

CHAPTER 308

COOPERATIVE ASSOCIATIONS

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308.01 ORGANIZATION. Subdivision 1. **Purposes; certificate, where filed.** A cooperative association may be formed for the purpose of engaging in any lawful mercantile, manufacturing, or agricultural business. Its certificate of incorporation shall be filed for record with the register of deeds of the county of its principal place of business, and thereupon it shall become a corporation. A majority of the incorporators shall be residents of the county of its principal place of business, and its duration, without renewal, shall not exceed 20 years.

Subd. 2. **Officers; board of managers.** Every such association shall have a president, a treasurer, and not less than three directors, who shall together constitute a board of managers and conduct its business. Such officers shall be chosen annually by the stockholders and hold their offices until others have been chosen and have qualified. The association shall make its own by-laws, not inconsistent with law, and may therein provide for any other officers deemed necessary, and the mode of their selection. It may amend its certificate of incorporation at any general stockholders' meeting, or at any special meeting called for that purpose, upon ten days' notice to the stockholders.

[R. L. ss. 3073, 3074] (7822, 7825)

308.02 CAPITAL; LIMIT OF INTEREST; SHARES. The amount of capital stock shall be fixed by the certificate of incorporation, which amount and the number of shares may be increased or diminished at a stockholders' meeting specially called for that purpose; but the whole amount of stock shall never exceed \$100,000, and, in case of a creamery association, shall not exceed \$25,000. Within 30 days after the adoption of an amendment increasing or diminishing its capital it shall cause the vote so adopting it to be recorded in the office of the register of deeds where its original certificate is on record. No share shall be issued for less than its par value, and no member shall own shares of greater par value than \$1,000 or be entitled to more than one vote. It may commence business whenever 20 per cent of the stock has been subscribed for and paid in, but no certificate of shares shall be issued to any person until the full amount thereof has been paid in cash, and no person shall become a shareholder therein except by consent of the managers.

[R. L. s. 3075] (7826)

308.03 DISTRIBUTION OF PROFITS. The profits on the earnings of such association shall be distributed to those entitled thereto by its by-laws, and in the proportions and at the times therein prescribed, which shall be as often as once in 12 months.

[R. L. s. 3077] (7828)

308.04 [Repealed, 1943 c 317 s 1]

308.05 FORMATION; POWERS. Subdivision 1. A cooperative association may be formed for the purpose of conducting any agricultural, dairy, marketing, trans-

portation, warehousing, commission, contracting, building, mining, telephone, manufacturing, or any mechanical, mercantile or electrical heat, light or power business, or for all such purposes or for any other lawful purpose, upon the cooperative plan; and, in addition to other powers, such cooperative association shall have the power, either as agent or otherwise, to buy, sell, or deal in its own products, the products of its individual members or patrons, the products of any other cooperative association or of its members or patrons. It shall be lawful for such cooperative association to sell its own products, as well as the products of its members or patrons for them, or the products of any other cooperative association or of its members or patrons for them, as the case may be, either individually or collectively, and to negotiate the price at which such products may be sold either for itself or for its members or patrons, or such other cooperative association and its members or patrons, individually or collectively, as the case may be; also to enter into or become a party to any contract or agreement either for itself or for its individual members or patrons, or between it and its members. For the purposes above stated such cooperative association shall have the power and authority as a corporation, to purchase and hold, lease, mortgage, encumber, sell, exchange, and convey such real estate, buildings, and personal property as the business of the association may require, also to erect buildings or other structures or facilities upon its own lands or leased grounds, or upon right of way legally acquired by such cooperative association. Any such cooperative which is engaged in the electrical, heat, light, power or telephone business, shall have the further power and authority to exercise the power of eminent domain in the manner provided by the laws of this state for the exercise of such power by other corporations engaged in such business. Such cooperative association shall have the power and authority to issue bonds or other evidence of indebtedness and to borrow money to finance the business of the association, or to make advances to its members or patrons upon produce delivered by such members or patrons to the association. For the purpose of empowering and authorizing cooperative associations incorporated under the provisions of sections 308.05 to 308.18 to join with other cooperative associations in this state or other states, whether incorporated under those sections or under the laws of any other state, to form district, state, or national organizations or market agencies, any cooperative association incorporated under those sections, by vote of the governing board thereof may purchase, acquire, hold, or dispose of the stock of any other cooperative association or corporation, whether incorporated under those sections or under the laws of any other state, and assume all rights, interests, privileges, responsibilities, and obligations arising out of the ownership of such stock. A cooperative association incorporated under those sections shall also have the power and authority, either for itself or for its individual members or patrons, to do and perform every act and thing necessary or proper to the conduct of its business or the accomplishment of the purposes set forth in those sections; and, in addition, any other rights, powers, or privileges granted by the laws of this state to ordinary corporations, except such as are inconsistent with the expressed provisions of those sections.

