

FIRST REGULAR SESSION

HOUSE BILL NO. 850

96TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES DIEHL (Sponsor) AND RICHARDSON (Co-sponsor).

1549L.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

Relating to the Missouri cooperative associations act, with penalty provisions.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section 1. Sections 1 to 77 of this act shall be known and may be cited as the
2 "Missouri Cooperative Associations Act". Any cooperative formed under sections 1 to 77
3 of this act shall not be subject to the provisions regarding cooperative associations found
4 under sections 357.010 to 357.190, and cooperative associations formed under sections
5 357.010 to 357.190 shall not be subject to the provisions hereunder.

Section 2. As used in sections 1 to 77 of this act, the following words shall mean:

- 2 (1) "Alternative ballot", an alternative method of voting by a member, and may
3 include voting by electronic, telephonic, internet, or other means that reasonably allow
4 members the opportunity to vote;
- 5 (2) "Articles", the articles of association of a cooperative as originally filed with the
6 secretary of state and as may be subsequently amended from time to time by the
7 cooperative in accordance with sections 1 to 77 of this act;
- 8 (3) "Board", the board of directors of a cooperative;
- 9 (4) "Business entity", a corporation, limited liability company, limited partnership,
10 limited liability partnership, or other legal entity, association, or body vested with the
11 power or function of a legal entity, whether domestic or foreign;
- 12 (5) "Bylaws", the bylaws of a cooperative as originally adopted and as may be
13 subsequently amended from time to time in accordance with sections 1 to 77 of this act;
- 14 (6) "Cooperative" and "domestic cooperative", an organization chartered under
15 sections 1 to 77 of this act;

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

- 16 (7) **"Domestic business entity", a business entity organized under the laws of this**
17 **state;**
- 18 (8) **"Financial rights", only that share of profits and losses of the cooperative and**
19 **the distributions thereof to which a member is entitled, and does not include a member's**
20 **governance rights;**
- 21 (9) **"Foreign business entity", a business entity formed under the laws of any**
22 **jurisdiction other than the state of Missouri;**
- 23 (10) **"Foreign cooperative", a cooperative association formed under the laws of any**
24 **jurisdiction other than this state, but does not include a foreign business entity which is not**
25 **organized as a cooperative association, but otherwise operates on a cooperative basis;**
- 26 (11) **"Governance rights", those rights of a member to govern the operations of a**
27 **cooperative as described in, and subject to, any restrictions as set forth in, the bylaws or**
28 **articles of the cooperative, including but not limited to a member's right to vote based on**
29 **the membership interests of such member;**
- 30 (12) **"Member", any person which has been granted membership in a cooperative**
31 **under the terms of the bylaws of the cooperative and includes patron and nonpatron**
32 **members;**
- 33 (13) **"Membership interest", a member's interest in a cooperative, including but**
34 **not limited to a member's financial rights, a member's governance rights, and a member's**
35 **rights to assign such governance and financial rights. Membership interest includes patron**
36 **membership interests and nonpatron membership interests;**
- 37 (14) **"Members' meeting", a regular or special meeting of the members;**
- 38 (15) **"Missouri for profit corporation", a corporation governed by chapter 351, as**
39 **is now in effect or as may be hereafter amended;**
- 40 (16) **"Missouri limited liability company", a limited liability company governed by**
41 **chapter 347, as is now in effect or as hereafter may be amended;**
- 42 (17) **"Missouri not-for-profit corporation", a corporation governed by chapter 355,**
43 **as is now in effect or as hereafter may be amended;**
- 44 (18) **"Nonpatron", a person which does not conduct patronage with the**
45 **cooperative;**
- 46 (19) **"Nonpatron member", a member which is a nonpatron;**
- 47 (20) **"Nonpatron membership interest", a membership interest that does not**
48 **require the holder to conduct patronage for or with the cooperative in order to receive**
49 **distributions or other financial rights with respect to such membership interest;**
- 50 (21) **"Patron", a person which conducts patronage with the cooperative;**
- 51 (22) **"Patron member", a member which is a patron;**

52 (23) "Patron membership interest", a membership interest which requires the
53 holder to conduct patronage for or with the cooperative in order to receive distributions
54 or other financial rights with respect to such membership interest;

55 (24) "Patronage", a business, transactions, or services done by, for, through or with
56 the cooperative, as determined by the board;

57 (25) "Person", a natural person or an entity and includes, without limitation, a
58 foreign or domestic corporation whether not-for-profit or for profit, a partnership, a
59 limited liability company, an unincorporated society or association, two or more persons
60 having a joint or common interest, or any other business entity;

61 (26) "Record date", the date fixed by the board for determination of the owners of
62 membership interests entitled to notice of and entitled to vote at a members' meeting as
63 described in subsection 5 of section 40 of this act;

64 (27) "Secretary of state", the secretary of state of the state of Missouri;

65 (28) "State", the state of Missouri.

 Section 3. A cooperative may be formed and organized under sections 1 to 77 of this
2 act and may conduct or promote any lawful business or purpose for the mutual welfare of
3 its members within or without this state, which may include:

4 (1) To provide, directly or indirectly, products, supplies, advertising and marketing
5 programs and/or other services to such cooperative's members, and to act as the
6 cooperative members' agent in the negotiation for and procurement of such products,
7 supplies, programs and/or services;

8 (2) To market, process, or otherwise change the form or marketability of products,
9 supplies, programs and/or services, either directly or indirectly; the manufacturing and
10 further processing of such products, supplies, programs and/or services; other purposes
11 that are necessary or convenient to facilitate the production, distribution or marketing of
12 products, supplies, programs and/or services by patron members and others; and other
13 purposes that are related to the business of the cooperative;

14 (3) For any other lawful purpose that aids, assists, or is beneficial to the
15 cooperative; and

16 (4) For any other lawful purpose.

 Section 4. 1. A cooperative may be organized by one or more persons. If any
2 organizer shall be a business entity, then such organizer shall be represented by an
3 authorized officer or director of such business entity who shall execute any documents on
4 the organizer's behalf. The organizer or organizers forming the cooperative need not be
5 members of the cooperative.

6 **2. If the persons to constitute the first board are not named in the articles, then the**
7 **organizer or organizers, by majority vote at a meeting or by unanimous written consent,**
8 **shall have the power to adopt the bylaws and name the persons to serve as the first**
9 **directors of the board.**

10 **3. As soon as convenient after the first board has been named, an organizational**
11 **meeting of the board shall be held within or without this state at the call of a majority of**
12 **the directors, for the purposes of electing officers, adopting bylaws, if not previously**
13 **adopted by the organizers, and performing any other acts to finalize the cooperative's**
14 **organization and transact any other business as may come before the board at a meeting;**

Section 5. 1. The name of each cooperative shall include the words "Cooperative",
2 **"Association", "Cooperative Association", "Co-op", or "C.A." and, except to the extent**
3 **a cooperative transacts business under a fictitious name registered in this state to the**
4 **cooperative, shall be the name under which the cooperative transacts business in this state.**
5 **The name shall not contain any word or phrase which indicates or implies that the**
6 **cooperative is any governmental agency.**

7 **2. The name of a cooperative shall distinguish the cooperative upon the records in**
8 **the office of the secretary of state from the name of a domestic business entity or a foreign**
9 **business entity which is authorized or registered to do business in this state, or a name the**
10 **right to which is, at the time of organization, reserved or as otherwise provided for by law.**

Section 6. 1. (1) The articles shall include:

2 **(a) The name of the cooperative;**

3 **(b) The purpose of the cooperative, which may be or may include the transaction**
4 **of any lawful business for which a cooperative may be organized under sections 1 to 77 of**
5 **this act;**

6 **(c) The name and address of each organizer;**

7 **(d) The effective date of the articles if other than the date of filing, provided that**
8 **such effective date can be no longer than ninety days after the date of filing;**

9 **(e) The address, including street and number, of the cooperative's registered office,**
10 **which address may not be a post office box, and the name of the cooperative's registered**
11 **agent at such address; and**

12 **(f) The period of duration for the cooperative, if not perpetual.**

13 **(2) The articles may contain any other lawful provision.**

14 **(3) The articles shall be signed by the organizers.**

15 **2. The articles shall be filed with the secretary of state. The fee for filing the**
16 **articles with the secretary of state is one hundred dollars.**

17 **3. A cooperative shall be formed when the articles, and appropriate filing fee, are**
18 **filed with and stamped "Filed" by the secretary of state. In the case of all articles which**
19 **are accepted and stamped "Filed" by the secretary of state, it shall be presumed that:**

20 **(1) All conditions precedent that are required to be performed by the organizer or**
21 **organizers have been so performed;**

22 **(2) The organization of the cooperative has been chartered by the state as a**
23 **separate legal entity; and**

24 **(3) The secretary of state shall issue a certificate of organization to the cooperative.**

25 **4. A cooperative shall not transact business prior to formation. A cooperative shall**
26 **not transact business in this state as an entity under sections 1 to 77 of this act until the**
27 **articles have been stamped "Filed" by the secretary of state, whether on the date of filing**
28 **or at a later effective date as specified in the articles.**

Section 7. 1. Unless otherwise set forth in the articles or bylaws, the articles may
2 **be amended as follows:**

3 **(1) The board, by majority vote, shall pass a resolution stating the text of the**
4 **proposed amendment, a copy of which shall be forwarded by mail or otherwise distributed**
5 **with a regular or special members' meeting notice to each member. The notice shall**
6 **designate the time and place of the members' meeting at which the proposed amendment**
7 **is to be considered and voted on by the members;**

8 **(2) At a meeting where a quorum of the members is registered as being present or**
9 **represented by alternative ballot, the proposed amendment is adopted:**

10 **(a) If approved by a majority of the votes cast; or**

11 **(b) For a cooperative with articles or bylaws requiring more than majority**
12 **approval or other conditions for approval, the amendment is approved by a proportion of**
13 **the votes cast or a number of total members as required by the articles or bylaws and the**
14 **conditions for approval as set forth in the articles or bylaws, if any, have been satisfied.**

15 **2. (1) Upon approval of an amendment under subsection 1 of this section, articles**
16 **of amendment shall then be prepared stating:**

17 **(a) The name of the cooperative;**

18 **(b) The effective date of the amendment, if the effective date is not the date of filing**
19 **with the secretary of state;**

20 **(c) The text of the amendment; and**

21 **(d) A statement that the amendment has been duly authorized in accordance with**
22 **the cooperative's articles and bylaws and sections 1 to 77 of this act.**

23 **(2) The articles of amendment shall be signed by an authorized officer of the**
24 **cooperative or a member of the board.**

25 **3. The articles of amendment shall be filed with the secretary of state with a filing**
26 **fee of twenty dollars, and provided such articles of amendment shall meet the requirements**
27 **found in this section, shall be effective as of the date of filing, unless a later date is specified**
28 **therein. Upon acceptance and filing by the secretary of state, the secretary of state shall**
29 **stamp the articles of amendment as "Filed" and shall cause the issuance of a certificate of**
30 **amendment, which shall then be forwarded to the party filing the articles of amendment**
31 **and held and filed by the secretary of state with the records of the cooperative.**

Section 8. If the secretary of state determines that a filing has been made in error
2 **by the cooperative, the secretary of state may revoke and expunge the erroneous filing and**
3 **authorize a curative document to be filed. A filing fee of five dollars shall be charged for**
4 **any such revocation or expungement and subsequent curative filing.**

Section 9. 1. The existence of a cooperative shall commence when the articles are
2 **filed with the secretary of state, unless a later date is specified in the articles.**

3 **2. A cooperative shall have a perpetual duration unless the cooperative otherwise**
4 **provides for a limited period of duration in the articles.**

Section 10. 1. Each cooperative shall have and shall continuously maintain in this
2 **state:**

3 **(1) A registered office that may be, but need not be, the same as its place of business**
4 **in this state, the mailing address of which shall not be a post office box; and**

5 **(2) A registered agent for service of any process, notice or demand required or**
6 **permitted by law to be served upon the cooperative, which agent may be either an**
7 **individual resident in this state whose business office is identical with the registered office,**
8 **or a domestic business entity, or a foreign business entity authorized to transact business**
9 **in this state, having an office identical with the registered office.**

10 **2. A cooperative may from time to time change its registered office or registered**
11 **agent, or both, upon filing in the office of the secretary of state a statement setting forth:**

12 **(1) The name of the cooperative;**

13 **(2) The address, including street and number, of its then registered office;**

14 **(3) If the address of its registered office is to be changed, the address, including**
15 **street and number, to which the registered office is to be changed, which address shall not**
16 **be a post office box;**

17 **(4) The name of its then registered agent;**

18 **(5) If its registered agent is to be changed, the name of its successor registered**
19 **agent, and the successor registered agent's written consent to the appointment either on**
20 **the statement or attached thereto;**

21 **(6) That the address of its registered office and the address of the business office**
22 **of its registered agent, as changed, will be identical; and**

23 **(7) That the change was authorized by the board in accordance with sections 1 to**
24 **77 of this act, the articles and/or the bylaws.**

25 **3. The statement shall be signed by an officer or director and delivered to the**
26 **secretary of state. If the secretary of state finds that the statement conforms to the**
27 **provisions of this section, the secretary of state shall stamp the statement as "Filed", a copy**
28 **of which shall be forwarded to the party filing the statement, and upon filing the change**
29 **of address of the registered office or the appointment of a new registered agent or both, as**
30 **the case may be, shall be effective.**

31 **4. A cooperative shall change its registered agent if the office of its registered agent**
32 **shall become vacant for any reason, if its registered agent becomes disqualified or**
33 **incapable of acting, or if the cooperative revokes the appointment of its registered agent.**

34 **5. Any registered agent of a cooperative may resign as agent upon filing with the**
35 **secretary of state a statement of resignation, on a form approved by the secretary of state,**
36 **setting forth:**

37 **(1) The name of the cooperative;**

38 **(2) The address, including street and number, of the cooperative's then registered**
39 **office;**

40 **(3) The name of such registered agent; and**

41 **(4) A representation that such registered agent has given written notice of such**
42 **agent's resignation to an officer of the cooperative at the cooperative's last known business**
43 **address.**

44

45 **The appointment of the agent shall terminate upon the first to occur of:**

46 **(a) The expiration of thirty days after receipt of notice by the secretary of state; or**

47 **(b) The appointment of a new registered agent by the cooperative as evidenced by**
48 **the cooperative's filing of a statement as set forth in subsections 2, 3, and 4 of this section.**

49 **6. In the event that a cooperative shall fail to appoint or maintain a registered agent**
50 **in this state or in the event the registered agent cannot be located in the exercise of due**
51 **diligence, then the secretary of state shall be automatically appointed as an agent of the**
52 **cooperative upon whom any process, notice, or demand required or permitted by law to**
53 **be served upon the cooperative may be served. Service on the secretary of state of any**
54 **process, notice, or demand against a cooperative shall be made by delivering to and leaving**
55 **with the secretary of state a copy of such process, notice, or demand. In the event that any**
56 **process, notice, or demand is served on the secretary of state, the secretary of state shall**

57 immediately cause a copy thereof to be forwarded by registered mail to the address for any
58 organizer as set forth in the articles. The secretary of state shall keep copies of any process,
59 notice, or demand served upon the secretary of state under this section for a period of five
60 years. Nothing contained in this section shall limit or affect the right to serve any process,
61 notice, or demand, which is required or permitted by law to be served upon a cooperative,
62 in any other manner now or hereafter permitted by law.

Section 11. 1. A cooperative shall have bylaws governing the cooperative's business
2 affairs, structure, the qualifications, classification, rights and obligations of members, and
3 the classifications, allocations, and distributions of membership interests, which are not
4 otherwise provided in the articles or by sections 1 to 77 of this act.

