

SENATE
STATE OF MINNESOTA
EIGHTY-NINTH SESSION

S.F. No. 666

(SENATE AUTHORS: FRANZEN)

DATE	D-PG	OFFICIAL STATUS
02/09/2015	240	Introduction and first reading Referred to Judiciary
03/04/2015	541	Comm report: To pass and re-referred to Finance

A bill for an act

1.1 relating to business organizations; modifying conversion provisions; amending
 1.2 Minnesota Statutes 2014, sections 66A.02, subdivision 4; 302A.011, subdivisions
 1.3 19, 22, 63, 64, 68, by adding a subdivision; 302A.471, subdivision 1; 302A.691;
 1.4 302A.692; 322B.03, subdivision 37, by adding subdivisions; 322B.383,
 1.5 subdivision 1; 322C.0105, subdivision 2, by adding a subdivision; 322C.0110,
 1.6 subdivisions 4, 7; 322C.0201, subdivision 2; 322C.0203, subdivision 1;
 1.7 322C.0404, subdivision 1; 322C.0407, subdivisions 1, 4; 322C.0408, subdivision
 1.8 6; 322C.0410, subdivision 2; 322C.0502, subdivision 4; 322C.0902; 322C.1001,
 1.9 subdivisions 11, 12; 322C.1007; 322C.1009; 322C.1101, subdivision 5;
 1.10 322C.1204, subdivision 3; proposing coding for new law in Minnesota Statutes,
 1.11 chapters 302A; 322B; repealing Minnesota Statutes 2014, sections 302A.681;
 1.12 302A.683; 302A.685; 302A.687; 302A.689; 322B.78; Laws 2014, chapter 157,
 1.13 article 2, sections 10; 11; 12; 13; 14; 15; 16; 30.
 1.14

1.15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.16 Section 1. Minnesota Statutes 2014, section 66A.02, subdivision 4, is amended to read:

1.17 Subd. 4. **Exceptions.** The following provisions of chapter 302A do not apply
 1.18 to domestic mutual insurance companies: sections 302A.011, subdivisions 2, 6, 6a, 7,
 1.19 10, 20, 21, 25, 26, 27, 28, 29, 31, 32, and 37 to 59; 302A.105; 302A.137; 302A.161,
 1.20 subdivision 19; 302A.201, subdivision 2; 302A.401 to 302A.429; 302A.433, subdivisions
 1.21 1, paragraphs (a), (b), (c), and (e), and 2; 302A.437, subdivision 2; 302A.443; 302A.445,
 1.22 subdivisions 3 to 6; 302A.449, subdivision 7; 302A.453 to 302A.457; 302A.461;
 1.23 302A.463; 302A.471 to 302A.473; 302A.553; 302A.601 to 302A.651; 302A.671 to
 1.24 302A.675; ~~302A.681~~ 302A.682 to 302A.691; and 302A.701 to 302A.791. Those
 1.25 clauses of section 302A.111 that refer to any of the sections previously referenced in
 1.26 this subdivision do not apply to domestic mutual insurance companies. The following
 1.27 sections of chapter 302A are modified in their application to domestic mutual insurance
 1.28 companies in the manner indicated:

2.1 (1) with regard to section 302A.133, the articles may be amended pursuant to section
 2.2 302A.171 by the incorporators or by the board before the issuance of any policies by
 2.3 the company;

2.4 (2) with regard to section 302A.135, subdivision 2, a resolution proposing an
 2.5 amendment to the certificate of authority must be filed with the corporate secretary no less
 2.6 than 30 days before the meeting to consider the proposed amendment;

2.7 (3) with regard to section 302A.161, subdivision 19 of that section does not apply,
 2.8 except this must not be construed to limit the power of a mutual insurance company
 2.9 from issuing securities other than stock;

2.10 (4) with regard to section 302A.201, the references in subdivision 1 of that section
 2.11 to "subdivision 2" and "section 302A.457 " do not apply;

2.12 (5) with regard to section 302A.203, the board shall consist of no less than five
 2.13 directors;

2.14 (6) with regard to section 302A.215, subdivisions 2 and 3 of that section only apply
 2.15 if the corporation's certificate of incorporation provides cumulative voting;

2.16 (7) with regard to section 302A.433, subdivision 1 of that section, special meetings of
 2.17 the members may be called for any purpose or purposes at any time by a person or persons
 2.18 authorized in the articles or bylaws to call special meetings, and with regard to subdivision
 2.19 3 of that section, special meetings must be held on the date and at the time and place fixed
 2.20 by a person or persons authorized by the articles or bylaws to call a meeting; and

2.21 (8) with regard to section 302A.435, if the company complies substantially and in
 2.22 good faith with the notice requirements of section 302A.435, the company's failure to give
 2.23 any member or members the required notice does not impair the validity of any action
 2.24 taken at the members' meeting.

2.25 Sec. 2. Minnesota Statutes 2014, section 302A.011, subdivision 19, is amended to read:

2.26 Subd. 19. **Organization.** "Organization" means a ~~domestic or foreign corporation~~
 2.27 general partnership, including a limited liability partnership, limited partnership, including
 2.28 a limited liability limited partnership, limited liability company, whether domestic or
 2.29 foreign, partnership, limited partnership, joint venture, association, business trust, estate,
 2.30 trust, enterprise, and any other legal or commercial entity corporation, or any other
 2.31 person having a governing statute. The term includes a domestic or foreign organization
 2.32 regardless of whether organized for profit.

2.33 Sec. 3. Minnesota Statutes 2014, section 302A.011, subdivision 22, is amended to read:

3.1 Subd. 22. **Person.** "Person" includes a natural person ~~and~~, an organization, and
3.2 any other association, business trust, estate, trust, enterprise, and any other legal or
3.3 commercial entity.

3.4 Sec. 4. Minnesota Statutes 2014, section 302A.011, subdivision 63, is amended to read:

3.5 Subd. 63. **Converted organization.** "Converted organization" means the ~~domestic~~
3.6 ~~or foreign corporation or domestic or foreign limited liability company resulting from a~~
3.7 ~~conversion under~~ organization into which a converting organization converts pursuant
3.8 to sections 302A.681 302A.682 to 302A.691 302A.692.

3.9 Sec. 5. Minnesota Statutes 2014, section 302A.011, subdivision 64, is amended to read:

3.10 Subd. 64. **Converting organization.** "Converting organization" means the ~~domestic~~
3.11 ~~or foreign corporation or domestic or foreign limited liability company that effects a~~
3.12 ~~conversion under~~ an organization that converts into another organization pursuant to
3.13 sections 302A.681 302A.682 to 302A.691 302A.692.

3.14 Sec. 6. Minnesota Statutes 2014, section 302A.011, subdivision 68, is amended to read:

3.15 Subd. 68. **Organizational documents.** "Organizational documents" means:

3.16 (1) for a domestic or foreign general partnership, its partnership agreement;

3.17 (2) for a limited partnership or foreign limited partnership, its certificate of limited
3.18 partnership and partnership agreement;

3.19 (3) for a domestic or foreign limited liability company, its certificate or articles
3.20 of organization and operating agreement, or comparable documents as provided in its
3.21 governing statute;

3.22 (4) for a business trust, its agreement of trust and declaration of trust;

3.23 (5) for a domestic or foreign corporation for profit, its articles of incorporation,
3.24 bylaws, and other agreements among its shareholders that are authorized by its governing
3.25 statute, or comparable documents as provided in its governing statute; and

3.26 (6) for any other organization, the basic ~~agreements or other documents~~ records that
3.27 create the organization and determine its internal governance and the relations among the
3.28 persons that own it, have an interest in it, or are members of it, in each case as provided or
3.29 authorized by its governing statute.

3.30 Sec. 7. Minnesota Statutes 2014, section 302A.011, is amended by adding a
3.31 subdivision to read:

4.1 Subd. 70. **Governing statute.** "Governing statute" means the statute that governs
4.2 an organization's internal affairs.

4.3 Sec. 8. Minnesota Statutes 2014, section 302A.471, subdivision 1, is amended to read:

4.4 Subdivision 1. **Actions creating rights.** A shareholder of a corporation may dissent
4.5 from, and obtain payment for the fair value of the shareholder's shares in the event of, any
4.6 of the following corporate actions:

4.7 (a) unless otherwise provided in the articles, an amendment of the articles that
4.8 materially and adversely affects the rights or preferences of the shares of the dissenting
4.9 shareholder in that it:

4.10 (1) alters or abolishes a preferential right of the shares;

4.11 (2) creates, alters, or abolishes a right in respect of the redemption of the shares,
4.12 including a provision respecting a sinking fund for the redemption or repurchase of the
4.13 shares;

4.14 (3) alters or abolishes a preemptive right of the holder of the shares to acquire shares,
4.15 securities other than shares, or rights to purchase shares or securities other than shares;

4.16 (4) excludes or limits the right of a shareholder to vote on a matter, or to cumulate
4.17 votes, except as the right may be excluded or limited through the authorization or issuance
4.18 of securities of an existing or new class or series with similar or different voting rights;
4.19 except that an amendment to the articles of an issuing public corporation that provides that
4.20 section 302A.671 does not apply to a control share acquisition does not give rise to the
4.21 right to obtain payment under this section; or

4.22 (5) eliminates the right to obtain payment under this subdivision;

4.23 (b) a sale, lease, transfer, or other disposition of property and assets of the
4.24 corporation that requires shareholder approval under section 302A.661, subdivision 2, but
4.25 not including a disposition in dissolution described in section 302A.725, subdivision 2, or a
4.26 disposition pursuant to an order of a court, or a disposition for cash on terms requiring that
4.27 all or substantially all of the net proceeds of disposition be distributed to the shareholders
4.28 in accordance with their respective interests within one year after the date of disposition;

4.29 (c) a plan of merger, whether under this chapter or under chapter 322B, to which the
4.30 corporation is a constituent organization, except as provided in subdivision 3, and except
4.31 for a plan of merger adopted under section 302A.626;

4.32 (d) a plan of exchange, whether under this chapter or under chapter 322B, to which
4.33 the corporation is a party as the corporation whose shares will be acquired by the acquiring
4.34 organization, except as provided in subdivision 3;

4.35 (e) a plan of conversion is adopted by the corporation and becomes effective;

5.1 (f) an amendment of the articles in connection with a combination of a class or series
 5.2 under section 302A.402 that reduces the number of shares of the class or series owned by
 5.3 the shareholder to a fraction of a share if the corporation exercises its right to repurchase
 5.4 the fractional share so created under section 302A.423; or

5.5 (g) any other corporate action taken pursuant to a shareholder vote with respect to
 5.6 which the articles, the bylaws, or a resolution approved by the board directs that dissenting
 5.7 shareholders may obtain payment for their shares.

