

TO: Sourcewell Cooperative Purchasing Stakeholders
FROM: Sam Rufer, Chief Legal and Government Relations Officer
DATE: January 30, 2026
RE: Sourcewell establishment, purpose, governance, and authority

FORMATION

Sourcewell is a local government unit, public corporation and public agency established under the laws of the state of Minnesota, known as a service cooperative, established under Minn. Stat. § 123A.21.

PURPOSE

Minnesota service cooperatives are local government units created to assist in meeting the specific needs of participating government units through programs and services which could be better provided by a cooperative than by the members individually. Such programs may include, but are not limited to, those delineated in Minn. Stat. § 123A.21, subd. 7.

MEMBERSHIP

Pursuant to Minn. Stat. § 123A.21, subd. 3 and the Sourcewell Bylaws:

Participating Entity membership is available to school districts, cities, counties, or other government units, as well as nonpublic school administrative units, nonprofit agencies or organizations, and other partnership agencies or organizations, regardless of geographic location.

Full-voting membership in Sourcewell is available to public school districts, cities, counties, and other government units as defined by Minn. Stat. § 471.59, subd. 1(b) in a geographically defined area consisting of Cass, Crow Wing, Morrison, Todd, and Wadena counties of Minnesota known as Region 5.

GOVERNANCE

The care, management, and control of Sourcewell is vested in its publically elected Board of Directors composed of eight (8) members selected by Sourcewell's Full-voting members. Six (6) members of the Board must be current school board members from school districts in Region 5; two (2) members must be publicly elected officials representing the governing bodies of cities, counties, or other government units in Region 5.

The Sourcewell Board of Directors may appoint up to three (3) nonvoting ex-officio members for purposes of advisory participation from a cross section of Full-voting Members.

The board has broad authority to conduct the business necessary to maintain and operate the organization.

PUBLIC PURPOSE

Because Sourcewell is a local government unit:

- All Sourcewell employees are government employees;
- All property owned by Sourcewell are public property; and
- All Sourcewell funds must be used to serve only public and governmental purposes.

Sourcewell has authority to expend funds for purposes outlined its enabling statute at Minn. Stat. § 123A.21 provided those expenditures serve a public purpose. An expenditure meets the “public purpose” requirement when:

- It benefits the community as a whole;
- Is directly related to a government function; and
- Does not mainly benefit a private individual or entity.

Sourcewell property is exempt from all taxes and assessments.

COOPERATIVE PURCHASING AUTHORITY

Pursuant to Minn. Stat. § 123A.21 subd. 7(23), Sourcewell is authorized to provide cooperative purchasing solutions to its members and Participating Entities.

Sourcewell cooperative purchasing contracts are awarded through a competitive solicitation process consistent with Minnesota law.

- [Sourcewell Cooperative Purchasing Program](https://www.sourcewell-mn.gov/sites/default/files/2025-12-23/cooperative_purchasing_program_document.pdf) (https://www.sourcewell-mn.gov/sites/default/files/2025-12-23/cooperative_purchasing_program_document.pdf)
- [Sourcewell Procurement Process](https://app.spekit.co/app/share/content/2d2abb38-84b4-4b91-b50b-9245617bb881) (https://app.spekit.co/app/share/content/2d2abb38-84b4-4b91-b50b-9245617bb881)
- [Organizational Bylaws](https://www.sourcewell-mn.gov/sites/default/files/2025-12-22/Sourcewell_By-laws_14th_Amendment.pdf) (https://www.sourcewell-mn.gov/sites/default/files/2025-12-22/Sourcewell By-laws_14th Amendment.pdf)
- [Sourcewell Procurement Policy](https://www.sourcewell-mn.gov/sites/default/files/2023-01-04/Sourcewell_Procurement_Policy_July_2022.pdf) (https://www.sourcewell-mn.gov/sites/default/files/2023-01-04/Sourcewell_Procurement_Policy_July_2022.pdf)
- [Sourcewell Procurement Code of Ethics](https://www.sourcewell-mn.gov/sites/default/files/2025-02-11/Procurement_Code_of_Ethics.pdf) (https://www.sourcewell-mn.gov/sites/default/files/2025-02-11/Procurement Code of Ethics.pdf)

View additional legal resources [online](https://www.sourcewell-mn.gov/compliance-legal) (https://www.sourcewell-mn.gov/compliance-legal) and other information [here](https://www.sourcewell-mn.gov/cooperative-purchasing/how-it-works) (https://www.sourcewell-mn.gov/cooperative-purchasing/how-it-works).

JOINT POWERS AUTHORITY

Through the joint exercise of powers authorized by Minn. Stat. § 471.59, Sourcewell is able to expand its impact by partnering with other governmental units to jointly or cooperatively exercise powers common to the parties, or any similar powers. With respect to joint powers, “governmental unit” may include any government, education, or nonprofit agency that has similar joint powers, intergovernmental cooperation, or cooperative purchasing laws in their respective jurisdiction.

DISCLAIMER

Members and Participating Entities are responsible for performing due diligence and ensuring their use of Sourcewell cooperative contracts complies with all applicable federal, state, and local laws and policies, and specific funding requirements.