5 2. (1) To the extent not stated in the articles, the bylaws shall state:

6 (a) The purpose of the cooperative;

7 (b) The capital structure of the cooperative, including a statement of the classes and
8 relative rights, preferences, and restrictions granted to or imposed upon each class of
9 membership interests, including the governance rights and financial rights afforded to each
10 class of membership interests, and the cooperative's authority to issue membership
11 interests, which may be determined by the board;

12 (c) The taxation structure of the cooperative, including a statement of the taxation
13 classification of the cooperative as decided by the board. A cooperative may elect to be
14 taxed as a corporation or as a partnership under sections 1 to 77 of this act;

15 (d) A provision designating the governance rights of each class of membership
16 interests, including which membership interests have voting power and any limitations or
17 restrictions on the voting power, which shall be in accordance with the provisions of
18 sections 1 to 77 of this act;

19 (e) A statement that patron membership interests with voting power shall be
20 restricted to one vote for each member regardless of the amount of patronage transacted
21 with or for such member or the amount of patron membership interests held by a member
22 in the affairs of the cooperative, or a statement describing such different allocation of
23 voting power to the extent permitted under sections 1 to 77 of this act;

24 (f) A statement that membership interests held by a member are transferable only
25 with the approval of the board or as provided in the bylaws;

26 (g) A statement as to how profits and losses will be allocated and cash will be
27 distributed among the members;

28 (h) A statement that the records of the cooperative shall include patron
29 membership interests and, if authorized, nonpatron membership interests, which may be
30 further described in the bylaws.

31 **(2) The bylaws may contain any provision relating to the management or regulation**
32 **of the affairs of the cooperative that is not inconsistent with sections 1 to 77 of this act or**
33 **the articles, and which may include the following:**

34 **(a) The number of directors and the qualifications, manner of election, powers,**
35 **duties, and compensation, if any, of directors;**

36 **(b) The qualifications of members and any limitations on their number;**

37 **(c) The manner of admission, withdrawal, suspension, and expulsion of members;**

38 **(d) Generally, the governance rights, financial rights, assignability of governance**
39 **rights and financial rights, and other rights, privileges, and obligations of members and**
40 **their membership interests;**

41 **(e) Authorization to permit a manager, which may be a person that is not otherwise**
42 **related to the cooperative, to provide outside management services to the cooperative; and**

43 **(f) Any other provisions required by the articles to be in the bylaws.**

44 **3. Bylaws shall be adopted before the acceptance of any contributions to the**
45 **cooperative by any member, except in the case of a conversion of a foreign business entity**
46 **or domestic business entity to a cooperative, in which case the bylaws shall be adopted as**
47 **soon as is practical following the filing of the articles.**

48 **4. The board may amend the bylaws at any time and without further approval by**
49 **the members to add, change, or delete a provision or multiple provisions, unless:**

50 **(1) Sections 1 to 77 of this act, the articles, or the bylaws otherwise reserve the**
51 **power exclusively to the members; or**

52 **(2) A particular bylaw expressly prohibits the board from doing so and provided**
53 **the members shall receive a notice and summary of the amendments or the actual**
54 **amendments to the bylaws as adopted by the board.**

55 **5. The bylaws may be amended, including, but not limited to, the addition, deletion,**
56 **or restatement of any bylaw or bylaws, by the members at a regular or special members'**
57 **meeting if:**

58 **(1) The notice of the regular or special members' meeting contains a statement that**
59 **the proposed amended bylaws will be voted upon at the meeting and copies of such**
60 **proposed amended bylaws are included with the notice, or copies are available upon**
61 **request from the cooperative and a summary statement of the proposed amended bylaw**
62 **or bylaws are included with the notice;**

63 **(2) A quorum is registered at the members' meeting as being present or represented**
64 **by mail or alternative ballot if the mail or alternative ballot is authorized by the board; and**

65 **(3) The proposed amended bylaw or bylaws are approved by a majority vote cast**
66 **at the meeting, except that if a cooperative's articles or bylaws require more than majority**

67 approval or other conditions for approval, the proposed amended bylaw or bylaws shall
68 only be approved by a proportion of the vote cast or a number of the total members as
69 required by the articles or bylaws and any other such conditions for approval which are
70 contained in the articles or bylaws have been satisfied.

71 **6. (1) Unless otherwise provided in the articles or bylaws, the board may adopt**
72 **emergency bylaws, at any time, to be effective only in the event of an emergency as**
73 **provided in subdivision (4) of this subsection. The emergency bylaws, which are subject**
74 **to amendment or repeal by the members, may include all provisions necessary for**
75 **managing the cooperative during the emergency, including:**

76 **(a) Procedures for calling a meeting of the board;**

77 **(b) Quorum requirements for the meeting; and**

78 **(c) Designation of additional or substitute directors.**

79 **(2) All provisions of the regular bylaws consistent with the emergency bylaws shall**
80 **remain in effect during the emergency. The emergency bylaws shall not be effective after**
81 **the emergency ends.**

82 **(3) Action taken in good faith in accordance with the emergency bylaws:**

83 **(a) Binds the cooperative; and**

84 **(b) Shall not be the basis for imposition of liability on any director, officer,**
85 **employee, or agent of the cooperative on the grounds that the action was not an authorized**
86 **action of the cooperative.**

87 **(4) An emergency exists for the purposes of this section, if a quorum of the directors**
88 **cannot readily be obtained because of some catastrophic event.**

Section 12. 1. (1) A cooperative shall keep as permanent records minutes of all
2 **meetings of its members and of the board, a record of all actions taken by the members or**
3 **the board without a meeting, and a record of all waivers of notices of meetings of the**
4 **members and of the board.**

5 **(2) A cooperative shall maintain appropriate accounting records.**

6 **(3) A cooperative shall keep a copy of each of the following records at its principal**
7 **office:**

8 **(a) Its current articles and other governing instruments, and all amendments**
9 **thereto or restatements thereof;**

10 **(b) Its current bylaws or other similar instruments, and all amendments thereto or**
11 **restatements thereof;**

12 **(c) A record of the names and last known addresses of its current and past**
13 **members, in a form that allows preparation of an alphabetical list of members with each**
14 **member's address;**

15 (d) A list of the names and last known business addresses of its current board
16 members and officers;

17 (e) All interim financial statements prepared for periods ending during the last
18 fiscal year, and all year-end financial statements, if any, prepared for the previous four
19 fiscal years; and

20 (f) Copies of all tax returns filed by the cooperative for the previous four tax years.

21 (4) Except as otherwise limited by sections 1 to 77 of this act of this act of this act,
22 the board shall have discretion to determine what records are appropriate for the purposes
23 of the cooperative, the length of time records are to be retained, and policies relating to the
24 confidentiality, disclosure, inspection, and copying of the records of the cooperative.

25 (5) A cooperative shall maintain its records in written form or in another form,
26 which may be electronic or otherwise paperless, so long as such form is capable of
27 conversion into written form within a reasonable time.

28 2. Each member shall, at proper times and upon three days' prior written notice,
29 have access to the books and records of the cooperative as identified in subdivisions (1) to
30 (4) of subsection 1 of this section, to examine same, under such regulations and conditions
31 as set forth in the bylaws or as otherwise set forth by the board. In all events, a member's
32 demand to examine the books and records of the cooperative shall be in good faith and for
33 a proper cooperative purpose, and in no event shall a member have the right to inspect or
34 copy, if otherwise allowed, for any person other than the member, any records relating to
35 the amount of any equity capital in the cooperative held by any person, any financial
36 information or patronage history, including but not limited to, amounts of patronage done
37 by or for a member or the amounts of patronage dividends received by such member, or
38 any accounts receivable or other amounts due to the cooperative from any person, or any
39 personnel or employment records related to the cooperative, or any records subject to
40 confidentiality agreements with third parties or under court order, or any records deemed
41 confidential under any federal, state, or municipal law, regulation, or ruling, including but
42 not limited to, personal health information as defined under federal law, or any trade
43 secret.

Section 13. 1. In addition to other powers, a cooperative as an agent or otherwise:

2 (1) May perform every act necessary or proper to the conduct of the cooperative's
3 business or the accomplishment of the purposes of the cooperative;

4 (2) Has all other rights, powers, or privileges granted by the laws of this state to any
5 business entity, except those that are inconsistent with the express provisions of sections
6 1 to 77 of this act; and

7 (3) Has the powers given in this section.

8 **2. The cooperative may act as the agent of its members, either collectively or**
9 **individually, in the negotiation for and procurement of all goods, services, and programs**
10 **which may be provided to the members by or through the cooperative, provided, however,**
11 **that unless the cooperative has affirmatively accepted responsibility, the cooperative shall**
12 **have no liability for its members' failure, whether collective or individual, to perform or**
13 **pay for such goods, services or programs.**

14 **3. A cooperative may enter into or become a party to a contract or agreement for**
15 **the cooperative or for or on behalf of the members or patrons, including but not limited**
16 **to, contracts related to prices for and types of products, goods, or services to be supplied**
17 **or sold to the members, goods manufactured and sold by the members through the**
18 **cooperative, the management of the cooperative by a third party manager, and any other**
19 **contract deemed by the board to be in the best interests of the cooperative and/or the**
20 **members, or between the cooperative and its members.**

21 **4. (1) A cooperative may purchase and hold, lease, mortgage, encumber, sell,**
22 **exchange, and convey as a legal entity property of any kind including but not limited to**
23 **real property, personal property, intellectual property, real estate, buildings, equipment,**
24 **products, patents, and copyrights as the business of the cooperative may require, including**
25 **the sale or other disposition of assets required by the business of the cooperative as**
26 **determined by the board.**

27 **(2) A cooperative may take, receive, and hold real and personal property, including**
28 **the principal and interest of money or other funds and rights in a contract, for any purpose**
29 **not inconsistent with the purposes of the cooperative as set forth in its articles or bylaws,**
30 **or as otherwise determined by the board.**

31 **5. A cooperative may own, lease, construct, and/or develop buildings or other**
32 **structures or facilities on the property owned or leased by the cooperative or on a**
33 **right-of-way legally acquired by the cooperative.**

34 **6. A cooperative may issue bonds, debentures, or other evidence of indebtedness**
35 **and may borrow money, may secure any of its obligations by mortgage of or creation of a**
36 **security interest in or other encumbrances or assignment of all or any of its property, or**
37 **income, and may issue guarantees for any legal purpose.**

38 **7. A cooperative may make advances to its members or patrons on products or**
39 **services delivered by the members or patrons to the cooperative.**

40 **8. A cooperative may accept donations or deposits of money, real property, or**
41 **personal property from other cooperatives or associations from which it is constituted, and**
42 **from members.**

43 **9. A cooperative may loan money to or borrow money from members, cooperatives,**
44 **or associations from which it is constituted with security that it considers sufficient. A**
45 **cooperative may invest and reinvest its funds.**

46 **10. A cooperative may pay pensions, retirement allowances, and compensation for**
47 **past services to and for the benefit of; and establish, maintain, continue, and carry out,**
48 **wholly or partially at the expense of the cooperative, employee or incentive benefit plans,**
49 **trusts, and provisions to or for the benefit of any or all of its and its related organizations'**
50 **officers, managers, directors, employees, and agents; and in the case of a related**
51 **organization that is a cooperative, members who provide services or goods to that**
52 **cooperative, and any of their families, dependents, and beneficiaries. It may indemnify and**
53 **purchase and maintain insurance for and on behalf of a fiduciary of any of these employee**
54 **benefit and incentive plans, trusts, and provisions.**

55 **11. A cooperative may provide, directly or indirectly, insurance of any kind,**
56 **including but not limited to disability insurance, health insurance, casualty insurance,**
57 **unemployment insurance, life insurance, and other insurance to or for the benefit of any**
58 **or all of its employees, officers, directors, members, managers, or their respective directors,**
59 **officers, employees, and agents. The cooperative may own directly or indirectly, insurance**
60 **of any kind, including but not limited to disability insurance, health insurance, casualty**
61 **insurance, unemployment insurance, life insurance, and other insurance on any or all of**
62 **its employees, officers, directors, members, managers, or their respective directors, officers,**
63 **employees, and agents.**

64 **12. (1) A cooperative may purchase, acquire, hold, or dispose of the ownership**
65 **interests of another business entity or form or otherwise organize subsidiary or affiliated**
66 **business entities, and assume all rights, interests, privileges, responsibilities, and**
67 **obligations arising out of all such ownership interests.**

68 **(2) The cooperative may form special purpose business entities to secure and/or**
69 **hold assets of the cooperative.**

70 **(3) A cooperative may purchase, own, and hold ownership interests, including stock**
71 **and other equity interests, memberships, interests in nonstock capital, and evidences of**
72 **indebtedness of any business entity.**

Section 14. 1. In anticipation of or during an emergency as provided in subsection
2 **4 of this section, the board may:**

3 **(1) Modify lines of succession to accommodate for the incapacity of any director,**
4 **officer, employee, or agent; and/or**

5 **(2) Relocate the principal office, designate alternative principal offices or regional**
6 **offices, or authorize the officers to do so.**

7 **2. During an emergency as provided in subsection 4 of this section, unless the**
8 **emergency bylaws provide otherwise:**

9 **(1) Notice of a meeting of the board need be given only to those directors to whom**
10 **it is practicable to reach and may be given in any practicable manner, including by**
11 **publication, radio, email, or other form of communication; and**

12 **(2) One or more officers of the cooperative present at a meeting of the board may**
13 **be deemed to be directors for the meeting, in order of rank and within the same rank in**
14 **order of seniority, as necessary to achieve a quorum.**

15 **3. Cooperative action taken in good faith during an emergency under this section**
16 **to further the ordinary business affairs of the cooperative:**

17 **(1) Binds the cooperative; and**

18 **(2) Shall not be the basis for the imposition of liability on any director, officer,**
19 **employee, or agent of the cooperative on the grounds that the action was not an authorized**
20 **cooperative action.**

21 **4. An emergency exists for purposes of this section if a quorum of the directors**
22 **cannot readily be obtained because of a catastrophic event.**

Section 15. 1. A cooperative shall be governed by its board, which shall take all
2 **action for and on behalf of the cooperative, except those actions reserved or granted to a**
3 **manager of the cooperative as set forth below or reserved for or granted to the members**
4 **under sections 1 to 77 of this act, the articles, or bylaws.**

5 **2. Board action shall be by the affirmative vote of a majority of the directors voting**
6 **at a duly called meeting where a quorum of directors is present, unless otherwise allowed**
7 **under sections 1 to 77 of this act or unless a greater majority is required by the articles or**
8 **bylaws. A director individually or collectively with other directors shall not have authority**
9 **to act for or on behalf of the cooperative unless authorized by the board.**

10 **3. Except as otherwise set forth in the articles or the bylaws, a director may**
11 **advocate the interests of members or member groups to the board, but the fiduciary duty**
12 **of each director is to represent the best interests of the cooperative and all members**
13 **collectively.**

14 **4. Except as otherwise set forth in the articles or the bylaws, the board shall have**
15 **the power to enter into, on behalf of the cooperative, an agreement with a third party**
16 **whereby such third party may supply management services to the cooperative at the**
17 **board's instruction, and upon the terms and conditions deemed satisfactory to the board.**

Section 16. Except as otherwise set forth in the articles or bylaws, the board shall
2 **not have less than five directors, except that a cooperative with fifty or fewer members may**
3 **have three or more directors as prescribed in the articles or bylaws. The directors of any**

4 cooperative organized under sections 1 to 77 of this act may, by the articles or by the
5 bylaws, be divided into such number of classes as set forth in the articles or bylaws. If the
6 board shall be divided into classes, then the term of office of those of the initial first class
7 shall expire at the first annual meeting of the members held after such classification
8 becomes effective; of the second class, one year thereafter; of the third class, two years
9 thereafter, and so on for each initial class; and at each annual election held after such
10 classification becomes effective, directors shall be chosen for a full term, as the case may
11 be, to succeed those whose terms expire, which terms shall, unless otherwise set forth in the
12 articles or bylaws, be of a duration equal to the number of classes.

Section 17. 1. The organizers shall elect the first board to serve in accordance with
2 subsection 2 of section 4 of this act until directors are elected by members. Until election
3 by members, the first board shall appoint directors to fill any vacancies which may occur
4 during such initial period.