5.8 Sec. 9. **[302A.682] CONVERSION.**

5.9 **Subdivision 1. Conversion requirements.** Pursuant to this section, sections
 5.10 302A.684 to 302A.692, and a plan of conversion, another organization may convert to a
 5.11 domestic corporation, and a domestic corporation may convert to another organization if:

5.12 (1) the other organization's governing statute authorizes the conversion;

5.13 (2) the conversion is not prohibited by other law of this state or the law of the
 5.14 jurisdiction that enacted the other organization's governing statute; and

5.15 (3) the other organization complies with its governing statute in effecting the
 5.16 conversion.

5.17 **Subd. 2. Contents of plan of conversion.** A plan of conversion must include:

5.18 (1) the name and form of the organization and the jurisdiction of the organization's
 5.19 governing statute before conversion;

5.20 (2) the name and form of the organization and the jurisdiction of the organization's
 5.21 governing statute after conversion;

5.22 (3) the terms and conditions of the conversion, including the manner and basis
 5.23 for converting interests in the converting organization into any combination of money,
 5.24 interests in the converted organization, and other consideration; and

5.25 (4) the organizational documents of the converted organization as they are to be in
 5.26 effect upon completion of the conversion.

5.27 Sec. 10. **[302A.684] ACTION ON PLAN OF CONVERSION BY CONVERTING**
 5.28 **CORPORATION.**

5.29 **Subdivision 1. Approval of plan of conversion.** Subject to section 302A.692, a plan
 5.30 of conversion of a converting corporation must be approved under subdivisions 2 and 3.

5.31 **Subd. 2. Board approval; notice to shareholders.** A resolution containing the
 5.32 plan of conversion must be approved by the affirmative vote of a majority, or more if
 5.33 so provided in the converting corporation's organizational documents, of the directors
 5.34 present at a meeting of the board of directors of the converting corporation and must

6.1 then be submitted at a regular or a special meeting to the shareholders of the converting
6.2 corporation. Written notice must be given to every shareholder of the converting
6.3 corporation, whether or not entitled to vote at the meeting, not less than 14 days nor more
6.4 than 60 days before the meeting. The written notice must state that a purpose of the
6.5 meeting is to consider the proposed plan of conversion. A copy or short description of the
6.6 plan of conversion must be included in or enclosed with the notice.

6.7 Subd. 3. **Approval by shareholders.** At the meeting, a vote of the shareholders
6.8 must be taken on the proposed plan. The plan of conversion is adopted when approved by
6.9 the affirmative vote of the holders of a majority of the voting power of all shares entitled
6.10 to vote. A class or series of shares is entitled to vote as a class or series on the approval
6.11 of the plan unless otherwise provided in the articles or shareholder control agreement, in
6.12 which case the articles or shareholder control agreement shall govern such class voting
6.13 rights to the exclusion of section 302A.137.

6.14 Subd. 4. **Amendment of plan or abandonment of conversion.** Subject to section
6.15 302A.692 and any contractual rights, after a conversion is approved, and at any time
6.16 before articles of conversion are delivered to the secretary of state for filing under section
6.17 302A.686, a converting corporation may amend the plan or abandon the conversion:

6.18 (1) as provided in the plan; or

6.19 (2) except as otherwise prohibited in the plan, by the same consent as was required
6.20 to approved the plan.

6.21 Sec. 11. **[302A.686] FILINGS REQUIRED FOR CONVERSION; EFFECTIVE**
6.22 **DATE AND TIME.**

6.23 Subdivision 1. **Articles of conversion.** After a plan of conversion is approved:

6.24 (1) if the converting organization is a converting corporation, the converting
6.25 corporation shall file articles of conversion with the secretary of state, together with a total
6.26 fee of \$60, which articles of conversion must be signed as provided in section 302A.011,
6.27 subdivision 30, and must include:

6.28 (i) the plan of conversion;

6.29 (ii) a statement that the corporation is converting into another organization;

6.30 (iii) the name and form of the converted organization and the jurisdiction of its
6.31 governing statute;

6.32 (iv) the time the conversion is effective under the governing statute of the converted
6.33 organization;

6.34 (v) a statement that the conversion was approved as required by this chapter;

7.1 (vi) a statement that the conversion was approved as required by the governing
 7.2 statute of the converted organization; and

7.3 (vii) if the converted organization is a foreign organization not authorized to transact
 7.4 business in this state, the street address of an office that the secretary of state may use for
 7.5 the purposes of section 302A.691, subdivision 3; and

7.6 (2) if the converting organization is not a converting corporation, the converting
 7.7 organization shall file with the secretary of state articles of incorporation, which must
 7.8 include, in addition to the information required by section 302A.111, subdivision 1:

7.9 (i) the plan of conversion;

7.10 (ii) a statement that the converting organization is converting into a corporation;

7.11 (iii) the name and form of the converting organization and the jurisdiction of its
 7.12 governing statute; and

7.13 (iv) a statement that the conversion was approved in a manner that complied with
 7.14 the converting organization's governing statute.

7.15 Subd. 2. **Effective date and time of conversion.** A conversion becomes effective:

7.16 (1) if the converted organization is a corporation, when the articles of conversion
 7.17 are filed with the secretary of state or on a later date or at a later time specified in the
 7.18 articles of conversion; and

7.19 (2) if the converted organization is not a corporation, as provided by the governing
 7.20 statute of the converted organization.

7.21 Sec. 12. Minnesota Statutes 2014, section 302A.691, is amended to read:

7.22 **302A.691 EFFECTIVE DATE OR TIME OF CONVERSION; EFFECT OF**
 7.23 **CONVERSION.**

7.24 Subdivision 1. ~~Effective date or time~~ Same entity. ~~A conversion is effective~~
 7.25 ~~when the articles of conversion are filed with the secretary of state or on a later date~~
 7.26 ~~or at a later time specified in the articles of conversion.~~ An organization that has been
 7.27 converted pursuant to sections 302A.682 to 302A.692 is for all purposes the same entity
 7.28 that existed before the conversion.

7.29 Subd. 2. **Effect on converting organization.** ~~(a) A converted organization is for all~~
 7.30 ~~purposes the same organization as the converting organization, having been incorporated~~
 7.31 ~~or organized on the date that the converting organization was originally incorporated~~
 7.32 ~~or organized.~~

7.33 ~~(b) When a conversion becomes effective~~ takes effect:

8.1 ~~(1) if the converted organization is a domestic corporation, the converted~~
8.2 ~~organization has all the rights, privileges, immunities, and powers, and is subject to all the~~
8.3 ~~duties and liabilities, of a corporation incorporated under this chapter;~~

8.4 ~~(2) if the converted organization is a domestic limited liability company, the~~
8.5 ~~converted organization has all the rights, privileges, immunities, and powers, and is subject~~
8.6 ~~to all the duties and liabilities, of a limited liability company organized under chapter 322B;~~

8.7 ~~(3) (1) all property owned by the converting organization remains vested in the~~
8.8 ~~converted organization and no assignment by operation of law or otherwise of its assets,~~
8.9 ~~properties, or contracts shall be deemed to have occurred;~~

8.10 ~~(4) (2) all debts, liabilities, and other obligations, or other liabilities of the~~
8.11 ~~converting organization continue as debts, obligations, or other liabilities of the converted~~
8.12 ~~organization;~~

8.13 ~~(5) (3) an action or proceeding pending by or against the converting organization~~
8.14 ~~may be continued as if the conversion had not occurred; and or as actions or proceedings~~
8.15 ~~by or against the converted organization;~~

8.16 ~~(6) all (4) except as prohibited by law other than this chapter, all of the rights,~~
8.17 ~~privileges, immunities, and powers, and purposes of the converting organization remain~~
8.18 ~~vested in the converted organization; and~~

8.19 ~~(5) the conversion does not dissolve a converting corporation for the purposes of~~
8.20 ~~sections 302A.701 to 302A.791.~~

8.21 Subd. 3. **Effect on shareholders or members Foreign organization.** ~~When~~
8.22 ~~a conversion becomes effective, each share or membership interest in the converting~~
8.23 ~~organization is deemed to be converted into shares or membership interests in the~~
8.24 ~~converted organization or, in whole or in part, into money or other property to be received~~
8.25 ~~under the plan by the shareholders or the members, subject to any dissenters' rights~~
8.26 ~~under section 302A.471, in the case of shareholders of a converting organization that is~~
8.27 ~~a domestic corporation, or section 322B.383, in the case of members of a converting~~
8.28 ~~organization that is a domestic limited liability company. A converted organization that~~
8.29 ~~is a foreign organization consents to the jurisdiction of the courts of this state to enforce~~
8.30 ~~any debt, obligation, or other liability for which the converting corporation is liable if,~~
8.31 ~~before the conversion, the converting corporation was subject to suit in this state on the~~
8.32 ~~debt, obligation, or other liability. A converted organization that is a foreign organization~~
8.33 ~~and not authorized to transact business in this state appoints the secretary of state as~~
8.34 ~~its agent for service of process for purposes of enforcing a debt, obligation, or other~~
8.35 ~~liability under this subdivision.~~

9.1 Sec. 13. Minnesota Statutes 2014, section 302A.692, is amended to read:

9.2 **302A.692 RESTRICTIONS ON APPROVAL OF CONVERSIONS.**

9.3 Subdivision 1. **Personal liability of shareholder.** If a shareholder of a converting
9.4 corporation will have personal liability with respect to a converted organization, approval
9.5 or amendment of a plan of conversion is ineffective without the consent of the shareholder,
9.6 unless:

9.7 (1) a valid shareholder control agreement of the converting corporation provides for
9.8 approval of a conversion with the consent of fewer than all the members and imposition of
9.9 personal liability without the consent of all shareholders against whom personal liability is
9.10 imposed; and

9.11 (2) the shareholder has consented in writing to the provision of the valid shareholder
9.12 control agreement; and

9.13 (3) the shareholder does not exercise dissenter's rights pursuant to section 302A.471.

