CHAPTER 308A

COOPERATIVE LAW

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GENERAL PROVISIONS

308A.001 CITATION.

This chapter may be cited as the "Minnesota Cooperative Law."

History: *1989 c 144 art 1 s 1*

308A.005 DEFINITIONS.

Subdivision 1. **Applicability.** The definitions in this section apply to this chapter.

Subd. 1a. **Address.** "Address" means mailing address, including a zip code. In the case of a registered address, the term means the mailing address and the actual office location, which may not be a post office box.

Subd. 2. **Articles.** "Articles" means the articles of incorporation of a cooperative as originally filed and amended.

Subd. 3. **Association.** "Association" means an organization conducting business on a cooperative plan that is incorporated under other laws of this state or another state.

Subd. 4. **Board.** "Board" means the board of directors of a cooperative.

Subd. 5. **Cooperative.** "Cooperative" means an association conducting business on a cooperative plan that is organized under this chapter or is subject to this chapter.

Subd. 6. **Corporation.** "Corporation" means a company, limited liability company, whether domestic or foreign, association, or body vested with a corporate power or function.

Subd. 7. **Domestic corporation.** "Domestic corporation" means a corporation organized under the laws of this state.

Subd. 7a. **Filed with the secretary of state.** "Filed with the secretary of state" means that a document meeting the applicable requirements of this chapter, signed and accompanied by the required filing fee, has been delivered to the secretary of state of this state. The secretary of state shall endorse on the document the word "Filed" and the month, day, and year of filing, record the document in the Office of the Secretary of State, and return a document to the person who delivered it for filing.

Subd. 7b. **Foreign cooperative.** "Foreign cooperative" means a foreign business entity organized to conduct business on a cooperative plan consistent with this chapter or chapter 308B.

Subd. 8. **Foreign corporation.** "Foreign corporation" means a corporation that is not a domestic corporation.

Subd. 8a. **Health care cooperative.** "Health care cooperative" has the meaning given in section 62R.04, subdivision 2.

Subd. 9. **Member.** "Member" means a member or a stockholder of a cooperative who is entitled to vote.

Subd. 10. **Members' meeting.** "Members' meeting" means a regular or special members' meeting.

Subd. 10a. **Signed.** (a) "Signed" means that the signature of a person has been written on a document, as provided in section 645.44, subdivision 14, and, with respect to a document required by this chapter to

be filed with the secretary of state, means that the document has been signed by a person authorized to do so by this chapter, the articles or bylaws, or by a resolution approved by the directors or the members.

(b) A signature on a document may be a facsimile affixed, engraved, printed, placed, stamped with indelible ink, transmitted by facsimile or electronically, or in any other manner reproduced on the document.

Subd. 11. **Stockholder.** "Stockholder" means the holder of a share of common stock of a cooperative.

History: *1989 c 144 art 1 s 2; 1992 c 517 art 1 s 17; 1994 c 625 art 11 s 9; 1997 c 10 art 4 s 1,2; 1997 c 137 s 9; 2008 c 203 s 6*

308A.011 USE OF TERM COOPERATIVE RESTRICTED.

Subdivision 1. **Only business subject to this chapter may use term cooperative.** (a) A corporation or association organized in this state may not use the term "cooperative" as part of its corporate or business name or title, or to represent itself as a cooperative, unless the corporation or association has complied with and is subject to this chapter or has incorporated under other laws of this state authorizing incorporation of business on a cooperative plan.

(b) A cooperative formed pursuant to chapter 515B is subject to this chapter, except that in the event of a conflict between chapter 515B and this chapter, chapter 515B is controlling.

Subd. 2. **Penalty for misuse of term cooperative.** A corporation or association is guilty of a misdemeanor that violates subdivision 1.

History: *1989 c 144 art 1 s 3; 1993 c 222 art 5 s 1*

308A.015 RESERVATION OF RIGHT.

The state reserves the right to amend or repeal the provisions of this chapter by law. A cooperative incorporated or governed by this chapter is subject to this reserved right.

History: *1989 c 144 art 3 s 1*

308A.021 FILING FEE.

Unless otherwise provided, the filing fee for documents filed with the secretary of state is $35.

History: *1989 c 144 art 1 s 4; 1989 c 335 art 1 s 201*

308A.025 MS 2008 [Subds 1 to 5 repealed by amendment, 2010 c 250 art 2 s 13]

308A.025 REGISTERED OFFICE.

Every cooperative shall have a registered office and may have a registered agent and may change its registered agent and the agent may resign or change its business address or its name, in the manner prescribed by section 5.36.

History: *1989 c 144 art 3 s 2; 2010 c 250 art 2 s 13*

308A.027 ANNUAL RENEWAL.

Subdivision 1. **Annual renewal.** Each cooperative governed by this chapter must file an annual renewal with the secretary of state in each calendar year following the calendar year in which the cooperative was incorporated. The secretary of state may send annually to the cooperative, using the information provided

by the cooperative pursuant to section 5.002 or 5.34 or the articles of incorporation, a notice announcing the need to file the annual renewal and informing the cooperative that the annual renewal may be filed online and that paper filings may also be made, and informing the cooperative that failing to file the annual renewal will result in an administrative dissolution of the cooperative.

Subd. 2. **Minnesota cooperative renewal form.** In each calendar year in which a renewal is to be filed, a cooperative must file with the secretary of state an annual renewal by December 31 of that calendar year containing the items required by section 5.34.

Subd. 3. [Repealed by amendment, 2009 c 101 art 2 s 76]

Subd. 4. **Penalty; dissolution.** (a) A cooperative that has failed to file a renewal pursuant to the requirements of this section by December 31 of the calendar year for which the renewal was required must be dissolved by the secretary of state as described in paragraph (b).

(b) If the cooperative has not filed the renewal by December 31 of that calendar year, the secretary of state must issue a certificate of involuntary dissolution, and the certificate must be filed in the Office of the Secretary of State. The secretary of state must make available in an electronic format the names of the dissolved cooperatives. A cooperative dissolved in this manner is not entitled to the benefits of section 308A.981.

Subd. 5. **Reinstatement.** A cooperative may retroactively reinstate its existence by filing a single annual renewal and paying a $25 fee. Filing the annual renewal with the secretary of state:

(1) returns the cooperative to active status as of the date of the dissolution;

(2) validates contracts or other acts within the authority of the articles, and the cooperative is liable for those contracts or acts; and

(3) restores to the cooperative all assets and rights of the cooperative and its shareholders or members to the extent they were held by the cooperative and its shareholders or members before the dissolution occurred, except to the extent that assets or rights were affected by acts occurring after the dissolution or sold or otherwise distributed after that time.

History: *2000 c 395 s 8; 2004 c 251 s 5; 2004 c 254 s 36; 2007 c 148 art 2 s 51; 2009 c 101 art 2 s 76*

308A.031 [Repealed, 2000 c 379 s 3]

308A.032 FOREIGN COOPERATIVES; SECTIONS APPLICABLE.

Subdivision 1. **General.** Except for this section, this chapter does not apply to foreign cooperatives.

Subd. 2. **Sections applicable.** (a) Except as provided in paragraph (b), a foreign cooperative is subject to chapter 303. Unless it complies with chapter 303, a foreign cooperative may not transact business in this state.

(b) Sections 303.05, 303.07, and 303.115 do not apply to foreign cooperatives.

History: *2008 c 203 s 7*

ORGANIZATION

308A.101 ORGANIZATIONAL PURPOSE.

Subdivision 1. **General purpose.** A cooperative may be formed and incorporated on a cooperative plan for the purpose of conducting an agricultural, dairy, marketing, transportation, warehousing, commission, contracting, building, mining, telephone, manufacturing, mechanical, mercantile, electrical, heat, light, or power business, or for any combination of these purposes or for any other lawful purpose.

Subd. 2. **Electric cooperative purpose.** An electric cooperative may only be formed by cooperatives engaged in the generation, transmission, and distribution of electric energy for the purpose of financing, or refinancing, the construction, improvement, expansion, acquisition, and operation of electric generating plants and electric transmission and distribution lines, systems, facilities and equipment and related facilities of its members.

Subd. 3. **Water quality cooperative purpose.** A water quality cooperative may only be formed by a cooperative engaged in furnishing potable water or water quality treatment and management services, as defined in section 115.58, subdivision 1, paragraph (e), for the purpose of financing or refinancing the construction, improvement, expansion, acquisition, operation, and maintenance of treatment works, sewage systems, storm sewer facilities, water pipelines, and related facilities of its members.

History: *1989 c 144 art 1 s 6; 1997 c 216 s 128*

308A.105 INCORPORATORS.

A cooperative may be organized by one or more incorporators, who may act for themselves as individuals or as the agents of other cooperatives or associations.

History: *1989 c 144 art 1 s 7*

308A.121 COOPERATIVE NAME.

Subdivision 1. **Name.** The name of a cooperative must distinguish the cooperative upon the records in the Office of the Secretary of State from the name of a domestic corporation, whether profit or nonprofit, or a limited partnership, or a foreign corporation or a limited partnership, whether profit or nonprofit, a limited liability company, whether domestic or foreign, a limited liability partnership, whether domestic or foreign, on file, authorized or registered to do business in this state at the time of filing or a name the right to which is, at the time of incorporation, reserved or provided for in sections 5.35, 302A.117, 317A.117, 321.0109, 322C.0109, or 333.001 to 333.54.

Subd. 2. **Name reserved.** The cooperative name shall be reserved for the cooperative during its corporate existence.

Subd. 3. [Repealed, 2008 c 203 s 14]

History: *1989 c 144 art 1 s 8; 1989 c 292 s 8,9; 1992 c 517 art 1 s 18; 1995 c 128 art 2 s 2; 2004 c 199 art 13 s 111; 2009 c 98 s 12; 2014 c 157 art 2 s 18,29,31*

308A.125 STOCK AND NONSTOCK ORGANIZATION.

