

in which is located the property for which damages are awarded, shall, before entering upon such property for the construction of the improvement, order the same paid, less any assessment against such property, *but in the case of a county or a municipality being awarded such damages upon its request the assessment shall not be deducted.* In case of appeal, the damages shall not be paid until the final determination thereof. If there is doubt as to who is entitled to the damages, the board may pay the same to the clerk of the district court of the county to be disbursed by the clerk upon order of the court to the persons thereunto entitled.

Approved February 13, 1953.

CHAPTER 16—H. F. 292

[Coded, in part]

An act relating to cooperative associations; amending Minnesota Statutes 1949, Sections 308.06 and 308.12, providing for limited or perpetual duration for cooperative associations heretofore organized and providing for the renewal of the period of corporate existence of corporations organized under the cooperative laws of this state, and corporations organized under any other laws of this state which have conducted their business upon the cooperative plan, and legalizing and validating certain corporate acts and contracts done, performed and entered into by such corporations.

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

Section 1. Minnesota Statutes 1949, Section 308.06, is amended to read:

308.06 Incorporation, duration. A cooperative association may be organized under the provisions of sections 308.05 to 308.18 by five or more incorporators, who may act for themselves as individuals or as the agents of other cooperative associations, whether organized under sections 308.05 to 308.18 or otherwise.

Persons forming a cooperative association under sections 308.05 to 308.18 shall sign and acknowledge written articles of incorporation. The articles of incorporation of any association organized under or subject to the provisions hereof shall always contain provisions specifying (1) the name of the association, its purpose, the general nature of its business, and the principal place of transacting the same. Such name shall distinguish it from all other corporations, domestic or foreign,

doing business in the state and shall be preserved to it during its corporate existence; (2) the period of its duration, *which may be limited or perpetual*; (3) if organized on a capital stock basis the total authorized number of shares and the par value of each share; a description of the classes of shares, if the shares are to be classified; a statement of the number of shares in each class and relative rights, preferences, and restrictions granted to or imposed upon the shares of each class, and a provision that only common stockholders shall have voting power; (4) that individuals owning common stock shall be restricted to one vote in the affairs of the association; (5) that shares of stock shall be transferable only with the approval of the board of directors of the association; (6) that dividends upon capital stock of the association shall not exceed six percent annually; (7) in what governing board its management shall be vested, the time of the annual meeting of the stockholders at which such governing boards shall be elected, and the names and places of residence of those who shall compose such governing board until the first annual meeting of the stockholders; and (8) that net income in excess of dividends and additions to reserves shall be distributed on the basis of patronage, and that the records of the associations may show the interest of patrons, stockholders and members in the reserves. The articles of incorporation may contain any other lawful provision. Cooperative associations may be incorporated for any of the purposes for which an association may also be formed upon a membership basis and without capital stock. Such associations organized on a capital stock basis may be organized, and shall have the same powers and authority as are conferred upon such associations, and the articles of incorporation of any such non-stock associations shall contain the provisions required in the articles of incorporation of an association organized upon a capital stock basis wherever the same are applicable to an association organized upon a membership basis. No member of an association organized upon a membership basis shall have more than one vote. Common stockholders shall be deemed to be members of associations organized on a capital stock basis.

Cooperative associations organized under or subject to the provisions hereof shall be subject to the provisions of Chapter 80, except as specifically provided in section 80.05.

The original articles of incorporation, or a certified copy thereof, verified as such by the affidavits of two of the incorporators, shall be filed with the secretary of state and a copy thereof, certified as above required, shall be recorded in the office of the register of deeds of the county in which the principal place of business of the association is located. For filing

the articles of incorporation, or amendments thereto, with the secretary of state there shall be paid to the state treasurer a fee of \$5.00.

Sec. 2. Minnesota Statutes 1949, Section 308.12, is amended to read:

308.12 Earnings, reserve fund, distribution. An association organized under sections 308.05 to 308.18 may set aside such part of its net income during its first two fiscal years as its board of directors deems advisable, for the purpose of creating a *capital* reserve, and annually thereafter its board of directors shall set aside for the purpose of such reserve at least ten per cent of the annual net income until the *capital* reserve shall equal 50 per cent of the paid-up capital, and thereafter the *capital* reserve may be increased from time to time by the board of directors of the association to such an amount as it deems advisable. In addition to such *capital* reserve the directors of any such association may set aside a sum not to exceed five per cent of the annual net income of the association, which shall be used for the purposes of promoting and encouraging cooperative organization, and may establish and accumulate reserves for new buildings, machinery and equipment, depreciation, losses, and other proper purposes. Net income in excess of dividends on capital stock and additions to reserves shall be distributed on the basis of patronage. The stockholders may provide in the by-laws of the association that non-member patrons shall participate in the distribution of net income upon equal terms with member patrons. If the patron is qualified and eligible for membership, the amount of patronage refund due him shall be credited to his individual account, and when such credits shall equal the value of a share of common stock or a membership a share of common stock or a membership shall be issued to him. If the patron is not qualified or eligible for membership, the refund due him may be credited to his individual account, and when such credits shall equal the value of a share of preferred stock or a certificate of interest a share of preferred stock or a certificate of interest may be issued to him, and thereafter such patron may participate in the distribution of income upon the same basis as a common stockholder or member.

Distribution of net income shall be made annually or oftener. Net income of a cooperative association arising from trucking operations shall be distributed only annually. The directors of such association shall present to the stockholders at their annual meeting a report covering the operations of the association during the preceding fiscal year.

: Dividends may be paid on capital stock only when the net

income of the association for the previous fiscal year is sufficient and shall not be cumulative.

An association subject to the provisions of sections 308.05 to 308.18 may distribute net income in cash, credits, revolving fund certificates, or its own or other securities.

Sec. 3. [308.061] Perpetual duration granted. *All cooperative associations heretofore organized or existing under the provisions of Sections 308.05 to 308.15 are hereby granted perpetual duration irrespective of the period of duration set forth in their articles of incorporation or any amendments thereto. Any such cooperative association may, however, amend its articles of incorporation so as to provide for a limited period of duration for its corporate existence.*

Sec. 4. [308.062] Corporate existence. *Subdivision 1. In any case where the period of duration of corporate existence of any cooperative corporation organized under the laws of this state, or a corporation organized under any law of this state which has conducted its business upon the cooperative plan, has expired and such corporation has continued in good faith to carry on and transact business, it may at any time thereafter renew its corporate existence by amending its articles of incorporation so as to comply with the provisions of Minnesota Statutes 1949, Sections 308.05 to 308.18, as amended, which amended articles shall include a provision extending its corporate duration for a limited period or making its corporate existence perpetual. This act shall not affect any pending litigation, nor apply to any corporation whose charter has been declared forfeited by any court of competent jurisdiction in this state.*

Subd. 2. If any such corporation complies with subdivision 1 of this section, all corporate acts and contracts done, performed, made and entered into after the expiration of said corporate existence shall be and each is hereby declared to be legal and valid as against the objection that the period of duration of such corporation had expired.

Approved February 13, 1953.

CHAPTER 17—S. F. No. 103

[Not Coded]

An act relating to the issuing of bonds or certificates of indebtedness by certain counties for county fair purposes; amending Laws 1951, Chapter 283, Section 1.

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