

THE HOUSE OF REPRESENTATIVES
Thursday, February 28, 2008

House Bill No. 2722

HOUSE BILL NO. 2722 - By: ARMES of the House and IVESTER of the Senate.

(cooperatives - creating the Uniform Limited Cooperative Association Act -
codification - effective date)

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

ARTICLE 1

GENERAL PROVISIONS

1 SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma
2 Statutes as Section 440-101 of Title 18, unless there is created a duplication in
3 numbering, reads as follows:

4 SHORT TITLE. Sections 1 through 149 of this act shall be known and may be cited
5 as the "Uniform Limited Cooperative Association Act".

6 SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma
7 Statutes as Section 440-102 of Title 18, unless there is created a duplication in
8 numbering, reads as follows:

9 DEFINITIONS. In the Uniform Limited Cooperative Association Act:

10 (1) "Articles of organization" means the articles of organization of a limited
11 cooperative association required by Section 30 of this act. The term includes the articles
12 as amended or restated.

1 (2) "Board of directors" means the board of directors of a limited cooperative
2 association.

3 (3) "Bylaws" means the bylaws of a limited cooperative association. The term
4 includes the bylaws as amended or restated.

5 (4) "Certificate of authority" means a certificate issued by the Secretary of State for
6 a foreign cooperative to transact business in this state.

7 (5) "Contribution", except as used in subsection (c) of Section 97 of this act, means a
8 benefit that a person provides to a limited cooperative association to become or remain a
9 member or in the person's capacity as a member.

10 (6) "Cooperative" means a limited cooperative association or an entity organized
11 under any cooperative law of any jurisdiction.

12 (7) "Designated office" means the office that a limited cooperative association or a
13 foreign cooperative is required to designate and maintain under paragraph (1) of
14 subsection (a) of Section 17 of this act.

15 (8) "Director" means a director of a limited cooperative association.

16 (9) "Distribution", except as used in subsection (e) of Section 96 of this act, means a
17 transfer of money or other property from a limited cooperative association to a member
18 because of the member's financial rights or to a transferee of a member's financial rights.

19 (10) "Entity" means a person other than an individual.

20 (11) "Financial rights" means the right to participate in allocations and
21 distributions as provided in Articles 10 and 12 of this act but does not include rights or
22 obligations under a marketing contract governed by Article 7 of this act.

1 (12) “Foreign cooperative” means an entity organized in a jurisdiction other than
2 this state under a law similar to the Uniform Limited Cooperative Association Act.

3 (13) “Governance rights” means the right to participate in governance of a limited
4 cooperative association.

5 (14) “Investor member” means a member that has made a contribution to a limited
6 cooperative association and

7 (A) is not required by the organic rules to conduct patronage with the
8 association in the member’s capacity as an investor member in order to
9 receive the member’s interest; or

10 (B) is not permitted by the organic rules to conduct patronage with the
11 association in the member’s capacity as an investor member in order to
12 receive the member’s interest.

13 (15) “Limited cooperative association” means an association organized under the
14 Uniform Limited Cooperative Association Act.

15 (16) “Member” means a person that is admitted as a patron member or investor
16 member, or both, in a limited cooperative association. The term does not include a
17 person that has dissociated as a member.

18 (17) “Member’s interest” means the interest of a patron member or investor
19 member under Section 57 of this act.

20 (18) “Members meeting” means an annual members meeting or special meeting of
21 members.

1 (19) “Organic law” means the statute providing for the creation of an entity or
2 principally governing its internal affairs.

3 (20) “Organic rules” means the articles of organization and bylaws of a limited
4 cooperative association.

5 (21) “Organizer” means an individual who signs the initial articles of organization.

6 (22) “Patron member” means a member that has made a contribution to a limited
7 cooperative association and:

8 (A) is required by the organic rules to conduct patronage with the
9 association in the member’s capacity as a patron member in order to
10 receive the member’s interest; or

11 (B) is permitted by the organic rules to conduct patronage with the
12 association in the member’s capacity as a patron member in order to
13 receive the member’s interest.

14 (23) “Patronage” means business transactions between a limited cooperative
15 association and a person which entitle the person to receive financial rights based on the
16 value or quantity of business done between the association and the person.

17 (24) “Person” means an individual, corporation, business trust, cooperative, estate,
18 trust, partnership, limited partnership, limited liability company, limited cooperative
19 association, joint venture, association, public corporation, government or governmental
20 subdivision, agency, or instrumentality, or any other legal or commercial entity.

21 (25) “Principal office” means the principal executive office of a limited cooperative
22 association or foreign cooperative, whether or not in this state.

1 (26) "Record", used as a noun, means information that is inscribed on a tangible
2 medium or that is stored in an electronic or other medium and is retrievable in
3 perceivable form.

4 (27) "Required information" means the information a limited cooperative
5 association is required to maintain under Section 14 of this act.

6 (28) "Sign" means, with present intent to authenticate or adopt a record:

7 (A) to execute or adopt a tangible symbol; or

8 (B) to attach to or logically associate with the record an electronic symbol,
9 sound, or process.

10 (29) "State" means a state of the United States, the District of Columbia, Puerto
11 Rico, the United States Virgin Islands, or any territory or insular possession subject to
12 the jurisdiction of the United States.