Subdivision 1. **Stock and nonstock cooperatives have same authority.** Cooperatives organized on a capital stock basis may be organized and have the same powers and authority as cooperatives organized without capital stock on a membership basis.

Subd. 2. **Capital stock organization.** A cooperative is organized on a capital stock basis if holding shares of common stock entitles the holder of the stock to vote.

Subd. 3. **Nonstock organization.** (a) The articles of a nonstock cooperative must contain the provisions required in the articles of a cooperative organized on a capital stock basis if the provisions are applicable to a cooperative organized upon a membership basis.

(b) Except for cooperatives constituted partially or entirely of other cooperatives, a member of a cooperative organized on a membership basis may not have more than one vote, and a membership is transferable only with the consent and approval of the board.

History: *1989 c 144 art 1 s 9*

308A.131 ARTICLES OF INCORPORATION.

Subdivision 1. **Contents.** (a) The incorporators shall prepare the articles, which must include:

(1) the name of the cooperative;

(2) the purpose of the cooperative;

(3) the principal place of business for the cooperative;

(4) the period of duration for the cooperative, if the duration is not to be perpetual; and

(5) the registered office address of the cooperative and the name of the registered agent, if any, at that address.

(b) The articles may contain other lawful provisions, including:

(1) if the cooperative is to be organized on a capital stock basis, the total authorized number of shares and the par value of each share:

(2) if the shares of the cooperative are to be classified, a description of the classes of shares, including 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

(3) the names, post office addresses, and terms of office of the directors of the first board.

(c) The articles must be signed by and must include the names and addresses of the incorporators.

(d) The following provisions are presumed to be part of the articles of a cooperative formed under this chapter:

(1) individuals owning common stock shall be restricted to one vote in the affairs of the cooperative or a statement that the cooperative is one described in section 308A.641, subdivision 2;

(2) shares of stock are transferable only with the approval of the board;

(3) dividends on the capital stock and nonstock units of equity of the cooperative may not exceed eight percent annually;

(4) net income in excess of dividends and additions to reserves shall be distributed on the basis of patronage, and that the records of the cooperative may show the interest of patrons, stockholders of any classes, and members in the reserves; and

(5) only common stockholders have voting power.

Subd. 2. **Filing articles.** (a) The original articles must be filed with the secretary of state.

(b) The fee for filing the articles with the secretary of state is $60.

Subd. 3. **Presumption in filing articles.** When the articles of incorporation have been filed with the secretary of state and the required fee has been paid to the secretary of state, it is presumed that:

(1) all conditions precedent that are required to be performed by the incorporators have been complied with;

(2) the cooperative has been incorporated; and

(3) the secretary of state shall issue a certificate of incorporation to the cooperative.

History: *1989 c 144 art 1 s 10; art 3 s 3,4; 1991 c 205 s 12; 1995 c 150 s 1; 1998 c 401 s 46; 2010 c 250 art 2 s 14*

308A.135 AMENDMENT OF ARTICLES.

Subdivision 1. **Procedure.** (a) The articles of a cooperative must be amended as provided in this subdivision.

(b) The board by majority vote must pass a resolution stating the text of the proposed amendment. The text of the proposed amendment and an attached mail ballot, if the board has provided for a mail ballot in the resolution, must be mailed with a regular or special meeting notice to each member. The notice must designate the time and place of the meeting for the proposed amendment to be considered and voted on. A cooperative with more than 200 members may publish the notice, proposed amendment, and ballot in the manner provided for a regular meeting notice.

(c) If a quorum of the members is registered as being present or represented by mail vote at the meeting, the proposed amendment is adopted:

(1) if approved by a majority of the votes cast; or

(2) for a cooperative with articles or bylaws requiring more than majority approval or other conditions for approval, the amendment is approved by a proportion of the votes cast or a number of total members as required by the articles or bylaws and the conditions for approval in the articles or bylaws have been satisfied.

Subd. 2. **Filing.** After an amendment has been adopted by the members, the amendment must be signed by the chair, vice-chair, president, vice-president, secretary, or assistant secretary, and a copy of the amendment filed in the Office of the Secretary of State.

Subd. 3. **Certificate.** (a) A certificate must be prepared stating:

(1) the vote and meeting of the board adopting a resolution of the proposed amendment;

(2) the notice given to members of the meeting at which the amendment was adopted;

(3) the quorum registered at the meeting; and

(4) the vote cast adopting the amendment.

(b) The certificate must be signed by the chair, vice-chair, president, vice-president, secretary, or assistant secretary and filed with the records of the cooperative.

Subd. 4. **Amendment by board.** A majority of directors may amend the articles if the cooperative does not have any members or stockholders with voting rights.

History: *1989 c 144 art 1 s 11; art 3 s 5; 1996 c 305 art 1 s 69; 1996 c 414 art 1 s 38*

308A.141 AMENDMENT OF ARTICLES TO BE GOVERNED BY THIS CHAPTER.

Subdivision 1. **Authority.** A corporation or association organized and doing business under other statutes of this state or under the laws of other states that has conducted business on a cooperative plan may become subject to this chapter by amending its articles of incorporation to conform to the requirements of this chapter.

Subd. 2. **Procedure for amendment.** (a) A corporation or association organized under statutes of this state may amend its articles of incorporation in the manner provided under the statute that it is governed by for the adoption of amendments.

(b) A corporation or association organized under laws of other states shall amend its articles of incorporation in the manner required by the laws of the state where it was incorporated. After the articles of incorporation are amended, the corporation or association shall file a certified copy of the articles of incorporation and amendments with the secretary of state with the fees and requirements prescribed for filing articles. After filing, the corporation or association is a cooperative in this state and subject to the provisions of this chapter.

History: *1989 c 144 art 1 s 12*

308A.145 AMENDMENT OF ARTICLES TO INCORPORATE DEFECTIVELY ORGANIZED COOPERATIVE.

Subdivision 1. **Amendment of articles.** An association or corporation organized defectively under 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 to be governed by this chapter. The articles of amendment shall be filed with the secretary of state.

Subd. 2. **De facto corporation becomes corporation de jure.** Upon the filing and recording of the articles of amendment of a de facto corporation, the corporation is a legal and valid corporation de jure. Courts shall hold all transactions, past and future, as if the organization was not defective.

Subd. 3. **Pending litigation not affected.** This section does not affect pending litigation.

Subd. 4. **Not applicable if charter is forfeited.** This section does not apply to a corporation whose charter has been declared forfeited by a court of competent jurisdiction in this state.

History: *1989 c 144 art 1 s 13; art 3 s 6*

308A.151 [Repealed, 2011 c 106 s 27]

308A.155 CORPORATE EXISTENCE.

Subdivision 1. **Commencement of corporate existence.** The corporate existence of a cooperative begins when the articles are filed with the secretary of state.

Subd. 2. **Perpetual existence unless limited.** Cooperatives have perpetual duration unless the cooperative provides for a limited period of duration of corporate existence in the articles.

History: *1989 c 144 art 1 s 15; art 3 s 7*

308A.161 [Repealed, 2000 c 379 s 3]

308A.165 BYLAWS.

Subdivision 1. **General provisions.** A cooperative may, but need not, have bylaws.

Subd. 2. **Adoption and amendment.** (a) Except as provided in paragraph (b), the bylaws of a cooperative may be adopted or amended at a regular or special members' meeting if:

(1) the notice of the meeting contains a summary statement of the proposed bylaws or amendment;

(2) a quorum is registered as being present or represented by mail vote if authorized by the board; and

(3) the bylaws or amendment is approved by a majority of the votes cast, or for a cooperative with articles or bylaws requiring more than majority approval or other conditions for approval, the bylaws or amendment is approved by a proportion of the votes cast or a number of the total members as required by the articles or bylaws and the conditions for approval in the articles or bylaws have been satisfied.

(b) Until the first annual members meeting, the majority of directors may adopt and amend bylaws for the cooperative that are consistent with subdivision 3 if the cooperative does not have any members or stockholders with voting rights.

Subd. 3. **Contents.** Bylaws may contain any provision relating to the management or regulation of the affairs of the cooperative that are not inconsistent with law or the articles, including:

(1) the number of directors, and the qualifications, manner of election, powers, duties, and compensation, if any, of directors;

(2) the qualifications of members, stockholders, and patrons and limitations on their number;

(3) the manner of admission, withdrawal, suspensions, and expulsion of members;

(4) property, voting, and other rights and privileges of members;

(5) the appointment and authority of committees;

(6) the appointment or election, duties, compensation, and tenure of officers;

(7) the time, place, and manner of calling, conducting, and giving notice of member, board, and committee meetings, or of conducting mail ballots; and

(8) the making of reports and financial statements to members.

History: *1989 c 144 art 1 s 16; art 3 s 9,49; 1996 c 414 art 1 s 39*

POWERS

308A.201 POWERS.

Subdivision 1. **General powers.** In addition to other powers, a cooperative as an agent or otherwise:

(1) may perform every act and thing necessary or proper to the conduct of the cooperative's business or the accomplishment of the purposes of the cooperative;

(2) has other rights, powers, or privileges granted by the laws of this state to other corporations, except those that are inconsistent with the express provisions of this chapter; and

(3) has the powers given in this section.

Subd. 2. **Dealing in its own products.** (a) A cooperative may buy, sell, or deal in its own products, the products of the cooperative's individual members or patrons, the products of another cooperative or association or of its members or patrons.

(b) A cooperative may negotiate the price at which the products the cooperative is selling may be sold.

Subd. 3. **Contracts and agreements.** A cooperative may enter into or become a party to a contract or agreement for the cooperative or for the cooperative's individual members or patrons, or between the cooperative and its members.

Subd. 4. **Transactions of real estate and personal property.** A cooperative may purchase and hold, lease, mortgage, encumber, sell, exchange, and convey as a corporation real estate, buildings, and personal property as the business of the cooperative may require.