Subd. 2. A cooperative association incorporated under sections 308.05 to 308.18, constituted wholly or partially of other cooperative associations organized under those sections or under the laws of this or any other state, shall have the power to accept deposits of money or securities from such cooperative associations, to loan or borrow upon such security as it may consider sufficient in dealing with its member cooperatives and to exercise any and all fiduciary powers in its relations with such cooperatives as constitute its membership.

Subd. 3. No corporation or association hereafter organized in this state shall be entitled or permitted to use the term "cooperative" as part of its corporate or business name or title, or to represent itself as a cooperative association, unless it has complied with the provisions of sections 308.05 to 308.18, or any other law of this state now existing or hereafter enacted providing for the incorporation of cooperative associations. Any corporation or association which violates this provision shall be guilty of a misdemeanor.

Subd. 4. Minnesota Statutes, sections 22.18 and 22.28 shall apply to marketing contracts of associations organized under sections 308.05 to 308.18.

[1919 c 382 s 1; 1921 c 23 s 1; 1923 c 326 s 1; 1933 c 148 s 1; 1941 c 114 s 1; 1949 c 199 s 1; 1955 c 222 s 1; 1955 c 757 s 1] (7834)

308.06 INCORPORATION, CONTENTS OF ARTICLES, FILING AND RECORDATION. Subdivision 1. 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.

Subd. 2. The incorporators of a cooperative association under Sections 308.05 to 308.18 shall sign and acknowledge written articles of incorporation, 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) the names, post office addresses and terms of office of the first directors; 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 association may show the interest of patrons, stockholders of any classes and members in the reserves. The articles of incorporation shall always contain the provisions above required and may contain any other lawful provision; except that the names, post office addresses and terms of offices of the first directors may be omitted after their successors have been elected by the stockholders or when the articles are amended in their entirety. 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 whenever 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. Holders of shares of common stock which entitle the holder thereof to vote, shall be deemed to be members of associations organized on a capital stock basis. As used in Sections 308.05 to 308.18, "stockholder," unless otherwise specified, means and includes only a holder of a share of common stock which entitles the holder thereof to vote.

Subd. 3. 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.

Subd. 4. 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 \$10.

[1919 c 382 s 2; 1921 c 23 s 2; 1923 c 326 s 2; 1941 c 114 s 2; 1943 c 438 s 1; 1949 c 199 s 2; 1953 c 16 s 1; 1955 c 222 s 2; 1955 c 820 s 32; 1957 c 129 s 1] (7835)

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.

[1953 c 16 s 3]

308.062 EXPIRATION OF CORPORATE EXISTENCE, RENEWAL. 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 or hereafter expires and such corporation thereafter continues 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 section 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, 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.

[1953 c 16 s 4; 1955 c 222 s 3]

308.07 CAPITAL STOCK, VOTING RIGHTS, GROUPING OF ASSOCIATIONS.

Subdivision 1. The amount of the authorized capital stock, the number of shares, or the par value thereof may be increased or diminished, or the classes of stock may be established or altered, at any regular meeting of the stockholders of the association or at any special meeting of the stockholders called for any of such purposes, in the manner hereinafter provided for amending the articles of incorporation.

Subd. 2. The association may commence business whenever ten percent of the authorized capital stock has been subscribed and paid in and the amount of the capital stock outstanding shall at no time be diminished below ten percent of the amount of the authorized capital. No share shall be issued for less than its par value nor until the same has been paid for in cash or its equivalent.

59 C 351 1/2 Subd. 3. Any cooperative association organized under sections 308.05 to 308.18 may acquire and hold stock in any other corporation organized under any law of this state or of any other state of the United States, the purpose of which may be a federation of cooperative associations or for the purpose of forming a district, state or national marketing, sales, or service agency or for the purpose of acquiring marketing facilities at terminal or other markets in this state or other states. A stockholder in any cooperative association organized under those sections shall not be entitled to more than one vote which shall be in person, or by mail, as hereinafter provided, and not by proxy, except that any such cooperative association which holds stock in any other corporations shall have the power and authority, by its board of directors or by its stockholders, to elect or appoint any person to represent it at any meeting of any corporation in which it owns stock and the person so elected or appointed shall have full power and authority to represent such cooperative association and also to cast its vote or votes at any such meeting.

Subd. 4. In cooperative associations wholly or partially constituted of other cooperative associations organized under sections 308.05 to 308.18 or under the laws of this or any other state, each affiliated member cooperative shall have an additional vote for a certain stipulated volume of business done by it with its central organization or a certain stipulated number of members in such associations, to be determined in either or both cases by the articles and bylaws of the central association.

Subd. 5. Any cooperative association may group its members or stockholders in districts, local units or on such other basis as may be provided in the articles or bylaws of the association.

59 C 351 1/2 Subd. 6. Where district or other local units are so created, the bylaws may provide for the election of all or part of the directors upon a district or unit basis, in which event directors may be nominated, or nominated and elected, by the members of the district or unit from their own number, and directors so elected may be removed for cause only by the vote of the members of the district or unit from which they were elected. Nothing herein contained shall prevent any cooperative association from providing for the election and removal of directors in any other lawful manner.