13 (30) "Transfer" includes an assignment, conveyance, deed, bill of sale, lease,
14 mortgage, security interest, encumbrance, gift, and transfer by operation of law.

15 (31) "Voting group" means any combination of one or more voting members in one
16 or more districts or classes that under the organic rules or the Uniform Limited
17 Cooperative Association Act are entitled to vote and can be counted together collectively
18 on a matter at a members meeting.

19 (32) "Voting member" means a member that, under the organic law or organic
20 rules, has a right to vote on matters subject to vote by members under the organic law or
21 organic rules.

1 (33) "Voting power" means the total current power of members to vote on a
2 particular matter for which a vote may or is to be taken.

3 SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma
4 Statutes as Section 440-103 of Title 18, unless there is created a duplication in
5 numbering, reads as follows:

6 LIMITED COOPERATIVE ASSOCIATION SUBJECT TO AMENDMENT OR
7 REPEAL OF THE UNIFORM LIMITED COOPERATIVE ASSOCIATION ACT. A
8 limited cooperative association governed by the Uniform Limited Cooperative Association
9 Act is subject to any amendment or repeal of the Uniform Limited Cooperative
10 Association Act.

11 SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma
12 Statutes as Section 440-104 of Title 18, unless there is created a duplication in
13 numbering, reads as follows:

14 NATURE OF LIMITED COOPERATIVE ASSOCIATION.

15 (a) A limited cooperative association organized under the Uniform Limited
16 Cooperative Association Act is an autonomous, unincorporated association of persons
17 united to meet their mutual interests through a jointly owned enterprise primarily
18 controlled by those persons, which permits combining:

19 (1) Ownership, financing, and receipt of benefits by the members for whose
20 interests the association is formed; and

21 (2) Separate investments in the association by members who may receive returns
22 on their investments and a share of control.

1 (b) The fact that a limited cooperative association does not have one or more of the
2 characteristics described in subsection (a) of this section does not alone prevent the
3 association from being formed under and governed by the Uniform Limited Cooperative
4 Association Act nor does it alone provide a basis for an action against the association.

5 SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma
6 Statutes as Section 440-105 of Title 18, unless there is created a duplication in
7 numbering, reads as follows:

8 PURPOSE AND DURATION OF LIMITED COOPERATIVE ASSOCIATION.

9 (a) A limited cooperative association is an entity distinct from its members.

10 (b) A limited cooperative association may be organized for any lawful purpose,
11 whether or not for profit except for supplying electric energy in rural areas. A
12 cooperative organized for the purpose of supplying electric energy and promoting and
13 extending the use thereof in rural areas must be organized under the Rural Electric
14 Cooperative Act.

15 (c) Unless the articles of organization state a term for a limited cooperative
16 association's existence, the association has perpetual duration.

17 SECTION 6. NEW LAW A new section of law to be codified in the Oklahoma
18 Statutes as Section 440-106 of Title 18, unless there is created a duplication in
19 numbering, reads as follows:

20 POWERS. A limited cooperative association may sue and be sued in its own name
21 and do all things necessary or convenient to carry on its activities. An association may

1 maintain an action against a member for harm caused to the association by the member's
2 violation of a duty to the association or of the organic law or organic rules.

3 SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma
4 Statutes as Section 440-107 of Title 18, unless there is created a duplication in
5 numbering, reads as follows:

6 GOVERNING LAW. The law of this state governs:

7 (1) The internal affairs of a limited cooperative association; and

8 (2) The liability of a member as member and a director as director for the debts,
9 obligations, or other liabilities of a limited cooperative association.

10 SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma
11 Statutes as Section 440-108 of Title 18, unless there is created a duplication in
12 numbering, reads as follows:

13 SUPPLEMENTAL PRINCIPLES OF LAW. Unless displaced by particular
14 provisions of the Uniform Limited Cooperative Association Act, the principles of law and
15 equity supplement the Uniform Limited Cooperative Association Act.

16 SECTION 9. NEW LAW A new section of law to be codified in the Oklahoma
17 Statutes as Section 440-109 of Title 18, unless there is created a duplication in
18 numbering, reads as follows:

19 REQUIREMENTS OF OTHER LAWS.

20 (a) The Uniform Limited Cooperative Association Act does not alter or amend any
21 law that governs the licensing and regulation of an individual or entity in carrying on a

1 specific business or profession even if that law permits the business or profession to be
2 conducted by a limited cooperative association, a foreign cooperative, or its members.

3 (b) A limited cooperative association may not conduct an activity that, under law of
4 this state other than the Uniform Limited Cooperative Association Act, may be
5 conducted only by an entity that meets specific requirements for the internal affairs of
6 that entity unless the organic rules of the association conform to those requirements.

7 SECTION 10. NEW LAW A new section of law to be codified in the Oklahoma
8 Statutes as Section 440-110 of Title 18, unless there is created a duplication in
9 numbering, reads as follows:

10 RELATION TO RESTRAINT OF TRADE AND ANTITRUST LAWS. To the extent
11 a limited cooperative association or activities conducted by the association in this state
12 meet the material requirements for other cooperatives entitled to an exemption from or
13 immunity under any provision of Title 79 of the Oklahoma Statutes, the association and
14 its activities are entitled to the exemption or immunity. This section does not create any
15 new exemption or immunity for an association or affect any exemption or immunity
16 provided to a cooperative organized under any other law.