Subd. 5. **Construction of buildings and facilities.** A cooperative may erect buildings or other structures or facilities or the cooperative's owned or leased property, or on a right-of-way legally acquired by the cooperative.

Subd. 6. **Issuance of bonds and indebtedness.** A cooperative may issue bonds or other evidence of indebtedness and to borrow money to finance the business of the cooperative.

Subd. 7. **Advances to members or patrons.** A cooperative may make advances to the cooperative's members or patrons on produce delivered by the members or patrons to the cooperative.

Subd. 8. **Acceptance of deposits.** A cooperative may accept deposits of money from other cooperatives or associations from which it is constituted.

Subd. 9. **Lending and borrowing money.** A cooperative may loan or borrow money to or from individual members, cooperatives, or associations from which it is constituted with security that it considers sufficient in dealing with the members, cooperatives, or associations.

Subd. 10. **Acquisition and disposal of stock.** (a) A cooperative may purchase, acquire, hold, or dispose of the stock of another association or corporation, whether incorporated under the laws of this state or another state, and assume all rights, interests, privileges, responsibilities, and obligations arising out of the ownership of the stock.

(b) A cooperative may acquire and hold stock in another corporation organized under the law of this state or another state of the United States, including a corporation organized:

(1) as a federation of associations;

(2) for the purpose of forming a district, state, or national marketing, sales, or service agency; or

(3) for the purpose of acquiring marketing facilities at terminal or other markets in this state or other states.

(c) A cooperative may purchase, own, and hold shares of capital stock, memberships, interests in nonstock capital, evidences of indebtedness of any domestic or foreign corporation when reasonably necessary or incidental to accomplish the purposes stated in the articles.

Subd. 11. **Fiduciary powers.** (a) A cooperative may exercise any and all fiduciary powers in relations with members, cooperatives, or associations from which it is constituted.

(b) A cooperative may take, receive, and hold real and personal property, including the principal and interest of money or other funds and rights in a contract, in trust for any purpose not inconsistent with the purposes of the cooperative in its articles, and may exercise fiduciary powers in relation to taking, receiving, and holding the real and personal property.

Subd. 12. **Electric cooperative powers.** (a) An electric cooperative has the power and authority to:

(1) make loans to its members;

(2) prerefund debt;

(3) obtain funds through negotiated financing or public sale;

(4) borrow money and issue its bonds, debentures, notes, or other evidence of indebtedness;

(5) mortgage, pledge, or otherwise hypothecate its assets as may be necessary;

(6) invest its resources;

(7) deposit money in state and national banks and trust companies authorized to receive deposits; and

(8) exercise all other powers and authorities granted to cooperatives.

(b) A cooperative organized to provide rural electric power may enter agreements and contracts with other electric power cooperatives or with a cooperative constituted of electric power cooperatives to share losses and risk of losses to their transmission and distribution lines, transformers, substations, and related appurtenances from storm, sleet, hail, tornado, cyclone, hurricane, or windstorm. An agreement or contract or a cooperative formed to share losses under this paragraph is not subject to the laws of this state relating to insurance and insurance companies.

(c) An electric cooperative, an affiliate of the cooperative formed to provide broadband, or another entity pursuant to an agreement with the cooperative or the cooperative's affiliate may use the cooperative, affiliate, or entity's existing or subsequently acquired electric transmission or distribution easements for broadband infrastructure and to provide broadband service, which may include an agreement to lease fiber capacity. To exercise rights granted under this paragraph, the cooperative must provide to the property owner on which the easement is located two written notices, at least two months apart, that the cooperative intends to use the easement for broadband purposes. The use of the easement for broadband services vests and runs with the land beginning six months after the first notice is provided under paragraph (d) unless a court action challenging the use of the easement for broadband purposes has been filed before that time by the property owner, as provided under paragraph (e). The cooperative must also file evidence of the notices for recording with the county recorder.

(d) The cooperative's notices under paragraph (c) must be sent by first class mail to the last known address of the owner of the property on which the easement is located or by printed insertion in the property owner's utility bill. The notice must include the following:

(1) the name and mailing address of the cooperative;

(2) a narrative describing the nature and purpose of the intended easement use;

(3) a description of any trenching or other underground work expected to result from the intended use, including the anticipated time frame for the work;

(4) a telephone number of a cooperative employee to contact regarding the easement; and

(5) the following statement, in bold red lettering: "It is important to make any challenge by the deadline to preserve any legal rights you may have."

(e) Within six months after receiving notice under paragraph (d), a property owner may commence an action seeking to recover damages for an electric cooperative's use of an electric transmission or distribution easement for broadband service purposes. If the claim for damages is under $15,000, the claim may be brought in conciliation court. Notwithstanding any other law to the contrary, the procedures and substantive matters set forth in this subdivision govern an action under this paragraph and are the exclusive means to bring a claim for compensation with respect to a notice of intent to use a cooperative transmission or distribution easement for broadband purposes. To commence an action under this paragraph, the property owner must serve a complaint upon the electric cooperative as in a civil action and file the complaint with the district court for the county in which the easement is located. The complaint must state whether the property owner (1) is challenging the electric cooperative's right to use the easement for broadband services or infrastructure as authorized under paragraph (c), (2) is seeking damages as provided under paragraph (f), or (3) both.

(f) If the property owner is seeking damages, the electric cooperative may, at any time after answering the complaint: (1) deposit with the court administrator an amount equal to the cooperative's estimate of damages, which must be no less than $1; and (2) after making the deposit, use the electric transmission or service line easements for broadband purposes, conditioned on an obligation to pay the amount of damages determined by the court. If the property owner is challenging the electric cooperative's right to use the easement for broadband services or infrastructure as authorized under paragraph (c), after the electric cooperative answers the complaint the district court must promptly hold a hearing on the property owner's challenge. If the district court denies the property owner's challenge, the electric cooperative may proceed to make a deposit and make use of the easement for broadband service purposes, as provided under clause (2).

(g) In an action involving a property owner's claim for damages, the landowner has the burden to prove the existence and amount of any net reduction in the fair market value of the property, considering the existence, installation, construction, maintenance, modification, operation, repair, replacement, or removal of broadband infrastructure in the easement, as well as any benefit to the property from access to broadband service. Consequential or special damages must not be awarded. Evidence of revenue, profits, fees, income, or similar benefits to the electric cooperative, the cooperative's affiliate, or a third party is inadmissible. Any fees or costs incurred as a result of an action under this subdivision must be paid by the party that incurred the fees or costs, except that the cooperative is responsible for the landowner attorney fees if the final judgment or award of damages is more than 140 percent of the cooperative's damage deposit.

(h) Nothing in this section limits in any way an electric cooperative's existing easement rights, including but not limited to rights an electric cooperative has or may acquire to transmit communications for electric system operations or otherwise.

(i) The placement of broadband infrastructure for use to provide broadband service under paragraphs (c) to (h) in any portion of an electric transmission or distribution easement located in the public right-of-way is subject to local government permitting and right-of-way management authority under section 237.163, and the placement must be coordinated with the relevant local government unit to minimize potential future relocations. The cooperative must notify a local government unit prior to placing infrastructure for broadband service in an easement that is in or adjacent to the local government unit's public right-of-way.

(j) For purposes of this subdivision:

(1) "broadband infrastructure" has the meaning given in section 116J.394; and

(2) "broadband service" means broadband infrastructure and any services provided over the infrastructure that offer advanced telecommunications capability and Internet access.

Subd. 13. **Utility cooperative condemnation power.** A cooperative that is engaged in the electrical, heat, light, power, or telephone business may exercise the power of eminent domain in the manner provided by state law for the exercise of the power by other corporations engaged in the same business.

Subd. 14. **Creamery cooperative sewage condemnation power.** (a) A creamery cooperative organized in this state has the right, power, and authority to condemn lands by 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. The power and authority shall be exercised as provided in chapter 117.

(b) The establishment, maintenance, and operation of sewers or filtration plants shall be under the supervision of the chair of the community health board as defined in section 145A.02, subdivision 5, of the town or city where the cooperative has its operating plant.

Subd. 15. **Water quality cooperative condemnation power.** A water quality cooperative organized in this state may exercise the power of eminent domain in the manner provided by state law for the exercise of the power by corporations engaged in the provision of electric, light, heat, power, or telephone service.

History: *1989 c 144 art 1 s 17; art 3 s 10-12; 1997 c 216 s 129; 2014 c 291 art 7 s 28; 1Sp2021 c 4 art 7 s 2*

308A.205 AGRICULTURAL MARKETING CONTRACTS.

Subdivision 1. **Authority.** A cooperative and its members or patrons may make and execute marketing contracts, requiring the members or patrons to sell a specified portion of their agricultural products or specified commodities exclusively to or through the cooperative or facilities established by the cooperative.

Subd. 2. **Title to products.** If a sale is contracted to the cooperative, the sale transfers title to the products absolutely, except for recorded liens and security interest, to the cooperative on delivery of the products or at another specified time if expressly provided in the contract. The contract may allow the cooperative to sell or resell the products of its members, or patrons, with or without taking title to the product, and pay the resale price to the patron, after deducting all necessary selling, overhead, and other costs and expenses, including other proper reserves, and interest not exceeding eight percent per annum on common stock.

Subd. 3. **Term of contract.** The term of a marketing contract may not exceed five years, but may be made self-renewing for periods not exceeding five years each, subject to the right of either party to terminate at the end of the original term and each renewal term by giving written notice of the termination during a period specified in the contract. The period for notifying to terminate a contract may not be more than 180 days or less than 30 days before the end of the term.

Subd. 4. **Damages for breach of contract.** The bylaws or the marketing contract may set specific sums, as liquidated damages to be paid by the member or patron to the cooperative for breach of any provisions of the marketing contract regarding the sale or delivery or withholding of products and may provide that the member or patron will pay the costs, premiums for bonds, expenses, and fees if an action is brought on the contract by the cooperative. The remedies for breach of contract are valid and enforceable in the courts of this state. The provisions shall be enforced as liquidated damages and are not to be considered or regarded as a penalty.