9.14 Subd. 2. **Consent.** A shareholder does not give the consent required by subdivision
9.15 1 merely by consenting to a provision of a shareholder control agreement or any other
9.16 agreement that permits the shareholder control agreement or any other agreement to be
9.17 amended with the consent of fewer than all shareholders or parties to the other agreement.

9.18 Sec. 14. Minnesota Statutes 2014, section 322B.03, subdivision 37, is amended to read:

9.19 Subd. 37. **Person.** "Person" includes a natural person and an organization, and
9.20 any other association, business trust, estate, trust, enterprise, and any other legal or
9.21 commercial entity.

9.22 Sec. 15. Minnesota Statutes 2014, section 322B.03, is amended by adding a
9.23 subdivision to read:

9.24 Subd. 52. **Converted organization.** "Converted organization" means the
9.25 organization into which a converting limited liability company converts pursuant to
9.26 sections 322B.781 to 322B.791.

9.27 Sec. 16. Minnesota Statutes 2014, section 322B.03, is amended by adding a
9.28 subdivision to read:

9.29 Subd. 53. **Converting limited liability company.** "Converting limited liability
9.30 company" means a domestic limited liability company other than a nonprofit limited
9.31 liability company that is governed by this chapter and which converts or intends to convert
9.32 into another organization pursuant to sections 322B.781 to 322B.791.

10.1 Sec. 17. Minnesota Statutes 2014, section 322B.03, is amended by adding a
10.2 subdivision to read:

10.3 Subd. 54. **Governing statute.** "Governing statute" means the statute that governs
10.4 an organization's internal affairs.

10.5 Sec. 18. Minnesota Statutes 2014, section 322B.03, is amended by adding a
10.6 subdivision to read:

10.7 Subd. 55. **Organizational documents.** "Organizational documents" means:

10.8 (1) for a domestic or foreign general partnership, its partnership agreement;

10.9 (2) for a domestic or foreign limited partnership, its certificate of limited partnership
10.10 and partnership agreement;

10.11 (3) for a domestic or foreign limited liability company, its certificate or articles of
10.12 organization and operating agreement, or comparable records as provided in its governing
10.13 statute;

10.14 (4) for a business trust, its agreement of trust and declaration of trust;

10.15 (5) for a domestic or foreign corporation for profit, its articles of incorporation,
10.16 bylaws, and other agreements among its shareholders which are authorized by its
10.17 governing statute, or comparable records as provided in its governing statute; and

10.18 (6) for any other organization, the basic records that create the organization and
10.19 determine its internal governance and the relations among the persons that own it, have
10.20 an interest in it, or are members of it, in each case as provided or authorized by its
10.21 governing statute.

10.22 Sec. 19. Minnesota Statutes 2014, section 322B.03, is amended by adding a
10.23 subdivision to read:

10.24 Subd. 56. **Personal liability.** "Personal liability" means liability for a debt,
10.25 obligation, or other liability of an organization which is imposed on a person that co-owns,
10.26 has an interest in, or is a member of the organization:

10.27 (1) by the organization's governing statute solely by reason of the person co-owning,
10.28 having an interest in, or being a member of the organization; or

10.29 (2) by the organization's organizational documents under a provision of the
10.30 organization's governing statute authorizing those documents to make one or more
10.31 specified persons liable for all or specified debts, obligations, or other liabilities of the
10.32 organization solely by reason of the person or persons co-owning, having an interest or
10.33 interests in, or being a member or members of the organization.

11.1 Sec. 20. Minnesota Statutes 2014, section 322B.383, subdivision 1, is amended to read:

11.2 Subdivision 1. **Actions creating dissenters' rights.** Subject to a member control
11.3 agreement under section 322B.37, a member of a limited liability company may dissent
11.4 from, and obtain payment for the fair value of the member's membership interests in the
11.5 event of, any of the following limited liability company actions:

11.6 (1) unless otherwise provided in the articles, an amendment of the articles of
11.7 organization, but not an amendment to a member control agreement, which materially and
11.8 adversely affects the rights or preferences of the membership interests of the dissenting
11.9 member in that it:

11.10 (i) alters or abolishes a preferential right of the membership interests;

11.11 (ii) creates, alters, or abolishes a right in respect of the redemption of the membership
11.12 interests, including a provision respecting a sinking fund for the redemption or repurchase
11.13 of the membership interests;

11.14 (iii) alters or abolishes a preemptive right of the owner of the membership interests
11.15 to make a contribution;

11.16 (iv) excludes or limits the right of a member to vote on a matter, or to cumulate votes,
11.17 except as the right may be excluded or limited through the acceptance of contributions or
11.18 the making of contribution agreements pertaining to membership interests with similar
11.19 or different voting rights;

11.20 (v) changes a member's right to resign or retire;

11.21 (vi) establishes or changes the conditions for or consequences of expulsion; or

11.22 (vii) eliminates the right to obtain payment under clause (1);

11.23 (2) a sale, lease, transfer, or other disposition of property and assets of the limited
11.24 liability company that requires member approval under section 322B.77, subdivision 2,
11.25 but not including a disposition in dissolution described in section 322B.813, subdivision
11.26 4, or a disposition pursuant to an order of a court, or a disposition for cash on terms
11.27 requiring that all or substantially all of the net proceeds of disposition be distributed to
11.28 the members in accordance with their respective membership interests within one year
11.29 after the date of disposition;

11.30 (3) a plan of merger to which the limited liability company is a constituent
11.31 organization;

11.32 (4) a plan of exchange to which the limited liability company is a party as the
11.33 organization whose ownership interests will be acquired by the acquiring organization, if
11.34 the membership interests being acquired are entitled to be voted on the plan;

11.35 (5) a plan of conversion is adopted under section ~~302A.683~~ 322B.783 and becomes
11.36 effective; or

12.1 (6) any other limited liability company action taken pursuant to a member vote with
 12.2 respect to which the articles of organization, a member control agreement, the bylaws, or a
 12.3 resolution approved by the board of governors directs that dissenting members may obtain
 12.4 payment for their membership interests.

12.5 Sec. 21. **[322B.781] CONVERSION.**

12.6 Subdivision 1. Conversion requirements. Pursuant to this section, sections
 12.7 322B.783 to 322B.791, and a plan of conversion, a converting limited liability company
 12.8 may convert to another organization if:

12.9 (1) the other organization's governing statute authorizes the conversion;

12.10 (2) the conversion is not prohibited by other law of this state or the law of the
 12.11 jurisdiction that enacted the other organization's governing statute; and

12.12 (3) the other organization complies with its governing statute in effecting the
 12.13 conversion.

12.14 Subd. 2. Contents of plan of conversion. A plan of conversion must include:

12.15 (1) the name of the converting limited liability company before conversion;

12.16 (2) the name and form of the organization and the jurisdiction of the organization's
 12.17 governing statute after conversion;

12.18 (3) the terms and conditions of the conversion, including the manner and basis for
 12.19 converting interests in the converting limited liability company into any combination of
 12.20 money, interests in the converted organization, and other consideration; and

12.21 (4) the organizational documents of the converted organization as they are to be in
 12.22 effect upon completion of the conversion.

12.23 Sec. 22. **[322B.783] ACTION ON PLAN OF CONVERSION BY CONVERTING**
 12.24 **CORPORATION.**

12.25 Subdivision 1. Approval of plan of conversion. Subject to section 322B.789, a
 12.26 plan of conversion of a converting limited liability company must be approved under
 12.27 subdivisions 2 and 3.

12.28 Subd. 2. Board approval; notice to members. A resolution containing the plan
 12.29 of conversion must be approved by the affirmative vote of a majority, or more if so
 12.30 provided in the converting limited liability company's organizational documents, of the
 12.31 governors present at a meeting of the board of governors of the converting limited liability
 12.32 company and must then be submitted at a regular or special meeting to the members of the
 12.33 converting limited liability company. Written notice must be given to every member of the
 12.34 converting limited liability company, whether or not entitled to vote at the meeting, not

13.1 less than 14 days or more than 60 days before the meeting. The written notice must state
13.2 that a purpose of the meeting is to consider the proposed plan of conversion. A copy or
13.3 short description of the plan of conversion must be included in or enclosed with the notice.

13.4 Subd. 3. **Approval by members.** At the meeting, a vote of the members must
13.5 be taken on the proposed plan. The plan of conversion is adopted when approved by
13.6 the affirmative vote of the holders of a majority of the voting power of all membership
13.7 interests entitled to vote. A class or series of membership interests is entitled to vote as
13.8 a class or series on the approval of the plan unless otherwise provided in the articles or
13.9 member control agreement, in which case the articles or member control agreement shall
13.10 govern such class voting rights to the exclusion of section 322B.155.

13.11 Subd. 4. **Amendment of plan or abandonment of conversion.** Subject to section
13.12 322B.789 and any contractual rights, after a conversion is approved, and at any time
13.13 before articles of conversion are delivered to the secretary of state for filing under section
13.14 322B.785, a converting limited liability company may amend the plan or abandon the
13.15 conversion:

13.16 (1) as provided in the plan; or

13.17 (2) except as otherwise prohibited in the plan, by the same consent as was required
13.18 to approve the plan.

13.19 **Sec. 23. [322B.785] FILINGS REQUIRED FOR CONVERSION; EFFECTIVE**
13.20 **DATE AND TIME.**

13.21 Subdivision 1. **Articles of conversion.** After a plan of conversion is approved, the
13.22 converting limited liability company shall file articles of conversion with the secretary
13.23 of state, together with a total fee of \$60, which articles of conversion must be signed as
13.24 provided in section 322B.03, subdivision 45, and must include:

13.25 (1) a statement that the limited liability company is converting into another
13.26 organization;

13.27 (2) the name and form of the converted organization and the jurisdiction of its
13.28 governing statute;

13.29 (3) the time the conversion is effective under the governing statute of the converted
13.30 organization;

13.31 (4) a statement that the conversion was approved as required by this chapter;

13.32 (5) a statement that the conversion was approved as required by the governing
13.33 statute of the converted organization; and

14.1 (6) if the converted organization is a foreign organization not authorized to transact
14.2 business in this state, the street address of an office that the secretary of state may use for
14.3 the purposes of section 322B.791, subdivision 3.

14.4 Subd. 2. **Effective date and time of conversion.** A conversion becomes effective
14.5 as provided by the governing statute of the converted organization.

