

**317.20 DIRECTORS.** Subdivision 1. **BOARD.** A board of at least three directors shall manage The business of the corporation shall be managed by a board of directors. The number of directors shall be at least three, except that in cases where the corporation has either one or two shareholders or members, the number of directors may be less than three but not less than the number of shareholders or members .

Sec. 7. Minnesota Statutes 1978, Section 317.21, Subdivision 1, is amended to read:

**317.21 OFFICERS.** Subdivision 1. **ELECTION, APPOINTMENT.** (1) Except where the articles or bylaws provide otherwise, the board of directors shall elect persons to exercise the functions of the offices of president, secretary, and treasurer, and may elect or appoint any other officers and agents deemed to be necessary.

(2) Unless the articles or bylaws prescribe that only directors may be officers, officers need not be directors.

(3) The same person shall not at the same time hold Any of the offices or functions of the offices of (a) president and vice-president or (b) president and secretary; but when authorized by the articles or bylaws he may hold any other two offices at the same time may be held or exercised by the same person .

Sec. 8. This act is effective the day following its final enactment.

Approved March 13, 1980

## CHAPTER 352—S.F.No. 482

*An act relating to corporations; authorizing purchase of insurance to provide indemnification of certain persons for certain liabilities and expenses; amending Minnesota Statutes 1978, Sections 300.082, Subdivisions 4 and 5; and 301.095, Subdivisions 4 and 5.*

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

Section 1. Minnesota Statutes 1978, Section 300.082, Subdivision 4, is amended to read:

Subd. 4. Any indemnification under subdivision 1 or 2 , unless ordered by a court, shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee, or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in subdivision 1 or 2 . ~~Such~~ The determination shall be made (1) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to ~~such~~ the action, suit, or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested direc-

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tors so directs, by independent legal counsel in a written opinion, or (3) by the stockholders. ~~Any indemnification under subdivision 2 must be ordered by a court.~~

Sec. 2. Minnesota Statutes 1978, Section 300.082, Subdivision 5, is amended to read:

Subd. 5. Expenses , including attorneys' fees, incurred in defending a civil or criminal action, suit, or proceeding may be paid by the corporation in advance of the final disposition of such the action, suit, or proceeding as authorized ~~by the board of directors in the manner provided in subdivision 4 upon receipt of an undertaking by or on behalf of the director, officer, employee, or agent to repay such the~~ amount unless it shall ultimately be determined that he is entitled to be indemnified by the corporation as authorized in this section.

Sec. 3. Minnesota Statutes 1978, Section 301.095, Subdivision 4, is amended to read:

Subd. 4. Any indemnification under subdivision 1 or 2 , unless ordered by a court, shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee, or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in subdivision 1 or 2 . ~~Such The~~ determination shall be made (1) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to ~~such the~~ action, suit, or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by the stockholders. ~~Any indemnification under subdivision 2 must be ordered by a court.~~

Sec. 4. Minnesota Statutes 1978, Section 301.095, Subdivision 5, is amended to read:

Subd. 5. Expenses , including attorneys' fees, incurred in defending a civil or criminal action, suit, or proceeding may be paid by the corporation in advance of the final disposition of such the action, suit, or proceeding as authorized ~~by the board of directors in the manner provided in subdivision 4 upon receipt of an undertaking by or on behalf of the director, officer, employee, or agent to repay such the~~ amount unless it shall ultimately be determined that he is entitled to be indemnified by the corporation as authorized in this section.

Approved March 17, 1980

#### CHAPTER 353—S.F.No. 693

*An act relating to insurance; excepting certain policies from readability requirements; limiting the applicability of readability requirement with respect to certain forms*

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