Subd. 5. **Injunction against breach of contract.** If there is a breach or threatened breach of a marketing contract by a member or patron, the cooperative is entitled to an injunction to prevent the further breach of the contract, and to a decree of specific performance of the contract. Pending the adjudication of the action after filing a certified complaint showing the breach or threatened breach and filing a sufficient bond, the cooperative is entitled to a temporary restraining order and preliminary injunction against the member or patron.

Subd. 6. **Presumption on action on contract.** In an action on a marketing contract, it is presumed that landowners, landlords, and lessors are able to control the delivery of products produced on their land by tenants or others and are liable for and subject to remedies for the breach of delivery, if the tenancy, possession, or work on the land or the terms of the tenancy, possession, or labor on the land was created or changed after execution by the landowners, landlords, or lessors of the marketing contract.

Subd. 7. **Penalties for contract interference and false reports.** (a) A person or a corporation is guilty of a misdemeanor and subject to a $500 civil penalty to be paid to the aggrieved cooperative or association if the person or the corporation's officers or employees:

(1) knowingly induce or attempt to induce a member or stockholder of a cooperative or an association operating in this state that is organized under similar statutes of other states with similar restrictions and rights to break a marketing contract with the cooperative or association; or

(2) maliciously and knowingly spread false reports about the finances or management or activity of a cooperative or association.

(b) Each violation is a separate offense and is subject to the penalties in paragraph (a).

Subd. 8. **Contracts and cooperatives not in restraint of trade.** A cooperative exercising authority under this section is not a combination in restraint of trade or an illegal monopoly, or an attempt to lessen competition or fix prices arbitrarily. The marketing contracts and agreements under this section are not illegal, or an unlawful restraint of trade, or a part of a conspiracy or combination to accomplish an improper or illegal purpose.

History: *1989 c 144 art 1 s 18; art 3 s 13,14*

308A.210 TELECOMMUNICATION SERVICES PURCHASING COOPERATIVES.

Subdivision 1. **Purpose; territory.** A telecommunication services purchasing cooperative may be formed under this chapter for the sole purpose of purchasing advanced telecommunications services by aggregating demand and negotiating reduced rates for its members. Any such telecommunication services shall be provided and directly billed by a telephone company or a telecommunication carrier. A purchasing cooperative must declare in its articles of incorporation a contiguous area comprising less than the entire state in which it may operate.

Subd. 2. **Local government units.** In addition to others that may form a cooperative, a political subdivision of the state, including a service cooperative created under section 123A.21, may act to organize a telecommunication services purchasing cooperative within its jurisdiction for the benefit of its residents.

Subd. 3. **Powers.** A purchasing cooperative has all of the powers described in section 308A.201, except that a purchasing cooperative does not have the power of eminent domain. A purchasing cooperative is not a telephone or electric cooperative as those terms are used in this chapter and chapters 216B and 237.

Subd. 4. **Governing board.** A board of directors of five to seven members shall govern a telecommunication services purchasing cooperative. The directors must be elected according to the requirements of section 308A.311, except that:

(1) all of the directors must be members of the purchasing cooperative;

(2) a director may not be a provider of services to the cooperative or an employee of the provider;

(3) a director may not be a member of a governing body of a political subdivision; and

(4) a majority of the directors must be seeking to purchase some residential telecommunication services through the cooperative.

Subd. 5. **Residential membership requirement.** In order to ensure that residential customers experience the benefits of cooperative purchasing, at least 50 percent of the total number of entities or individuals who are members of the purchasing cooperative must be seeking to purchase residential telecommunication services through the cooperative. If the telecommunication services purchasing cooperative fails to comply with this subdivision, it shall notify the Department of Commerce and shall have one year from the date of noncompliance to come into compliance. If it does not come into compliance, the telecommunication services purchasing cooperative shall be dissolved and its assets distributed to its members.

Subd. 6. **Filings with Department of Commerce.** A purchasing cooperative must immediately file a copy of its contracts with telecommunication services providers with the Department of Commerce. A purchasing cooperative must file its annual financial statements with the department.

Subd. 7. **Open membership.** Any person within the geographic operating area declared in a cooperative's articles of incorporation or any person within the exchange boundary or service area of a telephone company or telecommunication carrier that in whole or in part is included in the geographic operating area declared in the cooperative's articles of incorporation may become a member of the telecommunication services purchasing cooperative.

Subd. 8. **Advanced telecommunication service; defined.** "Advanced telecommunications service" includes any service that would be classified as a flexibly priced service within the meaning of section 237.761, subdivision 4, or non-price-regulated service within the meaning of section 237.761, subdivision 4, provided that a service may be an advanced telephone service whether or not the telephone company has adopted an alternative rate plan within the meaning of section 237.76.

History: *1997 c 208 s 2; 1998 c 397 art 11 s 3; 1Sp2001 c 4 art 6 s 77*

BOARD OF DIRECTORS

308A.301 BOARD GOVERNS COOPERATIVE.

A cooperative is governed by its board.

History: *1989 c 144 art 1 s 19*

308A.305 NUMBER OF DIRECTORS.

The board must have at least five directors, except a cooperative housing corporation as defined in United States Code, title 26, section 216, subsection (b)(1), must have at least three directors who are members of the association.

History: *1989 c 144 art 1 s 20*

308A.311 ELECTION OF DIRECTORS.

Subdivision 1. **Generally.** Directors shall be elected for the term, at the time, and in the manner provided in this section and the bylaws.

Subd. 2. **Election at regular meeting.** Directors shall be elected at the regular members' meeting for the terms of office prescribed in the bylaws. Except for directors elected at district meetings, all directors shall be elected at the regular members' meeting.

Subd. 3. **District or local unit election of directors.** (a) A cooperative with districts or other local units may elect directors on a district or local unit basis if provided in the bylaws.

(b) The directors may be nominated or elected at district meetings if provided in the bylaws. Directors who are nominated at district meetings shall be elected at the annual regular members' meeting by vote of the members of the entire membership, unless the bylaws provide that directors who are nominated at district meetings are to be elected by vote of the members of the district at the annual regular members' meeting.

Subd. 4. **Vote by mail or electronic means.** (a) A member may not vote by mail or electronic means for a director unless mail or electronic voting is authorized for election of directors by the articles or bylaws.

(b) The ballot shall be in a form prescribed by the board.

(c) If the vote is by mail, the member shall mark the ballot for the candidate chosen and mail the ballot to the cooperative in a sealed plain envelope inside another envelope bearing the member's name.

(d) The member may vote by electronic means if the cooperative is able to authenticate that it is the cooperative member who is casting the vote.

(e) If the ballot of the member is received by the cooperative on or before the date of the regular members' meeting, the ballot shall be accepted and counted as the vote of the absent member.

Subd. 5. **Vote by mail or electronic means for telephone cooperative.** If voting by mail or by electronic means is authorized by the articles or the bylaws of a telephone cooperative, a member may vote by mail or by electronic means for the director in the manner prescribed in the articles or bylaws. The mail voting shall be by secret ballot.

Subd. 6. **Farm corporation stockholder may be director.** If a member of a cooperative is a family farm corporation defined in section 500.24, subdivision 2, clause (c), or an authorized farm corporation

defined in section 500.24, subdivision 2, clause (d), the member may elect or appoint an individual stockholder of the farm corporation residing on or actively operating the farm to be eligible for election as a director to the board.

Subd. 7. **Corporate members may nominate persons for director.** If a member of a cooperative is not a natural person, family farm corporation, or an authorized farm corporation and the bylaws do not provide otherwise, the member may appoint or elect one or, for a cooperative constituted entirely of other cooperatives or associations, one or more natural persons to be eligible for election as a director to the board.

History: *1989 c 144 art 1 s 21; art 3 s 15; 2002 c 303 s 1,2*

308A.313 APPORTIONMENT OF DIRECTORS AMONG DISTRICTS OR UNITS.

The bylaws of an electric cooperative that has 35,000 or more members and that nominates, elects, or otherwise selects directors on a district or local unit basis must provide that representation on the board be apportioned equally throughout the different districts or local units in proportion to the membership residing in or belonging to the districts or units. The number of members in any one district or unit may not vary by more than ten percent from the average number of members for the districts or units.

The bylaws must provide for a survey to take place at least once every ten years to determine whether the number of members in a district or local unit has changed. If the number of members in a district or local unit changes by 15 percent or more, the bylaws must provide for changes in the districts or local units so that representation on the board continues to be apportioned equally throughout the districts or units in proportion to the membership.

History: *1992 c 401 s 1*

308A.315 FILLING VACANCIES.

If a director's position is vacant, the board may appoint a member of the cooperative to fill the director's position until the next regular or special members' meeting. At the next regular or special members' meeting, the members must elect a director to fill the unexpired term of the vacant director's position.

History: *1989 c 144 art 3 s 16*

308A.321 REMOVAL OF DIRECTORS.

Members may remove a director at a members' meeting for cause related to the duties of the position of director and fill the vacancy caused by the removal.

History: *1989 c 144 art 1 s 22; art 3 s 17,49*

308A.325 LIMITATION OF DIRECTOR'S LIABILITY.

Subdivision 1. **Articles may limit liability.** A director's personal liability to the cooperative or members for monetary damages for breach of fiduciary duty as a director may be eliminated or limited in the articles as provided in subdivision 2.

Subd. 2. **Restrictions on liability limitation.** The articles may not eliminate or limit the liability of a director:

(1) for a breach of the director's duty of loyalty to the cooperative or its members;

(2) for acts or omissions that are not in good faith or 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 before the date when the provision in the articles eliminating or limiting liability becomes effective.