14.6 **Sec. 24. [322B.789] RESTRICTIONS ON APPROVAL OF CONVERSIONS.**

14.7 Subdivision 1. **Personal liability of member.** If a member of a converting limited
14.8 liability company will have personal liability with respect to a converted organization,
14.9 approval or amendment of a plan of conversion is ineffective without the express written
14.10 consent of the member, unless:

14.11 (1) a valid member control agreement of the limited liability company provides for
14.12 approval of a conversion and imposition of personal liability without the consent of all
14.13 members against whom personal liability is imposed;

14.14 (2) the member has consented in writing to the provision of the valid member
14.15 control agreement; and

14.16 (3) the member does not exercise dissenter's rights pursuant to section 322B.383.

14.17 Subd. 2. **Consent.** A member does not give the consent required by subdivision
14.18 1 merely by consenting to a provision of a member control agreement or any other
14.19 agreement that permits the member control agreement or any other agreement to be
14.20 amended with the consent of fewer than all the members or parties to the other agreement.

14.21 **Sec. 25. [322B.791] EFFECT OF CONVERSION.**

14.22 Subdivision 1. **Same entity.** An organization that has been converted pursuant to
14.23 sections 322B.781 to 322B.791 is for all purposes the same entity that existed before
14.24 the conversion.

14.25 Subd. 2. **Effect on converting limited liability company.** When a conversion
14.26 takes effect:

14.27 (1) all property owned by the converting limited liability company remains vested
14.28 in the converted organization and no assignment by operation of law or otherwise of its
14.29 assets, properties, or contracts shall be deemed to have occurred;

14.30 (2) all debts, obligations, or other liabilities of the converting limited liability
14.31 company continue as debts, obligations, or other liabilities of the converted organization;

14.32 (3) an action or proceeding pending by or against the converting limited liability
14.33 company may be continued as if the conversion had not occurred or as actions or
14.34 proceedings by or against the converted organization;

15.1 (4) except as prohibited by law other than this chapter, all of the rights, privileges,
 15.2 immunities, powers, and purposes of the converting limited liability company remain
 15.3 vested in the converted organization;

15.4 (5) except as otherwise provided in the plan of conversion, the terms and conditions
 15.5 of the plan of conversion take effect; and

15.6 (6) except as otherwise agreed, the conversion does not dissolve a converting limited
 15.7 liability company for the purposes of sections 322B.80 to 322B.873.

15.8 Subd. 3. **Foreign organization.** A converted organization that is a foreign
 15.9 organization consents to the jurisdiction of the courts of this state to enforce any debt,
 15.10 obligation, or other liability for which the converting limited liability company is liable if,
 15.11 before the conversion, the converting limited liability company was subject to suit in this
 15.12 state on the debt, obligation, or other liability. A converted organization that is a foreign
 15.13 organization and not authorized to transact business in this state appoints the secretary
 15.14 of state as its agent for service of process for purposes of enforcing a debt, obligation,
 15.15 or other liability under this subdivision.

15.16 Sec. 26. Minnesota Statutes 2014, section 322C.0105, is amended by adding a
 15.17 subdivision to read:

15.18 Subd. 1a. **Loans, guarantees, and suretyship.** Without in any way limiting
 15.19 the generality of the power of a limited liability company to do all things necessary or
 15.20 convenient to carry on its activities as conferred in subdivision 1, a limited liability
 15.21 company may lend money to, guarantee an obligation of, become a surety for, or otherwise
 15.22 financially assist a person, if the transaction, or a class of transactions to which the
 15.23 transaction belongs, is approved pursuant to this chapter and the company's operating
 15.24 agreement and:

15.25 (1) is in the usual and regular course of business of the limited liability company;

15.26 (2) is with, or for the benefit of, a related organization, an organization in which the
 15.27 limited liability company has a financial interest, an organization with which the limited
 15.28 liability company has a business relationship, or an organization to which the limited
 15.29 liability company has the power to make donations, any of which relationships constitute
 15.30 consideration sufficient to make the loan, guarantee, suretyship, or other financial
 15.31 assistance so approved enforceable against the limited liability company;

15.32 (3) is with, or for the benefit of, a member who provides services to the limited
 15.33 liability company, or a manager or other employee of the limited liability company or a
 15.34 subsidiary, including a member, manager, or employee who is a governor of the limited

16.1 liability company or a subsidiary, and may reasonably be expected, in the judgment of the
 16.2 board of governors, to benefit the limited liability company; or

16.3 (4) whether or not any separate consideration has been paid or promised to the
 16.4 limited liability company, has been approved by (i) the owners of two-thirds of the
 16.5 voting power of persons other than the interested person or persons, or (ii) the unanimous
 16.6 affirmative vote of all members, whether or not ordinarily entitled to vote.

16.7 Any such loan, guaranty, surety contract, or other financial assistance may be with or
 16.8 without interest and may be unsecured or may be secured in any manner including,
 16.9 without limitation, a grant of a security interest in a member's transferable interest in
 16.10 the limited liability company. This subdivision does not grant any authority to act as a
 16.11 bank or to carry on the business of banking.

16.12 Sec. 27. Minnesota Statutes 2014, section 322C.0105, subdivision 2, is amended to read:

16.13 Subd. 2. **Shelf LLC.** Until a limited liability company has or has had at least one
 16.14 member, the company lacks the capacity to do any act or carry on any activity except:

16.15 (1) delivering to the secretary of state for filing a statement of change under section
 16.16 322C.0114, an amendment to the ~~certificate~~ articles of organization under section
 16.17 322C.0202, a statement of correction under section 322C.0206, an annual report under
 16.18 section 322C.0208, and a statement of termination under section 322C.0702;

16.19 (2) admitting a member under section 322C.0401; and

16.20 (3) dissolving under section 322C.0701.

16.21 Sec. 28. Minnesota Statutes 2014, section 322C.0110, subdivision 4, is amended to read:

16.22 Subd. 4. **Provisions particularly but not exclusively authorized.** If not manifestly
 16.23 unreasonable, and without limiting the terms that may be included in an operating
 16.24 agreement, the operating agreement may:

16.25 (1) restrict or eliminate the duty:

16.26 (i) as required in section 322C.0409, subdivisions 2, clause (1), ~~and 7, and 8,~~ to
 16.27 account to the limited liability company and to hold as trustee for it any property, profit, or
 16.28 benefit derived by the member in the conduct or winding up of the company's business,
 16.29 from a use by the member of the company's property, or from the appropriation of a
 16.30 limited liability company opportunity;

16.31 (ii) as required in section 322C.0409, subdivisions 2, clause (2), ~~and 7, and 8,~~ to
 16.32 refrain from dealing with the company in the conduct or winding up of the company's
 16.33 business as or on behalf of a party having an interest adverse to the company; and

17.1 (iii) as required by section 322C.0409, subdivisions 2, clause (3), ~~and 7, and 8,~~ to
 17.2 refrain from competing with the company in the conduct of the company's business before
 17.3 the dissolution of the company;

17.4 (2) identify specific types or categories of activities that do not violate the duty
 17.5 of loyalty;

17.6 (3) alter the duty of care, except to authorize intentional misconduct or knowing
 17.7 violation of law;

17.8 (4) alter any other fiduciary duty, including eliminating particular aspects of that
 17.9 duty; and

17.10 (5) prescribe the standards by which to measure the performance of the contractual
 17.11 obligation of good faith and fair dealing under section 322C.0409, subdivision 4.

17.12 Sec. 29. Minnesota Statutes 2014, section 322C.0110, subdivision 7, is amended to read:

17.13 Subd. 7. **Indemnification and exculpation.** The operating agreement may alter or
 17.14 eliminate the indemnification for a member, manager, or governor provided by section
 17.15 322C.0408, subdivision ~~1~~ 2, and may eliminate or limit a member's, manager's, or
 17.16 governor's liability to the limited liability company and members for money damages,
 17.17 except for:

17.18 (1) breach of the duty of loyalty;

17.19 (2) a financial benefit received by the member or manager to which the member or
 17.20 manager is not entitled;

17.21 (3) a breach of a duty under section 322C.0406;

17.22 (4) intentional infliction of harm on the company or a member; or

17.23 (5) an intentional violation of criminal law.

17.24 Sec. 30. Minnesota Statutes 2014, section 322C.0201, subdivision 2, is amended to read:

17.25 Subd. 2. **Required contents of articles of organization.** Articles of organization
 17.26 must state:

17.27 (1) the name of the limited liability company, which must comply with section
 17.28 322C.0108;

17.29 (2) the street address of the initial registered office and, if the limited liability
 17.30 company has an agent for the service of process, the name of the ~~initial~~ agent for service
 17.31 of process of the company at the registered office; and

17.32 (3) the name and street address of each organizer.

17.33 Sec. 31. Minnesota Statutes 2014, section 322C.0203, subdivision 1, is amended to read:

18.1 Subdivision 1. **Signing requirements.** A record filed with the secretary of state
18.2 pursuant to this chapter must be signed as follows:

18.3 (1) Except as otherwise provided in clauses (2) through ~~(4)~~ (5), a record signed on
18.4 behalf of a limited liability company must be signed by a person authorized by the company.

18.5 (2) A limited liability company's initial articles of organization must be signed by
18.6 at least one person acting as an organizer.

18.7 ~~(3) A notice under section 322C.0201, subdivision 5, clause (1), must be signed~~
18.8 ~~by an organizer.~~

18.9 ~~(4)~~ (3) A record filed on behalf of a dissolved limited liability company that has no
18.10 members must be signed by the person winding up the company's activities under section
18.11 322C.0702, subdivision 3, or a person appointed under section 322C.0702, subdivision 4,
18.12 to wind up those activities.

18.13 ~~(5)~~ (4) A statement of denial by a person under section 322C.0303 must be signed
18.14 by that person.

18.15 ~~(6)~~ (5) Any other record must be signed by the person on whose behalf the record is
18.16 filed with the secretary of state.

18.17 Sec. 32. Minnesota Statutes 2014, section 322C.0404, subdivision 1, is amended to read:

18.18 Subdivision 1. **Equal distributions.** Subject to section 322C.1204, subdivision 3,
18.19 clause (3), items (i) through (iv), any distributions made by a limited liability company
18.20 before its dissolution and winding up must be in equal shares among members and
18.21 dissociated members, except to the extent necessary to comply with any transfer effective
18.22 under section 322C.0502 and any charging order in effect under section 322C.0503.

