

- 6 **Converted organization.** Defines this to mean a corporation or limited liability company resulting from a conversion (see sections 29 to 34).
- 7 **Converting organization.** The corporation or limited liability company that effects a conversion under sections 29 to 34.
- 8 **Electronic communication.** Provides a definition of this term.
- 9 **Remote communication.** Provides a definition that includes electronic communication, conference telephone, video conference, and similar means.
- 10 **Authenticated.** Provides a definition applicable to electronic communications.
- 11 **Legal recognition of electronic records and signatures.** Based on the Uniform Electronic Transactions Act (Minn. Stat. Ch. 325L). Provides that actions taken by remote communication following enactment of the proposed amendments will be given legal effect under chapter 302A.
- 12 **Use of name by successor corporation.** Technical.
- 13 **Investment companies.** Permits amendments to the articles of incorporation of registered open-end investment companies to increase the number of authorized shares in the aggregate or in any class or series by unilateral board action.
- 14 **Board meetings.** Current law allows corporate board meetings by telephone. The amendment authorizes use of other forms of remote communications as well.
- **Method.** Current law lets some actions be taken in writing rather than at a meeting of the
161516 directors. The bill lets these actions also be taken by electronic communication.
- 17 **Time; place.** Lets the board of directors permit regular shareholder meetings to be held solely by means of a remote communication.
- 18 **Time; place.** Lets the board of directors permit special meetings of shareholders to be held solely by means of a remote communication.
- 19 **Remote communication for shareholder meetings.** Expands the possible means of communication beyond just conference telephone and expands the scope of the subdivision to include all corporations, not just closely held corporations.
- Allows the board to permit shareholders not physically present in person at a meeting, or considered present by proxy, to participate in a meeting and be considered present in person or by proxy in order to vote at a meeting by means of remote communication, not just by telephone conference. The scope of this subdivision is also expanded beyond closely held corporations.
- Subd. 4.** Lists requirements for a corporation to take advantage of the above provisions:
- have reasonable means to verify that those who participate by means of electronic communications are shareholders; and
 - have the opportunity for the shareholder to participate in the meeting.
- Subd. 5.** Lets notice to shareholders of the corporation be in the form of an electronic communication if a shareholder has consented to receive communication in an electronic form.
- Subd. 6.** Provides that any vote or authorization taken by electronic communication may be revoked by the shareholder as long as the revocation is received by the corporation before the effective time of the meeting.
- 20 **Action without a meeting.** Current law authorizes taking some shareholder actions in writing without a meeting. This allows taking similar action by authenticated electronic communication.
- 21 **Authorization.** Makes shareholder proxy action consistent with the prior section.
- 22 **Actions creating rights.** Specifies that a plan of merger (see section 27) does not create

shareholder's dissenters' rights. Provides that conversions under sections 29 to 34 do create such rights.