Subd. 7. Each unit of a central association shall be entitled to be represented at any and all stockholders' meetings of the central association by delegates of their own choosing and such delegates shall exercise the same powers at such stockholders' meetings as any stockholder of the central association may exercise on such basis of voting rights as is provided for in the articles and bylaws of the central association pertaining to such stockholders.

Subd. 8. The directors of the central association shall have the power to do all things necessary to give full force and effect to this section including the power to fix the time and place and rules of conduct for the holding of meetings by such units for the purpose of their electing a delegate or delegates to all stockholders' meetings of the central association.

Subd. 9. Stock in any cooperative association organized under sections 308.05 to 308.18 shall be sold or transferred only with the consent and approval of the board of directors, and the bylaws of such cooperative association shall provide that it shall have the first privilege of purchasing stock offered for sale by a stockholder of any class. Any stock so acquired by the board of directors for such cooperative association may be held as treasury stock or may be retired and cancelled. Any stockholder of any class who knowingly, intentionally, or repeatedly violates a provision of the bylaws adopted by any cooperative association organized under those sections may be required by the board of directors of the cooperative association to surrender stock of any class owned by him, in which case the association shall refund to such stockholder the par value or the book value of such stock whichever is lesser. Stock so required to be surrendered shall be retired and cancelled by the board of directors.

Subd. 10. Any stockholder who is absent from any meeting of the stockholders of any association organized under the provisions of those sections may, as herein provided but not otherwise, vote by mail on the ballot herein prescribed upon any motion, resolution, or amendment which the board of directors may in its discretion submit to the stockholders for vote by them. Such ballot may be in the form prescribed by the board of directors of such association and shall contain the exact text of the proposed motion, resolution, or amendment to be acted upon at such meeting and the date of the meeting; and shall also contain spaces opposite the text of such motion, resolution, or amendment in which such stockholder may indicate his affirmative or negative vote thereon. Such stockholder shall express his choice by marking an "X" in the appropriate space upon such ballot. Such ballot shall be signed by the stockholder, and when received the association holding the meeting, shall be accepted and counted as the vote of such absent stockholder at such meeting.

[1919 c 382 s 3; 1921 c 23 s 3; 1923 c 326 s 3; 1933 c 148; 1941 c 114 s 3; 1949 c 199 s 3; 1955 c 222 s 4] (7836)

308.071 COOPERATIVE ASSOCIATIONS, ELECTION OF DIRECTORS. Subdivision 1. No action heretofore or hereafter taken by the board of directors nor the election of any director of any cooperative association organized under sections 308.05 to 308.18 shall be held to be invalid by reason of any such director heretofore having been elected at an election at which any stockholder voted by mail in accordance with provisions for mail votes existing in the articles of incorporation or bylaws of such cooperative association prior to January 1, 1956.

Subd. 2. If voting by mail is authorized by the articles of incorporation or the bylaws of any such cooperative association, then any stockholder of such association may, at any election of any director of such association which shall be held hereafter and prior to January 1, 1958, vote by mail in the same manner as is prescribed by Minnesota Statutes, section 308.07. This shall not be construed as a declaration of legislative intent as to whether or not the statutes, prior to this amendment, permit the mailing of ballots for director's elections.

[1957 c 186 s 1, 2]

308.08 APPLICATION. The provisions of Mason's Minnesota Statutes of 1927, Sections 7834 and 7836, as amended by Laws 1933, Chapter 148, shall not apply to any cooperative corporation or association organized under the laws of this state, or of any other state, prior to April 1, 1933, unless and until such corporation or association, by proper amendment of its articles of incorporation, elects to be bound by the provisions of Laws 1919, Chapter 382.

[1935 c. 231] (7836-1)

308.09 STOCKHOLDERS, REGULAR AND SPECIAL MEETINGS, NOTICE. Subdivision 1. Regular meetings of the stockholders of cooperative associations organized under sections 308.05 to 308.18 shall be held annually at such time as may be determined by the board of directors of the association, unless otherwise provided for in its articles of incorporation or bylaws, and at the principal place of business of the association, or at any other place conveniently located within the area served by it, or, in the case of cooperative associations wholly or partially

constituted of other cooperative associations organized under the laws of, or doing business in, any other state, at such place within or without the state, as may be designated in the notice of the meeting. At such annual meeting reports covering the business of the association for the previous fiscal year and showing the condition of the association at the close of the fiscal year shall be submitted to the stockholders by the officers, and directors shall be elected for such terms of office as shall be prescribed in the bylaws of the association. The secretary of the association shall give notice of such meeting, by publication in a legal newspaper published in the county of the principal place of business of the association, at least two weeks previous to the date of the meeting, or by mailing notice thereof to each and every member personally, or, in case of an association, to the secretary thereof, at his last known postoffice address, not less than 15 days previous to the date of the meeting.