17 SECTION 11. NEW LAW A new section of law to be codified in the Oklahoma
18 Statutes as Section 440-111 of Title 18, unless there is created a duplication in
19 numbering, reads as follows:

20 NAME.

1 (a) Use of the term “cooperative” or its abbreviation under the Uniform Limited
2 Cooperative Association Act is not a violation of the provisions restricting the use of the
3 term under Section 435 of Title 18 of the Oklahoma Statutes.

4 (b) The name of a limited cooperative association must contain the words “limited
5 cooperative association” or “limited cooperative” or the abbreviation “L.C.A.” or “LCA”.
6 “Limited” may be abbreviated as “Ltd.”. “Cooperative” may be abbreviated as “Co-op” or
7 “Coop”. “Association” may be abbreviated as “Assoc.” or “Assn.” A limited cooperative
8 association or a member may enforce the restrictions on the use of the term “cooperative”
9 under the Uniform Limited Cooperative Association Act and Section 435 of Title 18 of the
10 Oklahoma Statutes.

11 (c) Except as otherwise provided in subsection (d) of this section, a limited
12 cooperative association may use only a name that is available. A name is available if it is
13 distinguishable in the records of the Secretary of State from:

14 (1) The name of any entity organized or authorized to transact business in this
15 state;

16 (2) A name reserved under Section 12 of this act; and

17 (3) An alternative name approved for a foreign cooperative authorized to transact
18 business in this state.

19 (d) A limited cooperative association may apply to the Secretary of State for
20 authorization to use a name that is not available. The Secretary of State shall authorize
21 use of the name if:

1 (1) The person with ownership rights to use the name consents in a record to the
2 use and applies in a form satisfactory to the Secretary of State to change the name used
3 or reserved to a name that is distinguishable upon the records of the Secretary of State
4 from the name applied for; or

5 (2) The applicant delivers to the Secretary of State a certified copy of the final
6 judgment of a court establishing the applicant's right to use the name in this state.

7 SECTION 12. NEW LAW A new section of law to be codified in the Oklahoma
8 Statutes as Section 440-112 of Title 18, unless there is created a duplication in
9 numbering, reads as follows:

10 RESERVATION OF NAME.

11 (a) A person may reserve the exclusive use of the name of a limited cooperative
12 association, including a fictitious name for a foreign cooperative whose name is not
13 available under Section 11 of this act, by delivering an application to the Secretary of
14 State for filing. The application must set forth the name and address of the applicant
15 and the name proposed to be reserved. If the Secretary of State finds that the name
16 applied for is available under Section 11 of this act, the Secretary of State shall reserve
17 the name for the applicant's exclusive use for a nonrenewable period of one hundred
18 twenty (120) days.

19 (b) A person that has reserved a name for a limited cooperative association may
20 transfer the reservation to another person by delivering to the Secretary of State a
21 signed notice of the transfer which states the name, street address, and, if different, the
22 mailing address of the transferee. If the person is an organizer of the association and the

1 name of the association is the same as the reserved name, the delivery of articles of
2 organization for filing by the Secretary of State is a transfer by the person to the
3 association.

4 SECTION 13. NEW LAW A new section of law to be codified in the Oklahoma
5 Statutes as Section 440-113 of Title 18, unless there is created a duplication in
6 numbering, reads as follows:

7 EFFECT OF ORGANIC RULES.

8 (a) The relations between a limited cooperative association and its members are
9 consensual. Unless required, limited, or prohibited by the Uniform Limited Cooperative
10 Association Act, the organic rules may provide for any matter concerning the relations
11 among the members of the association and between the members and the association, the
12 activities of the association, and the conduct of its activities.

13 (b) The matters referred to in paragraphs (1) through (11) of this subsection may be
14 varied only in the articles of organization. The articles may:

15 (1) State a term of existence for the association under subsection (c) of Section 5 of
16 this act;

17 (2) Limit or eliminate the acceptance of new or additional members by the initial
18 board of directors under subsection (b) of Section 31 of this act;

19 (3) Vary the limitations on the obligations and liability of members for association
20 obligations under Section 43 of this act;

21 (4) Require a notice of an annual members meeting to state a purpose of the
22 meeting under subsection (b) of Section 47 of this act;

- 1 (5) Vary the board of directors meeting quorum under subsection (a) of Section 80
2 of this act;
- 3 (6) Vary the matters the board of directors may consider in making a decision
4 under Section 85 of this act;
- 5 (7) Specify causes of dissolution under paragraph (1) of Section 103 of this act;
- 6 (8) Delegate amendment of the bylaws to the board of directors pursuant to
7 subsection (f) of Section 37 of this act;
- 8 (9) Provide for member approval of asset dispositions under Section 130 of this act;
- 9 (10) Subject to Section 85 of this act, provide for the elimination or limitation of
10 liability of a director to the association or its members for money damages pursuant to
11 Section 83 of this act;
- 12 (11) Provide for permitting or making obligatory indemnification under subsection
13 (a) of Section 89 of this act; and
- 14 (12) Provide for any matters that may be contained in the organic rules, including
15 those under subsection (c) of this section.
- 16 (c) The matters referred to in paragraphs (1) through (25) of this subsection may be
17 varied only in the organic rules. The organic rules may:
- 18 (1) Require more information to be maintained under Section 14 or provided to
19 members under subsection (k) of Section 44 of this act;
- 20 (2) Provide restrictions on transactions between a member and an association
21 under Section 15 of this act;

