporator.

(4) The names and addresses of those composing this board until the first election.

(5) The highest amount of indebtedness or liability to which the corporation shall be subject.

Subd. 3. 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. [301.72] 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 business prosperity and economic welfare of this state; to encourage and assist in the location of new business and industry in this state and to rehabilitate existing business and industry; to stimulate and assist in the expansion of all kinds of business activity which will tend to promote the business development and maintain the economic stability of this state, 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 industrial, commercial, agricultural and recreational developments in this state; and to furnish money and credit to approved and deserving applicants, for the promotion, development and conduct of all kinds of business activity in this state, thereby establishing a source of credit not otherwise readily available therefor.

**Sec. 3. [301.73] Certificates.** 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 register of deeds of the county of the principal place of business, as specified in the certificate.

**Sec. 4. [301.74] 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. [301.75] Additional powers.** In addition to the powers enumerated in Minnesota Statutes, Section 300.08, Subdivision 1, the corporation may:

(a) 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 mortgage, pledge, deed of trust or other lien on its property,

franchises, rights and privileges of every kind and nature or any part thereof.

(b) 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.

(c) 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 or personal property acquired by the corporation from time to time in the satisfaction of debts or enforcement of obligations.

(d) 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, associations or trusts 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 industrial plants or other business establishments thereon or for the purpose of disposing of such real estate to others for the construction of industrial plants or other 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 industrial plants or business establishments.

(e) 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.

(f) Cooperate with and avail itself of the facilities of the Department of Business Development and any similar governmental agencies; and to cooperate with and assist, and

otherwise encourage, local organizations in the various communities of the state the purpose of which shall be the promotion, assistance, and development of the business prosperity and economic welfare of such communities and of this state.

Sec. 6. [301.76] **Capital stock.** The capital stock of the corporation shall be 20,000 shares of no par value, which shall be issued for \$50 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. [301.77] **Directors.** Subdivision 1. All the corporate powers of the corporation shall be exercised by a board of not less than eight elected directors (but the number of elected directors shall always be an even number) who shall be residents of Minnesota and, except in the case of the first board, representative of the various sections of the state as determined in the bylaws. The commissioner of the Department of Business Development shall be, ex officio, a director with all the authority but without the liability as such, except for gross negligence or wilful misconduct. The number of directors and their term of office shall be determined in the bylaws. If any 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. [301.78] **Nonstockholder members.** The nonstockholder members of the corporation shall consist of

such national or state banks, savings banks, saving and loan associations, trust companies, stock or mutual insurance companies and other financial institutions 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 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. 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 and 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, and insurance companies and related corporations, partnerships, 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. [301.79] **Earned surplus.** The corporation shall set apart as an 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 be held in cash or invested in United States Government bonds, and shall be kept and used to meet losses and contingencies of the corporation. Whenever the amount of the earned surplus becomes impaired, it shall be restored to the required amount in the manner provided for its original accumulation.

Sec. 10. [301.80] **Limitations on obligations.** At

no time shall the total obligations of the corporation exceed ten times the amount of the paid-in capital and surplus, not including earned surplus.

**Sec. 11. [301.81] Deposit of funds.** The corporation shall not deposit any of its funds in any banking 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 loans 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 [301.82] 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. [301.83] 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 subscribe 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. [301.84] Obligations are legal investments for members.** Notwithstanding any other statute, the notes or other interest bearing obligations of any corporation organized under this act, issued in accordance with this act 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 or other financial institutions which become members of the corporation.

Approved April 29, 1957.

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CHAPTER 897—H. F. No. 1772

[Not Coded]

*An act relating to library boards in counties having more than 350,000 and less than 500,000 inhabitants.*