18.23 Sec. 33. Minnesota Statutes 2014, section 322C.0407, subdivision 1, is amended to read:

18.24 Subdivision 1. **Member-managed default.** Except as provided in section
18.25 322C.1101, subdivision 5, with respect to nonprofit limited liability companies, a limited
18.26 liability company is a member-managed limited liability company unless the operating
18.27 agreement:

18.28 (1) expressly provides that:

18.29 (i) the company is or will be "manager-managed" or "board-managed";

18.30 (ii) the company is or will be "managed by managers" or "managed by a board"; or

18.31 (iii) management of the company is or will be "vested in managers" or "vested
18.32 in a board"; or

18.33 (2) includes words of similar import.

19.1 Sec. 34. Minnesota Statutes 2014, section 322C.0407, subdivision 4, is amended to read:

19.2 Subd. 4. **Board-managed company rules.** In a board-managed limited liability
19.3 company, the following rules apply:

19.4 (1) The activities and affairs of a limited liability company are to be managed by and
19.5 under the direction of a board of governors, which shall consist of one or more governors
19.6 as determined by members holding a majority of the voting power of the members. Except
19.7 as specifically stated in this subdivision and section ~~322C.0204~~ 322C.0202, subdivision
19.8 5, subject to section 322C.0302:

19.9 (i) the board acts only through an act of the board;

19.10 (ii) no individual governor has any right or power to act for the limited liability
19.11 company; and

19.12 (iii) only officers, managers, or other agents designated by the board or through a
19.13 process approved by the board have the right to act for the limited liability company, and
19.14 that right extends only to the extent consistent with the terms of the designation.

19.15 (2) A governor must be a natural person. A person need not be a member to be a
19.16 governor, but the dissociation of a member who is also a governor disqualifies the person
19.17 as a governor. If a person who is both a governor and a member ceases to be a governor,
19.18 that cessation does not by itself dissociate the person as a member. A person's ceasing
19.19 to be a governor does not discharge any debt, obligation, or other liability to the limited
19.20 liability company or members which the person incurred while a governor.

19.21 (3) The method of election and any additional qualifications for governors will
19.22 be as determined by members holding a majority of the voting power of the members.
19.23 Governors are elected by a plurality of the voting power present and entitled to vote on the
19.24 election of governors at a duly called or held meeting at which a quorum is present.

19.25 (4) A member may waive notice of a meeting for the election of governors. A
19.26 member's waiver of notice under this clause is effective whether given before, at, or after
19.27 the meeting, and whether given in a record, orally, or by attendance. Attendance by a
19.28 member at a meeting for election of governors is a waiver of notice of that meeting,
19.29 except where the member objects at the beginning of the meeting to the transaction of
19.30 business because the meeting is not lawfully called or convened and does not participate
19.31 in the meeting after the objection.

19.32 (5) Once elected, a governor holds office for the term for which the governor
19.33 was elected and until a successor is elected, or until the earlier death, resignation,
19.34 disqualification, or removal of the governor. A governor may resign at any time. A
19.35 governor may be removed at any time, without cause and without advance notice, by a

20.1 majority of the voting power of all of the members. The existence of vacancies does not
20.2 affect the power of the board to function if at least one governor remains in office.

20.3 (6) When a vacancy occurs, the limited liability company shall immediately notify
20.4 all members in a record of the vacancy, stating the cause of the vacancy and the date the
20.5 notice is sent. Within 30 days of that date, the members may fill the vacancy in the same
20.6 method the members may elect governors under clause (3). If the vacancy is not filled
20.7 by the members under this clause, the vacancy may be filled by the affirmative vote of a
20.8 majority of the remaining governors, even though less than a quorum.

20.9 (7) The board shall meet from time to time as determined by members holding a
20.10 majority of the voting power of the members, at a place decided by the board. If the day
20.11 or date, time, and place of a board of governors meeting have been provided in a board
20.12 resolution, or announced at a previous meeting of the board of governors, no notice is
20.13 required. Notice of an adjourned meeting need not be given other than by announcement
20.14 at the meeting at which adjournment is taken. If notice is required for a meeting, notice
20.15 shall be made in the manner stated in clause (8).

20.16 (8) A governor may call a board meeting by giving at least ten days' notice in a
20.17 record to all governors of the date, time, and place of the meeting. The notice need not
20.18 state the purpose of the meeting. As to each governor, the notice is effective when given.

20.19 (i) Notice may be:

20.20 (A) mailed to the governor at an address designated by the person or at the last
20.21 known address of the person;

20.22 (B) deposited with a nationally recognized overnight delivery service for overnight
20.23 delivery or, if overnight delivery to the governor is not available, for delivery as promptly
20.24 as practicable to the governor at an address designated by the governor or at the last
20.25 known address of the governor;

20.26 (C) communicated to the governor orally;

20.27 (D) handed to the governor;

20.28 (E) given by facsimile communication, electronic mail, or any other form of
20.29 electronic communication, if the governor has consented in a record to receive notice
20.30 by such means; or

20.31 (F) by any other means determined by members holding a majority of the voting
20.32 power of the members.

20.33 (ii) The notice is deemed given if by:

20.34 (A) mail, when deposited in the United States mail with sufficient postage affixed;

20.35 (B) deposit for delivery, when deposited for delivery as provided in item (i), subitem
20.36 (B), with delivery charges prepaid or otherwise provided for by the sender;

21.1 (C) facsimile communication, when directed to a telephone number at which the
21.2 governor has consented in a record to receive notice;

21.3 (D) electronic mail, when directed to an electronic mail address at which the
21.4 governor has consented in a record to receive notice; and

21.5 (E) any other form of electronic communication by which the governor has
21.6 consented in a record to receive notice, when directed to the governor.

21.7 (9) A governor may waive notice of a meeting of the board of governors. A waiver
21.8 of notice by a governor entitled to notice is effective whether given before, at, or after the
21.9 meeting, and whether given in a record, orally, or by attendance. Attendance by a governor
21.10 at a meeting is a waiver of notice of that meeting, except where the governor objects at the
21.11 beginning of the meeting to the transaction of business because the meeting is not lawfully
21.12 called or convened and does not participate in the meeting after the objection.

21.13 (10) A majority of the governors currently holding office is a quorum for the
21.14 transaction of business. When a quorum is present at a duly called or held meeting of
21.15 the board, the vote of a majority of the directors present constitutes an act of the board.
21.16 If a quorum is present when a duly called or held meeting is convened, the governors
21.17 present may continue to transact business until adjournment, even though the withdrawal
21.18 of a number of governors originally present leaves less than the proportion or number
21.19 otherwise required for a quorum.

21.20 (11) Any meeting among governors may be conducted solely by one or more means
21.21 of remote communication through which all of the governors may participate with each
21.22 other during the meeting, if the number of governors participating in the meeting would
21.23 be sufficient to constitute a quorum. Participation in a meeting by that means constitutes
21.24 presence in person at the meeting.

21.25 (12) A governor may participate in a board of governors meeting by means of
21.26 remote communication, through which the governor, other governors so participating, and
21.27 all governors physically present at the meeting may participate with each other during
21.28 the meeting. Participation in a meeting by that means constitutes presence in person
21.29 at the meeting.

21.30 (13) An action required or permitted to be taken at a board meeting may be taken
21.31 by written action signed by the number of governors that would be required to take the
21.32 same action at a meeting of the board of governors at which all governors were present.
21.33 The written action is effective when signed by the required number of governors, unless a
21.34 different effective time is provided in the written action. When written action is permitted
21.35 to be taken by less than all governors, all governors must be notified immediately of its
21.36 text and effective date. Failure to provide the notice does not invalidate the written action.

22.1 A governor who does not sign or consent to the written action has no liability for the
22.2 action or actions taken by the written action.

22.3 (14) If the board designates a person as "chief manager," "president," "chief
22.4 executive officer," "CEO," or another title of similar import, that person shall:

22.5 (i) serve as an agent of the limited liability company at the will of the board, without
22.6 prejudice to any rights the person may have under a contract with the limited liability
22.7 company;

22.8 (ii) have general active management of the business of the limited liability company,
22.9 subject to the supervision and control of the board;

22.10 (iii) see that all orders and resolutions of the board of governors are carried into effect;

22.11 (iv) sign and deliver in the name of the limited liability company any deeds,
22.12 mortgages, bonds, contracts, or other instruments pertaining to the business of the limited
22.13 liability company, except in cases in which the authority to sign and deliver is required by
22.14 law to be exercised by another person or is expressly delegated by the board of governors
22.15 to some other officer or agent of the limited liability company;

22.16 (v) maintain records of and, whenever necessary, certify all proceedings of the
22.17 board of governors and the members; and

22.18 (vi) perform other duties prescribed by the board of governors.

22.19 (15) If the board designates a person as "treasurer," "chief financial officer," "CFO,"
22.20 or another title of similar import, that person shall:

22.21 (i) serve as an agent of the limited liability company at the will of the board, without
22.22 prejudice to any rights the person may have under a contract with the limited liability
22.23 company;

22.24 (ii) keep accurate financial records for the limited liability company;

22.25 (iii) deposit all money, drafts, and checks in the name of and to the credit of the limited
22.26 liability company in the banks and depositories designated by the board of governors;

22.27 (iv) endorse for deposit all notes, checks, and drafts received by the limited liability
22.28 company as ordered by the board of governors, making proper vouchers for them;

22.29 (v) disburse limited liability company funds and issue checks and drafts in the name
22.30 of the limited liability company, as ordered by the board of governors;

22.31 (vi) give to the chief executive officer and the board of governors, whenever
22.32 requested, an account of all transactions by the chief financial officer and of the financial
22.33 condition of the limited liability company; and

22.34 (vii) perform other duties prescribed by the board of governors or by the chief
22.35 executive officer.

22.36 (16) The consent of all members is required to:

23.1 (i) sell, lease, exchange, or otherwise dispose of all, or substantially all, of the
 23.2 company's property, with or without the good will, outside the ordinary course of the
 23.3 company's activities;

23.4 (ii) approve a merger, conversion, or domestication under sections 322C.1001 to
 23.5 322C.1015; and

23.6 (iii) amend the operating agreement.

23.7 (17) Subject to section 322C.1204, subdivision 3, for purposes of this subdivision,
 23.8 each member possesses voting power in proportion to the member's interest in ~~then-current~~
 23.9 profits distributions of the limited liability company prior to dissolution and a majority of
 23.10 the voting power of the members is a quorum at a meeting of the members.