- 1 (3) Provide for the percentage and manner of voting on amendments to the organic
2 rules by district, class, or voting group under subsection (a) of Section 36 of this act;
- 3 (4) Provide for the percentage vote required to amend the bylaws concerning the
4 admission of new members under paragraph (5) of subsection (e) of Section 37 of this act;
- 5 (5) Provide for terms and conditions to become a member under Section 41 of this
6 act;
- 7 (6) Restrict the manner of conducting members meetings under subsection (c) of
8 Section 45 of this act and subsection (e) of Section 46 of this act;
- 9 (7) Designate the presiding officer of members meetings under subsection (e) of
10 Section 45 of this act and subsection (g) of Section 46 of this act;
- 11 (8) Require a statement of purposes in the annual meeting notice under subsection
12 (b) of Section 47 of this act;
- 13 (9) Increase quorum requirements for members meetings under Section 49 of this
14 act and board of directors meetings under Section 80 of this act;
- 15 (10) Allocate voting power among members, including patron members and
16 investor members, and provide for the manner of member voting and action as permitted
17 by Sections 50 through 56 of this act;
- 18 (11) Authorize investor members and expand or restrict the transferability of
19 members' interests to the extent provided in Sections 58 through 60 of this act;
- 20 (12) Provide for enforcement of a marketing contract under subsection (a) of Section
21 65 of this act;

- 1 (13) Provide for qualification, election, terms, removal, filling vacancies, and
2 member approval for compensation of directors in accordance with Sections 68 through
3 70, 72, 74, and 75 of this act;
- 4 (14) Restrict the manner of conducting board meetings and taking action without a
5 meeting under Sections 76 and 77 of this act;
- 6 (15) Provide for frequency, location, notice and waivers of notice for board meetings
7 under Sections 78 and 79 of this act;
- 8 (16) Increase the percentage of votes necessary for board action under subsection
9 (b) of Section 81 of this act;
- 10 (17) Provide for the creation of committees of the board of directors and matters
11 related to the committees in accordance with Section 82 of this act;
- 12 (18) Provide for officers and their appointment, designation, and authority under
13 Section 87 of this act;
- 14 (19) Provide for forms and values of contributions under Section 91 of this act;
- 15 (20) Provide for remedies for failure to make a contribution under subsection (b) of
16 Section 92 of this act;
- 17 (21) Provide for the allocation of profits and losses of the association, distributions,
18 and the redemption or repurchase of distributed property other than money in
19 accordance with Sections 93 through 96 of this act;
- 20 (22) Specify when a member's dissociation is wrongful and the liability incurred by
21 the dissociating member for damage to the association under subsections (b) and (c) of
22 Section 99 of this act;

1 (23) Provide the personal representative, or other legal representative, of a
2 deceased member or a member adjudged incompetent with additional rights under
3 Section 101 of this act;

4 (24) Increase the percentage of votes required for board of director approval of:

5 (A) a resolution to dissolve under paragraph (1) of subsection (a) of Section
6 106 of this act;

7 (B) a proposed amendment to the organic rules under paragraph (1) of
8 subsection (a) of Section 34 of this act;

9 (C) a plan of conversion under subsection (a) of Section 136 of this act;

10 (D) a plan of merger under subsection (a) of Section 140 of this act; and

11 (E) a proposed disposition of assets under paragraph (1) of Section 132 of
12 this act; and

13 (25) Vary the percentage of votes required for members approval of:

14 (A) a resolution to dissolve under Section 106 of this act;

15 (B) an amendment to the organic rules under Section 37 of this act;

16 (C) a plan of conversion under Section 136 of this act;

17 (D) a plan of merger under Section 141 of this act; and

18 (E) a disposition of assets under Section 133 of this act.

19 (d) The organic rules must address members' contributions pursuant to Section 90
20 of this act.

1 SECTION 14. NEW LAW A new section of law to be codified in the Oklahoma
2 Statutes as Section 440-114 of Title 18, unless there is created a duplication in
3 numbering, reads as follows:

4 REQUIRED INFORMATION.

5 (a) Subject to subsection (b) of this section, a limited cooperative association shall
6 maintain in a record available at its principal office:

7 (1) A list containing the name, last-known street address and, if different, mailing
8 address, and term of office of each director and officer;

9 (2) The initial articles of organization and all amendments to and restatements of
10 the articles, together with a signed copy of any power of attorney under which any
11 article, amendment, or restatement has been signed;

12 (3) The initial bylaws and all amendments to and restatements of the bylaws;

13 (4) All filed articles of merger and statements of conversion;

14 (5) All financial statements of the association for the six (6) most recent years;

15 (6) The six most recent annual reports delivered by the association to the Secretary
16 of State;

17 (7) The minutes of members meetings for the six (6) most recent years;

18 (8) Evidence of all actions taken by members without a meeting for the six (6) most
19 recent years;

20 (9) A list containing:

- 1 (A) the name, in alphabetical order, and last-known street address and, if
2 different, mailing address of each patron member and each investor
3 member; and
- 4 (B) if the association has districts or classes of members, information from
5 which each current member in a district or class may be identified;
- 6 (10) The federal income tax returns, any state and local income tax returns, and
7 any tax reports of the association for the six (6) most recent years;
- 8 (11) Accounting records maintained by the association in the ordinary course of its
9 operations for the six (6) most recent years;
- 10 (12) The minutes of directors meetings for the six (6) most recent years;
- 11 (13) Evidence of all actions taken by directors without a meeting for the six (6) most
12 recent years;
- 13 (14) The amount of money contributed and agreed to be contributed by each
14 member;
- 15 (15) A description and statement of the agreed value of contributions other than
16 money made and agreed to be made by each member;
- 17 (16) The times at which, or events on the happening of which, any additional
18 contribution is to be made by each member;
- 19 (17) For each member, a description and statement of the member's interest or
20 information from which the description and statement can be derived; and
- 21 (18) All communications concerning the association made in a record to all
22 members, or to all members in a district or class, for the six (6) most recent years.