Subd. 2. Special meetings; how called; notice. Special meetings of the stockholders may be called by a majority vote of the directors of the association or upon the written petition of at least 20 percent of the stockholders, in which case it shall be the duty of the president of the association to cause notice of the meeting to be given as above provided. The notice shall state the time, place, and purpose of the special meeting and shall be issued within ten days from and after the date of the presentation of such petition, and such special meeting shall be held within 30 days from and after the date of the presentation of the petition. Upon the mailing of any notice of a regular or special meeting of the stockholders of any association, as provided by sections 308.05 to 308.18, the secretary of the association shall execute a certificate, setting forth a correct copy of the notice and showing the date of the mailing thereof and that the same was mailed within the time and in the manner prescribed by sections 308.05 to 308.18. The certificate shall be made a part of the record of the meeting. Failure of any stockholder to receive any such notice shall not invalidate any action which may be taken by the stockholders at any such regular or special meeting.

[1919 c 382 s 4; 1921 c 23 s 4; 1923 c 326 s 4; 1947 c 61 s 1; 1947 c 354 s 1; 1949 c 157 s 1; 1949 c 199 s 4; 1955 c 222 s 5] (7837)

308.10 QUORUM. At any regular or special meeting of the stockholders of any association incorporated under sections 308.05 to 308.18 a quorum necessary to the transaction of business shall be at least ten percent of the total number of stockholders in the association when the number of stockholders in the association does not exceed 500, and, in associations having a large number of stockholders, 50 stockholders present shall constitute a quorum. In determining a quorum at any meeting, on a question submitted to a vote by mail, stockholders or members present in person or represented by mail vote shall be counted. The fact of the attendance of a sufficient number of stockholders to constitute a quorum shall be established by a registration of the stockholders of the association present at such meeting, which registration shall be verified by the president and secretary of the association and shall be reported in the minutes of the meeting. No action by any association organized under sections 308.05 to 308.18 shall be valid or legal in the absence of a quorum at the meeting at which such action may be taken.

[1919 c 382 s 5; 1921 c 23 s 5; 1923 c 326 s 5; 1937 c 153 s 1; 1949 c 199 s 5] (7838)

308.11 DIRECTORS; OFFICERS. Every cooperative association organized under sections 308.05 to 308.18 shall be governed by a board of not less than five directors, who shall be members or duly elected or appointed representatives of members of the association and who shall be elected at the annual meeting by the stockholders for such terms and in such manner as the by-laws of the association shall prescribe. The directors shall elect from their number a president and one or more vice-presidents. They shall also elect a secretary and a treasurer, who need not be directors or stockholders. The offices of secretary and treasurer may be combined and when so combined the person filling the office shall be termed secretary-treasurer. The stockholders shall have the power, at any regular or special stockholders' meeting regularly called in the manner above provided, to remove any director or officer for cause and to fill the vacancy caused by such removal.

[1919 c 382 s 6; 1921 c 23 s 6; 1923 c 326 s 6; 1949 c 199 s 6] (7839)

308.12 EARNINGS, RESERVE FUND; DISTRIBUTION. Subdivision 1. 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 percent of the annual net income until the capital reserve shall equal 50 percent of the paid-up capital stock, 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 percent 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 bylaws 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 which entitles the holder thereof to vote, or a membership, a share of such 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 common stock which does not entitle the holder thereof to vote or preferred stock or a certificate of interest a share of such 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 stockholder or member.

Subd. 2. 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.

Subd. 3. 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.

Subd. 4. 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.

[1919 c 382 s 7; 1921 c 23 s 7; 1923 c 326 s 7; 1941 c 114 s 4; 1949 c 199 s 7; 1953 c 16 s 2; 1955 c 222 s 6] (7840)

308.13 PROMOTION EXPENSE NOT TO BE INCURRED. None of the funds of any association organized under sections 308.05 to 308.18 shall be used, nor shall any of the capital stock of such association be issued or pledged, nor shall such association be permitted to incur any indebtedness in payment of any promotion of such association or for the payment of commissions, salaries, or expenses of any kind in connection with the promotion of such association; except that a sum not to exceed ten percent of the par value of the capital stock sold may be used by officers or committees elected by the stockholders to sell or solicit the sale of stock or for hiring responsible solicitors for such purpose.

[1919 c. 382 s. 9; 1921 c. 23 s. 9; 1923 c. 326 s. 8] (7841)

308.14 AMENDMENT OF ARTICLES TO COMPLY WITH STATUTES; VOLUNTARY DISSOLUTION. Subdivision 1. Any corporation or cooperative association organized and doing business under statutes of this state, or under the laws of other states, and which has conducted its business upon the cooperative plan, may come under the provisions of Sections 308.05 to 308.18 and be bound thereby upon amending its articles of incorporation to conform to the requirements of those sections. Such corporation or cooperative association organized under statutes of this state may thus amend its articles of incorporation in the manner hereinafter provided for the adoption of amendments. Such corporation or cooperative associations organized under laws of other states shall thus amend its articles of incorporation in the manner required by the laws of the state in which it was incorporated, whereupon it shall file a certified copy of its articles of incorporation and amendments thereto with the secretary of state, subject to the fees and requirements prescribed by these sections, and such corporation or cooperative association shall thenceforth be a cooperative association in this state and subject to the provisions of this section. Any corporation or cooperative association originally organized under the laws of another state, which has heretofore complied with the pro-

visions of this section, shall be, and it hereby is declared to be a corporation under the provisions of these sections without any further act by it or any officer of this state.