5 2. (1) Directors shall be elected for the term, at the time, and in the manner
6 provided in the articles, bylaws, or as otherwise set forth in sections 1 to 77 of this act.

7 (2) Except as otherwise set forth in the articles or bylaws, the directors need not be
8 members, however a majority of the directors shall be elected exclusively by the members
9 holding patron membership interests.

10 (3) Each director of a cooperative not electing to be taxed as a partnership under
11 sections 1 to 77 of this act shall have one vote on each matter brought before the board.
12 Unless otherwise set forth in the articles or bylaws, the voting authority of the directors
13 may be allocated according to allocation units or equity classifications of the cooperative
14 provided:

15 (a) That each allocation unit or equity classification shall have only one vote; and

16 (b) That at least one-half of the voting power on general matters of the cooperative
17 shall be allocated to the directors elected by members holding patron membership
18 interests.

19 (4) A director holds office for the term the director was elected and until a
20 successor is elected and has qualified, or until the earlier death, resignation, removal, or
21 disqualification of the director.

22 (5) The expiration of a director's term with or without election of a qualified
23 successor shall not make the prior or subsequent acts of the director or the board void or
24 voidable.

25 (6) Subject to any limitation in the articles or bylaws, the board may set the
26 compensation of directors.

27 (7) Directors may be divided into or designated and elected by class or other
28 distinction as provided in the articles or bylaws.

29 (8) A director may resign by giving written notice to the chair of the board or the
30 board. The resignation is effective without acceptance when the notice is given to the chair
31 of the board or the board unless a later effective time is specified in the notice.

32 (9) Unless otherwise set forth in the articles or bylaws, a director's position as such
33 is personal to that director, and no director shall be entitled to execute any of such
34 director's duties, including attending or voting at a directors' meeting by or through
35 another person, entity or by proxy.

36 3. Except for directors elected at a special members' meeting to fill a vacancy,
37 directors shall be elected at the regular members' meeting for the terms of office prescribed
38 in the bylaws, which may be done by written consent in accordance with sections 1 to 77
39 of this act.

40 4. Unless otherwise set forth in the articles or bylaws, for a cooperative delineated
41 by districts or other units, members may nominate and elect directors on a district or unit
42 basis at a district meeting.

43 5. The following shall apply to voting by mail or alternative ballot:

44 (1) A member shall not vote for a director other than by being present at a
45 members' meeting or by mail ballot or alternative ballot as authorized by the board;

46 (2) The ballot shall be in a form prescribed by the board; and

47 (3) If the ballot of the member is received by the cooperative on or before the date
48 of the regular members' meeting or as otherwise prescribed for alternative ballots, the
49 ballot shall be accepted and counted as the vote of the absent member.

50 6. Unless otherwise provided by the bylaws, if a member is not a natural person
51 then the member may appoint or elect one or more natural persons to be eligible for
52 election as a director.

Section 18. 1. Unless otherwise provided in the articles or bylaws, if a director
2 position which is elected by patron members becomes vacant or a new director position is
3 created for a director that was or is to be elected by patron members, the board, in
4 consultation with the directors elected by patron members, shall appoint a new director
5 to fill the director's position until the next regular or special members' meeting at which
6 a successor is elected. If there are no directors elected by patron members on the board
7 at the time of the vacancy, a special members' meeting shall be called to fill the patron
8 member director vacancy.

9 2. Unless otherwise provided in the articles or bylaws, if the vacating director was
10 not elected by the patron members or a new director position is created, but which position

11 is not subject to subsection 1 of this section, then the board shall appoint a director to fill
12 the vacant position by majority vote of the remaining or then serving directors even though
13 less than a quorum. At the next regular or special members' meeting, the members shall
14 elect a director to replace the interim appointed director and fill the unexpired term of the
15 vacant director's position.

Section 19. 1. The provisions of this section apply unless modified by the articles
2 or bylaws.

3 2. Any director of the cooperative may be removed by the action of the majority of
4 the entire board if the director to be removed shall, at the time of removal, fail to meet the
5 qualifications stated in the articles or bylaws for election as a director or shall be in breach
6 of any agreement between such director and the cooperative, which includes, for board
7 members which are also patrons, a breach of the cooperative agreement by such patron
8 board member. Any director of the cooperative may be removed, with or without cause,
9 by the unanimous vote of the remaining directors on the board. Notice of the proposed
10 removal shall be given to all directors prior to any action thereon.

11 3. Subject to subsection 4 of this section, any one or all of the directors may be
12 removed at any time, with or without cause, by the affirmative vote of the holders of a
13 majority of the voting power of membership interests entitled to vote at an election of
14 directors; provided that if a director has been elected solely by the patron members, by
15 members based on districts or units, or the holders of a class or series of membership
16 interests as stated in the articles or bylaws, then that director may be removed only by the
17 affirmative vote of the holders of a majority of the voting power of the patron members for
18 a director elected by the patron members, all membership interests in such district or unit
19 if such director was originally elected by districts or units, or of all membership interests
20 of that class or series entitled to vote at the election of that director.

21 4. Where the directors of a cooperative are divided into classes in accordance with
22 section 16 of this act, the members of a cooperative may remove a director for cause by the
23 vote of a majority of all members eligible to vote on the election of such director.

24 5. Unless otherwise provided in the bylaws, new directors may be elected at a
25 meeting at which directors are removed.

Section 20. 1. Meetings of the board may be held from time to time as provided in
2 the articles or bylaws at any place within or without this state as the board may select or
3 by any means described in subsection 2 of this section. If the board fails to select a place
4 for a meeting, the meeting shall be held at the principal executive office of the cooperative,
5 unless the articles or bylaws provide otherwise.

6 **2. A conference among directors by any means of communication through which**
7 **the directors may simultaneously hear each other during the conference constitutes a**
8 **meeting of the board, if the same notice is given of the conference as would be required by**
9 **subsection 3 of this section for a meeting, and if the number of directors participating in**
10 **the conference would be sufficient to constitute a quorum at a meeting. Participation in**
11 **a meeting by electronic means of communication constitutes presence in person at the**
12 **meeting.**

13 **3. Unless the articles or bylaws provide for a different time period, a director may**
14 **call a meeting of the board by giving at least ten days' prior written notice or, in the case**
15 **of organizational meetings at least three days' prior written notice, to all directors of the**
16 **date, time, and place of the meeting. Notice to the board members of any meeting may be**
17 **given in such forms as set forth in section 73 of this act. The notice need not state the**
18 **purpose of the meeting unless sections 1 to 77 of this act, the articles, or the bylaws require**
19 **it.**

20 **4. If the day or date, time, and place of a meeting of the board have been provided**
21 **in the articles or bylaws, or announced at a previous meeting of the board, no further**
22 **notice is required to be given to the members of the board. Notice of an adjourned meeting**
23 **need not be given other than by announcement at the meeting at which adjournment**
24 **occurs.**

25 **5. A director may waive notice of a meeting of the board. A waiver of notice by a**
26 **director entitled to receive notice is effective whether given before, at, or after the meeting,**
27 **and whether given in writing, orally, or by attendance. Attendance by a director at a**
28 **meeting is a waiver of notice of that meeting, except where the director objects at the**
29 **beginning of the meeting to the transaction of business because the meeting is not lawfully**
30 **called or convened and such director does not participate in the meeting after the objection**
31 **is made.**

32 **6. If the articles or bylaws so provide, a director may give advance written consent**
33 **or opposition to a proposal to be acted on at a meeting of the board. If the director is not**
34 **present at the meeting, consent or opposition to a proposal shall not constitute presence for**
35 **purposes of determining the existence of a quorum, but consent or opposition shall be**
36 **counted as the vote of a director present at the meeting in favor of or against the proposal**
37 **and shall be entered in the minutes or other record of action at the meeting, if the proposal**
38 **acted on at the meeting is substantially the same or has substantially the same effect as the**
39 **proposal to which the director has consented or objected.**

Section 21. A majority, or a larger or smaller portion or number as provided in the
2 **articles or bylaws which in no event shall be less than one-third, of the directors currently**

3 holding office is a quorum for the transaction of business at a meeting of the board. In the
4 absence of a quorum, a majority of the directors present may adjourn a meeting from time
5 to time until a quorum is present. If a quorum is present when a duly called or held
6 meeting is convened, the directors present may continue to transact business until
7 adjournment, even though the withdrawal of a number of directors originally present
8 leaves less than the proportion of number otherwise required for a quorum.

Section 22. The board shall take action by the affirmative vote of the majority of
2 directors present at a duly held meeting at which a quorum is present, unless otherwise
3 provided in sections 1 to 77 of this act, the articles, or bylaws.

Section 23. 1. If the articles or bylaws so provide, any action, other than an action
2 requiring member approval, may be taken by written action signed by the number of
3 directors which would be required to take the same action at a meeting of the board under
4 section 22 of this act. If the articles or bylaws do not otherwise provide, then an action
5 required or permitted to be taken at a meeting of the board may be taken by written action
6 if signed by at least a majority of all of the directors.

7 2. The written action is effective when signed by the required number of directors,
8 unless a different effective time is provided in the written action.

9 3. When written action is permitted to be taken by less than all directors, all
10 directors shall be notified within a reasonable amount of time of its text and effective date.
11 Failure to provide the notice shall not invalidate the written action. A director who does
12 not sign or consent to the written action has no liability for the action or actions taken by
13 the written action.

Section 24. 1. Unless otherwise set forth in the articles or bylaws:

2 (1) Committees may be established under a resolution approved by the affirmative
3 vote of a majority of the board. All committees so formed are subject at all times to the
4 direction and control of the board, and may only act with respect to such issues and to the
5 extent authorized by the board. The board may create a litigation committee consisting
6 of one or more independent directors or other independent persons to consider legal rights
7 or remedies of the cooperative, and whether such rights or remedies should be pursued,
8 which committee shall not be subject to the direction or control of the board. Unless
9 otherwise set forth in the articles or bylaws, committee members need not be directors of
10 the cooperative;

11 (2) The procedures for meetings of the board apply to committees and members of
12 committees to the same extent as sections 20 to 23 of this act apply to the board and
13 individual directors;

14 **(3) Minutes, if any, of committee meetings, other than the litigation committee shall**
15 **be made available upon request to members of the committee, and to any director who**
16 **requests such minutes, but only to the extent that such director's request relates to his or**
17 **her position as a director and the director's intended use of the committee minutes is to**
18 **further the cooperative's purposes.**

19 **2. The establishment of, delegation of authority to, and action by a committee shall**
20 **not alone constitute compliance by a director with the standard of conduct set forth in**
21 **section 25 of this act.**

22 **3. Committee members are considered to be directors for purposes of sections 25,**
23 **26, and 28 of this act, except that independent members of a committee which are not**
24 **directors or employees of the cooperative are not subject to subsection 4 of section 25 of**
25 **this act.**

Section 25. 1. A director shall discharge the duties of the position of director in
2 **good faith, in a manner the director reasonably believes to be in the best interests of the**
3 **cooperative, and with the care that an ordinary, prudent person in a like position would**
4 **exercise under similar circumstances. A person who so performs such person's duties is**
5 **not liable by reason of being or having been a director of the cooperative.**

6 **2. (1) A director is entitled to rely on information, opinions, reports, or statements,**
7 **including financial statements and other financial data, relating to cooperative matters in**
8 **each case prepared or presented by one or more of the following:**

9 **(a) One or more officers or employees of the cooperative who the director**
10 **reasonably believes to be reliable and competent in the matters presented;**

11 **(b) Counsel, public accountants, or other persons as to matters that the director**
12 **reasonably believes are within the person's professional or expert competence; or**

13 **(c) A committee of the board upon which the director does not serve, duly**
14 **established by the board, as to matters within its designated authority, if the director**
15 **reasonably believes the committee to merit confidence.**

16 **(2) A director is not relieved of liability for acts based on such director's reliance**
17 **on information under subdivision (1) of this subsection where such director has knowledge**
18 **that makes such reliance unwarranted.**

19 **3. A director who is present at a meeting of the board when an action is approved**
20 **by the directors in accordance with section 22 of this act is presumed to have assented to**
21 **the action approved, unless the director:**

22 **(1) Objects at the beginning of the meeting to the transaction of business because**
23 **the meeting is not lawfully called or convened and does not participate in the meeting after**

24 the objection, in which case the director is not considered to be present at the meeting for
25 any purpose of sections 1 to 77 of this act;

26 (2) Votes against the action at the meeting; or

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

28 4. A director's first duty of loyalty is to the cooperative. A director is under a duty
29 to share all of such director's knowledge and opportunities that arise with respect to and/or
30 are related to the business of the cooperative first to the cooperative, and if the cooperative
31 shall choose not to act on such information or opportunity, then, unless otherwise directed
32 by the cooperative, such director may exploit such information or opportunity for such
33 director's own gain.

Section 26. 1. (1) A contract or other transaction between a cooperative and one
2 or more of its directors, or a cooperative and a business entity where one or more of the
3 cooperative's directors is a director, manager, officer, or legal representative of such
4 business entity or where a director has a material financial interest, is not void or voidable
5 because the director or directors or the other business entity is a party thereto or because
6 the director or directors are present at the meeting of the members or the board or a
7 committee at which the contract or transaction is authorized, approved, or ratified, if:

8 (a) The contract or transaction was, and the person asserting the validity of the
9 contract or transaction sustains the burden of establishing that the contract or transaction
10 was, fair and reasonable as to the cooperative at the time it was authorized, approved, or
11 ratified and:

12 a. The material facts as to the contract or transaction and as to the director's or
13 directors' interest are disclosed or known to the members; or

14 b. The material facts as to the contract or transaction and as to the director's or
15 directors' interest are fully disclosed or known to the board or a committee, and the board
16 or committee authorizes, approves, or ratifies the contract or transaction in good faith by
17 a majority of the board or committee, as the case may be, but the interested director or
18 directors are not counted in determining the presence of a quorum and must not vote; or

19 (b) The contract or transaction is a distribution, contract, or transaction that is
20 made available on the same terms to all members or patron members as part of the
21 cooperative's business; or

22 (c) The contract or transaction is for services provided to the cooperative which
23 services were deemed necessary by the board, or a committee, or the chief executive officer,
24 or the president and the contract to provide such services is no less favorable to the
25 cooperative than such an agreement would be with a person who is not a member of the

26 board negotiated at arm's length at a cost not more than the reasonable fair market value
27 for the same services charged by other providers.

28 (2) A resolution fixing the compensation of a director as a director, officer,
29 employee, or agent of the cooperative is not void or voidable or considered to be a contract
30 or other transaction between the cooperative and one or more of its directors for purposes
31 of this section even though the director receiving the compensation fixed by the resolution
32 is present and voting at the meeting of the board or a committee at which the resolution is
33 authorized, approved, or ratified or even though other directors voting upon the resolution
34 are also receiving compensation from the cooperative.

35 (3) If a committee is appointed to authorize, ratify, or approve a contract or
36 transaction under this section, the members of the committee shall not have a conflict of
37 interest with respect to such contract or transaction and must be charged with representing
38 the best interests of the cooperative.

39 2. For purposes of this section, a director has a material financial interest in each
40 contract or transaction in which the director or the spouse, parents, children and spouses
41 of children, brothers and sisters and spouses of brothers and sisters, and the brothers and
42 sisters of the spouse of the director or any combination of them have a material financial
43 interest. For purposes of this section, a contract or other transaction between a cooperative
44 and the spouse, parents, children and spouses of children, brothers and sisters and spouses
45 of brothers and sisters, and the brothers and sisters of the spouse of a director or any
46 combination of them, is considered to be a transaction between the cooperative and the
47 director.

Section 27. 1. A director's personal liability to the cooperative or members for
2 monetary damages for breach of fiduciary duty as a director may be eliminated or limited
3 in the articles or bylaws except as provided in subsection 2 of this section.

4 2. The articles or bylaws shall not eliminate or limit the liability of a director:

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

6 (2) For acts or omissions that are not in good faith and involve intentional
7 misconduct by the director;

8 (3) For illegal distributions;

9 (4) For a transaction from which the director derived an improper personal
10 benefit; or

11 (5) For an act or omission occurring before the date when the provision in the
12 articles or bylaws eliminating or limiting liability becomes effective.