1 (b) If a limited cooperative association has existed for less than the period for which
2 records must be maintained under subsection (a) of this section, the period records must
3 be kept is the period of the association's existence.

4 (c) The organic rules may require that more information be maintained.

5 SECTION 15. NEW LAW A new section of law to be codified in the Oklahoma
6 Statutes as Section 440-115 of Title 18, unless there is created a duplication in
7 numbering, reads as follows:

8 BUSINESS TRANSACTIONS OF MEMBER WITH LIMITED COOPERATIVE
9 ASSOCIATION. Subject to Sections 83 and 84 of this act and except as otherwise
10 provided in the organic rules or a specific contract relating to a transaction, a member
11 may lend money to and transact other business with a limited cooperative association in
12 the same manner as a person that is not a member.

13 SECTION 16. NEW LAW A new section of law to be codified in the Oklahoma
14 Statutes as Section 440-116 of Title 18, unless there is created a duplication in
15 numbering, reads as follows:

16 DUAL CAPACITY. A person may have a patron member's interest and an investor
17 member's interest. When such person acts as a patron member, the person is subject to
18 the Uniform Limited Cooperative Association Act and the organic rules governing patron
19 members. When such person acts as an investor member, the person is subject to the
20 Uniform Limited Cooperative Association Act and the organic rules governing investor
21 members.

1 SECTION 17. NEW LAW A new section of law to be codified in the Oklahoma
2 Statutes as Section 440-117 of Title 18, unless there is created a duplication in
3 numbering, reads as follows:

4 DESIGNATED OFFICE AND AGENT FOR SERVICE OF PROCESS.

5 (a) A limited cooperative association, or a foreign cooperative that has a certificate
6 of authority under Section 125 of this act, shall designate and continuously maintain in
7 this state:

8 (1) An office, as its designated office, which need not be a place of the association's
9 or foreign cooperative's activity in this state; and

10 (2) An agent for service of process at the designated office.

11 (b) An agent for service of process of a limited cooperative association or foreign
12 cooperative must be an individual who is a resident of this state or an entity that is
13 authorized to do business in this state.

14 SECTION 18. NEW LAW A new section of law to be codified in the Oklahoma
15 Statutes as Section 440-118 of Title 18, unless there is created a duplication in
16 numbering, reads as follows:

17 CHANGE OF DESIGNATED OFFICE OR AGENT FOR SERVICE OF PROCESS.

18 (a) Except as otherwise provided in subsection (e) of Section 27 of this act, to
19 change its designated office, its agent for service of process, or the street address or, if
20 different, mailing address of its principal office, a limited cooperative association must
21 deliver to the Secretary of State for filing a statement of change containing:

22 (1) The name of the limited cooperative association;

- 1 (2) The street address and, if different, mailing address of its designated office;
- 2 (3) If the designated office is to be changed, the street address and, if different,
3 mailing address of the new designated office;
- 4 (4) The name of its agent for service of process; and
- 5 (5) If the agent for service of process is to be changed, the name of the new agent.
- 6 (b) Except as otherwise provided in subsection (e) of Section 27 of this act, to
7 change its agent for service of process, the address of its designated office, or the street
8 address or, if different, mailing address of its principal office, a foreign cooperative shall
9 deliver to the Secretary of State for filing a statement of change containing:
- 10 (1) The name of the foreign cooperative;
- 11 (2) The name, street address and, if different, mailing address of its designated
12 office;
- 13 (3) If the current agent for service of process or an address of the designated office
14 is to be changed, the new information;
- 15 (4) The street address and, if different, mailing address of its principal office; and
- 16 (5) If the street address or, if different, the mailing address of its principal office is
17 to be changed, the street address and, if different, the mailing address of the new
18 principal office.
- 19 (c) Except as otherwise provided in Section 24 of this act, a statement of change is
20 effective when filed by the Secretary of State.

1 SECTION 19. NEW LAW A new section of law to be codified in the Oklahoma
2 Statutes as Section 440-119 of Title 18, unless there is created a duplication in
3 numbering, reads as follows:

4 RESIGNATION OF AGENT FOR SERVICE OF PROCESS.

5 (a) To resign as an agent for service of process of a limited cooperative association
6 or foreign cooperative, the agent must deliver to the Secretary of State for filing a
7 statement of resignation containing the name of the agent and the name of the
8 association or foreign cooperative.

9 (b) After receiving a statement of resignation under subsection (a) of this section,
10 the Secretary of State shall file it and mail or otherwise provide or deliver a copy to the
11 limited cooperative association or foreign cooperative at its principal office.