- 23 **When authorized.** Current law allows certain parent-sub subsidiary or subsidiary-sub subsidiary mergers to occur without a shareholder vote. One instance is when the parent owns at least 90 percent of the outstanding shares of each class and series of the subsidiaries involved. The section makes the 90 percent standard apply only to shares of a class or series that would otherwise be entitled to vote on a merger.
- 24 **Notice to shareholders of subsidiary.** Current law requires shareholder notice of a merger. Because no shareholder vote is possible, the amendment lets notice be given before, or within ten days after, the effective date of the merger.
- 25 **Articles of merger.** See section 23.
- 26 **Articles signed, filed.** Goes with section 24.
- 27 **Holding company reorganization.** Adds a new section allowing a corporation to reorganize into a holding-company structure without a vote of the shareholders. After reorganization, the shareholders of the corporation become shareholders of the holding company, and the corporation becomes a wholly owned subsidiary of the holding company.
- 28 **Business combination with interested shareholder.** Goes with section 4.
- 29 **Conversion of corporations and limited liability companies.** Proposes a new section that authorizes conversions between domestic corporations and domestic limited liability companies.
- 30 **Plan of conversion.** Proposes a new section confirming the requirements for a plan of conversion, which is based on the requirements for a plan of merger in current law.
- 31 **Plan approval.** Specifies the approval requirements for a plan of conversion. Based on the requirements for the approval of a plan of merger in current law, with one different feature: voting by class or series of ownership interests is required for all conversions.
- 32 **Articles of conversion.** Specifies the requirements for articles of conversion, which are similar to the requirements for articles of merger in current law.
- 33 **Abandonment of conversion.** Provides the manner of dropping a conversion, generally following the requirements for the abandonment of a merger in current law.
- 34 **Effective date or time of conversion.** Provides that if the converted entity is a corporation, it will be governed by chapter 302A; if it is a limited liability company, it will be governed by chapter 322B. All rights, obligations, assets, and liabilities of the converting organization become the rights, obligations, assets, and liabilities of the converted organization.
- 35 **Effective date of dissolution; certificate.** Lets articles of dissolution provide for a delayed effective date, similar to current law on articles of amendment and articles of merger.
- 36 **Actions creating dissenters' rights.** Gives a member in a converting limited liability company dissenters' rights, which is what would happen if the converting organization were a corporation.
- 37 **Conversion.** Amends the limited liability company law to include a cross-reference to the conversion law.

Article 2

Limited Liability Companies

- 1 **Authenticated.** Amends the limited liability law identically to article 1, section 10.
- 2 **Electronic communication.** Identical to article 1, section 11.

- 3 **Parent.** Technical.
- 4 **Remote communication.** Provides a definition that includes electronic communication, conference telephone, video conference, and similar means.
- 5 **Subsidiary.** Technical.
- 6 **Legal recognition of electronic records and signatures.** Identical to article 1, section 11.
- 7 **Use of name by a surviving organization.** Identical to article 1, section 12.
- 8-9 **Time and place.** Applies to limited liability company (LLC) board of governors meetings. Identical to article 1, section 14.
- 10 **Remote communications for member meetings.** Same as article 1, section 19 on shareholder meetings.
- 11-12 **Method.** Identical to article 1, section 20.
- 13 **Authorization.** Similar to article 1, section 21.
- 14 **Board of governors meetings.** Identical to article 1, section 14.
- 15 **Method.** Identical to article 1, section 15.
- 16 **Effective time.** Identical to article 1, section 16.
- 17 **Effective date of termination.** Identical to article 1, section 35.

Article 3

Nonprofit Corporations

- 1 **Authenticated.** Same change as article 1, section 10.
- 2 **Electronic communication.** Same change as article 1, section 8.
- 3 **Remote communication.** Same change as article 1, section 9.
- 4 **Legal recognition of electronic records and signatures.** Same change as article 1, section 11.
- 5 **Board meeting.** Same change as article 1, section 14.
- 767 **Method.** Same change as article 1, sections 15 and 16.
- 8 **Time; place.** Same change as article 1, section 17.
- 9 **Time; place.** Same change as article 1, section 18.
- 10 **Unanimous action without a meeting.** Same change as article 1, section 20.
- 11 **Remote communications for member meetings.** Same change as article 1, section 19.
- 12 **Authorization.** Same change as article 1, section 21.
- **Effective date.** Same change as article 1, section 35.
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- 15 **Repealer.** Repeals a provision on use of electronic communications for member meetings that is replaced by section 11.

Article 4

Miscellaneous Changes

- 1 **Notice of name changes; where filed.** Technical. Conforms to the conversion provisions on article 1, sections 29 to 34.
- 2 **Reservation of name.** Conforms the law on reserving a business name under the limited partnership act to the same law under the business corporation act.
- 3 **Statement of foreign qualification.** Amends the statute on foreign limited liability partnerships. Requires such an entity to file with the secretary of state the name of the

jurisdiction where the limited liability partnership was originally registered.

- 4 **Amends the assumed names law.** Strikes a notice the secretary of state sends in cases of duplicate business names.