23.11 Sec. 35. Minnesota Statutes 2014, section 322C.0408, subdivision 6, is amended to read:

23.12 Subd. 6. **Determination of eligibility.** (a) All determinations whether
 23.13 indemnification of a person is required because the criteria in subdivision 2 have been
 23.14 satisfied and whether a person is entitled to payment or reimbursement of expenses in
 23.15 advance of the final disposition of a proceeding as provided in subdivision 3 must be made:

23.16 (1) in a board-managed limited liability company:

23.17 (i) by the board of governors by a majority of a quorum, provided that governors
 23.18 who are, at the time, parties to the proceeding shall not be counted for determining either
 23.19 a majority or the presence of a quorum;

23.20 (ii) if a quorum under item (i) cannot be obtained, by a majority of a committee of
 23.21 the board of governors, consisting solely of two or more governors not at the time parties
 23.22 to the proceeding, duly designated to act in the matter by a majority of the full board of
 23.23 governors including governors who are parties; and

23.24 (iii) if a determination is not made under item (i) or (ii), by special legal counsel,
 23.25 selected either by a majority of the board of governors or a committee by vote pursuant
 23.26 to item (i) or (ii) or, if the requisite quorum of the full board of governors cannot be
 23.27 obtained and the committee cannot be established, by a majority of the full board of
 23.28 governors including governors who are parties;

23.29 (2) in all other cases, by the affirmative vote of the members, subject to section
 23.30 322C.1204, subdivision 3, with each member having voting power in proportion to the
 23.31 member's interest in ~~then-current profits~~ distributions of the limited liability company prior
 23.32 to dissolution, but the membership interests held by parties to the proceeding must not be
 23.33 counted in determining the presence of a quorum and are not considered to be present and
 23.34 entitled to vote on the determination; or

24.1 (3) if an adverse determination is made under clauses (1) or (2), or if no
24.2 determination is made under clauses (1) or (2) within 60 days after (i) the later to occur
24.3 of the termination of a proceeding or a written request for indemnification to the limited
24.4 liability company or (ii) a written request for an advance of expenses, as the case may be,
24.5 by a court in this state, which may be the same court in which the proceeding involving
24.6 the person's liability took place, upon application of the person and any notice the
24.7 court requires. The person seeking indemnification or payment or reimbursement of
24.8 expenses pursuant to this clause has the burden of establishing that the person is entitled to
24.9 indemnification or payment or reimbursement of expenses.

24.10 (b) With respect to a person who is not, and was not at the time of the acts or
24.11 omissions complained of in the proceedings, a member, governor, manager, or person
24.12 possessing, directly or indirectly, the power to direct or cause the direction of the
24.13 management or policies of the limited liability company, the determination whether
24.14 indemnification of this person is required because the criteria set forth in subdivision 2
24.15 have been satisfied and whether this person is entitled to payment or reimbursement of
24.16 expenses in advance of the final disposition of a proceeding as provided in subdivision 3
24.17 may be made (i) in a board-managed limited liability company, by an annually appointed
24.18 committee of the board of governors, having at least one member who is a governor, which
24.19 committee shall report at least annually to the board of governors concerning its actions
24.20 and (ii) in all other cases by a committee appointed annually by the members, having at
24.21 least one committee member who is a member of the limited liability company, which
24.22 committee shall report at least annually to the board of governors concerning its actions.

24.23 Sec. 36. Minnesota Statutes 2014, section 322C.0410, subdivision 2, is amended to read:

24.24 Subd. 2. **Manager-managed and board-managed company rules.** In a
24.25 manager-managed or board-managed limited liability company, the following rules apply:

24.26 (1) The informational rights stated in subdivision 1 and the duty stated in subdivision
24.27 1, clause (3), apply to the managers or governors and not the members.

24.28 (2) During regular business hours and at a reasonable location specified by the
24.29 company, a member may obtain from the company and inspect and copy full information
24.30 regarding the activities, financial condition, and other circumstances of the company as
24.31 is just and reasonable if:

24.32 (i) the member seeks the information for a purpose material to the member's interest
24.33 as a member;

25.1 (ii) the member makes a demand in a record received by the company, describing
 25.2 with reasonable particularity the information sought and the purpose for seeking the
 25.3 information; and

25.4 (iii) the information sought is directly connected to the member's purpose.

25.5 (3) Within ten days after receiving a demand pursuant to clause (2), item (ii), the
 25.6 company shall in a record inform the member that made the demand:

25.7 (i) of the information that the company will provide in response to the demand and
 25.8 when and where the company will provide the information; and

25.9 (ii) if the company declines to provide any demanded information, the company's
 25.10 reasons for declining.

25.11 (4) Whenever this chapter or an operating agreement provides for a member to give
 25.12 or withhold consent to a matter, before the consent is given or withheld, the company
 25.13 shall, without demand, provide the member with all information that is known to the
 25.14 company and is material to the member's decision.

25.15 Sec. 37. Minnesota Statutes 2014, section 322C.0502, subdivision 4, is amended to read:

25.16 Subd. 4. **Evidence of interest.** A transferable interest may be evidenced by a
 25.17 certificate of the interest issued by the limited liability company in a record, and, subject
 25.18 to this section, the interest represented by the certificate may be transferred by a transfer
 25.19 of the certificate. Such an interest is not a security, as that term is defined in section
 25.20 336.8-102, paragraph (a), clause (15), unless the conditions specified in section 336.8-103,
 25.21 paragraph (c), are satisfied.

25.22 Sec. 38. Minnesota Statutes 2014, section 322C.0902, is amended to read:

25.23 **322C.0902 DERIVATIVE ACTION.**

25.24 A member may maintain a derivative action to enforce a right of a limited liability
 25.25 company if:

25.26 (1) the member first makes a demand on the other members in a member-managed
 25.27 limited liability company, the managers of a manager-managed limited liability company,
 25.28 or the board of governors of a board-managed limited liability company requesting that
 25.29 they cause the company to bring an action to enforce the right, and the member, manager,
 25.30 or board does not bring the action within a reasonable time; or

25.31 (2) a demand under clause (1) would be futile.

25.32 Sec. 39. Minnesota Statutes 2014, section 322C.1001, subdivision 11, is amended to
 25.33 read:

26.1 Subd. 11. **Organizational documents.** "Organizational documents" means:

26.2 (1) for a domestic or foreign general partnership, its partnership agreement;

26.3 (2) for a ~~limited partnership~~ domestic or foreign limited partnership, its certificate of
26.4 limited partnership and partnership agreement;

26.5 (3) for a domestic or foreign limited liability company, its certificate or articles of
26.6 organization and operating agreement, or comparable records as provided in its governing
26.7 statute;

26.8 (4) for a business trust, its agreement of trust and declaration of trust;

26.9 (5) for a domestic or foreign corporation for profit, its articles of incorporation,
26.10 bylaws, and other agreements among its shareholders which are authorized by its
26.11 governing statute, or comparable records as provided in its governing statute; and

26.12 (6) for any other organization, the basic records that create the organization and
26.13 determine its internal governance and the relations among the persons that own it, have
26.14 an interest in it, or are members of it, in each case as provided or authorized by its
26.15 governing statute.

26.16 Sec. 40. Minnesota Statutes 2014, section 322C.1001, subdivision 12, is amended to
26.17 read:

26.18 Subd. 12. **Personal liability.** "Personal liability" means liability for a debt,
26.19 obligation, or other liability of an organization which is imposed on a person that co-owns,
26.20 has an interest in, or is a member of the organization:

26.21 (1) by the governing statute solely by reason of the person co-owning, having an
26.22 interest in, or being a member of the organization; or

26.23 (2) by the organization's organizational documents under a provision of the
26.24 governing statute authorizing those documents to make one or more specified persons
26.25 liable for all or specified debts, obligations, or other liabilities of the organization solely
26.26 by reason of the person or persons co-owning, having an interest or interests in, or being a
26.27 member or members of the organization.

26.28 Sec. 41. Minnesota Statutes 2014, section 322C.1007, is amended to read:

26.29 **322C.1007 CONVERSION.**

26.30 Subdivision 1. **Conversion requirements.** Pursuant to this section, sections
26.31 322C.1008 to 322C.1010, and a plan of conversion, an organization other than a limited
26.32 liability company, a foreign limited liability company, a nonprofit corporation, or an
26.33 organization owning assets irrevocably dedicated to a charitable purpose, may convert
26.34 to a limited liability company other than a nonprofit limited liability company, and a

27.1 limited liability company other than a nonprofit limited liability company may convert to
 27.2 an organization other than a foreign limited liability company ~~pursuant to this section,~~
 27.3 ~~sections 322C.1008 to 322C.1010, and a plan of conversion if:~~

27.4 (1) the other organization's governing statute authorizes the conversion;

27.5 (2) the conversion is not prohibited by other law of this state or the law of the
 27.6 jurisdiction that enacted the other organization's governing statute ~~or other law of this~~
 27.7 ~~state;~~ and

27.8 (3) the other organization complies with its governing statute in effecting the
 27.9 conversion.

27.10 Subd. 2. **Contents of plan of conversion.** A plan of conversion must be in a record
 27.11 and must include:

27.12 (1) the name and form of the organization and the jurisdiction of the organization's
 27.13 governing statute before conversion;

27.14 (2) the name and form of the organization and the jurisdiction of the organization's
 27.15 governing statute after conversion;

27.16 (3) the terms and conditions of the conversion, including the manner and basis
 27.17 for converting interests in the converting organization into any combination of money,
 27.18 interests in the converted organization, and other consideration; and

27.19 (4) the organizational documents of the converted organization that are, or are
 27.20 proposed to be, in a record.