History: *1989 c 144 art 1 s 23*

308A.327 ELECTRIC COOPERATIVE; BOARD MEETINGS.

A regular or special meeting of the board of directors of an electric cooperative that has more than 50,000 members must be open to all members of the cooperative. The board shall give reasonable prior notice of meetings. The board may close a meeting or a portion of a meeting, provided the board has made a written determination that a closed meeting is necessary for one of the following reasons:

(1) to discuss personnel matters, compensation issues, labor negotiations, billing and credit information, or an issue that may tend to prejudice the reputation of an individual;

(2) to discuss threatened or pending litigation, issues subject to an attorney-client privilege, or other legal information, the knowledge of which may have an adverse effect on the cooperative's legal position; or

(3) to discuss or disclose information that, if discussed in an open meeting, would result in impairment of the cooperative's competitive or financial position, interfere with a business opportunity, or reveal proprietary information.

For the purposes of clause (3), a business opportunity means an opportunity for substantial financial improvement of the cooperative that, if generally known, would likely jeopardize the opportunity itself.

The board may close a portion of a meeting after announcing during an open meeting the item of business to be discussed during the closed portion.

History: *1992 c 435 s 1*

308A.328 STANDARD OF CONDUCT.

Subdivision 1. **Standard and liability.** A director shall discharge the duties of the position of director in good faith, in a manner the director reasonably believes to be in the best interests of the cooperative, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. A person who so performs those duties is not liable by reason of being or having been a director of the cooperative.

Subd. 2. **Reliance.** (a) A director is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by:

(1) one or more officers or employees of the cooperative who the director reasonably believes to be liable and competent in the matters presented;

(2) counsel, public accountants, or other persons as to matters that the director reasonably believes are within the person's professional or expert competence; or

(3) a committee of the board upon which the director does not serve, duly established by the board, as to matters within its designated authority, if the director reasonably believes the committee to merit confidence.

(b) Paragraph (a) does not apply to a director who has knowledge concerning the matter in question that makes the reliance otherwise permitted by paragraph (a) unwarranted.

Subd. 3. **Presumption of assent and dissent.** A director who is present at a meeting of the board when an action is approved by the affirmative vote of a majority of the directors present is presumed to have assented to the action approved, unless the director:

(1) objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened and does not participate in the meeting after the objection, in which case the director is not considered to be present at the meeting for any purpose of this chapter;

(2) votes against the action at the meeting; or

(3) is prohibited by a conflict of interest from voting on the action.

Subd. 4. **Considerations.** In discharging the duties of the position of director, a director may, in considering the best interests of the cooperative, consider the interests of the cooperative's employees, customers, suppliers, and creditors, the economy of the state, and long-term as well as short-term interests of the cooperative and its patron members, including the possibility that these interests may be best served by the continued independence of the cooperative.

Subd. 5. **Relation to other law.** Notwithstanding any other provision of law, a director of a cooperative organized and operating under this chapter is governed by the standard of conduct under this section.

History: *2013 c 110 s 2*

OFFICERS

308A.401 OFFICERS.

Subdivision 1. **Required officers.** (a) The board shall elect:

(1) a president;

(2) one or more vice-presidents;

(3) a secretary; and

(4) a treasurer.

(b) The board may elect additional officers as the articles or bylaws authorize or require.

Subd. 2. **Secretary and treasurer may be combined.** The offices of secretary and treasurer may be combined and if combined the person filling the office shall be termed secretary-treasurer.

Subd. 3. **Chair and vice-chair.** If the bylaws provide, the board may elect directors as a chair and one or more vice-chairs.

Subd. 4. **Officers that must be stockholders.** The president and vice-president must be directors and members unless the articles or bylaws provide for a chair and one or more vice-chairs and the articles or

bylaws do not require otherwise. The treasurer, secretary, and additional officers need not be directors or members.

Subd. 5. **Removal of officers.** Members may remove an officer at a members' meeting for cause related to the duties of the position of the officer and fill the vacancy caused by the removal.

History: *1989 c 144 art 1 s 24; art 3 s 18*

STOCK

308A.501 CAPITAL STOCK.

Subdivision 1. **Authorized amounts.** The amount, number of shares, and par value of the authorized capital stock may be increased or decreased and classes of the capital stock may be established or altered by amending the articles at a regular members' meeting or at a special members' meeting called for the purpose of the amendment.

Subd. 2. **Issuance of shares.** A share of stock may not be issued until at least the par value of the share has been paid for in cash or a cash equivalent.

Subd. 3. **Sale of stock to be approved by board.** Stock in a cooperative may only be sold or transferred with the approval of the board.

Subd. 4. **Repurchase by cooperative.** (a) The bylaws must provide that the cooperative has the first privilege of purchasing stock of any class offered for sale by a stockholder.

(b) Stock acquired by the cooperative may be held as treasury stock or may be retired and canceled.

History: *1989 c 144 art 1 s 25*

308A.503 HEALTH CARE COOPERATIVE MEMBERS.

Subdivision 1. **Health care network cooperative.** For a health care network cooperative, the policyholder is the member provided that if the policyholder is an individual enrollee, the individual enrollee is the member, and if the policyholder is an employer or other group type, entity, or association, the group policyholder is the member.

Subd. 2. **Health provider cooperative.** For a health provider cooperative, the licensed health care provider, professional corporation, partnership, hospital, or other licensed provider is the member, as provided in the articles or bylaws.

Subd. 3. **State and hospital members authorized.** The state, or any agency, instrumentality, or political subdivision of the state, may be a member of a health care cooperative. Any governmental hospital authorized, organized or operated under chapter 158, 250, 376, or 397 or under section 412.221, 447.05 to 447.13, or 471.50, or under any special law authorizing or establishing a hospital or hospital district, may be a member of a health care provider cooperative.

History: *1994 c 625 art 11 s 10; 1995 c 186 s 64*

308A.505 SUBJECT TO SECURITIES LAW.

Cooperatives are subject to the provisions of chapter 80A, except as specifically provided in sections 80A.45 and 80A.46.

History: *1989 c 144 art 1 s 26; 2006 c 196 art 1 s 52; art 2 s 8*

MEMBERS

308A.601 GROUPING OF MEMBERS.

Subdivision 1. **Authorization.** A cooperative may in the articles or bylaws group members in districts, local units, or another basis.

Subd. 2. **Implementation.** The board may do things necessary to implement the use of districts or local units including setting the time and place and prescribing the rules of conduct for holding meetings by districts or local units to elect delegates to members' meetings.

History: *1989 c 144 art 1 s 27*

308A.605 MEMBER AND STOCKHOLDER VIOLATIONS.

Subdivision 1. **Stockholder violations.** (a) A stockholder who knowingly, intentionally, or repeatedly violates a provision of the bylaws may be required by the board to surrender stock of any class owned by the stockholder.

(b) The cooperative shall refund to the stockholder for the surrendered stock the lesser of the par value or the book value of the stock.

(c) Stock required to be surrendered shall be retired and canceled by the board.

Subd. 2. **Member violations.** A member who knowingly, intentionally, or repeatedly violates a provision of the bylaws may be required by the board to surrender membership in the cooperative.

History: *1989 c 144 art 1 s 28; art 3 s 19*

308A.611 REGULAR MEMBERS' MEETINGS.

Subdivision 1. **Annual meeting.** Regular members' meetings must be held annually at a time determined by the board, unless otherwise provided for in the articles or bylaws.

Subd. 2. **Location.** The regular members' meeting shall be held at the principal place of business of the cooperative, or at another conveniently located place as determined by the bylaws or the board. A cooperative constituted entirely or partially of other cooperatives or associations organized under the laws of another state, or doing business in another state, may hold regular members' meetings at a place within or outside of the state, as designated in the notice of the meeting.

Subd. 3. **Business and fiscal reports.** The officers must submit reports to the members at the regular members' meeting covering the business of the cooperative for the previous fiscal year that show the condition of the cooperative at the close of the fiscal year.

Subd. 4. **Election of directors.** All directors shall be elected at the regular members' meeting for the terms of office prescribed in the bylaws, except for directors elected at district or local unit meetings.

Subd. 5. **Notice.** (a) The secretary shall give notice of regular members' meetings by:

(1) publication in a legal newspaper published in the county of the principal place of business of the cooperative;

(2) publication in a magazine, periodical, or other publication of the cooperative that is regularly published by or on behalf of the cooperative and circulated generally among members; or

(3) mailing the regular members' meeting notice to each member personally at the person's last known post office address, which for a member cooperative means notice mailed to the secretary of the cooperative.

(b) The regular members' meeting notice must be published at least two weeks before the date of the meeting or mailed at least 15 days before the date of the meeting.

History: *1989 c 144 art 1 s 29; art 3 s 20*

308A.615 SPECIAL MEMBERS' MEETINGS.

Subdivision 1. **Calling meeting.** Special members' meetings of the members may be called by:

(1) a majority vote of the board; or

(2) the written petition of at least 20 percent of the members submitted to the president.

Subd. 2. **Notice.** (a) The chair or president shall give notice of a special members' meeting by:

(1) publication in a legal newspaper published in the county of the principal place of business of the cooperative;

(2) publication in a magazine, periodical, or other publication of the cooperative that is regularly published by or on behalf of the cooperative and circulated generally among members; or

(3) mailing the special members' meeting notice to each member personally at the person's last known post office address, which for a member cooperative means notice mailed to the secretary of the cooperative.

(b) The special members' meeting notice shall state the time, place, and purpose of the special members' meeting.

(c) The special members' meeting notice shall be issued within ten days from and after the date of the presentation of a members' petition, and the special members' meeting must be held by 30 days after the date of the presentation of the members' petition.

History: *1989 c 144 art 1 s 30; art 3 s 21*

308A.621 CERTIFICATION OF MAILED MEETING NOTICE.