12 (c) An agency for service of process of a limited cooperative association or foreign
13 cooperative terminates on the earlier of:

14 (1) The thirty-first day after the Secretary of State files a statement of resignation
15 under subsection (b) of this section; or

16 (2) When a record designating a new agent for service of process is delivered to the
17 Secretary of State for filing on behalf of the association or foreign cooperative and
18 becomes effective.

19 SECTION 20. NEW LAW A new section of law to be codified in the Oklahoma
20 Statutes as Section 440-120 of Title 18, unless there is created a duplication in
21 numbering, reads as follows

22 SERVICE OF PROCESS.

1 (a) An agent for service of process appointed by a limited cooperative association or
2 foreign cooperative is an agent of the association or foreign cooperative for service of
3 process, notice, or a demand required or permitted by law to be served upon the
4 association or foreign cooperative.

5 (b) If a limited cooperative association or foreign cooperative does not appoint or
6 maintain an agent for service of process in this state or the agent for service of process
7 cannot with reasonable diligence be found at the address of the designated office on file
8 with the Secretary of State, the Secretary of State is an agent of the association or
9 foreign cooperative upon which process, notice, or a demand may be served.

10 (c) Service of process, notice, or a demand on the Secretary of State as agent of a
11 limited cooperative association or foreign cooperative may be made by delivering to the
12 Secretary of State two copies of the process, notice, or demand. The Secretary of State
13 shall forward one copy by registered or certified mail, return receipt requested, to the
14 association or foreign cooperative at its principal office.

15 (d) Service is effected under subsection (c) of this section on the earliest of:

16 (1) The date the limited cooperative association or foreign cooperative receives the
17 process, notice, or demand;

18 (2) The date shown on the return receipt, if signed on behalf of the association or
19 foreign cooperative; or

20 (3) Five (5) days after the process, notice, or demand is deposited by the Secretary
21 of State for delivery by the United States Postal Service, if postage is prepaid to the
22 address of the principal office on file with the Secretary of State.

1 (e) The Secretary of State shall keep a record of each process, notice, and demand
2 served pursuant to this section and record the time of, and the action taken regarding,
3 the service.

4 (f) This section does not affect the right to serve process, notice, or a demand in any
5 other manner provided by law.

6 ARTICLE 2

7 FILING AND ANNUAL REPORTS

8 SECTION 21. NEW LAW A new section of law to be codified in the Oklahoma
9 Statutes as Section 440-201 of Title 18, unless there is created a duplication in
10 numbering, reads as follows:

11 SIGNING OF RECORDS DELIVERED FOR FILING TO SECRETARY OF STATE.

12 (a) A record delivered to the Secretary of State for filing pursuant to the Uniform
13 Limited Cooperative Association Act must be signed as follows:

14 (1) The initial articles of organization must be signed by at least one organizer.

15 (2) A statement of cancellation under subsection (d) of Section 30 of this act must
16 be signed by at least one organizer.

17 (3) Except as otherwise provided in paragraph (4) of this subsection, a record
18 signed on behalf of an existing limited cooperative association must be signed by an
19 officer.

20 (4) A record filed on behalf of a dissolved association must be signed by a person
21 winding up activities under Section 107 of this act or a person appointed under Section
22 107 of this act to wind up those activities.

1 (5) Any other record must be signed by the person on whose behalf the record is
2 delivered to the Secretary of State.

3 (b) Any record to be signed under the Uniform Limited Cooperative Association Act
4 may be signed by an authorized agent.

5 SECTION 22. NEW LAW A new section of law to be codified in the Oklahoma
6 Statutes as Section 440-202 of Title 18, unless there is created a duplication in
7 numbering, reads as follows:

8 SIGNING AND FILING OF RECORDS PURSUANT TO JUDICIAL ORDER.

9 (a) If a person required by the Uniform Limited Cooperative Association Act to sign
10 or deliver a record to the Secretary of State for filing does not do so, the district court of
11 the county where the association's principal office is located, or if the association does not
12 have a principal office in this state, where its designated office in this state is located,
13 upon petition of an aggrieved person, may order:

14 (1) The person to sign the record and deliver it to the Secretary of State for filing; or

15 (2) Delivery of the unsigned record to the Secretary of State for filing.

16 (b) An aggrieved person under subsection (a) of this section, other than the limited
17 cooperative association or foreign cooperative to which the record pertains, shall make
18 the association or foreign cooperative a party to the action brought to obtain the order.

19 (c) An unsigned record filed pursuant to this section is effective.

20 SECTION 23. NEW LAW A new section of law to be codified in the Oklahoma
21 Statutes as Section 440-203 of Title 18, unless there is created a duplication in
22 numbering, reads as follows:

1 DELIVERY TO AND FILING OF RECORDS BY SECRETARY OF STATE;

2 EFFECTIVE TIME AND DATE.

3 (a) A record authorized or required by the Uniform Limited Cooperative
4 Association Act to be delivered to the Secretary of State for filing must be captioned to
5 describe the record's purpose, be in a medium and format permitted by the Secretary of
6 State, and be delivered to the Secretary of State. If the filing fees have been paid, and
7 unless the Secretary of State determines that the record does not comply with the filing
8 requirements of the Uniform Limited Cooperative Association Act, the Secretary of State
9 shall file the record and send a copy of the filed record and a receipt for the fees to the
10 person on whose behalf the record was filed.