27.21 Sec. 42. Minnesota Statutes 2014, section 322C.1009, is amended to read:

27.22 **322C.1009 FILINGS REQUIRED FOR CONVERSION; EFFECTIVE DATE**
 27.23 **AND TIME.**

27.24 Subdivision 1. **Articles of conversion.** After a plan of conversion is approved:

27.25 (1) a if the converting organization is a converting limited liability company, the
 27.26 converting limited liability company shall file articles of conversion with the secretary
 27.27 of state, together with a total fee of \$60, which articles of conversion must be signed as
 27.28 provided in section 322C.0203, subdivision 1, and must include:

27.29 (i) a statement that the limited liability company ~~has been converted~~ is converting
 27.30 into another organization;

27.31 (ii) the name and form of the converted organization and the jurisdiction of its
 27.32 governing statute;

27.33 (iii) the time the conversion is effective under the governing statute of the converted
 27.34 organization;

27.35 (iv) a statement that the conversion was approved as required by this chapter;

28.1 (v) a statement that the conversion was approved as required by the governing
28.2 statute of the converted organization; and

28.3 (vi) if the converted organization is a foreign organization not authorized to transact
28.4 business in this state, the street address of an office that the secretary of state may use for
28.5 the purposes of section 322C.1010, subdivision 3; and

28.6 (2) if the converting organization is not a converting limited liability company, the
28.7 converting organization shall file with the secretary of state articles of organization, which
28.8 must include, in addition to the information required by section 322C.0201, subdivision 2:

28.9 (i) a statement that the ~~converted~~ converting organization ~~was converted from~~ is
28.10 converting into another organization;

28.11 (ii) the name and form of ~~that~~ the converting organization and the jurisdiction of
28.12 its governing statute; and

28.13 (iii) a statement that the conversion was approved in a manner that complied with
28.14 the converting organization's governing statute.

28.15 Subd. 2. **Effective date and time of conversion.** A conversion becomes effective:

28.16 (1) if the converted organization is a limited liability company, when the articles of
28.17 ~~organization takes effect~~ conversion are filed with the secretary of state or on a later date
28.18 or later time specified in the articles of conversion; and

28.19 (2) if the converted organization is not a limited liability company, as provided by
28.20 the governing statute of the converted organization.

28.21 Sec. 43. Minnesota Statutes 2014, section 322C.1101, subdivision 5, is amended to read:

28.22 Subd. 5. **Management; provisions of chapter 317A applicable to nonprofit**
28.23 **limited liability companies.** (a) A nonprofit limited liability company must be
28.24 board-managed. The business and affairs of a nonprofit limited liability company must be
28.25 managed by or under the direction of a board of governors, which will have such powers
28.26 as are usually exercised by the board of directors of a nonprofit corporation governed by
28.27 chapter 317A. All governors will be entitled to vote and have equal rights and preferences
28.28 except as otherwise provided in the articles of organization or operating agreement. The
28.29 members of the first board may be named in the articles of organization, designated, or
28.30 appointed pursuant to the articles of organization, or elected by the organizer.

28.31 (b) A nonprofit limited liability company must have one or more natural persons
28.32 acting as officers and exercising the functions of the offices of president and treasurer,
28.33 however designated. The officers have such powers as are usually exercised by similar
28.34 officers of a nonprofit corporation governed by chapter 317A. The board shall elect

29.1 or appoint officers, except to the extent that the articles of organization or operating
29.2 agreement provide that the members may elect or appoint officers.

29.3 (c) Section 317A.161, subdivision 11, applies to a nonprofit limited liability company
29.4 as if it were a nonprofit corporation governed by chapter 317A. Section 317A.251 applies
29.5 to a governor of a nonprofit limited liability company as if the governor were a director of
29.6 a nonprofit corporation, and section ~~322C.409~~ 322C.0409 does not apply.

29.7 (d) Section 317A.255 applies to, and with regard to, a governor of a nonprofit limited
29.8 liability company as if the governor were a director of a nonprofit corporation.

29.9 (e) Section 317A.257 applies to a person who serves without compensation as
29.10 a governor of a nonprofit limited liability company, manager, member, or agent of a
29.11 nonprofit limited liability company as if such person were serving without compensation
29.12 as a director, officer, member, or agent of a nonprofit corporation.

29.13 (f) Section 317A.671 regarding the diversion of certain assets applies to a nonprofit
29.14 limited liability company as if it were a nonprofit corporation governed by chapter 317A.

29.15 (g) Section 317A.735 regarding the distribution of assets on dissolution applies to
29.16 a nonprofit limited liability company as if it were a nonprofit corporation governed by
29.17 chapter 317A.

29.18 (h) Section 317A.751 regarding judicial intervention applies to a nonprofit limited
29.19 liability company as if it were a nonprofit corporation governed by chapter 317A.

29.20 Sec. 44. Minnesota Statutes 2014, section 322C.1204, subdivision 3, is amended to read:

29.21 Subd. 3. **Application to existing limited liability company.** For the purposes of
29.22 applying this chapter to a limited liability company formed before August 1, 2015:

29.23 (1) the limited liability company's articles of organization under chapter 322B at the
29.24 time the limited liability company becomes subject to this chapter are deemed to be the
29.25 limited liability company's articles of organization; and

29.26 (2) for the purposes of applying section 322C.0102, subdivision ~~10~~ 17, and subject
29.27 to section 322C.0112, subdivision 4, the language in the articles of organization, and any
29.28 bylaws, operating agreement, and/or or member control agreement of a limited liability
29.29 company formed before August 1, 2015, that becomes subject to this chapter will operate
29.30 as if that language were in the operating agreement of the limited liability company when
29.31 it becomes subject to this chapter; and

29.32 (3) subject to the operating agreement of the limited liability company:

29.33 (i) the limited liability company shall keep the records specified in section 322B.373,
29.34 subdivision 1, clause (11), at the company's principal executive office, or at another place

30.1 or places within the United States as determined under section 322B.373, subdivision 1,
30.2 before the company became subject to this chapter;

30.3 (ii) for the purpose of applying item (i), section 322B.40, subdivisions 3 and 4,
30.4 continue to apply to the limited liability company as if those provisions had not been
30.5 repealed;

30.6 (iii) section 322C.0404, subdivision 1, does not apply to the limited liability company;

30.7 (iv) the profits and losses of the limited liability company are to be allocated among
30.8 the members, and among classes and series of members, in proportion to the value of the
30.9 contributions of the members reflected in the records required by item (i);

30.10 (v) the voting power of each membership interest is in proportion to the value of the
30.11 contributions of the members reflected in the records required by item (i);

30.12 (vi) distributions of cash or other assets of the company, including distributions on
30.13 termination of the limited liability company, must be allocated in proportion to the value
30.14 of the contributions of the members reflected in the records required by item (i);

30.15 (vii) sections 322B.383, subdivisions 1, clause (1), 2, and 3, and 322B.386 continue
30.16 to apply to the limited liability company as if those provisions had not been repealed; and

30.17 (viii) for the purpose of applying item (vii), section 322B.356, subdivision 1,
30.18 continues to apply to the limited liability company as if that provision had not been repealed.

30.19 **Sec. 45. REPEALER.**

30.20 (a) Minnesota Statutes 2014, sections 302A.681; 302A.683; 302A.685; 302A.687;
30.21 302A.689; and 322B.78, are repealed.

30.22 (b) Laws 2014, chapter 157, article 2, sections 10; 11; 12; 13; 14; 15; 16; and 30, are
30.23 repealed.

302A.681 CONVERSION OF CORPORATIONS AND LIMITED LIABILITY COMPANIES.

Subdivision 1. **Conversions authorized.** In each case pursuant to a plan of conversion:

(1) a domestic corporation may become a domestic or foreign limited liability company or a foreign corporation;

(2) a domestic limited liability company may become a domestic or foreign corporation or a foreign limited liability company; and

(3) a foreign corporation or foreign limited liability company may become a domestic corporation or a domestic limited liability company.

Subd. 2. **Certain definitions.** (a) For purposes of sections 302A.681 to 302A.691, the words, terms, and phrases in paragraphs (b) to (h) have the meanings given them.

(b) "Articles of organization" has the same meaning as it does under section 322B.03, subdivision 6.

(c) "Board of governors" has the same meaning as it does under section 322B.03, subdivision 7.

(d) "Class," when used with reference to membership interests, has the same meaning as it does under section 322B.03, subdivision 10.

(e) "Governor" has the same meaning as it does under section 322B.03, subdivision 24.

(f) "Member" has the same meaning as it does under section 322B.03, subdivision 30.

(g) "Membership interest" has the same meaning as it does under section 322B.03, subdivision 31.

(h) "Series," when used with reference to membership interests, has the same meaning as it does under section 322B.03, subdivision 44.

Subd. 3. **Additional provisions applicable to conversions to or from foreign organizations.** If either the converting organization or the converted organization is a foreign organization, then:

(1) the conversion is authorized only if it is permitted by, and effected in compliance with, the applicable laws of the jurisdiction under which the foreign organization is or will be incorporated or organized;

(2) if the converted organization will be a foreign organization and will transact business in this state, the converted organization shall comply with the provisions of chapter 303 with respect to foreign corporations or chapter 322B with respect to foreign limited liability companies, as applicable. In every such case, the converted organization shall file with the secretary of state:

(i) an agreement that it may be served with process in this state in a proceeding for the enforcement of an obligation of the converting organization and in a proceeding for the enforcement of the rights of a dissenting shareholder of the converting organization against the converted organization if the converting organization is a domestic corporation;

(ii) an irrevocable appointment of the secretary of state as its agent to accept service of process in any proceeding as provided in section 5.25, and an address to which process may be forwarded; and

(iii) if the converting organization is a domestic organization, an agreement that it will promptly pay to the dissenting owners of the organization the amount, if any to which they are entitled under section 302A.473 or 322B.383, as applicable.

302A.683 PLAN OF CONVERSION.

A plan of conversion must contain:

(1) the name of the converting organization;

(2) the name of the converted organization;

(3) whether the converted organization is a domestic or foreign corporation or a domestic or foreign limited liability company and the name of the jurisdiction under which the converted organization will be incorporated or organized;

(4) the terms and conditions of the proposed conversion;

(5) the manner and basis of converting each ownership interest in the converting organization into ownership interests in the converted organization or, in whole or in part, into money or other property;

(6) if the converted organization is a domestic organization, a copy of the proposed articles of incorporation or articles of organization of the converted organization; and

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(7) any other provisions with respect to the proposed conversion that are deemed necessary or desirable.

302A.685 ACTION ON PLAN OF CONVERSION BY CONVERTING CORPORATION.

Subdivision 1. **Application to domestic and foreign organizations.** If the converting organization is a domestic organization, the plan of conversion must be approved under subdivisions 2 and 3. If the converting organization is a foreign organization, the plan of conversion must be approved under subdivision 4.

Subd. 2. **Board approval; notice to owners.** If the converting organization is a corporation, a resolution containing the plan of conversion must be approved by the affirmative vote of a majority of the directors present at a meeting of the converting corporation's board of directors and must then be submitted at a regular or a special meeting of the converting corporation's shareholders. Written notice must be given to every shareholder of the converting corporation, whether or not entitled to vote at the meeting, not less than 14 days nor more than 60 days before the meeting, in the manner provided in section 302A.435. The written notice must state that a purpose of the meeting is to consider the proposed plan of conversion. A copy or short description of the plan of conversion must be included in or enclosed with the notice.