19 C 351 23 Subd. 2. Voluntary proceedings for dissolution of any association organized under or subject to the provisions of sections 308.05 to 308.18 or any other law of Minnesota relating to the organization of cooperative associations may be instituted whenever a resolution therefor is adopted by two-thirds vote of those present or represented by mail vote at a meeting duly called for that purpose. The resolution may provide that the affairs of the association shall be wound up out of court, in which case the resolution shall designate a trustee or trustees to conduct the winding up, and may provide a method for filling vacancies in the office of trustee; but such appointment shall not be operative until a certificate setting forth the resolution and the manner of adoption thereof, signed and acknowledged by the president or vice-president and by the secretary or assistant secretary, shall be filed for record with the secretary of state. If a vacancy occurs in the office of trustee, it may be filled by resolution adopted by a majority vote of those present or represented by a mail vote at a meeting of stockholders or members. The meeting may be called by the remaining trustee or trustees, if any, and if none, then by any stockholder or member. Unless the resolution to dissolve otherwise provides, the trustee or trustees may be removed with or without cause by a majority vote of those present at a meeting called for that purpose. The resolution to dissolve may provide that the affairs of the corporation shall be wound up under the supervision of the court in which case the resolution shall authorize certain directors or stockholders to sign and present a petition to the court praying that the corporation be wound up and dissolved under the supervision of the court. Where a corporation is being wound up and dissolved out of court, the trustee, or if there be more than one then a majority of the trustees, may by petition apply to the court for a receiver and to have the proceedings continued under the supervision of the court, and thereafter the proceedings shall continue as if originally instituted subject to the supervision of the court.

Subd. 3. Except as otherwise provided in the resolution for dissolution, the trustee or trustees appointed by the stockholders or members to conduct the winding up out of court shall, as speedily as practicable after the appointment has become operative, as hereinabove provided, proceed to collect all sums due or owing to the corporation; to sell and convert into cash all corporate assets; to collect any amounts remaining unpaid on subscriptions to shares, and to pay all debts and liabilities of the association according to their respective priorities. Any property remaining after discharging the debts and liabilities of the corporation shall be distributed by the trustee or trustees to the stockholders of the several classes according to their respective priorities, members, or patrons of the association. Stockholders of the several classes according to their respective priorities shall first be paid the par value of their shares, and the remainder of such property shall be distributed among patrons, members, and common stockholders in accordance with their interest in the reserves and surplus as shown by the records of the association.

19 C 351 23 Subd. 4. When an association has been completely wound up, the court, if the proceeding is subject to the supervision of the courts, shall make an order adjudging the association to be dissolved; and if the proceeding is out of court, the trustee or trustees shall sign and acknowledge a certificate stating that the association has been completely wound up and is dissolved.

Subd. 5. The order or certificate of dissolution shall be filed for record with the secretary of state and thereupon the corporate existence shall terminate.

Subd. 6. The title to any assets omitted from the winding up shall vest in the trustee or trustees, or receiver or receivers, for the benefit of the persons entitled thereto and shall be administered and distributed accordingly.

[1919 c 382 s 11; 1921 c 23 s 11; 1923 c 326 s 10; 1941 c 114 s 5; 1955 c 222 s 7; 1957 c 129 s 2; 1957 c 517 s 1] (7843)

19 C 351 24 308.15 ARTICLES OF INCORPORATION, AMENDMENT, PROCEDURE.

Subdivision 1. The articles of incorporation of any association organized under sections 308.05 to 308.18 or which may elect to come under the provisions of those sections may be amended in the following manner: The board of directors, by majority vote of its members may pass a resolution setting forth the full text of the proposed amendment. Upon such action by the board of directors, notice shall be mailed to each and every stockholder containing the full text of the proposed

amendment. Such notice shall also designate the time and place of the meeting at which such proposed amendment shall be considered and voted upon, in the same manner as elsewhere provided in those sections. An association having in excess of 200 stockholders or members may publish such notice in two successive issues of a legal newspaper of general circulation in the area served by such association, in lieu of notice by mail. If a quorum of the stockholders is registered as being present or represented by mail vote at such meeting, a majority of the members so present or represented by mail vote, may adopt or reject such proposed amendment. After an amendment has been adopted by the stockholders, articles of amendment setting forth the amendment and the manner of adoption thereof shall be signed and acknowledged by the president or vice-president and by the secretary or assistant secretary, and filed in the office of the secretary of state and recorded in the office of the register of deeds of the county of its principal place of business.

Subd. 2. The bylaws of any cooperative association may be amended at any regular or special meeting at which a quorum is registered as being present or represented by mail vote, by a majority of the stockholders or members so present or represented by mail vote where the notice of any such meeting contains a summary statement of the proposed amendment.