Section 28. 1. The definitions in this subsection apply to this section.

2 **2. (1) "Cooperative" includes a domestic or foreign cooperative that was the**
3 **predecessor of the cooperative referred to in this section in a merger or other transaction**
4 **in which the predecessor's existence ceased upon consummation of the transaction.**

5 **(2) "Official capacity" means:**

6 **(a) With respect to a director, the position of director in a cooperative;**

7 **(b) With respect to a person other than a director, the elective or appointive office**
8 **or position held by the person, member of a committee of the board, the employment**
9 **relationship undertaken by an employee of the cooperative, or the scope of the services**
10 **provided by members who provide services to the cooperative; and**

11 **(c) With respect to a director, chief executive officer, member, or employee of the**
12 **cooperative who, while a member, director, chief executive officer, or employee of the**
13 **cooperative, is or was serving at the request of the cooperative or whose duties in that**
14 **position involve or involved service as a director, manager, officer, member, partner,**
15 **trustee, employee, or agent of another organization or employee benefit plan, the position**
16 **of that person as a director, manager, officer, member, partner, trustee, employee, or**
17 **agent, as the case may be, of the other organization or employee benefit plan.**

18 **(3) "Proceeding" means a threatened, pending, or completed civil, criminal,**
19 **administrative, arbitration, or investigative proceeding, including a proceeding by or in the**
20 **right of the cooperative.**

21 **3. (1) Subject to the provisions of subsection 5 of this section, a cooperative may**
22 **indemnify a person made or threatened to be made a party to a proceeding by reason of**
23 **the former or present official capacity of the person against judgments, penalties, fines,**
24 **including, without limitation, excise taxes assessed against the person with respect to an**
25 **employee benefit plan, settlements, and reasonable expenses, including attorney fees and**
26 **disbursements incurred by the person in connection with the proceeding, if, with respect**
27 **to the acts or omissions of the person complained of in the proceeding, the person:**

28 **(a) Has not been indemnified, or if indemnified, then not fully indemnified, by**
29 **another organization or employee benefit plan for the same judgments, penalties, fines,**
30 **including, without limitation, excise taxes assessed against the person with respect to an**
31 **employee benefit plan, settlements, and reasonable expenses, including attorney fees and**
32 **disbursements incurred by the person in connection with the proceeding with respect to**
33 **the same acts or omissions;**

34 **(b) Acted in good faith;**

35 **(c) Received no improper personal benefit and the person has not committed an act**
36 **for which liability cannot be eliminated or limited under subsection 2 of section 27 of this**
37 **act;**

38 (d) In the case of a criminal proceeding, had no reasonable cause to believe the
39 conduct was unlawful; and

40 a. In the case of acts or omissions occurring in the official capacity described in
41 paragraphs (a) and (b) of subdivision (2) of subsection 1 of this section, reasonably believed
42 that the conduct was in the best interests of the cooperative, or in the case of acts or
43 omissions occurring in the official capacity described in paragraph (c) of subdivision (2)
44 of subsection 1 of this section, reasonably believed that the conduct was not opposed to the
45 best interests of the cooperative. If the person's acts or omissions complained of in the
46 proceeding relate to conduct as a director, officer, trustee, employee, or agent of an
47 employee benefit plan, the conduct is not considered to be opposed to the best interests of
48 the cooperative if the person reasonably believed that the conduct was in the best interests
49 of the participants or beneficiaries of the employee benefit plan; or

50 b. Was not at the time of the acts or omissions complained of in the proceeding, a
51 director, chief executive officer, or person possessing, directly or indirectly, the power to
52 direct or cause the direction of the management or policies of the cooperative.

53 (2) The termination of a proceeding by judgment, order, settlement, conviction, or
54 upon a plea of nolo contendere or its equivalent does not, of itself, establish that the person
55 did not meet the criteria set forth in this section.

56 4. Subject to the provisions of subsection 5 of this section, if a person is made or
57 threatened to be made a party to a proceeding, such person shall be entitled, upon written
58 request to the board, to payment or reimbursement by the cooperative of reasonable
59 expenses, including attorney fees and disbursements incurred by the person in advance of
60 the final disposition of the proceeding, provided that:

61 (1) Upon receipt by the cooperative of a written affirmation by the person of a good
62 faith belief that the criteria for indemnification set forth in subsection 3 of this section has
63 been satisfied, such person makes a written undertaking, in a form acceptable to the
64 cooperative, to repay all amounts paid or reimbursed by the cooperative, if it is ultimately
65 determined that the criteria for indemnification have not been satisfied, which written
66 undertaking is an unlimited general obligation of the person making it, but need not be
67 secured and may be accepted without reference to financial ability to make payment; and

68 (2) Those making the determination determine that the facts then known would not
69 preclude indemnification under subsection 3 of this section.

70 5. The articles or bylaws may prohibit indemnification or advances of expenses
71 otherwise required by this section or may impose conditions on indemnification or
72 advances of expenses in addition to the conditions contained in subsections 3 and 4 of this
73 section, including, without limitation, monetary limits on indemnification or advances of

74 expenses if the conditions apply equally to all persons or to all persons within a given class.
75 A prohibition or limit on indemnification or advances of expenses shall not apply to or
76 affect the right of a person to indemnification or advances of expenses with respect to any
77 acts or omissions of the person occurring before the effective date of a provision in the
78 articles or the date of adoption of a provision in the bylaws establishing the prohibition or
79 limit on indemnification or advances of expenses.

80 **6. This section does not require or limit the ability of a cooperative to reimburse**
81 **expenses, including attorney fees and disbursements, incurred by a person in connection**
82 **with an appearance as a witness in a proceeding at a time when the person has not been**
83 **made or threatened to be made a party to a proceeding.**

84 **7. Unless otherwise set forth in the articles or bylaws, all determinations whether**
85 **indemnification of a person is required because the criteria set forth in subsection 4 of this**
86 **section has been satisfied and whether a person is entitled to payment or reimbursement**
87 **of expenses in advance of the final disposition of a proceeding as provided in subsection 3**
88 **of this section shall be made:**

89 **(1) By a majority of the board at a meeting where a quorum is present, provided**
90 **that the directors who are, at the time, parties to the proceeding are not counted for**
91 **determining either a majority or the presence of a quorum;**

92 **(2) If a quorum of the board under subdivision (1) of this subsection cannot be**
93 **obtained, then by a majority of a committee of the board consisting solely of two or more**
94 **directors who are not, at the time, parties to the proceeding, but who are duly designated**
95 **to make such a determination by a majority of the board, which majority includes**
96 **directors who are, at the time, parties to the proceeding;**

97 **(3) If a determination is not made under subdivisions (1) and (2) of this subsection,**
98 **then by legal counsel selected either by a majority of the board in the manner set forth in**
99 **subdivision (1) of this subsection, provided a quorum can be obtained, or by a committee**
100 **by vote in the manner set forth in subdivision (2) of this subsection, provided a committee**
101 **can be established by a majority of the board, including directors who are parties to the**
102 **proceeding; or**

103 **(4) If a determination is not made under subdivisions (1) to (3) of this subsection**
104 **inclusive, then by the affirmative vote of the members, but the membership interests held**
105 **by parties to the proceeding shall not be counted in determining the presence of a quorum,**
106 **and are not considered to be present and entitled to vote on the determination.**

107 **8. A cooperative may purchase and maintain insurance on behalf of a person in**
108 **that person's official capacity against any liability asserted against and incurred by the**
109 **person in or arising from that person's official capacity, whether or not the cooperative**

110 would have been required to indemnify the person against the liability under the provisions
111 of this section.

112 **9. Nothing in this section may be construed to limit the power of the cooperative to**
113 **indemnify persons other than a director, chief executive officer, member, employee, or**
114 **member of a committee of the board by contract or otherwise.**

Section 29. 1. Unless otherwise set forth in the articles or bylaws:

2 **(1) The board may elect a chair and one or more vice chairs of the board to hold**
3 **and lead meetings of the board; and**

4 **(2) The board shall elect or appoint a president and secretary to serve as officers**
5 **of the cooperative;**

6 **(3) The officers, other than the chief executive officer, president and secretary shall**
7 **not have the authority to bind the cooperative except as authorized by the board.**

8 **2. The board may elect additional officers as the articles or bylaws authorize or**
9 **require.**

10 **3. The offices of president and secretary may be combined, and the same person**
11 **may serve in both capacities.**

12 **4. The board may employ a chief executive officer to manage the day-to-day affairs**
13 **and business of the cooperative, and if a chief executive officer is employed, the chief**
14 **executive officer shall have the authority to implement the functions, duties, and**
15 **obligations of the cooperative except as restricted by the board or as delegated to a**
16 **manager. The chief executive officer shall not exercise authority reserved to the board, a**
17 **manager or the members under sections 1 to 77 of this act, the articles, or the bylaws.**
18 **Nothing contained herein shall limit the cooperative's right to have co-chief executive**
19 **officers.**

Section 30. 1. A cooperative shall have one or more members.

2 **(1) A cooperative may, but is not obligated to, group members and patron**
3 **members in districts, units, or on another basis if and as authorized in its articles or**
4 **bylaws.**

5 **(2) The board may, but is not obligated to, implement the use of districts or units,**
6 **including setting the time and place and prescribing the rules of conduct for holding**
7 **meetings by districts or units to elect delegates to members' meetings.**

8 **3. A membership interest is personal property. A member has no interest in**
9 **specific property of the cooperative. All property of the cooperative is property of the**
10 **cooperative itself.**

11 **4. The authorized amounts and divisions of patron membership interests and, if**
12 **authorized, nonpatron membership interests, to be issued by the cooperative may be**

13 increased, decreased, established, or altered, in accordance with the bylaws, articles, and
14 sections 1 to 77 of this act.

15 **5. Authorized membership interests may be issued on terms and conditions**
16 **prescribed in the articles, bylaws, or if not authorized in the articles or bylaws, as**
17 **determined by the board. A membership interest may not be issued until the subscription**
18 **price of the membership interest has been paid in money or property provided that the**
19 **value of any property to be contributed shall be approved and agreed to by the board.**

20 **6. Unless otherwise set forth in the articles or bylaws, the patron membership**
21 **interests collectively shall have not less than fifty percent of the cooperative's financial**
22 **rights.**

23 **7. Except as otherwise set forth in the articles or bylaws, all the patron membership**
24 **interests of a cooperative shall:**

25 **(1) Be of one class, without series, unless the articles or bylaws establish or**
26 **authorize the board to establish more than one class or one or more series within classes;**

27 **(2) Be ordinary patron membership interests, be entitled to vote as provided in**
28 **sections 1 to 77 of this act, and have equal rights and preferences in all matters not**
29 **otherwise provided for by the board and to the extent that the articles or bylaws have fixed**
30 **the relative rights and preferences of different classes and series; and**

31 **(3) Share profits and losses and be entitled to distributions as provided in sections**
32 **1 to 77 of this act.**

33 **8. The cooperative may solicit and issue nonpatron membership interests on terms**
34 **and conditions determined by the board, and as otherwise set forth in the articles or**
35 **bylaws.**

36 **9. Except as otherwise set forth in the bylaws, a member is not, merely on account**
37 **of that status, personally liable for the acts, debts, liabilities, or obligations of a cooperative,**
38 **and as such, a member's membership interest is nonassessable. A member is liable to the**
39 **cooperative for any unpaid subscription for the membership interest, unpaid membership**
40 **fees, or a debt for which the member has separately contracted with the cooperative,**
41 **provided that no third party shall be a beneficiary of this obligation or be entitled to**
42 **enforce this obligation.**

Section 31. 1. Without limiting the authority granted in this section, and unless
2 **otherwise stated in the articles or bylaws, a cooperative may divide the membership**
3 **interests into different classes or series, which may:**

4 **(1) Be subject to the right of the cooperative to redeem any of such membership**
5 **interests at a price fixed by the articles, bylaws, or by resolution of the board;**

6 (2) Entitle the members to cumulative, partially cumulative, or noncumulative
7 distributions;

8 (3) Have preference over any class or series of membership interests for the
9 payment of distributions of any or all kinds;

10 (4) Be convertible into membership interests of any other class or any series of the
11 same or another class; or

12 (5) Have full, partial, or no voting rights, except as otherwise provided in sections
13 1 to 77 of this act.

14 2. The cooperative, through its articles or bylaws, may create different classes or
15 series of membership interests and may fix the relative rights and preferences of such
16 classes or series, or subject to any restrictions in the articles or bylaws, the board may
17 establish different classes or series of membership interests by a duly adopted resolution
18 which sets forth the designation of such classes or series, and fixes the relative rights and
19 preferences of such classes or series. Any of the rights and/or preferences of a class or
20 series of membership interests established in the articles, bylaws, or by resolution of the
21 board:

22 (1) May be made dependent upon facts ascertainable outside the articles or bylaws
23 or outside the resolution or resolutions establishing the class or series, if the manner in
24 which the facts operate upon the rights and preferences of the class or series is clearly and
25 expressly set forth in the articles or bylaws or in the resolution or resolutions establishing
26 the class or series; and

27 (2) May include by reference some or all of the terms of any agreements, contracts,
28 or other arrangements entered into by the cooperative in connection with the establishment
29 of the class or series if the cooperative retains at its principal executive office a copy of the
30 agreements, contracts, or other arrangements or the portions thereof which are included
31 by reference.

 Section 32. 1. The membership interests of a cooperative shall be either certificated
2 or uncertificated as set forth in the articles or bylaws or as determined by the board. Each
3 holder of a certificated membership interest or interests are entitled to a certificate of
4 membership interest to be issued by the cooperative in accordance with this section.

5 2. Certificates of membership shall be signed by at least one officer of the
6 cooperative as authorized in the articles, bylaws, or by resolution of the board or, in the
7 absence of such an authorization, by the chief executive officer, president, secretary or
8 chairman of the board.

9 3. If a person signs a certificate while such person is an authorized signatory under
10 subsection 2 of this section, the certificate may be issued by the cooperative, even if such

11 person has ceased to have that capacity before the certificate is actually issued, with the
12 same effect as if the person had that capacity at the date of its issue.

13 **4. If issued, a certificate representing a membership interest or interests of a**
14 **cooperative shall contain on its face:**

15 **(1) The name of the cooperative;**

16 **(2) A statement that the cooperative is organized under the laws of this state and**
17 **sections 1 to 77 of this act;**

18 **(3) The name of the person to whom the certificate is issued;**

19 **(4) The number and class of membership interests, and the designation of the**
20 **series, if any, that the certificate represents;**

21 **(5) A statement that the membership interests in the cooperative are subject to the**
22 **articles and bylaws of the cooperative; and**

23 **(6) Restrictions on transfer, if any, including approval of the board, first rights of**
24 **purchase by the cooperative, and other restrictions on transfer, which may be stated by**
25 **reference to the back of the certificate where such restrictions may be listed or to another**
26 **document.**

27 **5. A certificate signed as provided in subsection 2 of this section is prima facie**
28 **evidence of the ownership of the membership interests referred to in the certificate.**

29 **6. Unless uncertificated membership interests are prohibited by the articles or**
30 **bylaws, a resolution approved by the board may provide that some or all of any or all**
31 **classes and series of its membership interests will be uncertificated membership interests.**
32 **The resolution shall not apply to membership interests represented by a certificate until**
33 **the certificate is surrendered to the cooperative. Within a reasonable time after the**
34 **issuance or transfer of uncertificated membership interests to a member, the cooperative**
35 **shall send such member the information required by this section to be stated on**
36 **certificates. Except as otherwise expressly provided by the articles, bylaws, or sections 1**
37 **to 77 of this act, the rights and obligations of the holders of certificated and uncertificated**
38 **membership interests of the same class and series are identical.**

Section 33. 1. A new certificate of membership interest may be issued under section
2 **32 of this act in the place of one that is alleged to have been lost, stolen, or destroyed, upon**
3 **the filing of an affidavit of lost, stolen, or destroyed certificate by the member with the**
4 **secretary of the cooperative.**

5 **2. The issuance of a new certificate under this section shall not constitute an**
6 **overissue of the membership interests it represents, and upon any such issue, the replaced**
7 **certificate shall without further action become null and void.**

Section 34. 1. The regular members' meeting shall be held annually at a time determined by the board, unless otherwise provided for in the bylaws.