11 (b) The Secretary of State, upon request and payment of the required fee, shall
12 furnish a certified copy of any record filed by the Secretary of State under the Uniform
13 Limited Cooperative Association Act to the person making the request.

14 (c) Except as otherwise provided in Sections 18 and 24 of this act, a record
15 delivered to the Secretary of State for filing under the Uniform Limited Cooperative
16 Association Act may specify an effective time and a delayed effective date that may
17 include an effective time on that date. Except as otherwise provided in Sections 18 and
18 24 of this act, a record filed by the Secretary of State under the Uniform Limited
19 Cooperative Association Act is effective:

20 (1) If the record does not specify an effective time and does not specify a delayed
21 effective date, on the date and at the time the record is filed as evidenced by the
22 Secretary of State's endorsement of the date and time on the record;

1 (2) If the record specifies an effective time but not a delayed effective date, on the
2 date the record is filed at the time specified in the record;

3 (3) If the record specifies a delayed effective date but not an effective time, at 12:01
4 a.m. on the earlier of:

5 (A) the specified date; or

6 (B) the ninetieth day after the record is filed; or

7 (4) If the record specifies an effective time and a delayed effective date, at the
8 specified time on the earlier of:

9 (A) the specified date; or

10 (B) the ninetieth day after the record is filed.

11 SECTION 24. NEW LAW A new section of law to be codified in the Oklahoma
12 Statutes as Section 440-204 of Title 18, unless there is created a duplication in
13 numbering, reads as follows:

14 CORRECTING FILED RECORD.

15 (a) A limited cooperative association or foreign cooperative may deliver to the
16 Secretary of State for filing a statement of correction to correct a record previously
17 delivered by the association or foreign cooperative to the Secretary of State and filed by
18 the Secretary of State if, at the time of filing, the record contained inaccurate information
19 or was defectively signed.

20 (b) A statement of correction may not state a delayed effective date and must:

21 (1) Describe the record to be corrected, including its filing date, or have attached a
22 copy of the record as filed;

1 (2) Specify the inaccurate information and the reason it is inaccurate or the manner
2 in which the signing was defective; and

3 (3) Correct the inaccurate information or defective signature.

4 (c) When filed by the Secretary of State, a statement of correction is effective:

5 (1) When filed as to persons relying on the inaccurate information or defective
6 signature before its correction and adversely affected by the correction; and

7 (2) As to all other persons, retroactively as of the effective date and time of the
8 record the statement corrects.

9 SECTION 25. NEW LAW A new section of law to be codified in the Oklahoma
10 Statutes as Section 440-205 of Title 18, unless there is created a duplication in
11 numbering, reads as follows:

12 LIABILITY FOR INACCURATE INFORMATION IN FILED RECORD. If a record
13 delivered to the Secretary of State for filing under the Uniform Limited Cooperative
14 Association Act and filed by the Secretary of State contains inaccurate information, a
15 person that suffers a loss by reliance on the information may recover damages for the
16 loss from a person that signed the record or caused another to sign it on the person's
17 behalf and knew at the time the record was signed that the information was inaccurate.

18 SECTION 26. NEW LAW A new section of law to be codified in the Oklahoma
19 Statutes as Section 440-206 of Title 18, unless there is created a duplication in
20 numbering, reads as follows:

21 CERTIFICATE OF GOOD STANDING OR AUTHORIZATION.

1 (a) The Secretary of State, upon request and payment of the required fee, shall
2 furnish any person that requests it a certificate of good standing for a limited cooperative
3 association if the records filed in the Office of the Secretary of State show that the
4 Secretary of State has filed the association's articles of organization, that the association
5 is in good standing, and that the Secretary of State has not filed a statement of
6 termination.

7 (b) The Secretary of State, upon request and payment of the required fee, shall
8 furnish to any person that requests it a certificate of authority for a foreign cooperative if
9 the records filed in the Office of the Secretary of State show that the Secretary of State
10 has filed the foreign cooperative's certificate of authority, has not revoked nor has reason
11 to revoke the certificate of authority, and has not filed a notice of cancellation.

12 (c) Subject to any exceptions stated in the certificate, a certificate of good standing
13 or authority issued by the Secretary of State establishes conclusively that the limited
14 cooperative association or foreign cooperative is in good standing or is authorized to
15 transact business in this state.

16 SECTION 27. NEW LAW A new section of law to be codified in the Oklahoma
17 Statutes as Section 440-207 of Title 18, unless there is created a duplication in
18 numbering, reads as follows:

19 ANNUAL REPORT FOR SECRETARY OF STATE.

20 (a) A limited cooperative association or foreign cooperative authorized to transact
21 business in this state shall deliver to the Secretary of State for filing an annual report
22 that states:

1 (1) The name of the association or foreign cooperative;

2 (2) The street address and, if different, mailing address of the association's or
3 foreign cooperative's designated office and the name of its agent for service of process at
4 the designated office;

5 (3) The street address and, if different, mailing address of the association's or
6 foreign cooperative's principal office; and

7 (4) In the case of a foreign cooperative, the state or other jurisdiction under whose
8 law the foreign cooperative is formed and any alternative name adopted under Section
9 126 of this act.

10 (b) Information in an annual report must be current as of the date the report is
11 delivered to the Secretary of State.