Subd. 3. Articles of incorporation and of amendment shall be approved by the attorney general before the same are filed in the office of the secretary of state.

Subd. 4. If otherwise lawful, any two or more associations organized under or subject to the provisions of Sections 308.05 to 308.18, or any other law of Minnesota relating to the organization of cooperative associations, may merge or consolidate with each other, or with one or more associations incorporated under the laws of another state relating to organization of cooperative associations, by complying with the provisions of this subdivision or under the law of the state where the surviving or new association will exist. Before an association may merge or consolidate with any other association, a written plan of merger or consolidation shall be prepared by the board or by a committee selected by the board or the members or stockholders for that purpose. Such plan shall set forth all the terms of the merger or consolidation and the proposed effect thereof on all members or stockholders of the association. In case of consolidation, the plan shall also contain the articles of the new association. Notice shall be mailed to each and every stockholder or member containing the full text of the plan. Such notice shall also designate the time and place of the meeting at which such plan shall be considered and voted upon, in the same manner as elsewhere provided in these sections. An association having in excess of 200 stockholders or members may publish such notice in two successive issues of a legal newspaper of general circulation in the area served by such association, in lieu of notice by mail. If a quorum of the stockholders or members is registered as being present or represented by mail vote at such meeting, the plan may be adopted by approval of two-thirds of those so present or represented by mail vote.

After the plan has been adopted by the stockholders or members, articles of merger or consolidation setting forth the plan and the manner of adoption thereof shall be signed and acknowledged by the president or vice president and by the secretary or assistant secretary of each association merging or consolidating and shall be approved by the attorney general and filed in the office of the secretary of state and recorded in the office of the register of deeds of each county where each merging or consolidating association has its principal place of business. Unless otherwise specified in the plan, the merger or consolidation shall be effective when said articles are filed in the office of the secretary of state.

After the effective date, the associations, which are parties to the plan become a single association. In the case of a merger, the surviving association is that association so designated in the plan. In the case of a consolidation, the new association is the association provided for in the plan. The separate existence of all associations which are parties to the plan, except the surviving or new association, then ceases.

The surviving or new association possesses all the rights and all the property of each of the individual associations, and is responsible for all their obligations. Title to any property is vested in the surviving or new association with no reversion or impairment thereof caused by the merger or consolidation. No right of any creditor may be impaired by the merger or consolidation without his consent.

The articles of the surviving association are deemed amended to the extent provided in the plan of merger.

[1919 c 382 s 12; 1921 c 23 s 12; 1923 c 326 s 11; 1941 c 114 s 6; 1955 c 222 s 8; 1957 c 129 s 3] (7844)

308.16 COMPANIES EXCEPTED. Existing laws relative to the incorporation and management of rural telephone companies and cooperative creameries, except as specifically repealed, shall remain in force and shall not be affected by any of the provisions of sections 308.05 to 308.18. Any rural telephone company or cooperative creamery organized under the provisions of existing laws may continue to operate thereunder until they shall come under the provisions of those sections.

[1919 c. 382 s. 13; 1921 c. 23 s. 13; 1923 c. 326 s. 12] (7845)

308.17 REPEALS; COOPERATIVES, HOW GOVERNED. Sections 308.01, 308.02, 308.03, 308.31, and 308.34, in so far as they conflict with the provisions of sections 308.05 to 308.16, are repealed; provided, that any corporation or association incorporated and operating under the provisions of sections 308.01, 308.02, 308.03, 308.31, and 308.34 shall continue to be governed thereby during the period of their corporate period or until they shall elect to come under the provisions of sections 308.05 to 308.16.

[1919 c. 382 s. 14; 1921 c. 23 s. 14; 1923 c. 326 s. 13] (7846)

308.18 APPLICATION. This statute shall not be construed or considered as repealing or amending by implication or otherwise any existing law of this state except as herein stated and set forth, and no statute or law hereafter enacted in this state shall be considered or construed as amending or repealing sections 308.05 to 308.18 by implication or otherwise unless so provided in express language in such subsequent enactment.

[1923 c. 326 s. 14] (7847)

308.19-308.282 [Repealed, 1943 c 304 s 1]

308.29 POWERS EXTENDED. A cooperative association may be formed for the purpose of selling and otherwise disposing of any of its products or the products of its members or of any manufacturing or agricultural cooperative association organized under the laws of this state. Its certificates of incorporation shall be filed for record with the secretary of state and thereupon it shall become a corporation. A majority of the incorporators thereof shall be residents of this state, and its duration, without renewal, shall not exceed 20 years. It shall be lawful for such association to sell its own products, as well as the products of its members for them, either individually or collectively, and to negotiate the price at which such products may be sold either for itself or for its members, individually or collectively, as the case may be.