2. The regular members' meeting shall be held at the principal place of business of the cooperative or at another location as determined by the bylaws or the board.

3. The officers shall submit reports to the members at the regular members' meeting covering the business of the cooperative for the previous fiscal year, including the financial condition of the cooperative as of the close of the previous fiscal year.

4. Unless otherwise set forth in sections 1 to 77 of this act, the articles, or the bylaws, all directors shall be elected at the regular members' meeting for the terms of office prescribed in the bylaws, except for directors elected at district or unit meetings.

5. (1) The cooperative shall give notice of regular members' meetings in accordance with section 73 of this act at least two weeks before the date of the meeting or mailed at least fifteen days before the date of the meeting.

(2) The notice shall contain a summary of any amendments to or restatements of any bylaw or bylaws adopted by the board since the last annual members' meeting.

6. A member may waive notice of a members' meeting. A waiver of notice by a member entitled to receive notice is effective whether given before, at, or after the meeting, and whether given in writing, orally, or by attendance. Attendance by a member at a members' meeting is a waiver of notice of that meeting, except where the member objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened, or objects before a vote on an item of business because the item may not lawfully be considered at that meeting and does not participate in the consideration of the item at that meeting.

Section 35. 1. Except as otherwise set forth in the bylaws, special members' meetings may be called by:

(1) One or more of the members of the board; or

(2) The written petition, submitted to the chairman of the board, of at least twenty percent of the patron members or, if authorized, twenty percent of the nonpatron members, or twenty percent of all members, or members representing twenty percent of the membership interests collectively.

2. The cooperative shall give notice of a special members' meeting in accordance with section 73 of this act and shall state the time, place, and purpose of the special members' meeting. A special members' meeting notice shall be issued within ten days after the date of the presentation of a members' petition, and the special members' meeting shall be held within thirty days after the date of the presentation of the members' petition.

13 **3. A member may waive notice of a special members' meeting. A waiver of notice**
14 **by a member entitled to notice is effective whether given before, at, or after the meeting,**
15 **and whether given in writing, orally, or by attendance. Attendance by a member at a**
16 **meeting is a waiver of notice of that meeting, except where the member objects at the**
17 **beginning of the meeting to the transaction of business because the meeting is not lawfully**
18 **called or convened, or objects before a vote on an item of business because the item may**
19 **not lawfully be considered at that meeting and does not participate in the consideration of**
20 **the item at that meeting.**

Section 36. 1. Unless otherwise set forth in the articles or bylaws, the quorum for
2 **a members' meeting to transact business shall be ten percent of the total number of**
3 **members of the cooperative. The total number of members required for a quorum may**
4 **be more, but in no case less, than ten percent, as set forth in the articles or bylaws.**

5 **2. In determining whether a quorum is present with respect to a particular question**
6 **submitted to a vote of the members for which voting by mail or alternative ballot has**
7 **previously been authorized, members present in person or represented by mail vote or the**
8 **alternative ballot method shall be counted. The presence of a quorum shall be verified by**
9 **the chairman of the board or the secretary of the cooperative and shall be reported in the**
10 **minutes of the meeting.**

11 **3. An action by the members is not valid or legal in the absence of a quorum at the**
12 **meeting at which the action was taken.**

Section 37. 1. To the extent authorized in the articles or the bylaws or as
2 **determined by the board, a regular or special members' meeting may be held by any**
3 **combination of means of remote communication through which the members may**
4 **participate in the meeting, if notice of the meeting was given in accordance with the bylaws**
5 **and sections 1 to 77 of this act, and if the membership interests held by the members so**
6 **participating in the meeting would be sufficient to constitute a quorum at a meeting.**
7 **Participation by a member by means of remote communication constitutes presence at the**
8 **meeting in person or by proxy if all the other requirements of sections 1 to 77 of this act for**
9 **the meeting are met.**

10 **2. In any members' meeting held where one or more members participates in such**
11 **meeting by means of remote communication under subsection 1 of this section:**

12 **(1) The cooperative shall implement reasonable measures to verify that each person**
13 **deemed present and entitled to vote at the meeting by means of remote communication is**
14 **a member; and**

15 **(2) The cooperative shall implement reasonable measures to provide each member**
16 **participating by means of remote communication with a reasonable opportunity to**
17 **participate in the meeting, including an opportunity to:**

18 **(a) Read or hear the proceedings of the meeting substantially concurrently with**
19 **those proceedings;**

20 **(b) If allowed by the procedures governing the meeting, have the member's**
21 **remarks heard or read by other participants in the meeting substantially concurrently with**
22 **the making of those remarks; and**

23 **(c) If otherwise entitled, vote on matters submitted to the members.**

24 **3. Waiver of notice by a member of a meeting by means of authenticated electronic**
25 **communication may be given in the manner provided for the regular or special members'**
26 **meeting. Participation in a meeting by means of remote communication described in**
27 **subsection 1 of this section is a waiver of notice of that meeting, except where the member**
28 **objects at the beginning of the meeting to the transaction of business because the meeting**
29 **is not lawfully called or convened, or objects before a vote on an item of business because**
30 **the item may not lawfully be considered at the meeting and does not participate in the**
31 **consideration of the item at that meeting.**

Section 38. 1. Unless otherwise required by sections 1 to 77 of this act, the articles,
2 **or bylaws, the members shall take action by the affirmative vote of the members of a**
3 **majority of the voting power of the membership interests present and entitled to vote on**
4 **that item of business at a duly called members' meeting where a quorum is present.**

5 **2. Unless otherwise required in the articles or bylaws, in any case where a class or**
6 **series of membership interests is entitled to vote on a particular matter of the cooperative**
7 **as a class or series by sections 1 to 77 of this act, the articles, bylaws or by the terms of such**
8 **membership interests, then such matter shall also receive, in addition to the affirmative**
9 **vote required in subsection 1 of this section, the affirmative vote of a majority of the voting**
10 **power of the membership interests of such class or series at a duly called meeting where**
11 **a quorum of such class or series is present.**

12 **3. (1) The articles or bylaws may provide for a greater quorum or voting**
13 **requirement for members or voting groups than is provided for by sections 1 to 77 of this**
14 **act.**

15 **(2) An amendment to the articles or bylaws that adds, changes, or deletes a greater**
16 **quorum or voting requirement shall meet the same quorum requirement and be adopted**
17 **by the same vote and voting groups required to take action under the quorum and voting**
18 **requirements then in effect.**

Section 39. 1. If the articles or bylaws so provide, any action may be taken by written action signed, or consented to by authenticated electronic communication, by the members who own voting power equal to the voting power required to take the same action at a members' meeting at which a quorum of members were present. If the articles or bylaws do not so provide, an action required or permitted to be taken at a members' meeting may be taken by written action signed, or consented to by authenticated electronic communication, by all of the members.

2. The written action is effective when signed, or consented to by authenticated electronic communication, by the required number of members, unless a different effective time is provided in the written action.

3. When written action is permitted to be taken by less than all members, all members shall be notified within a reasonable time of its text and effective date. Unless otherwise provided in the bylaws, a member who does not sign or consent to the written action has no liability for the action or actions taken by the written action.

Section 40. 1. A patron member of a cooperative is entitled to one vote on an issue to be voted upon by patron members, except that if authorized in the articles or bylaws, a patron member may be entitled to additional votes based on patronage criteria as described in section 41 of this act. On any matter of the cooperative, an affirmative vote of all patron members entitled to vote on such matter, unless a greater or lesser amount is required by sections 1 to 77 of this act, the bylaws, or the articles, shall be binding on all patron members. A nonpatron member has the voting rights in accordance with his or her nonpatron membership interest as granted in the articles or bylaws, subject to the provisions of sections 1 to 77 of this act.

2. Unless otherwise set forth in the articles or bylaws, a member's vote at a members' meeting shall be in person, by mail, if a mail vote is authorized by the board, by alternative ballot if authorized by the board, or by proxy as set forth in subsection 3 of this section.

3. Unless otherwise set forth in the articles or bylaws:

(1) All proxies shall be in writing and executed by the member issuing such proxy, or such member's attorney in fact. Such proxy shall be filed with the chairman of the board before or at the time of a meeting in order to be effective at that meeting. No proxy shall be valid after eleven months from the date of its execution unless otherwise provided in the proxy. No appointment is irrevocable unless the appointment is coupled with an interest in the membership interests of the cooperative;

(2) A copy, facsimile, or other reproduction of the original written proxy may be substituted or used in lieu of the original written proxy for any purpose for which the

23 original written proxy could be used, if the copy, facsimile, or other reproduction is a
24 complete and legible reproduction of the entire original written proxy;

25 (3) An appointment of a proxy for membership interests owned jointly by two or
26 more members is valid if signed by any one of them, unless the cooperative receives from
27 any one of those members written notice either denying the authority of that person to
28 appoint a proxy or appointing a different proxy, in which case the proxy will be deemed
29 invalid. If the cooperative shall receive conflicting proxies signed by the different owners
30 of the membership interests, then all proxies submitted for such membership interests will
31 be deemed invalid;

32 (4) An appointment may be terminated at will unless the appointment is coupled
33 with an interest, in which case it shall not be terminated except in accordance with the
34 terms of an agreement, if any, between the parties to the appointment. Termination may
35 be made by filing written notice of the termination of the appointment with the cooperative
36 or by filing a new written appointment of a proxy with the cooperative. Termination in
37 either manner revokes all prior proxy appointments and is effective when filed with the
38 cooperative.

39 4. (1) A cooperative may provide in the articles or bylaws that units, districts, or
40 other type of classification authorized under sections 1 to 77 of this act of members are
41 entitled to be represented at members' meetings by delegates chosen by the members of
42 such unit, district or other classification. The delegates may vote on matters at the
43 members' meeting in the same manner as a member. The delegates may only exercise the
44 voting rights on a basis and with the number of votes as prescribed in the articles or
45 bylaws.

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

49 5. The board may fix a record date not more than sixty days, or a shorter time
50 period as provided in the articles or bylaws, before the date of a members' meeting as the
51 date for the determination of the owners of membership interests entitled to notice of and
52 entitled to vote at a meeting. When a record date is so fixed, only members on that date
53 are entitled to notice of and permitted to vote at that members' meeting.

54 6. The articles or bylaws may give or prescribe the manner of giving a creditor,
55 security holder, or other nonmember, other than a vote by proxy under subsection 3 of this
56 section or as otherwise allowed under section 42 of this act, governance rights in the
57 cooperative. If not otherwise provided in the articles or bylaws or by sections 1 to 77 of

58 this act, creditors, security holders, or other nonmembers shall not have any governance
59 rights in the cooperative.

60 7. Membership interests owned by two or more persons may be voted by any one
61 of such persons unless the cooperative receives written notice from any one of such persons
62 denying the authority of the other person or persons to vote those membership interests,
63 in which case any vote of such membership interests shall be deemed invalid. Jointly
64 owned membership interests shall have one vote, regardless of the number of owners,
65 unless otherwise provided under subsection 1 of this section, the articles, or the bylaws.
66 If the cooperative receives conflicting votes for the same membership interests, then all
67 votes cast by such membership interests will be deemed invalid.

68 8. Except as provided in subsection 7 of this section, an owner of a nonpatron
69 membership interest or a patron membership interest with more than one vote may vote
70 any portion of the membership interest in any way the member chooses, provided that such
71 member is entitled to vote on the particular matter at issue. If a member votes without
72 designating the proportion voted in a particular way, the member is considered to have
73 voted all of the membership interest in that way.

74 9. Any ballot, vote, authorization, or consent submitted by electronic
75 communication under sections 1 to 77 of this act may be revoked by the member
76 submitting a written revocation including another ballot, vote, authorization, or consent
77 so long as the revocation is received by a director or an officer of the cooperative which has
78 been designated, under the bylaws or by resolution of the board, to receive such revocation
79 at or before the meeting or before an action without a meeting is effective. A ballot, vote,
80 authorization, or consent submitted by a member who attends a members' meeting shall
81 automatically and without further action revoke such member's previous electronic ballot,
82 vote, authorization, or consent, if any.

Section 41. 1. A cooperative, by its articles or bylaws, may authorize patron
2 members to have an additional vote for:

3 (1) A stipulated amount of business transacted between the patron member and
4 cooperative;

5 (2) Where the patron member is another cooperative, a stipulated number of
6 patron members of such member;

7 (3) A certain stipulated amount of equity allocated to or held by a patron member
8 in the cooperative;

9 (4) A combination of methods in subdivisions (1) to (3) of this subsection.

10 **2. A cooperative that is organized into units or districts of patron members may,**
11 **by the articles or bylaws, authorize the delegates elected by its patron members to have an**
12 **additional vote for:**

13 **(1) A stipulated amount of business transacted between the patron members in the**
14 **units or districts and the cooperative;**

15 **(2) A certain stipulated amount of equity allocated to or held by the patron**
16 **members of the units or districts of the cooperative; or**

17 **(3) A combination of methods in subdivisions (1) and (2) of this subsection.**

Section 42. Unless otherwise set forth in the articles or bylaws:

2 **(1) Membership interests of a cooperative owned by another business entity as of**
3 **the record date may be voted by the chair, chief executive officer, or an officer of that**
4 **organization authorized to vote the membership interest by such business entity;**

5 **(2) Subject to section 43 of this act, membership interests held in the name of a**
6 **member, but under the control of another person as such member's personal**
7 **representative, administrator, executor, guardian, conservator, or similar position may be**
8 **voted by such person, either in person or by proxy, in the place of the member upon the**
9 **filing of notice to the cooperative;**

10 **(3) Subject to section 43 of this act, membership interests in the name of a trustee**
11 **in bankruptcy or a receiver as of the record date are not eligible to vote and may not be**
12 **voted by such trustee or receiver;**

13 **(4) The grant of a security interest in a membership interest does not entitle the**
14 **holders of the security interest to vote.**

Section 43. A cooperative that holds ownership interests of another business entity
2 **may, by direction of the board, elect or appoint a person to represent the cooperative at a**
3 **meeting of the business entity. The representative has authority to represent the**
4 **cooperative and may cast the cooperative's vote at the business entity's meeting.**

Section 44. 1. A cooperative may, by resolution of the board and without first
2 **obtaining member approval, upon those terms and conditions and for those considerations,**
3 **which may be money, securities, or other instruments for the payment of money or other**
4 **property, as the board considers expedient:**

5 **(1) Sell, lease, transfer, or otherwise dispose of its property and assets in the usual**
6 **and regular course of its business;**

7 **(2) Sell, lease, transfer, or otherwise dispose of a portion, but not all or substantially**
8 **all, of its property and assets not in the usual and regular course of its business;**

9 **(3) Sell, lease, transfer, or otherwise dispose of all or substantially all of its property**
10 **and assets not in the usual and regular course of its business if:**

11 (a) The cooperative has given written notice to the members of the impending or
12 potential disposition prior to the disposition; and

13 (b) The board has determined that failure to proceed with the disposition would
14 be adverse to the interests of the members and the cooperative;

15 (4) Grant a security interest in all or substantially all of its property and assets
16 whether or not in the usual and regular course of its business;

17 (5) Transfer any or all of its property to a business entity all the ownership interests
18 of which are owned by the cooperative; or

19 (6) For purposes of debt financing, transfer any or all of its property to a special
20 purpose entity owned or controlled by the cooperative for an asset securitization.