Subd. 3. **Approval by shareholders.** At the meeting, a vote of the shareholders must be taken on the proposed plan. The plan of conversion is adopted when approved by the affirmative vote of the holders of a majority of the voting power of all shares entitled to vote. A class or series of shares is entitled to vote as a class or series on the approval of the plan.

Subd. 4. **Foreign organizations.** The conversion must be approved in accordance with the applicable laws of the jurisdiction under which the foreign organization is incorporated or organized.

302A.687 ARTICLES OF CONVERSION.

Subdivision 1. **Contents of articles.** Upon receiving the approval required by section 302A.685, articles of conversion must be prepared that contain:

- (1) the plan of conversion;
- (2) the name of the converting organization immediately before the filing of the articles of conversion and the name to which the name of the converting organization is to be changed, which shall be a name that satisfies the laws applicable to the converted organization;
- (3) the type of organization that the converted organization will be and the name of the jurisdiction under which the converted organization will be incorporated or organized;
- (4) a statement that the plan of conversion has been approved by the converting organization under section 302A.685; and
- (5) if the converted organization is a domestic organization, a copy of the articles of incorporation or the articles of organization of the converted organization.

Subd. 2. **Articles signed, filed.** The articles of conversion must be signed on behalf of the converting organization and filed with the secretary of state. If the converted organization is a domestic organization, filing of the articles of conversion is also deemed to be a filing with the secretary of state of the articles of incorporation or the articles of organization of the converted organization.

Subd. 3. **Certificate.** The secretary of state shall issue to the converted organization or its legal representative a certificate of conversion and, if the converted organization is a domestic organization, a certificate of incorporation or a certificate of organization.

302A.689 ABANDONMENT OF CONVERSION.

Subdivision 1. **By shareholders or plan.** After a plan of conversion of a domestic converting organization has been approved by the owners entitled to vote on the approval of the plan as provided in section 302A.685, and before the effective date of the plan, it may be abandoned:

- (1) if the owners of the converting organization entitled to vote on the approval of the plan as provided in section 302A.685 have approved the abandonment at a meeting by the affirmative vote of the holders of a majority of the voting power of the shares or membership interests entitled to vote;
- (2) if the plan itself provides for abandonment and all conditions for abandonment set forth in the plan are met; or
- (3) pursuant to subdivision 2.

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Subd. 2. **By board.** A plan of conversion of a domestic converting organization may be abandoned, before the effective date of the plan, by a resolution of the board of directors or the board of governors of the converting organization abandoning the plan of conversion approved by the affirmative vote of a majority of the directors or governors present.

Subd. 3. **Filing of articles.** If articles of conversion of a domestic converting organization have been filed with the secretary of state, but have not yet become effective, the converting organization shall file with the secretary of state articles of abandonment that contain:

- (1) the name of the converting organization;
- (2) the provision of this section under which the plan is abandoned; and
- (3) if the plan is abandoned under subdivision 2, the text of the resolution abandoning the plan.

Subd. 4. **Foreign organizations.** A plan of conversion adopted by a foreign organization may be abandoned in accordance with the applicable laws of the jurisdiction under which the foreign organization is incorporated or organized.

322B.78 CONVERSION.

A domestic limited liability company that is not a nonprofit limited liability company may convert to a domestic or foreign corporation or a foreign limited liability company pursuant to sections 302A.681 to 302A.691.

Laws 2014, chapter 157, article 2, section 10

Sec. 10. Minnesota Statutes 2012, section 302A.681, is amended to read:

302A.681 CONVERSION.

Subdivision 1. **Authorization.** An organization, other than a corporation, a foreign corporation, a nonprofit corporation, or an organization owning assets irrevocably dedicated to a charitable purpose, may convert to a corporation, and a corporation may convert to an organization other than a foreign corporation, in each case pursuant to a plan of conversion approved in the manner provided in sections 302A.681 to 302A.692, if:

- (1) the other organization's governing statute authorizes the conversion; and
- (2) the other organization complies with its governing statute and organizational documents in effecting the conversion.

Laws 2014, chapter 157, article 2, section 11

Sec. 11. Minnesota Statutes 2012, section 302A.683, is amended to read:

302A.683 PLAN OF CONVERSION.

A plan of conversion must contain:

- (1) the name, form, and jurisdiction of the governing statute of the converting organization before conversion;
- (2) the name, form, and jurisdiction of the governing statute of the converted organization after conversion;
- (3) the terms and conditions of the conversion, including the manner and basis for converting interests in the converting organization into any combination of money, interests in the converted organization, and other consideration;
- (4) the organizational documents of the converted organization; and
- (5) any other provisions with respect to the conversion that are deemed necessary or desirable.

Laws 2014, chapter 157, article 2, section 12

Sec. 12. Minnesota Statutes 2012, section 302A.685, is amended to read:

302A.685 ACTION ON PLAN OF CONVERSION BY CONVERTING CORPORATION.

Subdivision 1. **Board approval; notice to owners.** If the converting organization is a corporation, a resolution containing the plan of conversion must be approved by the affirmative vote of a majority of the directors present at a meeting of the converting corporation's board of directors and must then be submitted at a regular or a special meeting of the converting corporation's shareholders. Written notice must be given to every shareholder of the converting corporation, whether or not entitled to vote at the meeting, not less than 14 days nor more than 60 days before the meeting, in the manner provided in section 302A.435. The written notice must state that a purpose of the meeting is to consider the proposed plan of conversion. A copy or short description of the plan of conversion must be included in or enclosed with the notice.

Subd. 2. **Approval by shareholders.** At the meeting, a vote of the shareholders must be taken on the proposed plan. The plan of conversion is adopted when approved by the affirmative vote of the holders of a majority of the voting power of all shares entitled to vote. A class or series of shares is entitled to vote as a class or series on the approval of the plan.

Laws 2014, chapter 157, article 2, section 13

Sec. 13. **[302A.6871] FILINGS REQUIRED BY CONVERTING CORPORATION.**

After a plan of conversion is approved by a converting corporation, the converting corporation must cause articles of conversion to be filed with the secretary of state. The articles of conversion must be signed on behalf of the converting corporation and must include:

- (1) the plan of conversion;

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- (2) a statement that the converting corporation has been converted into the converted organization;
- (3) the name and form of the converted organization and the jurisdiction of its governing statute;
- (4) a statement that the conversion was approved as required by this chapter;
- (5) a statement that the conversion was approved as required by the governing statute of the converted organization; and
- (6) if the converted organization is a foreign organization not authorized to transact business in this state, the street address of an office which the secretary of state may use for the purposes of section 302A.691, subdivision 3.

Laws 2014, chapter 157, article 2, section 14

Sec. 14. **[302A.688] FILINGS REQUIRED WHEN CORPORATION IS CONVERTED ORGANIZATION.**

If the converting organization is not a corporation, the converting organization must cause articles of conversion to be filed with the secretary of state. The articles of conversion must be signed on behalf of the converting organization and must include, in addition to the information required by section 302A.111, subdivision 1:

- (1) the plan of conversion;
- (2) a statement that the converted organization has been converted from the converting organization;
- (3) the name and form of the converting organization and the jurisdiction of its governing statute; and
- (4) a statement that the conversion was approved as required by the governing statute of the converting organization.

Laws 2014, chapter 157, article 2, section 15

Sec. 15. Minnesota Statutes 2012, section 302A.689, is amended to read:

302A.689 ABANDONMENT OF CONVERSION.

Subdivision 1. **By shareholders or plan.** After a plan of conversion has been approved by the shareholders entitled to vote on the approval of the plan as provided in section 302A.685, and before the effective date of the plan, it may be abandoned by a converting corporation:

- (1) if the shareholders entitled to vote on the approval of the plan as provided in section 302A.685 have approved the abandonment at a meeting by the affirmative vote of the holders of a majority of the voting power of the shares entitled to vote;
- (2) if the plan itself provides for abandonment and all conditions for abandonment set forth in the plan are met; or
- (3) pursuant to subdivision 2.

Subd. 2. **By board.** A plan of conversion may be abandoned by a converting corporation, before the effective date of the plan, by a resolution of the board of directors of the converting corporation approved by the affirmative vote of a majority of the directors present.

Subd. 3. **Filing of articles.** If articles of conversion have been filed with the secretary of state, but have not yet become effective, the converting corporation must file with the secretary of state articles of abandonment that contain:

- (1) the name of the converting corporation;
- (2) the provision of this section under which the plan is abandoned; and
- (3) if the plan is abandoned under subdivision 2, the text of the resolution abandoning the plan.

Laws 2014, chapter 157, article 2, section 16

Sec. 16. Minnesota Statutes 2012, section 302A.691, is amended to read:

302A.691 EFFECTIVE DATE OR TIME OF CONVERSION; EFFECT.

Subdivision 1. **Effective date or time.** A conversion is effective when the articles of conversion are filed with the secretary of state or on a later date or at a later time specified in the articles of conversion.

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Subd. 2. **Effect on organization.** (a) A converted organization is for all purposes the same organization as the converting organization, having been incorporated, organized, or formed on the date that the converting organization was originally incorporated, organized, or formed.

(b) When a conversion becomes effective:

(1)

all property owned by the converting organization remains vested in the converted organization;

(2) all debts, liabilities, and other obligations of the converting organization continue as obligations of the converted organization;

(3) an action or proceeding pending by or against the converting organization may be continued as if the conversion had not occurred; and

(4) all rights, privileges, immunities, and powers of the converting organization remain vested in the converted organization.

Subd. 3. **Foreign organization.** A converted organization that is a foreign organization consents to the jurisdiction of the courts of this state to enforce any debt, obligation, or other liability for which the converting corporation is liable if, before the conversion, the converting corporation was subject to suit in this state on the debt, obligation, or other liability. A converted organization that is a foreign organization and not authorized to transact business in this state appoints the secretary of state as its agent for service of process for purposes of enforcing a debt, obligation, or other liability under this subdivision. Service on the secretary of state under this subdivision must be made in the same manner and has the same consequences as in section 5.25, subdivisions 4 and 5.

Laws 2014, chapter 157, article 2, section 30

Sec. 30. **REPEALER.** Minnesota Statutes 2012, section 302A.687, is repealed.