(a) After mailing special or regular members' meeting notices, the secretary shall execute a certificate containing:

(1) a correct copy of the mailed or published notice;

(2) the date of mailing or publishing the notice; and

(3) a statement that the special or regular members' meeting notices were mailed or published as prescribed by section 308A.611, subdivision 5, or 308A.615, subdivision 2.

(b) The certificate shall be made a part of the record of the meeting.

History: *1989 c 144 art 1 s 31; art 3 s 22; 1990 c 612 s 7*

308A.625 FAILURE TO RECEIVE MEETING NOTICE.

Failure of a member to receive a special or regular members' meeting notice does not invalidate an action that is taken by the members at a members' meeting.

History: *1989 c 144 art 1 s 32*

308A.631 QUORUM.

Subdivision 1. **Quorum.** (a) Except as provided in paragraph (b), the quorum for a members' meeting to transact business is:

(1) ten percent of the total number of members for a cooperative with 500 or less members; or

(2) 50 members for cooperatives with more than 500 members.

(b) The quorum provisions of paragraph (a) apply notwithstanding quorum requirements of the articles or the bylaws, except for:

(1) a larger quorum in articles filed by a cooperative after March 26, 1949; or

(2) a larger quorum provided by amending the articles or bylaws after May 1, 1959.

Subd. 2. **Quorum for voting by mail.** In determining a quorum at a meeting, on a question submitted to a vote by mail, members present in person or represented by mail vote shall be counted. The attendance of a sufficient number of members to constitute a quorum shall be established by a registration of the members of the cooperative present at the meeting. The registration shall be verified by the president and secretary of the cooperative and shall be reported in the minutes of the meeting.

Subd. 3. **Meeting action invalid without quorum.** An action by a cooperative is not valid or legal in the absence of a quorum at the meeting at which the action was taken.

History: *1989 c 144 art 1 s 33*

308A.635 MEMBER VOTING RIGHTS.

Subdivision 1. **Member has one vote.** A member of a cooperative is only entitled to one vote, except that a member of a cooperative described in section 308A.641 may be entitled to more than one vote as provided in that section.

Subd. 2. **Spouse may vote for member.** If a vote of members is taken on any matter, including a petition pursuant to section 216B.02, subdivision 4, the spouse of the member may vote on behalf of the member unless the member has indicated otherwise.

Subd. 3. **Right to vote at meeting.** A member or delegate may exercise voting rights on any matter that is before the members at a members' meeting from the time the member or delegate arrives at the members' meeting, unless the articles or bylaws specify an earlier and specific time for closing the right to vote.

Subd. 4. **Voting method.** A member's vote at a members' meeting must be in person or by mail if a mail vote is authorized by the board, or by electronic means if an electronic vote is authorized by the board, and not by proxy except as provided in subdivisions 2 and 5.

Subd. 5. **Members represented by delegates.** (a) A cooperative may provide in the articles or bylaws that local units of members are entitled to be represented at members' meetings by delegates chosen by the members of the unit. The delegates may vote on matters at the members' meeting in the same manner as a member. The delegates may only exercise the voting rights on a basis and with the number of votes as prescribed in the articles or bylaws.

(b) If the approval of a certain portion of the members is required for adoption of amendments, a dissolution, a merger, a consolidation, or a sale of assets, the votes of delegates shall be counted as votes by the members represented by the delegate.

Subd. 5a. **Health care cooperative.** Notwithstanding the provisions of this section, the requirements and procedures for membership voting for a health care cooperative shall be as provided in the bylaws.

Subd. 6. **Absentee ballots.** (a) A member who is absent from a members' meeting may vote by mail or by electronic means on the ballot prescribed in this subdivision on any motion, resolution, or amendment that the board submits for vote by mail to the members.

(b) The ballot shall be in the form prescribed by the board and contain:

(1) the exact text of the proposed motion, resolution, or amendment to be acted on at the meeting; and

(2) spaces opposite the text of the motion, resolution, or amendment in which the member may indicate an affirmative or negative vote.

(c) If the vote is by mail, the member shall express a choice by marking an "X" in the appropriate space on the ballot and mail or deliver the ballot to the cooperative in a plain, sealed envelope inside another envelope bearing the member's name.

(d) The member may vote by electronic means if the cooperative is able to authenticate that it is the cooperative member who is casting the vote.

(e) A properly executed ballot shall be accepted by the board and counted as the vote of the absent member at the meeting.

History: *1989 c 144 art 1 s 34; art 3 s 23,24; 1991 c 320 s 15; 1994 c 625 art 11 s 11; 1995 c 150 s 2; 2002 c 303 s 3,4*

308A.641 VOTING IN COOPERATIVES CONSTITUTED ENTIRELY OR PARTIALLY OF OTHER COOPERATIVES OR ASSOCIATIONS.

Subdivision 1. **Voting by members that are cooperatives or associations.** A cooperative that is constituted entirely or partially of other cooperatives or associations may authorize by the articles or the bylaws for affiliated cooperative members to have an additional vote for:

(1) a stipulated amount of business transacted between the member cooperative and the cooperative central organization;

(2) a stipulated number of members in the member cooperative;

(3) a certain stipulated amount of equity allocated to or held by the member cooperative in the cooperative central organization; or

(4) a combination of methods in clauses (1) to (3).

Subd. 2. **Voting by members who are not cooperatives or associations.** A cooperative that is constituted partially of other cooperatives or associations and partially of members who are not cooperatives or associations, and that has its members who are not cooperatives or associations organized into local units of members, may, by the articles or the bylaws, authorize the delegates elected by its members who are not cooperatives or associations, and who are organized into local units of members, to have an additional vote for:

(1) a stipulated amount of business transacted between the members in the voting units and the cooperative;

(2) a certain stipulated amount of equity allocated to or held by the members of the voting units in the cooperative; or

(3) a combination of methods in clauses (1) and (2).

History: *1989 c 144 art 1 s 35; 1989 c 356 s 3; 1995 c 150 s 3*

308A.645 VOTE OF CORPORATE STOCK HELD BY COOPERATIVE.

A cooperative that holds stock of another corporation may by direction of the cooperative's board or members elect or appoint a person to represent the cooperative at a meeting of the corporation. The representative has authority to represent the cooperative and may cast the cooperative's vote at the corporation's meeting.

History: *1989 c 144 art 1 s 36*

EARNINGS, RESERVE, AND DISTRIBUTION

308A.701 RESERVES.

Subdivision 1. **Capital reserve.** A cooperative may set aside a portion of net income as the board determines advisable to create or maintain a capital reserve.

Subd. 2. **Additional reserves.** In addition to a capital reserve, the board may:

(1) set aside an amount not to exceed five percent of the annual net income of the cooperative for promoting and encouraging cooperative organization; and

(2) establish and accumulate reserves for new buildings, machinery and equipment, depreciation, losses, and other proper purposes.

History: *1989 c 144 art 1 s 37*

308A.705 DISTRIBUTION OF INCOME.

Subdivision 1. **Distribution of net income.** Net income in excess of dividends on capital stock, nonstock units of equity, and additions to reserves shall be distributed on the basis of patronage. A cooperative may establish allocation units, whether the units are functional, divisional, departmental, geographic, or otherwise, and pooling arrangements and may account for and distribute net income on the basis of allocation units and pooling arrangements. A cooperative may offset the net loss of an allocation unit or pooling arrangement against the net income of other allocation units or pooling arrangements to the extent permitted by section 1388(j) of the Internal Revenue Code of 1986, as amended through December 31, 1996.

Subd. 2. **Frequency of income distribution.** (a) Distribution of net income shall be made at least annually.

(b) A cooperative with income from trucking operations may only distribute net income annually. The board shall present to the members at their annual meeting a report covering the operations of the cooperative during the preceding fiscal year.

Subd. 3. **Dividends.** Dividends may be paid on common stock and nonstock units of equity only if the net income of the cooperative for the previous fiscal year is sufficient. Unless otherwise provided in the articles of incorporation, the dividends are not cumulative.

Subd. 4. **Form of distribution.** A cooperative may distribute net income in cash, capital stock credits, allocated patronage equities, revolving fund certificates, or its own or other securities.

Subd. 5. **Eligible nonmember patrons.** (a) The members may provide in the bylaws that nonmember patrons are allowed to participate in the distribution of net income on equal terms with member patrons.

(b) If a nonmember patron is qualified and eligible for membership, the amount of patronage refund due shall be credited to the patron's individual account.

(c) If the credits equal the value of a share of common stock that entitles the stockholder to vote, or a membership, a share of stock or a membership shall be issued to the nonmember patron.

Subd. 6. **Patronage credits for ineligible members.** If a nonmember patron with patronage credits is not qualified or eligible for membership, a refund due may be credited to the patron's individual account. If the credited amount in the individual account of a patron ineligible for membership equals the value of a share of common stock and does not entitle the holder to vote, or to preferred stock or a certificate of interest, the board may issue a share of preferred stock or a certificate of interest. After the patron is issued preferred stock or a certificate of interest, the patron may participate in the distribution of income on the same basis as a stockholder or member.

History: *1989 c 144 art 1 s 38; art 3 s 25; 1997 c 231 art 16 s 11; 1998 c 401 s 47,48; 2000 c 379 s 2*

308A.711 DISTRIBUTION OF UNCLAIMED PROPERTY.

Subdivision 1. **Alternate procedure to disburse property.** Notwithstanding the provisions of section 345.43, a cooperative 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 that is exempt from taxation under section 290.05, subdivision 1, clause (b), or 2.

Subd. 2. [Repealed, 2005 c 109 s 8]

Subd. 3. **Owner's right extinguished on disbursement.** The right of an owner to unclaimed property held by a cooperative is extinguished when the property is disbursed by the cooperative to a tax-exempt organization if: (1) notice that the payment is available has been mailed to the last known address of the person shown by the records to be entitled to the property; or (2) the address is unknown, notice is published in an official publication of the cooperative.

