subrogation action where the loss was caused by the nonintentional acts of the insured.

(b) An insurance company or a company providing reinsurance for the coverage may not subrogate itself to the rights of its insured to proceed against another person insured for the loss being subrogated by the same company to recover a loss caused by the nonintentional acts of that insured.

Presented to the governor May 19, 1989

Signed by the governor May 19, 1989, 11:15 p.m.

CHAPTER 202—S.F.No. 1020

An act relating to education; authorizing and establishing procedures for the sale of all or part of the Minnesota Educational Computing Corporation; amending Minnesota Statutes 1988, sections 119.04, subdivision 2, and by adding subdivisions; 119.06, subdivision 3; and 119.09.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1988, section 119.04, subdivision 2, is amended to read:

Subd. 2. **POWERS.** The board of directors has the authority to engage in all activities which carry out the public purpose expressed in section 119.01 and which are consistent with sections 119.01 to 119.09. This authority includes but is not limited to acquiring, leasing, and disposing of real and personal property, establishing banking relationships, borrowing funds, establishing policies relating to personnel and compensation of personnel, and purchasing insurance. The board of directors may form wholly-owned subsidiaries. A subsidiary shall be under the management control of the MECC board of directors. The board of directors shall employ and set the compensation for the chief officer of MECC at not to exceed 95 percent of the salary of the governor as provided by section 15A.081, subdivision 6. The chief officer shall direct and carry on the work of MECC and assignments of the board. The board may establish bylaws and elect an executive committee.

~~The board of directors does not have the power to sell or offer for sale all or substantially all of the assets or any of the ownership of MECC.~~

Sec. 2. Minnesota Statutes 1988, section 119.04, is amended by adding a subdivision to read:

Subd. 3. **SALE OF CORPORATION.** The board of directors may sell all, substantially all, or part of the assets or any of the ownership of the corporation. When any part is sold, the board shall transfer the assets or ownership that is sold to the purchaser. Upon the sale of all or substantially all of the assets or ownership of the corporation, the board of directors shall dispose of any remaining assets and dissolve the corporation.

Sec. 3. Minnesota Statutes 1988, section 119.04, is amended by adding a subdivision to read:

Subd. 4. **DISTRIBUTION OF PROCEEDS.** If all or substantially all of the assets of the corporation are sold, the proceeds of the sale must be applied in the following order:

(1) any liabilities and obligations of the corporation must be paid, satisfied, or discharged or adequate provision must be made to do so;

(2) the corporation must be reimbursed for all expenses incurred in connection with the offer for sale and the sale of the corporation; and

(3) any remaining proceeds must be deposited in the permanent school fund.

Sec. 4. Minnesota Statutes 1988, section 119.06, subdivision 3, is amended to read:

Subd. 3. **EMPLOYEE RETIREMENT AND INSURANCE.** As long as the state owns at least a majority of the assets or ownership of MECC, the department of employee relations shall accept MECC employees in retirement plans and group life, health, and dental insurance plans provided MECC and its employees apply and fully pay the premiums and contributions of these plans. ~~For a period of 90 days after the effective date of this section, employees of the consortium who are members of the Minnesota state retirement system or the teachers retirement association shall be entitled to transfer their accumulated employer and employee contributions, not including interest, from those funds to the state unclassified employees retirement program under chapter 352D. For purposes of coverage under section 352D.02, subdivision 1, MECC employees transferring under this section shall be considered to be unclassified employees of the state.~~

Sec. 5. Minnesota Statutes 1988, section 119.09, is amended to read:

119.09 **DISSOLUTION.**

In the event of the dissolution of MECC for any reason except a sale of all or substantially all of the assets or ownership of the corporation under section 119.04, the state of Minnesota, upon action by the governor, after consultation with the legislative advisory commission, shall have the option to require return of all the assets of MECC to the state in exchange for the assumption of all outstanding obligations of MECC.

Sec. 6. **PROCEDURES AND CONDITIONS OF AN OFFER.**

Subdivision 1. **OFFER REQUIRED.** The board of directors of the Minnesota educational computing corporation, in consultation with the commissioner of finance, shall solicit offers to purchase all or part of the assets or ownership of the corporation according to this section.

Subd. 2. **CONDITIONS OF SALE.** Sale of all or any part of the assets of or ownership of the corporation shall be conditioned upon both of the following:

(a) The buyer and all subsequent buyers must continue to provide those computing and technology-related products developed by the Minnesota educational computing corporation to Minnesota educational institutions at one-half of the lowest price the products are sold to any non-Minnesota educational institution. Minnesota educational institutions shall maintain the right to unlimited copies of products they purchase.

(b) All products existing or substantially developed at the time of the sale shall be copyrighted in the name of the state of Minnesota. The buyer may use, sell, or market the copyrighted products if royalties for use of the products are paid as provided under an agreement among the board, the commissioner of finance, and the buyer.

