308B.701 AUTHORIZATION, FORM, AND ACCEPTANCE OF CONTRIBUTIONS.

Subdivision 1. **Board of directors may authorize.** Subject to any restrictions in this chapter regarding patron and nonpatron membership interests or in the articles or bylaws, and only when authorized by the board, a cooperative may accept contributions, which may be patron or nonpatron membership contributions as determined by the board under subdivisions 2 and 3, make contribution agreements under section 308B.711, and make contribution allowance agreements under section 308B.715.

Subd. 2. **Permissible forms.** A person may make a contribution to a cooperative:

(1) by paying money or transferring the ownership of an interest in property to the cooperative or rendering services to or for the benefit of the cooperative; or

(2) through a written obligation signed by the person to pay money or transfer ownership of an interest in property to the cooperative or to perform services to or for the benefit of the cooperative.

Subd. 3. **Acceptance of contributions.** No purported contribution is to be treated or considered as a contribution, unless:

(1) the board accepts the contribution on behalf of the cooperative and in that acceptance describes the contribution, including terms of future performance, if any, and states the value being accorded to the contribution; and

(2) the fact of contribution and the contribution's accorded value are both reflected in the required records of the cooperative.

Subd. 4. **Valuation.** The determinations of the board as to the amount or fair value or the fairness to the cooperative of the contribution accepted or to be accepted by the cooperative or the terms of payment or performance, including under a contribution agreement in section 308B.711, and a contribution allowance agreement in section 308B.715, are presumed to be proper if they are made in good faith and on the basis of accounting methods, or a fair valuation or other method, reasonable in the circumstances. Directors who are present and entitled to vote, and who, intentionally or without reasonable investigation, fail to vote against approving a consideration that is unfair to the cooperative, or overvalue property or services received or to be received by the cooperative as a contribution, are jointly and severally liable to the cooperative for the benefit of the then members who did not consent to and are damaged by the action, to the extent of the damages of those members. A director against whom a claim is asserted under this subdivision, except in case of knowing participation in a deliberate fraud, is entitled to contribution on an equitable basis from other directors who are liable under this subdivision.

History: *2003 c 105 art 1 s 60*