History: *1989 c 144 art 1 s 39; 2000 c 483 s 49; 2005 c 109 s 1,2; 2020 c 83 art 1 s 79*

MERGER AND CONSOLIDATION

308A.801 MERGER AND CONSOLIDATION.

Subdivision 1. **Authorization.** Unless otherwise prohibited, cooperatives or associations organized under the laws of this state may merge or consolidate with each other or with associations incorporated under the laws of another state by complying with the provisions of this section or the law of the state where the surviving or new association will exist.

Subd. 2. **Plan.** To initiate a merger or consolidation, a written plan of merger or consolidation must be prepared by the board or by a committee selected by the board or the members to prepare a plan. The plan must state:

(1) the names of the constituent cooperatives or associations;

(2) the name of the surviving or new cooperative or association;

(3) the manner and basis of converting stock or membership of the constituent cooperatives or associations into stock or membership in the surviving or new cooperative or association;

(4) the terms of the merger or consolidation;

(5) the proposed effect of the consolidation or merger on the members of the cooperative; and

(6) for a consolidation, the plan must contain the articles of the new association.

Subd. 3. **Notice.** (a) The board must mail a merger or consolidation notice to each member. The notice must contain:

(1) the full text of the plan; and

(2) the time and place of the meeting at which the plan will be considered.

(b) A cooperative or association with more than 200 members may publish the merger or consolidation notice in the same manner as a regular members' meeting notice.

Subd. 4. **Adoption of plan.** (a) A plan of merger or consolidation is adopted if:

(1) a quorum of the members is registered as being present or represented by mail vote at the meeting; and

(2) the plan is approved by two-thirds of the votes cast, or for a cooperative with articles or bylaws requiring more than two-thirds of the votes cast or other conditions for approval, the plan is approved by a proportion of the votes cast or a number of total members as required by the articles or bylaws and the conditions for approval in the articles or bylaws have been satisfied.

(b) After the plan has been adopted, articles of merger or consolidation stating the plan and that the plan was adopted according to this chapter shall be signed by the chair, vice-chair, president, vice-president, secretary, or assistant secretary of each cooperative or association merging or consolidating.

(c) The articles of merger or consolidation shall be filed in the Office of the Secretary of State.

(d) For a merger, the articles of the surviving cooperative or association are deemed amended to the extent provided in the articles of merger.

(e) Unless a later date is provided in the plan, the merger or consolidation is effective when the articles of merger or consolidation are filed in the Office of the Secretary of State.

(f) The secretary of state shall issue a certificate of the merged or consolidated cooperative or association.

Subd. 5. **Effect of merger.** (a) After the effective date, the cooperatives and associations that are parties to the plan become a single association. For a merger, the surviving association is the association designated in the plan. For a consolidation, the new cooperative is the association provided for in the plan. Except for the surviving or new association, the separate existence of all cooperatives and associations that are parties to the plan cease on the effective date of the merger or consolidation.

(b) The surviving or new association possesses all of the rights and property of each of the merged or consolidated cooperatives or associations, and is responsible for all their obligations. The title to property of the merged or consolidated association is vested in the surviving or new association without reversion or impairment of the title caused by the merger or consolidation.

(c) The right of a creditor may not be impaired by the merger or consolidation without the creditor's consent.

Subd. 6. **Filing fee.** The fee to be paid to the secretary of state for filing articles of merger or consolidation is $60.

History: *1989 c 144 art 1 s 40; art 3 s 26-28; 1991 c 205 s 13*

LIQUIDATION

308A.901 LIQUIDATION.

Subdivision 1. **Members may authorize liquidation.** If a liquidation is authorized by the members, the board may dispose of all or substantially all of the property of the cooperative on terms and conditions determined by the board.

Subd. 2. **Resolution at members' meeting.** The members may authorize a liquidation by adopting a resolution at a members' meeting. The notice of the members' meeting must include a statement that the disposition of the property of the cooperative will be considered at the meeting. If a quorum is present in person or by mail ballot at the members' meeting, the resolution approving of the liquidation is adopted if:

(1) approved by two-thirds of the votes cast; or

(2) for a cooperative with articles or bylaws requiring more than two-thirds for approval or other conditions for approval, the resolution is approved by the proportion of the votes cast or a number of total members as required by the articles or bylaws and the conditions for approval in the articles or bylaws have been satisfied.

History: *1989 c 144 art 1 s 41; art 3 s 29*

308A.905 METHODS OF DISSOLUTION.

A cooperative may be dissolved by the members or by order of the court.

History: *1989 c 144 art 1 s 42; art 3 s 30,49*

308A.911 VOLUNTARY DISSOLUTION BY MEMBERS.

Subdivision 1. **Meeting to consider dissolution.** A regular or a special members' meeting may be called to consider dissolution of a cooperative.

Subd. 2. **Approval.** The proposed dissolution must be submitted for approval at the members' meeting. The dissolution must be started if a quorum is present and the proposed dissolution is approved at a meeting by two-thirds of the votes cast, or for a cooperative with articles or bylaws requiring a greater proportion of the votes cast or other conditions for approval, the dissolution is approved by the proportion of votes cast or the number of total members required by the articles or bylaws and the conditions for approval in the articles or bylaws are satisfied.

Subd. 3. **Revocation of dissolution.** The members retain the right to revoke the dissolution proceedings and the right to remove directors and fill vacancies on the board.

Subd. 4. **Notice of intent to dissolve.** Before a cooperative begins dissolution, a notice of intent to dissolve must be filed with the secretary of state. The notice must contain:

(1) the name of the cooperative;

(2) the date and place of the members' meeting at which the resolution was approved; and

(3) a statement that the requisite vote of the members approved the proposed dissolution.

Subd. 5. **Business after dissolution begins.** After the notice of intent to dissolve has been filed with the secretary of state, the cooperative may carry on its business only to the extent necessary for the winding up of the cooperative unless the members revoke the dissolution proceedings. The existence of the cooperative continues to the extent necessary to wind up the affairs of the cooperative until the dissolution proceedings are revoked or articles of dissolution are filed with the secretary of state.

Subd. 6. **Remedies continued.** The filing with the secretary of state of a notice of intent to dissolve does not affect a remedy in favor of the cooperative or a remedy against the cooperative or its directors, officers, or members in their capacities, except as provided in section 308A.981.

History: *1989 c 144 art 1 s 43; art 3 s 31,49*

308A.915 WINDING UP.

Subdivision 1. **Collection and payment of debts.** After the notice of intent to dissolve has been filed with the secretary of state, the board, or the officers acting under the direction of the board, shall proceed as soon as possible:

(1) to collect or make provision for the collection of all debts due or owing to the cooperative, including unpaid subscriptions for shares; and

(2) to pay or make provision for the payment of all debts, obligations, and liabilities of the cooperative according to their priorities.

Subd. 2. **Transfer of assets.** After the notice of intent to dissolve has been filed with the secretary of state, the board may sell, lease, transfer, or otherwise dispose of all or substantially all of the property and assets of the dissolving cooperative without a vote of the members.

Subd. 3. **Distribution to members.** Tangible and intangible property, including money, remaining after the discharge of the debts, obligations, and liabilities of the cooperative or association may be distributed

to the members and former members as provided in the bylaws. If previously authorized by the members, the tangible and intangible property of the cooperative may be liquidated and disposed of at the discretion of the board.

History: *1989 c 144 art 3 s 32*

308A.921 REVOCATION OF DISSOLUTION PROCEEDINGS.

Subdivision 1. **Authority to revoke.** Dissolution proceedings may be revoked before the articles of dissolution are filed with the secretary of state.

Subd. 2. **Revocation by members.** The chair or president may call a members' meeting to consider the advisability of revoking the dissolution proceedings. The question of the proposed revocation must be submitted to the members at the members' meeting called to consider the revocation. The dissolution proceedings are revoked if the proposed revocation is approved at the members' meeting by a majority of the members of the cooperative, or for a cooperative with articles or bylaws requiring a greater number of members, the number of members required by the articles or bylaws.

Subd. 3. **Filing with secretary of state.** Revocation of dissolution proceedings is effective when a notice of revocation is filed with the secretary of state. After the notice is filed, the cooperative may resume business.

History: *1989 c 144 art 3 s 33*

308A.925 STATUTE OF LIMITATIONS.

The claim of a creditor or claimant against a dissolving cooperative is barred if the claim has not been enforced by initiating legal, administrative, or arbitration proceedings concerning the claim by two years after the date the notice of intent to dissolve is filed with the secretary of state, subject to the provisions of section 308A.981.

History: *1989 c 144 art 3 s 34*

308A.931 ARTICLES OF DISSOLUTION.

Subdivision 1. **Conditions to file.** Articles of dissolution of a cooperative shall be filed with the secretary of state after payment of the claims of all known creditors and claimants has been made or provided for and the remaining property has been distributed by the board.

Subd. 2. **Contents of articles.** The articles of dissolution must state:

(1) that all debts, obligations, and liabilities of the cooperative have been paid or discharged or adequate provisions have been made for them or time periods under section 308A.925 have run and other claims are not outstanding;

(2) that the remaining property, assets, and claims of the cooperative have been distributed among the members or pursuant to a liquidation authorized by the members; and

(3) that legal, administrative, or arbitration proceedings by or against the cooperative are not pending or adequate provision has been made for the satisfaction of a judgment, order, or decree that may be entered against the cooperative in a pending proceeding.

Subd. 3. **Dissolution effective on filing.** The cooperative is dissolved when the articles of dissolution have been filed with the secretary of state.

Subd. 4. **Certificate.** The secretary of state shall issue to the dissolved cooperative or its legal representative a certificate of dissolution that contains:

(1) the name of the dissolved cooperative;

(2) the date the articles of dissolution were filed with the secretary of state; and

(3) a statement that the cooperative is dissolved.

History: *1989 c 144 art 3 s 35; 2013 c 125 art 1 s 65*

308A.935 APPLICATION FOR COURT-SUPERVISED VOLUNTARY DISSOLUTION.