21 2. Except as otherwise provided in the bylaws or in subdivision (3) of subsection 1
22 of this section, the board may sell, lease, transfer, or otherwise dispose of all or
23 substantially all of the cooperative's property and assets, including its good will, not in the
24 usual and regular course of its business, upon those terms and conditions and for those
25 considerations, which may be money, securities, or other instruments for the payment of
26 money or other property, when such action is approved by the members at a regular or
27 special members' meeting in accordance with section 38 of this act. Written notice of the
28 meeting shall be given to the members and shall state that a purpose of the meeting is to
29 consider the sale, lease, transfer, or other disposition of all or substantially all of the
30 property and assets of the cooperative.

31 3. The transferee is liable for the debts, obligations, and liabilities of the transferor
32 only to the extent provided in the contract or agreement between the transferee and the
33 transferor or to the extent provided by law.

 Section 45. 1. A restriction on the transfer of membership interests of a cooperative
2 may be imposed in the articles, bylaws, by a resolution adopted by the members, or by an
3 agreement among or other written action by a number of members or holders of other
4 membership interests or among them and the cooperative. A restriction is not binding with
5 respect to membership interests issued prior to the adoption of the restriction, unless the
6 holders of those membership interests are parties to the agreement or voted in favor of the
7 restriction.

8 2. The articles or bylaws may, but are not required to, provide that the cooperative
9 or the patron members, individually or collectively, have the first right of purchasing the
10 membership interests of any membership interests, or class thereof, offered for sale upon
11 the terms and conditions as set forth in the articles or bylaws. A repurchase of the
12 membership interests by the cooperative shall render such membership interests null and
13 void.

14 **3. Except as provided in subsection 4 of this section or as otherwise provided in the**
15 **articles or bylaws, a member's financial rights are transferable in whole or in part. Such**
16 **an assignment does not dissolve the cooperative and does not entitle or empower the**
17 **assignee to become a member, to exercise any governance rights, to receive any notices**
18 **from the cooperative, or to cause dissolution of the cooperative.**

19 **4. A restriction on the assignment of financial rights may be imposed in the articles**
20 **or bylaws, by a resolution adopted by the board, by a resolution adopted by the members,**
21 **by an agreement among or other written action by the members, or by an agreement**
22 **among or other written action by the members and the cooperative. A restriction is not**
23 **binding with respect to financial rights reflected in the required records before the**
24 **adoption of the restriction, unless the owners of those financial rights are parties to the**
25 **agreement or voted in favor of the restriction. Once a restriction is imposed under this**
26 **subsection, such restriction cannot be amended or removed by the members unless by an**
27 **affirmative two-thirds majority vote of the members at an annual or special members'**
28 **meeting.**

29 **5. On application to a court of competent jurisdiction by any judgment creditor of**
30 **a member, the court may charge a member's or an assignee's financial rights with payment**
31 **of the unsatisfied amount of the judgment with interest. To the extent so charged, the**
32 **judgment creditor has only the rights of an assignee of a member's financial rights under**
33 **this section. Sections 1 to 77 of this act shall not deprive any member or assignee of**
34 **financial rights of the benefit of any exemption laws applicable to the membership interest.**
35 **This section is the sole and exclusive remedy of a judgment creditor with respect to the**
36 **judgment debtor's membership interest.**

37 **6. Subject to section 42 of this act and except as otherwise set forth in the bylaws,**
38 **if a member who is an individual dies or a court of competent jurisdiction adjudges the**
39 **member to be incompetent to manage the member's person or property, or an order for**
40 **relief under the bankruptcy code is entered with respect to the member, the member's**
41 **executor, administrator, guardian, conservator, trustee, or other legal representative may**
42 **exercise all of the member's rights for the purpose of settling the estate or administering**
43 **the member's property. Subject to section 42 of this act, if a member is a business entity,**
44 **trust, or other entity and is dissolved, terminated, or placed by a court in receivership or**
45 **bankruptcy, the powers of that member may be exercised by its legal representative or**
46 **successor. The cooperative shall have the first right to repurchase the membership interest**
47 **of such deceased, incompetent or bankrupt member from such member's executor,**
48 **administrator, guardian, conservator, trustee or other legal representative, upon such**
49 **terms and as set forth in the bylaws, and shall have the first right to repurchase the**

50 membership interest of such dissolved, terminated or bankrupt business entity, trust, or
51 other business entity.

Section 46. 1. Subject to any restrictions in sections 1 to 77 of this act, the articles,
2 or bylaws regarding patron and nonpatron membership interests, and only when
3 authorized by the board, a cooperative may accept contributions, which may be patron or
4 nonpatron membership contributions under this section, make contribution agreements
5 under section 47 of this act, and make contribution rights agreements under section 48 of
6 this act.

7 2. Except as otherwise set forth in the bylaws, a person may make a contribution
8 to a cooperative:

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

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

14 3. No purported contribution is to be treated or considered as a contribution,
15 unless:

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

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

21 4. The determination of the board as to the amount or fair value or the fairness to
22 the cooperative of the contribution accepted or to be accepted by the cooperative or the
23 terms of payment or performance, including under a contribution agreement in section 47
24 of this act, and a contribution rights agreement in section 48 of this act, are presumed to
25 be proper if they are made in good faith and on the basis of accounting methods, or a fair
26 valuation or other method, reasonable in the circumstances.

Section 47. 1. A contribution agreement, whether made before or after the
2 formation of the cooperative, is not enforceable against the would-be contributor unless
3 it is in writing and signed by the would-be contributor.

4 2. Unless otherwise provided in the contribution agreement, or unless all of the
5 would-be contributors and, if in existence, the cooperative, consent to a shorter or longer
6 period in the contribution agreement, a contribution agreement is irrevocable for a period
7 of six months.

8 **3. A contribution agreement, whether made before or after the formation of a**
9 **cooperative, shall be paid or performed in full at the time or times, or in the installments,**
10 **if any, specified in the contribution agreement. In the absence of a provision in the**
11 **contribution agreement specifying the time at which the contribution is to be paid or**
12 **performed, the contribution shall be paid or performed at the time or times determined by**
13 **the board.**

14 **4. (1) Unless otherwise provided in the contribution agreement, in the event of**
15 **default in the payment or performance of an installment or call when due, the cooperative**
16 **may proceed to collect the amount due in the same manner as a debt due the cooperative.**
17 **If a would-be contributor does not make a required contribution of property or services,**
18 **the cooperative shall require the would-be contributor to contribute cash equal to that**
19 **portion of the value, as determined in section 46 of this act, of the contribution that has not**
20 **been made.**

21 **(2) If the amount due under a contribution agreement remains unpaid for a period**
22 **of twenty days after written notice of demand for payment has been given to the delinquent**
23 **would-be contributor, the cooperative may:**

24 **(a) Terminate the contribution agreement and automatically revoke and cancel any**
25 **membership interest issued to the would-be contributor under the contribution agreement,**
26 **and retain any portion of the contribution previously paid by the would-be contributor;**
27 **or**

28 **(b) Pursue any other remedy available to the cooperative at law or equity.**

29 **5. Unless otherwise provided in the articles or bylaws, a would-be contributor's**
30 **rights under a contribution agreement may not be assigned, in whole or in part, to another**
31 **person unless such assignment is approved by a majority of the board or unanimously by**
32 **the members, either of which may be by written consent, and upon such terms as set forth**
33 **in the bylaws.**

Section 48. 1. Subject to any restrictions in the articles or bylaws, a cooperative
2 **may enter into contribution rights agreements under the terms, provisions, and conditions**
3 **fixed by the board.**

4 **2. Any contribution rights agreement shall be in writing and the writing shall state**
5 **in full, summarize, or include by reference all of the agreement's terms, provisions, and**
6 **conditions of the rights to make contributions.**

7 **3. Unless otherwise provided in the articles or bylaws, a would-be contributor's**
8 **rights under a contribution rights agreement shall not be assigned, in whole or in part, to**
9 **a person who was not a member at the time of the assignment, unless all the members**
10 **approve the assignment by unanimous written consent.**

Section 49. 1. Unless otherwise set forth in the articles or bylaws, the board shall
2 **prescribe the allocation of profits and losses between patron membership interests**
3 **collectively and any other membership interests, which profits and losses may be allocated**
4 **between patron membership interests collectively and other membership interests on the**
5 **basis of the value of patronage by the patron membership interests collectively and other**
6 **membership interests, or as otherwise determined by the board. Unless otherwise stated**
7 **in the articles or bylaws, the allocation of profits to the patron membership interests**
8 **collectively shall not be less than fifty percent of the total profits in any fiscal year. In no**
9 **event shall the allocation of profits to the patron membership interests collectively be less**
10 **than fifteen percent of the total profits in any fiscal year.**

11 **2. Unless otherwise set forth in the bylaws, the board shall prescribe the**
12 **distribution of cash or other assets of the cooperative among the membership interests of**
13 **the cooperative. If not otherwise provided in the bylaws, distribution shall be made to the**
14 **patron membership interests collectively and other members on the basis of the number**
15 **of membership interests issued to such member in relation to the total amount of**
16 **membership interests then issued and outstanding. Unless otherwise set forth in the**
17 **articles or bylaws, the distributions to patron membership interests collectively shall not**
18 **be less than fifty percent of the total distributions in any fiscal year. In no event shall the**
19 **distributions to patron membership interests collectively be less than fifteen percent of the**
20 **total distributions in any year.**

Section 50. 1. A cooperative may set aside a portion of net income allocated to the
2 **patron membership interests as the board determines advisable to create or maintain a**
3 **capital reserve.**

4 **2. Except as otherwise set forth in the bylaws, in addition to a capital reserve, the**
5 **board may, for patron membership interests:**

6 **(1) Set aside an amount, to be determined by the board, of the annual net income**
7 **of the cooperative for promoting and encouraging the cooperative;**

8 **(2) Set aside and retain that portion of the annual net income as determined by the**
9 **board to be necessary to meet the upcoming and ongoing capital needs of the cooperative;**
10 **and**

11 **(3) Establish and accumulate reserves for advancement of the cooperative's**
12 **business purposes.**

13 **3. Net income allocated to patron members in excess of dividends on equity and**
14 **additions to reserves shall be distributed to patron members on the basis of patronage. A**
15 **cooperative may, but is not obligated to, establish pooling arrangements and/or allocation**
16 **units as determined by the board, whether the units are functional, divisional,**

17 departmental, geographic, or otherwise and may account for and distribute net income to
18 patrons on the basis of such allocation units and/or pooling arrangements. A cooperative,
19 as determined by the board, may offset the net loss of an allocation unit and/or pooling
20 arrangement against the net income of other allocation units or pooling arrangements, and
21 may set off any amounts owed to the cooperative by a member from amounts otherwise
22 distributable to a member.

23 4. Unless otherwise set forth in the bylaws, distribution of net income shall be made
24 at least annually. The board shall present to the members at their annual meeting a report
25 covering the operations of the cooperative during the preceding fiscal year.

26 5. A cooperative may distribute net income to patron members in cash, capital
27 credits, allocated patronage equities, revolving fund certificates, scrip or its own or other
28 securities as determined by the board.

29 6. The cooperative, through its bylaws or through a separate agreement by and
30 between the member and the cooperative, may obligate the member to accept the method
31 of taxation of the member's distribution as determined by the board, regardless of the form
32 of such distribution.

33 7. The cooperative may provide in the bylaws that nonmember patrons are allowed
34 to participate in the distribution of net income payable to patron members on equal or
35 unequal terms with patron members.

36 8. Except as otherwise set forth in the bylaws, if a nonmember patron with
37 patronage credits is not qualified or eligible for membership, a refund due may be credited
38 to the nonpatron's individual account. The board may issue a certificate of interest to
39 reflect the credited amount.

Section 51. 1. A cooperative may, in lieu of paying or delivering to the state the
2 unclaimed property specified in its report of unclaimed property filed under section
3 447.539:

4 (1) Distribute the unclaimed property to a business entity or organization that is
5 exempt from taxation; or

6 (2) Retain the unclaimed property as operational reserve funds.

7 2. The right of an owner to unclaimed property held by a cooperative is
8 extinguished when the property is disbursed by the cooperative to a tax exempt
9 organization or retained by the cooperative as set forth in subsection 1 of this section if:

10 (1) A reasonable effort to distribute the property to the member has been made by
11 the cooperative; and

12 (2) (a) Notice that the payment is available has been mailed to the last known
13 address of the person shown by the records to be entitled to the property; or

14 (b) If the member's address is unknown, notice is published in an official
15 publication of the cooperative; and

16 (3) The cooperative has received no response from the member within the two-year
17 period following the date such notice was mailed or published as the case may be.

Section 52. 1. As used in sections 52, 53 and 54 of this act, the following words shall
2 mean:

3 (1) "Consolidated entity", that entity, or those entities, which are being
4 consolidated into the new entity as described in the plan of consolidation;

5 (2) "Merging entity", that entity, or those entities, which are merging into the
6 surviving entity as described in the plan of merger;

7 (3) "New entity", that entity created due to a consolidation of entities as described
8 in the plan of consolidation;

9 (4) "Ownership interest", shares, membership interests (patron and nonpatron
10 membership interests in the case of a cooperative), or other instances of ownership,
11 whether certificated or uncertificated, in a business entity;

12 (5) "Surviving entity", that entity into which all other merging entities shall merge
13 as described in the plan of merger.

14 2. (1) Unless otherwise prohibited by Missouri statute or the statutes of a foreign
15 jurisdiction, cooperatives organized under the laws of this state may merge or consolidate
16 with each other, one or more domestic business entities and/or one or more foreign
17 business entities by complying with:

18 (a) The provisions of this section;

19 (b) The provisions of the law of the state of domicile of the surviving or new entity;
20 and

21 (c) The provisions of the law of the state of domicile of all merging entities.

22 (2) Mergers or consolidations involving domestic business entities shall be subject
23 to the revised statutes of Missouri governing such domestic business entity.

24 (3) This subsection does not authorize a foreign business entity to do any act not
25 authorized by the law governing the foreign business entity.

26 3. To initiate a merger or consolidation under subsection 2 of this section, a written
27 plan of merger or consolidation shall be prepared by the board or by a committee selected
28 by the board to prepare a plan. The plan shall state:

29 (1) The names and states of domicile of the cooperatives, domestic business entities,
30 or foreign business entities in a consolidation, or the names and state of domicile of each
31 merging entity;

32 (2) The name and state of domicile of the surviving or new entity;

33 (3) The manner and basis of converting ownership interests of the constituent
34 domestic cooperatives in a consolidation, or the merging entities in a merger into
35 membership or ownership interests in the surviving or new entity;

36 (4) The terms of the merger or consolidation;

37 (5) Provided the surviving entity shall be a cooperative subject to sections 1 to 77
38 of this act, the election by the cooperative of either a corporate or partnership tax structure
39 under federal income tax law;

40 (6) The proposed effect of the consolidation or merger on the ownership interests
41 of the members (including patron and nonpatron members in the case of a cooperative),
42 shareholders or owners of the new or surviving entity, as the case may be; and

43 (7) For a consolidation, the plan shall contain the articles of the entity or
44 organizational documents to be filed with the state in which the new entity is organized,
45 including any filings in Missouri.

46 4. The board shall mail or otherwise transmit or deliver notice of the merger or
47 consolidation to each member in the same manner as notice of a regular or special
48 members' meeting is given. The notice shall contain the full text of the plan, and the time
49 and place of the meeting at which the plan will be considered.

50 5. (1) A plan of merger or consolidation shall be adopted by a cooperative as
51 provided in this subsection.

52 (2) A plan of merger or consolidation is adopted if:

53 (a) A quorum of the members eligible to vote is registered as being present or
54 represented by mail vote or alternative ballot at the members' meeting; and

55 (b) The plan is approved by the patron members, or if otherwise provided in the
56 articles or bylaws, is approved by a majority of the votes cast in each class of votes cast, or
57 for a cooperative with articles or bylaws requiring more than a majority of the votes cast
58 or other conditions for approval, the plan is approved by a proportion of the votes cast or
59 a number of total members as required by the articles or bylaws and the conditions for
60 approval in the articles or bylaws have been satisfied.

61 (3) After the plan has been adopted, articles of merger or articles of consolidation
62 stating that the plan was adopted according to this subsection shall be signed by an
63 authorized representative of each of the merging or consolidated entities, and an
64 authorized representative of the new or surviving entity. A copy of the plan shall be
65 attached to such articles of merger or consolidation.