Subd. 3. **EVALUATION METHODS.** Before requesting proposals, the board and the commissioner of finance shall jointly establish:

(1) factors to be used in the review and evaluation of proposals from responsible bidders;

(2) a method for determining whether or to what degree each factor has been or would be likely to be met;

(3) the relative importance of each factor;

(4) that both of the conditions in subdivision 2 can be satisfied; and

(5) other procedures to be used to review and evaluate proposals.

Subd. 4. **PROPOSAL OPTIONS.** The board shall request proposals, according to the procedures and deadlines it determines, for a public offering of the sale of all, substantially all, or any part of the assets or ownership of the corporation.

Subd. 5. **PROHIBITION ON PARTICIPATION IN PROPOSALS.** Except for a proposal by an organized group of the employees of the corporation, no member of the board and no employee in a management position may participate in a proposal submitted to the board by a private or public corporation unless the member resigns from the board or the employee terminates employment. The same restrictions shall apply to a member of the immediate family of the board member or employee.

Subd. 6. **EVALUATION FACTORS.** Factors upon which all proposals received from responsible bidders by the deadline shall be evaluated include, but are not limited to, the following:

(1) a cost benefit analysis of the proposal for Minnesota educational institutions;

(2) the price offered by the bidder for any or all of the assets or ownership of the corporation;

(3) the extent to which the bidder will assume any liabilities and obligations of the corporation;

(4) the ability of the bidder to provide the capital needed to continue providing cost-effective computer technology-related products and services to educational institutions in the state and elsewhere;

(5) the ability of the bidder to provide, each year for five years after the date of purchase, capital for research and development in an amount comparable to similar corporations;

(6) the ability of the bidder to maintain and expand employment in the state using assets or ownership purchased from the corporation;

(7) whether and to what extent the bidder operates, conducts, and significantly contributes to business in the state; and

(8) whether the conditions of sale would be met.

In deliberating the approval of the sale, the legislative auditor and the commissioner of finance must consider the inclusion of these factors in the agreement.

Subd. 7. **PROCEDURES AND RECOMMENDATIONS.** The board shall review and evaluate all proposals and adopt recommendations. The board may recommend rejection of all proposals. The board shall submit its recommendations and copies of proposals to the commissioner of finance. The commissioner of finance shall contract with an independent evaluator to provide an independent market valuation of the corporation. The commissioner of finance shall review the recommendations of the board and the independent evaluation. The commissioner of finance shall submit the recommendations of the board of directors, the independent evaluation, and the recommendations of the commissioner of finance to the legislative auditor. The legislative auditor shall review the recommendations of the board of directors and the commissioner of finance and the independent evaluation and make its recommendations.

Subd. 8. **REPORT TO THE LEGISLATURE.** By January 15, 1990, the recommendations of the board of directors, the commissioner of finance, and the legislative auditor, and the independent evaluation shall be submitted to the education committees of the legislature.

Sec. 7. **EFFECTIVE DATE.**

Sections 1 to 6 are effective the day following final enactment.

New language is indicated by underline, deletions by ~~strikeout~~.

Presented to the governor May 19, 1989

Signed by the governor May 19, 1989, 11:28 p.m.

CHAPTER 203—S.F.No. 1039

An act relating to charitable gambling; permitting organizations to treat legal expenses as an allowable expense; defining lawful purpose; amending Minnesota Statutes 1988, sections 349.12, subdivision 11; and 349.15.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1988, section 349.12, subdivision 11, is amended to read:

Subd. 11. (a) "Lawful purpose" means one or more of the following: ~~(a)~~ (1) benefiting persons by enhancing their opportunity for religious or educational advancement, by relieving or protecting them from disease, suffering or distress, by contributing to their physical well-being, by assisting them in establishing themselves in life as worthy and useful citizens, or by increasing their comprehension of and devotion to the principles upon which this nation was founded; ~~(b)~~ (2) initiating, performing, or fostering worthy public works or enabling or furthering the erection or maintenance of public structures; ~~(c)~~ (3) lessening the burdens borne by government or voluntarily supporting, augmenting or supplementing services which government would normally render to the people; or ~~(d)~~ (4) payment of taxes imposed under this chapter, and other taxes imposed by the state or the United States on receipts from lawful gambling.

(b) "Lawful purpose" does not include the erection, acquisition, improvement, expansion, repair, or maintenance of any real property owned or leased by ~~the~~ an organization, unless the board has first specifically ~~authorizes~~ authorized the expenditures after finding: (1) that the property will be used exclusively for one or more of the purposes specified in paragraph (a), clauses ~~(a)~~ (1) to ~~(c)~~ (3); or (2) with respect to expenditures for repair or maintenance only, that the property is or will be used extensively as a meeting place or event location by other nonprofit organizations or community or service groups and that no rental fee is charged for the use; or (3) with respect to expenditures for erection or acquisition only, that the erection or acquisition is necessary to replace with a comparable building a building owned by the organization and destroyed or made uninhabitable by fire or natural disaster, provided that the expenditure may be only for that part of the replacement cost not reimbursed by insurance. The board may by rule adopt procedures and standards to administer this subdivision.

Sec. 2. Minnesota Statutes 1988, section 349.15, is amended to read:

New language is indicated by underline, deletions by ~~strikeout~~.