

CHAPTER 308

COOPERATIVE ASSOCIATIONS

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308.111 ELIMINATION OR LIMITATION OF LIABILITY.

A director's personal liability to the cooperative association or its members for monetary damages for breach of fiduciary duty as a director may be eliminated or limited in the articles. The articles shall not eliminate or limit the liability of a director:

- (1) for a breach of the director's duty of loyalty to the cooperative association or its members;
- (2) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- (3) for a transaction from which the director derived an improper personal benefit; or
- (4) for an act or omission occurring prior to the date when the provision in the articles eliminating or limiting liability becomes effective.

History: 1987 c 326 s 1

308.12 EARNINGS, RESERVE FUND; DISTRIBUTION.

[For text of subsds 1 to 4, see M.S.1986]

Subd. 5. Notwithstanding the provisions of section 345.43, a cooperative association organized under the laws of this state may, in lieu of paying or delivering to the commissioner of commerce the unclaimed property specified in its report of unclaimed property, distribute the unclaimed property to a corporation or organization which is exempt from taxation under section 290.05, subdivision 1, paragraph (b), or 2. A cooperative association making this election shall, within 20 days after the time specified in section 345.42 for claiming the property from the holder, file with the commissioner a verified written explanation of the proof of claim of any owner establishing a right to receive the abandoned property; any error in the presumption of abandonment; and the name, address, and exemption number of the corporation or organization to which the property was or is to be distributed and the approximate date of distribution. Nothing in this subdivision alters the procedure provided in sections 345.41 and 345.42 whereby cooperative associations report unclaimed property to the commissioner and claims of owners are made to the cooperative associations for a period of 65 days following the publication of lists of abandoned property. The rights of an owner to unclaimed property held by a cooperative association is extinguished upon the disbursement of the property by the cooperative association to a tax-exempt organization in accordance with this section.

History: 1987 c 336 s 26

308.341 COOPERATIVE RURAL TELEPHONE COMPANIES, DISSOLUTION.

Any cooperative rural telephone company organized under Revised Statutes 1905, chapter 58, or the general laws of Minnesota 1905, chapters 276 and 313, may dissolve by voluntary proceedings as provided by sections 302A.721 to 302A.733, whenever a resolution therefor is adopted by a majority of the voting power of all stockholders or shareholders at a meeting duly called for that purpose.

History: 1987 c 384 art 2 s 75

308.58 ARTICLES OF INCORPORATION.

[For text of subd 1, see M.S.1986]

Subd. 2. **Where filed; evidence.** The articles must be subscribed by the several incorporators and acknowledged by one of them before an officer authorized by the law of this state to take and certify acknowledgment of deeds and conveyances; and shall be filed in the office of the secretary of state, and when so filed such incorporation shall be complete. The articles, or certified copies thereof, shall be received in all the courts of this state, and other places, as prima facie evidence of the facts contained therein and of the due incorporation of such association.

History: 1987 c 396 art 11 s 16

308.62 DIRECTORS; ELECTION.

The affairs of the association shall be managed by a board of not less than five directors, elected by the members or stockholders from their own number, except as hereinafter provided. The bylaws may provide that the territory in which the association has members shall be divided into districts and that the directors shall be elected according to such districts. In such case the bylaws shall specify the number of directors to be elected by each district, the manner and method of apportioning or reapportioning the directors, and of districting or redistricting the territory covered by the association. The bylaws may provide that primary elections should be held in each district to elect the directors apportioned to such districts, and the result of all such primary elections must be ratified by the next regular meeting of the association, or may be considered final by the association.

An association may provide a fair remuneration for the time actually spent by its officials and directors in its service. No director, while serving in office, shall be a party to a contract for profit with the association differing in any way from the business relations accorded regular members or holders of common stock of the association, or to any other kind of contract differing from terms generally current in that district.

The bylaws may provide that no director shall occupy any position in the association, except the president and secretary on regular salary or substantially full-time pay.

The bylaws may provide for an executive committee and may allot to such committee all the functions and powers of the board of directors, subject to the general direction and control of the board.

When a vacancy on the board of directors occurs, other than by expiration of term, the remaining members of the board, by a majority vote, shall fill the vacancy, unless the bylaws provide for an election of directors by district. In such a case the board of directors shall immediately call a special meeting of the members or stockholders in that district to fill the vacancy.

History: 1987 c 396 art 11 s 17

308.77 ASSOCIATION HERETOFORE ORGANIZED MAY ADOPT PROVISIONS.

Any corporation or association organized under previously existing statutes may, by a majority vote of its stockholders or members, be brought under the provisions of sections 308.53 to 308.85 by limiting its membership and adopting the other restrictions, as provided therein. It shall make out, in duplicate, a statement signed and sworn to by its directors to the effect that the corporation or association has, by a majority vote of its stockholders or members, decided to accept the benefits and be bound by the provisions of sections 308.53 to 308.85. Articles of incorporation shall be filed as required in section 308.58, except that they shall be signed by the members of the board of directors. The filing fee shall be the same as for filing an amendment to the articles of incorporation. Where any association or corporation may be incorporated or brought under sections 308.53 to 308.85, all contracts heretofore made by or on behalf of the same by the promoters thereof in anticipation of such association becoming

incorporated under the laws of this state or otherwise, including such contracts made by or in the name of some corporation organized elsewhere, and when same would have been valid, if entered into subsequent to the passage of Laws 1923, chapter 264, are hereby accepted and validated as if made after that date. Cooperative corporations and associations heretofore or hereafter organized and doing business under the existing law or laws supplementary thereto or amendatory thereof shall continue to be governed thereby unless and until they shall elect to be brought under the provisions of sections 308.53 to 308.85 in the manner provided in this section.

History: 1987 c 396 art 11 s 18

308.83 GOVERNOR TO ACT UPON REPORT.

The governor shall have the power to remove from office any officer or director of any association, such removal to be upon such notice to the association and to the officers or directors thereof as shall be prescribed by the governor. In case the further operation of any such association is deemed hazardous to the public interest, the governor may refer the matter of winding up the affairs of such association to the attorney general and it shall thereupon be the duty of the attorney general to proceed to wind up the affairs of any such association in the manner provided by law for winding up the business of insolvent banking institutions in the state.

History: 1987 c 396 art 11 s 19

308.85 FEES.

For filing articles of incorporation, or amendments thereto, any association organized under sections 308.29 to 308.85 shall pay \$15.

History: 1987 c 396 art 11 s 20