After a notice of intent to dissolve has been filed with the secretary of state and before a certificate of dissolution has been issued, the cooperative or, for good cause shown, a member or creditor may apply to a court within the county where the registered office is located to have the dissolution conducted or continued under the supervision of the court as provided in section 308A.945.

History: *1989 c 144 art 3 s 36*

308A.941 COURT-ORDERED REMEDIES OR DISSOLUTION.

Subdivision 1. **Conditions for relief.** A court may grant equitable relief that it deems just and reasonable in the circumstances or may dissolve a cooperative and liquidate its assets and business:

(1) in a supervised voluntary dissolution that is applied for by the cooperative;

(2) in an action by a member when it is established that:

(i) the directors or the persons having the authority otherwise vested in the board are deadlocked in the management of the cooperative's affairs and the shareholders or members are unable to break the deadlock;

(ii) the directors or those in control of the cooperative have acted fraudulently, illegally, or in a manner unfairly prejudicial toward one or more members in their capacities as members, directors, or officers;

(iii) the members of the cooperative are so divided in voting power that, for a period that includes the time when two consecutive regular members' meetings were held, they have failed to elect successors to directors whose terms have expired or would have expired upon the election and qualification of their successors;

(iv) the cooperative assets are being misapplied or wasted; or

(v) the period of duration as provided in the articles has expired and has not been extended as provided in this chapter;

(3) in an action by a creditor when:

(i) the claim of the creditor against the cooperative has been reduced to judgment and an execution on the judgment has been returned unsatisfied; or

(ii) the cooperative has admitted in writing that the claim of the creditor against the cooperative is due and owing and it is established that the cooperative is unable to pay its debts in the ordinary course of business; or

(4) in an action by the attorney general to dissolve the cooperative in accordance with this chapter when it is established that a decree of dissolution is appropriate.

Subd. 2. **Condition of cooperative or association.** In determining whether to order equitable relief or dissolution, the court shall take into consideration the financial condition of the cooperative but may not refuse to order equitable relief or dissolution solely on the ground that the cooperative has accumulated operating net income or current operating net income.

Subd. 3. **Dissolution as remedy.** In deciding whether to order dissolution of the cooperative, the court must consider whether lesser relief suggested by one or more parties, such as a form of equitable relief or a partial liquidation, would be adequate to permanently relieve the circumstances established under subdivision 1, clause (2) or (3). Lesser relief may be ordered if it would be appropriate under the facts and circumstances of the case.

Subd. 4. **Expenses.** If the court finds that a party to a proceeding brought under this section has acted arbitrarily, vexatiously, or otherwise not in good faith, the court may in its discretion award reasonable expenses, including attorneys' fees and disbursements, to any of the other parties.

Subd. 5. **Venue.** Proceedings under this section shall be brought in a court within the county where the registered office of the cooperative is located.

Subd. 6. **Parties.** It is not necessary to make members parties to the action or proceeding unless relief is sought against them personally.

History: *1989 c 144 art 3 s 37*

308A.945 PROCEDURE IN INVOLUNTARY OR COURT-SUPERVISED VOLUNTARY DISSOLUTION.

Subdivision 1. **Action before hearing.** In dissolution proceedings before a hearing can be completed the court may:

(1) issue injunctions;

(2) appoint receivers with all powers and duties that the court directs;

(3) take actions required to preserve the cooperative's assets wherever located; and

(4) carry on the business of the cooperative.

Subd. 2. **Action after hearing.** After a hearing is completed, on notice the court directs to be given to parties to the proceedings and to other parties in interest designated by the court, the court may appoint a receiver to collect the cooperative's assets, including amounts owing to the cooperative by subscribers on account of an unpaid portion of the consideration for the issuance of shares. In addition to the powers set forth in chapter 576, a receiver has authority, subject to the order of the court, to continue the business of the cooperative and to sell, lease, transfer, or otherwise dispose of the property and assets of the cooperative either at public or private sale.

Subd. 3. **Discharge of obligations.** The assets of the cooperative or the proceeds resulting from a sale, lease, transfer, or other disposition shall be applied in the order of priority set forth in section 576.51.

Subd. 4. **Remainder to members.** After payment of the expenses of receivership and claims of creditors are proved, the remaining assets, if any, may be distributed to the members or distributed pursuant to an approved liquidation plan.

History: *1989 c 144 art 3 s 38; 2012 c 143 art 3 s 6,7*

308A.951 RECEIVER QUALIFICATIONS AND POWERS.

Subdivision 1. **Qualifications.** Any person qualified under section 576.26 may be appointed as a receiver. A receiver must give a bond as required by section 576.27.

Subd. 2. **Powers.** A receiver may sue and defend all actions as receiver of the cooperative. The court appointing the receiver has exclusive jurisdiction over the cooperative, the receiver, and all receivership property pursuant to section 576.23.

History: *1989 c 144 art 3 s 39; 2012 c 143 art 3 s 8*

308A.955 DISSOLUTION ACTION BY ATTORNEY GENERAL.

Subdivision 1. **Conditions to begin action.** A cooperative may be dissolved involuntarily by a decree of a court in this state in an action filed by the attorney general if it is established that:

(1) the articles and certificate of incorporation were procured through fraud;

(2) the cooperative was incorporated for a purpose not permitted by this chapter;

(3) the cooperative has flagrantly violated a provision of this chapter, has violated a provision of this chapter more than once, or has violated more than one provision of this chapter; or

(4) the cooperative has acted, or failed to act, in a manner that constitutes surrender or abandonment of the cooperative's franchise, privileges, or enterprise.

Subd. 2. **Notice to cooperative.** An action may not be commenced under this section until 30 days after notice to the cooperative by the attorney general of the reason for the filing of the action. If the reason for filing the action is an act that the cooperative has done, or omitted to do, and the act or omission may be corrected by an amendment of the articles or bylaws or by performance of or abstention from the act, the attorney general shall give the cooperative 30 additional days to make the correction before filing the action.

History: *1989 c 144 art 3 s 40*

308A.961 FILING CLAIMS IN COURT-SUPERVISED DISSOLUTION PROCEEDINGS.

Subdivision 1. **Filing under oath.** In proceedings to dissolve a cooperative, the court may require all creditors and claimants of the cooperative to file their claims pursuant to section 576.49. The receiver or any party in interest may object to any claims pursuant to section 576.50.

Subd. 2. [Repealed, 2012 c 143 art 3 s 39]

History: *1989 c 144 art 3 s 41; 2012 c 143 art 3 s 9*

308A.965 DISCONTINUANCE OF COURT-SUPERVISED DISSOLUTION PROCEEDINGS.

The involuntary or supervised voluntary dissolution of a cooperative may be discontinued at any time during the dissolution proceedings if it is established that cause for dissolution does not exist. The court

shall dismiss the proceedings and direct the receiver, if any, to redeliver to the cooperative its remaining property and assets and to file a final report pursuant to section 576.38, subdivision 3.

History: *1989 c 144 art 3 s 42; 2012 c 143 art 3 s 10*

308A.971 COURT-SUPERVISED DISSOLUTION ORDER.

Subdivision 1. **Conditions for dissolution order.** In an involuntary or supervised voluntary dissolution after the costs and expenses of the proceedings and all debts, obligations, and liabilities of the cooperative have been paid or discharged and the remaining property and assets have been distributed to its members or, if its property and assets are not sufficient to satisfy and discharge the costs, expenses, debts, obligations, and liabilities, when all the property and assets have been applied so far as they will go to their payment according to their priorities, the court shall enter an order dissolving the cooperative.

Subd. 2. **Dissolution effective on filing order.** When the order dissolving the cooperative or association has been entered, the cooperative or association is dissolved.

History: *1989 c 144 art 3 s 43*

308A.975 FILING COURT'S DISSOLUTION ORDER.

After the court enters an order dissolving a cooperative, the court administrator shall cause a certified copy of the dissolution order to be filed with the secretary of state. The secretary of state may not charge a fee for filing the dissolution order.

History: *1989 c 144 art 3 s 44*

308A.981 BARRING OF CLAIMS.

Subdivision 1. **Claims barred.** A person who is or becomes a creditor or claimant before, during, or following the conclusion of dissolution proceedings, who does not file a claim or pursue a remedy in a legal, administrative, or arbitration proceeding during the pendency of the dissolution proceeding, or has not initiated a legal, administrative, or arbitration proceeding before the commencement of the dissolution proceedings, and all those claiming through or under the creditor or claimant, are forever barred from suing on that claim or otherwise realizing upon or enforcing it, except as provided in this section.

Subd. 2. **Certain unfiled claims allowed.** By one year after articles of dissolution have been filed with the secretary of state pursuant to this chapter, or a dissolution order has been entered, a creditor or claimant who shows good cause for not having previously filed the claim may apply to a court in this state to allow a claim:

(1) against the cooperative to the extent of undistributed assets; or

(2) if the undistributed assets are not sufficient to satisfy the claim, the claim may be allowed against a member to the extent of the distributions to members in dissolution received by the member.

Subd. 3. **Omitted claims allowed.** Debts, obligations, and liabilities incurred during dissolution proceedings must be paid or provided for by the cooperative before the distribution of assets to a member. A person to whom this kind of debt, obligation, or liability is owed but is not paid may pursue any remedy against the officers, directors, or members of the cooperative before the expiration of the applicable statute of limitations. This subdivision does not apply to dissolution under the supervision or order of a court.

History: *1989 c 144 art 3 s 45*

308A.985 RIGHT TO SUE OR DEFEND AFTER DISSOLUTION.

After a cooperative has been dissolved, any of its former officers, directors, or members may assert or defend, in the name of the cooperative, a claim by or against the cooperative.

History: *1989 c 144 art 3 s 46*

308A.995 MS 2014 [Renumbered 308A.027]