66 (4) The articles of merger or consolidation shall be filed in the office of the
67 secretary of state.

68 **(5) For a merger, the articles of the surviving cooperative subject to sections 1 to**
69 **77 of this act are deemed amended to the extent provided in the articles of merger.**

70 **(6) Unless a later date is provided in the plan, the merger or consolidation is**
71 **effective when the articles of merger or consolidation are filed in the office of the secretary**
72 **of state or the appropriate office of another jurisdiction.**

73 **(7) In the case of a merger, the secretary of state shall issue a certificate of merger**
74 **following the filing of the articles of merger by the secretary of state.**

75 **(8) In the case of a consolidation, the secretary of state shall issue a certificate of**
76 **organization following the filing of the articles of consolidation by the secretary of state.**

77 **6. (1) After the effective date:**

78 **(a) In the case of a merger, the merging entity or entities and the surviving entity**
79 **shall become a single entity, and the separate existence of each merging entity that is a**
80 **party to the plan of merger shall cease;**

81 **(b) In the case of a consolidation, the new entity shall be formed and the separate**
82 **existence of each consolidated domestic or foreign business entity that is a party to the plan**
83 **of consolidation shall cease.**

84 **(2) The surviving or new entity possesses all of the rights and property of each of**
85 **the merging or consolidated entities and is responsible for all their obligations. The title**
86 **to property of the merging or consolidated entity or entities is vested in the surviving or**
87 **new entity without reversion or impairment of the title caused by the merger or**
88 **consolidation.**

89 **(3) If it shall be the case that a domestic or foreign business entity not organized as**
90 **a cooperative association but operating on a cooperative basis under the provisions of**
91 **subchapter T of the Internal Revenue Code of 1986, as amended, shall merge into a**
92 **cooperative under sections 1 to 77 of this act, then the bylaws and other cooperative**
93 **agreements related to such entity shall be allowed to govern without further amendment,**
94 **and the surviving entity may continue to operate in the same manner as the merging entity,**
95 **so long as such operations, bylaws or other cooperative agreements do not directly violate**
96 **sections 1 to 77 of this act.**

Section 53. 1. A parent cooperative owning at least ninety percent of the
2 **outstanding ownership interests in a subsidiary business entity, whether directly or**
3 **indirectly through related organizations, may merge the subsidiary business entity into**
4 **itself or into any other subsidiary of which at least ninety percent of the outstanding**
5 **ownership interests is owned by the parent cooperative, whether directly or indirectly**
6 **through related organizations, without a vote of the members of itself or any subsidiary**
7 **business entity or may merge itself, or itself and one or more of the subsidiary business**

8 entities, into one of the subsidiary business entities under this section. A resolution
9 approved by the affirmative vote of a majority of the directors of the parent cooperative
10 present shall set forth a plan of merger that contains:

11 (1) The name and states of domicile of the subsidiary business entity or entities, the
12 name of the parent, and the name of the surviving entity;

13 (2) The manner and basis of converting the ownership interests of the subsidiary
14 business entity or business entities or parent into ownership interests of the parent,
15 subsidiary, or other business entity or, in the whole or in part, into money or other
16 property;

17 (3) If the parent is a merging entity, a provision for the pro rata issuance of
18 ownership interests of the surviving entity to the holders of membership interests of the
19 parent on surrender of any certificates for shares of the parent;

20 (4) If the surviving entity is a subsidiary, a statement of any amendments to the
21 articles of incorporation, organization or association, as the case may be, of the surviving
22 entity that will be part of the merger;

23 (5) If the parent is the surviving entity, it may change its cooperative name, without
24 a vote of its members, by the inclusion of a provision to that effect in the resolution of
25 merger setting forth the plan of merger that is approved by the affirmative vote of a
26 majority of the directors of the parent. Upon the effective date of the merger, the name of
27 the parent shall be changed; and

28 (6) If the parent is a merging entity, the resolution is not effective unless it is also
29 approved by the affirmative vote of the holders of two-thirds of the voting power of all
30 membership interests of the parent entitled to vote at a regular or special members'
31 meeting if the parent is a cooperative, or in accordance with the laws under which it is
32 organized if the parent is another domestic business entity or a foreign business entity or
33 cooperative.

34 2. Notice of the action, including a copy of the plan of merger, shall be given to each
35 member, other than the parent and any subsidiary of each subsidiary that is a constituent
36 cooperative in the merger before, or within ten days after, the effective date of the merger.

37 3. Articles of merger shall be prepared that contain:

38 (1) The name and states of domicile of each merging entity and the name and states
39 of domicile of the surviving entity;

40 (2) The plan of merger; and

41 (3) A statement that the plan of merger has been approved by the parent under this
42 section.

43 **4. The articles of merger shall be signed on behalf of the parent and filed with the**
44 **secretary of state.**

45 **5. The secretary of state shall issue a certificate of merger to the surviving entity**
46 **or its legal representative.**

Section 54. 1. After a plan of merger has been approved by the members entitled
2 **to vote on the approval of the plan and before the effective date of the plan, the plan may**
3 **be abandoned by the same vote that approved the plan.**

4 **2. A plan of merger may be abandoned before the effective date of the plan by a**
5 **resolution of the board of any surviving entity or merging entity, subject to the contract**
6 **rights of any other person under the plan. If a plan of merger is with a foreign business**
7 **entity, the plan of merger may be abandoned before the effective date of the plan by a**
8 **resolution of the foreign business entity adopted according to the laws of the state under**
9 **which the foreign business entity is organized, subject to the contract rights of any other**
10 **person under the plan. If the plan of merger is with a domestic business entity, the plan**
11 **of merger may be abandoned by the domestic business entity in accordance with the**
12 **provisions of the revised statutes of Missouri, subject to the contractual rights of any other**
13 **person under the plan.**

14 **3. If articles of merger have been filed with the secretary of state, but have not yet**
15 **become effective, the constituent organizations, or any one of them, shall file with the**
16 **secretary of state articles of abandonment that contain:**

17 **(1) The names of the constituent organizations;**

18 **(2) The provisions of this section under which the plan is abandoned and the text**
19 **of the resolution abandoning the plan.**

Section 55. A cooperative may be dissolved by the affirmative vote of two-thirds of
2 **the members or by order of the court.**

Section 56. Before a cooperative begins dissolution, a notice of intent to dissolve
2 **shall be filed with the secretary of state. The notice shall contain:**

3 **(1) The name of the cooperative;**

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

6 **(3) A statement that the requisite vote of the members approved the proposed**
7 **dissolution.**

Section 57. 1. After the notice of intent to dissolve has been filed with the secretary
2 **of state, the board, or the officers acting under the direction of the board shall proceed as**
3 **soon as possible:**

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

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

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

11 3. Tangible and intangible property, including money, remaining after the
12 discharge of the debts, obligations, and liabilities of the cooperative shall be distributed to
13 the members and former members as provided in the articles or bylaws, which may be on
14 the basis of such member's patronage with the cooperative, unless otherwise provided by
15 law. If previously authorized by the members, the tangible and intangible property of the
16 cooperative may be liquidated and disposed of at the discretion of the board.

 Section 58. 1. Dissolution proceedings may be revoked before the articles of
2 dissolution are filed with the secretary of state.

3 2. The board may call a members' meeting to consider the advisability of revoking
4 the dissolution proceedings. The question of the proposed revocation shall be submitted
5 to the members at the members' meeting called to consider the revocation. The dissolution
6 proceedings are revoked if the proposed revocation is approved at the members' meeting
7 by a majority of the members of the cooperative or for a cooperative with articles or
8 bylaws requiring a greater number of members, the number of members required by the
9 articles or bylaws.

10 3. Revocation of dissolution proceedings is effective when a notice of revocation is
11 filed with the secretary of state. After the notice is filed, the cooperative may resume
12 business.

 Section 59. The claim of a creditor or claimant against a dissolving cooperative is
2 barred if the claim has not been enforced by initiating legal, administrative, or arbitration
3 proceedings concerning the claim by two years after the date the notice of intent to dissolve
4 is filed with the secretary of state.

 Section 60. 1. Articles of dissolution of a cooperative shall be filed with the
2 secretary of state after payment of the claims of all known creditors and claimants has been
3 made or provided for and the remaining property has been distributed by the board. The
4 articles of dissolution shall state:

5 (1) That all debts, obligations, and liabilities of the cooperative have been paid or
6 discharged or adequate provisions have been made for them or time periods allowing
7 claims have run and other claims are not outstanding;

8 (2) That the remaining property, assets, and claims of the cooperative have been
9 distributed among the members or under a liquidation authorized by the members; and

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

14 2. The cooperative is dissolved when the articles of dissolution have been filed with
15 the secretary of state.

16 3. The secretary of state shall issue to the dissolved cooperative or its legal
17 representative a certificate of dissolution that contains:

18 (1) The name of the dissolved cooperative;

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

20 (3) A statement that the cooperative is dissolved.

 Section 61. After a notice of intent to dissolve has been filed with the secretary of
2 state and before a certificate of dissolution has been issued, the cooperative or, for good
3 cause shown, a member or creditor, may apply to a court within the county where the
4 registered address is located to have the dissolution conducted or continued under the
5 supervision of the court.

 Section 62. 1. A court may grant equitable relief that it deems just and reasonable
2 in the circumstances or may dissolve a cooperative and liquidate its assets and business:

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

4 (2) In an action by a majority of the members when it is established that:

5 (a) The directors or the persons having the authority otherwise vested in the board
6 are deadlocked in the management of the cooperative's affairs and the members are unable
7 to break the deadlock;

8 (b) The board or those in control of the cooperative have breached their fiduciary
9 duties to the members;

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

14 (d) The cooperative assets are being misapplied or wasted; or

15 (e) The period of duration as provided in the articles has expired and has not been
16 extended as provided in sections 1 to 77 of this act; and

17 (3) In an action by a creditor when:

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

21 (b) In an action by the attorney general to dissolve the cooperative in accordance
22 with sections 1 to 77 of this act when it is established that a decree of dissolution is
23 appropriate.

24 2. In determining whether to order equitable relief or dissolution, the court shall
25 take into consideration the financial condition of the cooperative but shall not refuse to
26 order equitable relief or dissolution solely on the grounds that the cooperative has
27 accumulated operating net income or current operating net income.

28 3. In deciding whether to order dissolution of the cooperative, the court shall
29 consider whether lesser relief suggested by one or more parties, such as a form of equitable
30 relief or a partial liquidation, would be adequate to permanently relieve the circumstances
31 established under subdivision (2) of subsection 1 of this section. Lesser relief may be
32 ordered if it would be appropriate under the facts and circumstances of the case.

33 4. If the court finds that a party to a proceeding brought under this section has
34 acted arbitrarily, or otherwise not in good faith, the court may in its discretion award
35 reasonable expenses, including attorney fees and disbursements to any of the other parties.

36 5. Proceedings under this section shall be brought in a court within the county
37 where the registered address of the cooperative is located.

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

 Section 63. 1. In dissolution proceedings before a hearing can be completed the
2 court may:

3 (1) Issue injunctions;

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

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

6 (4) Carry on the business of the cooperative.

7 2. After a hearing is completed, upon notice to parties to the proceedings and to
8 other parties in interest designated by the court, the court may appoint a receiver to collect
9 the cooperative's assets, including amounts owing to the cooperative by subscribers on
10 account of an unpaid portion of the consideration for the issuance of shares. A receiver has
11 authority, subject to the order of the court, to continue the business of the cooperative and
12 to sell, lease, transfer, or otherwise dispose of the property and assets of the cooperative
13 either at public or private sale.

14 **3. The assets of the cooperative or the proceeds resulting from a sale, lease,**
15 **transfer, or other disposition shall be applied in the following order of priority:**

16 **(1) The costs and expense of the proceedings, including attorney fees and**
17 **disbursements;**

18 **(2) Debts, taxes, and assessments due the United States, this state, and other states**
19 **in that order;**

20 **(3) Claims duly proved and allowed to employees under the provisions of the**
21 **workers' compensation act except that claims under this clause may not be allowed if the**
22 **cooperative carried workers' compensation insurance, as provided by law, at the time the**
23 **injury was sustained;**

24 **(4) Claims, including the value of all compensation paid in a medium other than**
25 **money, proved and allowed to employees for services performed within three months**
26 **preceding the appointment of the receiver, if any; and**

27 **(5) Other claims proved and allowed.**

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

Section 64. 1. A receiver shall be a natural person or a domestic business entity or
2 **a foreign business entity authorized to transact business in this state. A receiver shall give**
3 **a bond as directed by the court with the sureties required by the court.**

4 **2. A receiver may sue and defend in all courts as receiver of the cooperative. The**
5 **court appointing the receiver has exclusive jurisdiction over the cooperative and its**
6 **property.**

Section 65. 1. A cooperative may be dissolved involuntarily by a decree of a court
2 **in this state in an action filed by the attorney general if it is established that:**

3 **(1) The articles and certificate of organization were procured through fraud;**

4 **(2) The cooperative was organized for a purpose not permitted by sections 1 to 77**
5 **of this act or prohibited by state law;**

6 **(3) The cooperative has flagrantly violated a provision of sections 1 to 77 of this act,**
7 **has violated a provision of sections 1 to 77 of this act more than once, or has violated more**
8 **than one provision of sections 1 to 77 of this act; or**

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

11 **2. An action may not be commenced under subsection 1 of this section until forty-**
12 **five days after notice to the cooperative by the attorney general of the reason for the filing**
13 **of the action. If the reason for filing the action is an act that the cooperative has done, or**

14 omitted to do, and the act or omission may be corrected by an amendment of the articles
15 or bylaws or by performance of or abstention from the act, the attorney general shall give
16 the cooperative thirty additional days to make the correction before filing the action. If the
17 cooperative makes the correction within such thirty-day period, the attorney general shall
18 not file the action.

Section 66. 1. In proceedings to dissolve a cooperative, the court may require all
2 creditors and claimants of the cooperative to file their claims under oath with the court
3 administrator or with the receiver in a form prescribed by the court.

4 2. If the court requires the filing of claims, the court shall:

5 (1) Set a date, by order, at least one hundred twenty days after the date the order
6 is filed as the last day for the filing of claims; and

7 (2) Prescribe the notice of the fixed date that shall be given to creditors and
8 claimants.

9 3. Fixed date or extension for filing. Before the fixed date, the court may extend
10 the time for filing claims. Creditors and claimants failing to file claims on or before the
11 fixed date may be barred, by order of court, from claiming an interest in or receiving
12 payment out of the property or assets of the cooperative.

Section 67. The involuntary or supervised voluntary dissolution of a cooperative
2 may be discontinued at any time during the dissolution proceedings if it is established that
3 cause for dissolution does not exist. The court shall dismiss the proceedings and direct the
4 receiver, if any, to redeliver to the cooperative its remaining property and assets.

Section 68. 1. In an involuntary or supervised voluntary dissolution, after the costs
2 and expenses of the proceedings and all debts, obligations, and liabilities of the cooperative
3 have been paid or discharged and the remaining property and assets have been distributed
4 to its members or, if its property and assets are not sufficient to satisfy and discharge the
5 costs, expenses, debts, obligations, and liabilities, when all the property and assets have
6 been applied so far as they will go to their payment according to their priorities, the court
7 shall enter an order dissolving the cooperative.

8 2. When the order dissolving the cooperative has been entered, the cooperative is
9 dissolved.

Section 69. After the court enters an order dissolving a cooperative, the court
2 administrator shall cause a certified copy of the dissolution order to be filed with the
3 secretary of state. The secretary of state shall not charge a fee for filing the dissolution
4 order.

Section 70. 1. A person who is or becomes a creditor or claimant before, during,
2 or following the conclusion of dissolution proceedings, who does not file a claim or pursue

3 a remedy in a legal, administrative, or arbitration proceeding during the pendency of the
4 dissolution proceeding or has not initiated a legal, administrative, or arbitration
5 proceeding before the commencement of the dissolution proceedings and all those claiming
6 through or under the creditor or claimant, are forever barred from suing on that claim or
7 otherwise realizing upon or enforcing it, except as provided in this section.