[1907 c. 293 s. 1; 1909 c. 456 s. 1; 1919 c. 82 s. 1] (7830)

308.30 OFFICERS; BYLAWS; AMENDMENT OF ARTICLES. Every such association shall have a president, a treasurer, and not less than three directors, who shall together constitute a board of managers and conduct its business. Such officers shall be chosen annually by the stockholders, and shall hold their offices until others shall be chosen and have qualified. The association shall make its own bylaws, not inconsistent with the law, and may therein provide for any other officers deemed necessary, and the mode of their selection. It may amend its articles of incorporation at any general stockholders' meeting, or at any special meeting called for that purpose, upon ten days' notice to the stockholders. The amount of capital stock shall be fixed by the articles of incorporation, which amount and the number of shares may be increased or diminished at a stockholders' meeting specially called for that purpose, but the whole amount of stock shall never exceed \$100,000. Within 30 days after the adoption of the amendment increasing or diminishing its capital stock, it shall cause the vote so adopting it to be recorded in the office of the secretary of state. No share shall be issued for less than its par value, and no member shall own shares of a greater par value than \$1,000, or be entitled to more than one vote. It may commence business whenever 20 per cent of the authorized stock has been subscribed for and paid in, but no certificate of shares shall be issued to any person until the full amount of such subscription therein has been paid in cash, and no person shall become a shareholder therein except by the consent of the managers. The profits on the earnings of such association shall be distributed to those entitled thereto by its bylaws and in proportions and at the times therein prescribed, which shall be as often as once in 12 months.

[1907 c. 293 s. 2; 1933 c. 330 s. 1] (7831)

308.31 STOCK IN OTHER CORPORATIONS. Any corporation organized under the provisions of sections 308.01 or 308.34 is hereby authorized, in addition to those other powers to it granted, upon an affirmative vote of a majority of its directors or other governing body, had at any regular meeting or any special meeting called for that purpose, to subscribe to the capital stock of any corporation organized under the provisions of sections 308.29 and 308.30, pay for the same, and thereafter, in like manner, vote the same and exercise all the usual powers of a stockholder in a corporation, subject to the limitations set forth in sections 308.29 and 308.30.

[1907 c. 393 s. 3; 1909 c. 280 s. 1] (7832)

308.32 RURAL TELEPHONE COMPANIES; PLACE OF BUSINESS; STOCKHOLDERS' MEETINGS, WHERE HELD. Any rural telephone company or association, organized or incorporated under any of the laws of this state, shall have its principal place of business in the township, city, or village designated in its articles of incorporation as such; provided, that any officer of such company may transact the business pertaining to his particular office in any township, city, or village into which such township, city, or village, the lines of such company extend, or in any city or village within any such township; and, provided, further, that any such rural telephone company whose lines extend into more than one township may hold its stockholders' meeting in any township, city, or village through or into which its lines extend, or in any city or village within any such township as its stockholders, or members, may, from time to time, designated at a previous annual meeting, or a special meeting called for that purpose, but until a different place is so designated the township, city, or village named as its principal place of business shall be the place for holding all stockholders' meetings thereof, and when a place is so designated it shall be and remain the place for holding all stockholders' meetings until again changed by a vote of the stockholders, as aforesaid, and it shall be the duty of the officer calling any such meeting to procure a place of meeting in the township, city, or village so designated; and state the location of same in his notice of the meeting.

[1911 c. 360 s. 1] (7833)

308.33 [Repealed, 1943 c 318 s 1]

308.34 MAY ENGAGE IN ANY LAWFUL ENTERPRISE. A cooperative association may be formed for the purpose of engaging in any lawful mercantile, manufacturing, agricultural or rural telephone business. Its certificate of incorporation shall be filed for record with the register of deeds of the county of its principal place of business, and thereupon it shall become a corporation and enjoy all the power and privileges, and can buy and hold stock in other corporations organized for the same general purpose, and be subject to all duties, restrictions and liabilities set forth in all general laws in relation to similar corporations, except so far as the same may be limited or enlarged by this section. A majority of the incorporators that reside in this state shall be residents of the county of its principal place of business, and its duration without renewal shall not exceed 20 years.

[R. L. s. 3073; 1905 c. 276; 1905 c. 313 s. 1; 1943 c. 318 s. 2] (7824)

308.35 CORPORATE EXISTENCE RENEWED. Any cooperative association organized pursuant to sections 308.01 to 308.03, 308.30, 308.31, and 308.34, whose period of corporate existence has not expired, may renew its corporate existence on expiration thereof for a period not exceeding 20 years, any statutory provision to the contrary notwithstanding.

[1935 c. 116 s. 1] (7833-1)

308.36 DEFECTIVE ORGANIZATION. Subdivision 1. **Amendment of articles.** Any cooperative corporation organized defectively under the laws of this state relating to cooperative associations, or any other corporation organized defectively under any other law of this state that has conducted its business upon the cooperative plan and has in good faith carried on and transacted business, may amend its articles of incorporation in their entirety so as to come under and be bound by the provisions of Minnesota Statutes 1945, Sections 308.05 to 308.18, or any acts amendatory thereof. Its articles of amendment shall be filed with the secretary of state and a true copy thereof recorded in the office of the register of deeds of the county in which the principal place of business of the corporation is located.