8 **2. Debts, obligations, and liabilities incurred during dissolution proceedings shall**
9 **be paid or provided for by the cooperative before the distribution of assets to a member.**
10 **A person to whom this kind of debt, obligation, or liability is owed but is not paid may**
11 **pursue any remedy against the offenders, directors, or members of the cooperative before**
12 **the expiration of the applicable statute of limitations. This subsection shall not apply to**
13 **dissolution under the supervision or order of a court.**

Section 71. After a cooperative has been dissolved, any of its former officers,
2 **directors, or members may assert or defend, in the name of the cooperative, a claim by or**
3 **against the cooperative.**

Section 72. 1. (1) Subject to the constitution of this state, the laws of the
2 **jurisdiction under which a foreign cooperative is organized govern its organization and**
3 **internal affairs and the liability of its members. A foreign cooperative shall not be denied**
4 **a certificate of authority to transact business in this state by reason of any difference**
5 **between those laws and the laws of this state.**

6 **(2) A foreign cooperative holding a valid certificate of authority in this state has no**
7 **greater rights or privileges than a domestic cooperative. The certificate of authority does**
8 **not authorize the foreign cooperative to exercise any of its powers or purposes that a**
9 **domestic cooperative is forbidden by law to exercise in this state.**

10 **(3) A foreign cooperative may apply for a certificate of authority under any name**
11 **that would be available to a cooperative, whether or not the name is the name under which**
12 **it is authorized in its jurisdiction of organization.**

13 **(4) Nothing contained herein shall be interpreted to require a foreign business**
14 **entity which is not formed as a cooperative association under the laws of any foreign**
15 **jurisdiction but is otherwise operating on a cooperative basis to comply with the provisions**
16 **of sections 1 to 77 of this act, including but not limited to obtaining a certificate of**
17 **authority as set forth in subsection 2 of this section. Such an entity shall, however, remain**
18 **obligated to comply with the revised statutes of Missouri, as applicable to such entity.**

19 **2. (1) Before transacting business in this state, a foreign cooperative shall obtain**
20 **a certificate of authority from the secretary of state. An applicant for the certificate shall**
21 **submit to the secretary of state an application for registration as a foreign cooperative,**
22 **signed by an authorized person and setting forth:**

23 (a) The name of the foreign cooperative and, if different, the name under which it
24 proposes to register and transact business in this state;

25 (b) The jurisdiction of its organization or formation, and the date of such
26 organization or formation;

27 (c) The name and business address, which may not be a post office box, of the
28 proposed registered agent in this state, which agent shall be an individual resident of this
29 state, a domestic business entity, or a foreign cooperative having a place of business in, and
30 authorized to do business in, this state;

31 (d) The address of the registered office required to be maintained in the jurisdiction
32 of its organization by the laws of that jurisdiction or, if not so required, of the principal
33 place of business of the foreign cooperative;

34 (e) The date the foreign cooperative expires in the jurisdiction of its organization;
35 and

36 (f) A statement that the secretary of state is appointed as the agent of the foreign
37 cooperative for service of process if the foreign cooperative fails to maintain a registered
38 agent in this state or if the agent cannot be found or served with the exercise of reasonable
39 diligence.

40 (2) The application shall be accompanied by filing fee of one hundred dollars.

41 (3) The application shall also be accompanied by a certificate of good standing or
42 certificate of existence issued by the secretary of state of the foreign cooperative's state of
43 domicile, which certificate shall be dated within sixty days of the date of filing.

44 (4) If the secretary of state finds that an application for a certificate of authority
45 conforms to law and all fees have been paid, the secretary of state shall:

46 (a) File the original application; and

47 (b) Return the original application to the person who filed it with a certificate of
48 authority issued by the secretary of state.

49 (5) A certificate of authority issued under this section is effective from the date the
50 application is filed with the secretary of state accompanied by the payment of the requisite
51 fees.

52 (6) If any statement in the application for a certificate of authority by a foreign
53 cooperative was false when made or any arrangements or other facts described have
54 changed, making the application inaccurate in any respect, the foreign cooperative shall
55 promptly file with the secretary of state:

56 (a) In the case of a change in its name, a termination, or a merger, a certificate to
57 that effect authenticated by the proper officer of the state or country under the laws of
58 which the foreign cooperative is organized; or

59 (b) A fee for the document, which is the same as the fee for filing an amendment.

60 3. A foreign cooperative authorized to transact business in this state shall:

61 (1) Appoint and continuously maintain a registered agent in the same manner as
62 provided in section 10 of this act; or

63 (2) File a report upon any change in the name or business address of its registered
64 agent in the same manner as provided in section 10 of this act.

65 4. (1) A foreign cooperative authorized to transact business in this state may cancel
66 its registration by filing articles of cancellation with the secretary of state, which articles
67 of cancellation shall set forth:

68 (a) The name of the foreign cooperative and the state or country under the laws of
69 which it is organized;

70 (b) That the foreign cooperative is not transacting business in this state;

71 (c) That the foreign cooperative surrenders its authority to transact business in this
72 state;

73 (d) That the foreign cooperative revokes the authority of its registered agent in this
74 state to accept service of process and consents to that service of process in any action, suit,
75 or proceeding based upon any cause of action arising in this state out of the transaction of
76 the foreign cooperative in this state;

77 (e) A post office address to which a person may mail a copy of any process against
78 the foreign cooperative; and

79 (f) That the authority of the secretary of state to accept service of process in this
80 state for any cause of action arising out of the transactions of the foreign cooperative in this
81 state remains in full force and effect.

82 (2) The filing with the secretary of state of a certificate of termination or a
83 certificate of merger if the foreign cooperative is not the surviving organization from the
84 proper officer of the state or country under the laws of which the foreign cooperative is
85 organized constitutes a valid application of withdrawal and the authority of the foreign
86 cooperative to transact business in this state shall cease upon filing of the certificate.

87 (3) The certificate of authority of a foreign cooperative to transact business in this
88 state may be revoked by the secretary of state upon the occurrence of any of the following
89 events:

90 (a) The foreign cooperative has failed to appoint and maintain a registered agent
91 as required by sections 1 to 77 of this act, file a report upon any change in the name or
92 business address of the registered agent, or file in the office of the secretary of state any
93 amendment to its application for a certificate of authority as specified in subdivision (6)
94 of subsection 2 of this section; or

95 (b) A misrepresentation has been made of any material matter in any application,
96 report, affidavit, or other document submitted by the foreign cooperative under sections
97 1 to 77 of this act.

98 (4) No certificate of authority of a foreign cooperative shall be revoked by the
99 secretary of state unless:

100 (a) The secretary of state has given the foreign cooperative not less than sixty days'
101 notice by mail addressed to its registered office in this state or, if the foreign cooperative
102 fails to appoint and maintain a registered agent in this state, addressed to the office address
103 in the jurisdiction of organization; and

104 (b) During the sixty-day period, the foreign cooperative has failed to file the report
105 of change regarding the registered agent, to file any amendment, or to correct the
106 misrepresentation.

107 (5) Sixty days after the mailing of the notice without the foreign cooperative taking
108 the action set forth in paragraph (b) of subdivision (4) of this subsection, the authority of
109 the foreign cooperative to transact business in this state ceases. The secretary of state shall
110 issue a certificate of revocation and shall mail the certificate to the address of the registered
111 agent in this state or if there is none, then to the principal place of business or the
112 registered office required to be maintained in the jurisdiction of organization of the foreign
113 cooperative.

114 5. (1) A foreign cooperative transacting business in this state shall not maintain any
115 action, suit, or proceeding in any court of this state until it possesses a certificate of
116 authority.

117 (2) The failure of a foreign cooperative to obtain a certificate of authority does not
118 impair the validity of any contract or act of the foreign cooperative or prevent the foreign
119 cooperative from defending any action, suit, or proceeding in any court of this state.

120 (3) A foreign cooperative, by transacting business in this state without a certificate
121 of authority, appoints the secretary of state as its agent upon whom any notice, process, or
122 demand may be served.

123 (4) A foreign cooperative that transacts business in this state without a valid
124 certificate of authority is liable to the state for the years or parts of years during which it
125 transacted business in this state without the certificate in any amount equal to all fees that
126 would have been imposed by sections 1 to 77 of this act upon the foreign cooperative had
127 it duly obtained the certificate, filed all reports required by sections 1 to 77 of this act, and
128 paid all penalties imposed by sections 1 to 77 of this act. The attorney general shall bring
129 proceedings to recover all amounts due this state under the provisions of this section.

130 **(5) A foreign cooperative that transacts business in this state without a valid**
131 **certificate of authority is subject to a civil penalty, payable to the state, not to exceed five**
132 **thousand dollars. Each director or, in the absence of directors, each member or agent who**
133 **authorizes, directs, or participates in the transaction of business in this state on behalf of**
134 **a foreign cooperative that does not have a certificate is subject to a civil penalty, payable**
135 **to the state, not to exceed one thousand dollars.**

136 **(6) The civil penalties set forth in subdivision (5) of this subsection may be**
137 **recovered in an action brought in this state by the attorney general. Upon a finding by the**
138 **court that a foreign cooperative or any of its members, directors, or agents have transacted**
139 **business in this state in violation of sections 1 to 77 of this act, the court shall issue, in**
140 **addition to the imposition of a civil penalty, an injunction restraining the further**
141 **transaction of the business of the foreign cooperative and the further exercise of the foreign**
142 **cooperative's rights and privileges in this state. The foreign cooperative shall be enjoined**
143 **from transacting business in this state until all civil penalties plus any interest and court**
144 **costs that the court may assess have been paid and until the foreign cooperative has**
145 **otherwise complied with the provisions of sections 1 to 77 of this act.**

146 **(7) A member of a foreign cooperative is not liable for the debts and obligations of**
147 **the foreign cooperative solely by reason of foreign cooperative's having transacted business**
148 **in this state without a valid certificate of authority.**

149 **6. (1) The following activities of a foreign cooperative, among others, do not**
150 **constitute transacting business within the meaning of this section:**

151 **(a) Maintaining or defending any action or suit or any administrative arbitration**
152 **proceeding, or settling any proceeding, claim or dispute;**

153 **(b) Holding meetings of its members or carrying on any other activities concerning**
154 **its internal affairs;**

155 **(c) Maintaining bank accounts;**

156 **(d) Having members that are residents of this state or such members having retail**
157 **locations in this state;**

158 **(e) Selling through independent contractors;**

159 **(f) Soliciting or obtaining orders, whether by mail or through employees or agents**
160 **or otherwise, if the orders require acceptance outside this state before they become**
161 **contracts;**

162 **(g) Creating or acquiring indebtedness, mortgages, and security interests in real**
163 **or personal property;**

164 **(h) Securing or collecting debts or enforcing mortgages, and security interests in**
165 **property securing the debts;**

166 (i) Selling or transferring title to property in this state to any person; or
167 (j) Conducting an isolated transaction that is completed within thirty days and that
168 is not one in the course of repeated transactions of a like manner.

169 (2) For purposes of this section, any foreign cooperative that owns
170 income-producing real or tangible personal property in this state, other than property
171 exempted under subdivision (1) of this subsection, is considered to be transacting business
172 in this state.

173 (3) The list of activities in subdivision (1) of this subsection is not exhaustive. This
174 subsection does not apply in determining the contracts or activities that may subject a
175 foreign cooperative to service of process or taxation in this state or to regulation under any
176 other law of this state.

177 7. The secretary of state and/or the attorney general may bring an action to restrain
178 a foreign cooperative from transacting business in this state in violation of sections 1 to 77
179 of this act or other laws of this state.

180 8. Service of process on a foreign cooperative shall be as provided under Missouri
181 law.

Section 73. 1. Any notice to members given by the cooperative under any provision
2 of sections 1 to 77 of this act, the articles, or the bylaws may be given in any of the
3 following forms, and such notice is deemed given:

4 (1) If by facsimile communication, when directed to a telephone number at which
5 the member has consented to receive notice;

6 (2) If by electronic mail, when directed to an electronic mail address at which the
7 member has consented to receive notice;

8 (3) If by a posting on an electronic network on which the member has consented
9 to receive notice, together with separate notice to the member of the specific posting, upon
10 the later of:

11 (a) The posting; and

12 (b) The giving of the separate notice;

13 (4) If by any other form of electronic communication by which the member has
14 consented to receive notice, when directed to the member;

15 (5) If by United States mail, then when placed in the mail and directed to the
16 address shown as the last known address of the member in the records of the cooperative;
17 and

18 (6) If by overnight courier service, then when delivered to the courier service and
19 directed to the address shown as the last known address of the member in the records of
20 the cooperative.

21 **2. For any notice which is required to be given to a director under sections 1 to 77**
22 **of this act, such notice may be given in any method as set forth in subsection 1 of this**
23 **section upon such director consenting to such director's receipt of notice in such manner.**

24 **3. For a member that is a business entity, notice mailed or delivered by an**
25 **alternative method under subsection 1 of this section shall be to an officer of the entity.**

26 **4. An affidavit of the secretary, other authorized officer, or authorized agent of the**
27 **cooperative that the notice has been given by a form of electronic communication is, in the**
28 **absence of fraud, prima facie evidence of the facts stated in the affidavit.**

29 **5. Consent by a member to notice given by electronic communication may be given**
30 **in writing or by authenticated electronic communication. The cooperative is entitled to**
31 **rely on any consent so given until revoked by the member, provided that no revocation**
32 **affects the validity of any notice given before receipt by the cooperative of revocation of the**
33 **consent.**

34 **6. Unless otherwise stated herein, all notices shall be deemed effective when given.**

35 **7. Failure of a member to receive a special or regular members' meeting notice does**
36 **not invalidate an action taken by the members at a members' meeting.**

Section 74. A cooperative formed under and operating in compliance with sections
2 **1 to 77 of this act shall not be deemed or construed to be a franchise under the laws of the**
3 **state of Missouri.**

Section 75. 1. As used in this section, the following terms mean:

2 **(1) "Electronic", relating to technology, having electrical, digital, magnetic,**
3 **wireless, optical, electromagnetic, or similar capabilities;**

4 **(2) "Electronic record", a record created, generated, sent, communicated, received,**
5 **or stored by electronic means;**

6 **(3) "Electronic signature", an electronic sound, symbol, or process attached to or**
7 **logically associated with a record and executed or adopted by a person with the intent to**
8 **sign the record;**

9 **(4) "Record", information that is inscribed on a tangible medium or that is stored**
10 **in an electronic or other medium and is retrievable in perceivable form;**

11 **(5) "Signed", the signature of a person that has been written on a document, and**
12 **with respect to a document required by sections 1 to 77 of this act to be filed with the**
13 **secretary of state, a document that has been signed by a person authorized to do so by**
14 **sections 1 to 77 of this act, the articles, or bylaws, or by a resolution approved by the board**
15 **or the members. A signature on a document may be a facsimile affixed, engraved, printed,**
16 **placed, stamped with indelible ink, transmitted by facsimile or electronically, or in any**
17 **other manner reproduced on the document.**

18 **2. For purposes of sections 1 to 77 of this act:**

19 **(1) A record or signature shall not be denied legal effect or enforceability solely**
20 **because it is in electronic form;**

21 **(2) A contract shall not be denied legal effect or enforceability solely because an**
22 **electronic record was used in its formation;**

23 **(3) If a provision requires a record to be in writing, an electronic record satisfies**
24 **the requirement; and**

25 **(4) If a provision requires a signature, an electronic signature satisfies the**
26 **requirement.**

Section 76. The state reserves the right to amend or repeal the provisions of sections
2 **1 to 77 of this act by law. A cooperative organized or governed by sections 1 to 77 of this**
3 **act is subject to this reserved right.**

Section 77. Unless otherwise provided, the filing fee for documents filed under
2 **sections 1 to 77 of this act shall be determined by the secretary of state.**