Subd. 2. **De facto corporation becomes corporation de jure.** Upon the filing and recording of the articles of amendment of any such de facto corporation, it

shall thereupon also become a legal and valid corporation de jure, and shall be so deemed and held in all courts as to all transactions, past and future, the same as if there was no defect in its organization.

Subd. 3. Pending litigation not affected. This section shall not affect any pending litigation or apply to any corporation whose charter has been declared forfeited by any court of competent jurisdiction in this state.

[1947 c 510 s 1-3]

308.361 DEFECTIVELY ORGANIZED. Subdivision 1. **Amendment permitted.** Any cooperative corporation organized under the laws of this state relating to cooperatives or any other corporation organized under any other law of this state that has conducted its business upon the cooperative plan, including any such corporation that has been organized defectively and has been operating as a de facto corporation, which has attempted defectively to come under and be bound by the provisions of Laws 1919, Chapter 382, Laws 1921, Chapter 23, Laws 1923, Chapter 326, and laws amendatory thereof, and has in good faith carried on and transacted business in compliance with said laws, may amend its articles of incorporation in their entirety in accordance with the provisions of Minnesota Statutes 1945, Sections 308.05 to 308.18, or any acts amendatory thereof, and file its articles of amendment with the secretary of state and record a true copy thereof in the office of the register of deeds of the county in which the principal place of business of the corporation is located.

Subd. 2. Previous acts validated. Upon the filing and recording of the articles of amendment of any such corporation, all its corporate acts and contracts done, performed, made and entered into prior thereto shall be and are hereby declared to be legal and valid as against the objection that the attempt previously made by it to come under and be bound by the provisions of the aforementioned laws was defective in any respect.

Subd. 3. Becomes corporation de jure. Upon the filing and recording of the articles of amendment of any such corporation that has been organized defectively, it shall thereupon also become a legal and valid corporation de jure and shall be so deemed and held in all courts as to all transactions, past and future, the same as though there had been no defect in its organization.

Subd. 4. Pending litigation not affected. This section 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.

[1947 c 513 s 1-4]

308.37 OWNING STOCK OF CERTAIN OTHER CORPORATIONS. Any cooperative corporation or association organized under the laws of Minnesota may purchase, own, and hold shares of capital stock, memberships, interests in non stock capital, evidences of indebtedness of any domestic or foreign corporation when reasonably necessary or incidental to accomplish the purposes stated in the articles.

[1927 c 25 s 1; 1957 c 129 s 4] (7847-3)

308.39 CREAMERY ASSOCIATIONS, CONDEMNATION POWERS. Any creamery association organized in the state of Minnesota shall have the right, power, and authority to condemn lands under the right of eminent domain for easements for sewers and sites for filtration plants to take care of all sewage and refuse made in the operation of its business, which power and authority shall be exercised under and pursuant to the terms and provisions of chapter 117, and acts supplemental thereto.

[1927 c. 179 s. 1] (7859-1)

308.40 SEWERS AND FILTRATION PLANTS, SUPERVISION. The establishment of any such sewers or any such filtration plants, or both, for such purposes and their maintenance and operation, shall be under the supervision of the chairman of the board of health of the town, village, or city in which such association has its operating plant.

[1927 c. 179 s. 2] (7859-2)

308.41 COOPERATIVE CREAMERY ASSOCIATIONS CONTINUED. Any cooperative creamery association organized under the provisions of section 308.01 may renew its corporate existence for a period of not more than 20 years, whenever the holders of a majority of the stock thereof shall adopt a resolution to that effect at any regular meeting, or at any special meeting called for that expressly stated pur-

pose. A copy of the resolution, certified by the chairman and secretary of the meeting, shall be filed in the office of the register of deeds of the county in which the corporation shall be located.

[1933 c. 358 ss. 1, 2] (7859-13, 7859-14)

308.42 COOPERATIVE ASSOCIATION DEFINED. A "cooperative association" is any corporation or association of ultimate producers, consumers, or ultimate producers and consumers organized under any law of the state providing for the incorporation of cooperative associations; also any central organization composed wholly or in part of such associations.

[1919 c. 382 s. 1; 1921 c. 23 s. 1; 1923 c. 326 s. 1; 1933 c. 148; 1941 c. 114 s. 1] (7834)

308.43 RURAL ELECTRIC; LOSSES FROM USUAL INSURANCE RISKS. Cooperative associations organized under Minnesota Statutes 1949, Chapter 308, for the purpose of providing rural electrification may enter into agreements and contracts with each other, or may form a cooperative corporation constituted wholly of such cooperative associations organized for a rural electrification with which corporation such member cooperatives may enter into agreements or contracts, and the sharing of losses and risks of losses due to storm, sleet, hail, tornado, cyclone, hurricane, or wind storm, or any thereof, to their transmission and distribution lines, transformers, substations, and appurtenances thereto. No such contract or agreement or any such cooperative association so formed shall be subject to the laws of this state relating to insurance and insurance companies.

[1951 c 408 s 1]