12 (c) The first annual report must be delivered to the Secretary of State between
13 January 1 and April 1 of the year following the calendar year in which the limited
14 cooperative association is formed or the foreign cooperative is authorized to transact
15 business in this state. An annual report must be delivered to the Secretary of State
16 between January 1 and April 1 of each subsequent calendar year.

17 (d) If an annual report does not contain the information required by subsection (a)
18 of this section, the Secretary of State shall promptly notify the reporting limited
19 cooperative association or foreign cooperative and return the report for correction. If the
20 report is corrected to contain the information required by subsection (a) of this section
21 and delivered to the Secretary of State not later than thirty (30) days after the date of the
22 notice from the Secretary of State, it is timely delivered.

1 (e) If a filed annual report contains an address of the designated office, name of the
2 agent for service of process, or address of the principal office which differs from the
3 information shown in the records of the Secretary of State immediately before the filing,
4 the differing information in the annual report is considered a statement of change.

5 (f) If a limited cooperative association fails to deliver an annual report under this
6 section, the Secretary of State may proceed under Section 112 of this act to dissolve the
7 association administratively.

8 (g) If a foreign cooperative fails to deliver an annual report under this section, the
9 Secretary of State may revoke the certificate of authority of the cooperative.

10 SECTION 28. NEW LAW A new section of law to be codified in the Oklahoma
11 Statutes as Section 440-208 of Title 18, unless there is created a duplication in
12 numbering, reads as follows:

13 FILING FEES. The filing fees for records filed under the Uniform Limited
14 Cooperative Association Act by the Secretary of State shall be:

- 15 1. For filing articles of organization, One Hundred Dollars (\$100.00);
- 16 2. For filing an amendment to articles of organization or restated articles of
17 organization, Fifty Dollars (\$50.00);
- 18 3. For filing articles of merger or conversion, One Hundred Dollars (\$100.00);
- 19 4. For filing a statement of change of a designated office, agent for service of
20 process, address of an agent for service of process, or a statement of resignation of
21 registered agent, Twenty-five Dollars (\$25.00);
- 22 5. For filing a name reservation or notice of transfer, Ten Dollars (\$10.00);

- 1 (1) The name of the association;
- 2 (2) The purposes for which the association is formed;
- 3 (3) The street address and, if different, mailing address of the association's initial
4 designated office and the name of the association's initial agent for service of process at
5 the designated office;
- 6 (4) The street address and, if different, mailing address of the initial principal
7 office;
- 8 (5) The name and street address and, if different, mailing address of each
9 organizer; and
- 10 (6) The term for which the association is to exist if other than perpetual.
- 11 (b) Subject to subsection (a) of Section 13 of this act, articles of organization may
12 contain any other provisions in addition to those required by subsection (a) of this
13 section.
- 14 (c) A limited cooperative association is formed after articles of organization that
15 substantially comply with subsection (a) of this section are delivered to the Secretary of
16 State, are filed, and become effective under subsection (c) of Section 23 of this act.
- 17 (d) If articles of organization filed by the Secretary of State state a delayed effective
18 date, a limited cooperative association is not formed if, before the articles take effect, an
19 organizer signs and delivers to the Secretary of State for filing a statement of
20 cancellation.

1 SECTION 31. NEW LAW A new section of law to be codified in the Oklahoma
2 Statutes as Section 440-303 of Title 18, unless there is created a duplication in
3 numbering, reads as follows:

4 ORGANIZATION OF LIMITED COOPERATIVE ASSOCIATION.

5 (a) After a limited cooperative association is formed:

6 (1) If initial directors are named in the articles of organization, the initial directors
7 shall hold an organizational meeting to adopt initial bylaws and carry on any other
8 business necessary or proper to complete the organization of the association; or

9 (2) If initial directors are not named in the articles of organization, the organizers
10 shall designate the initial directors and call a meeting of the initial directors to adopt
11 initial bylaws and carry on any other business necessary or proper to complete the
12 organization of the association.

13 (b) Unless the articles of organization otherwise provide, the initial directors may
14 cause the limited cooperative association to accept members, including those necessary
15 for the association to begin business.

16 (c) Initial directors need not be members.

17 (d) An initial director serves until a successor is elected and qualified at a members'
18 meeting or the director is removed, resigns, is adjudged incompetent, or dies.

19 SECTION 32. NEW LAW A new section of law to be codified in the Oklahoma
20 Statutes as Section 440-304 of Title 18, unless there is created a duplication in
21 numbering, reads as follows:

22 BYLAWS.

1 (a) Bylaws must be in a record and, if not stated in the articles of organization,
2 must include:

3 (1) A statement of the capital structure of the limited cooperative association,
4 including:

5 (A) the classes or other types of members' interests and relative rights,
6 preferences, and restrictions granted to or imposed upon each class or
7 other type of member's interest; and

8 (B) the rights to share in profits or distributions of the association;

9 (2) A statement of the method for admission of members;

10 (3) A statement designating voting and other governance rights, including which
11 members have voting power and any restriction on voting power;

12 (4) A statement that a member's interest is transferable if it is to be transferable
13 and a statement of the conditions upon which it may be transferred;

14 (5) A statement concerning the manner in which profits and losses are allocated
15 and distributions are made among patron members and, if investor members are
16 authorized, the manner in which profits and losses are allocated and how distributions
17 are made among investor members and between patron members and investor members;

18 (6) A statement concerning:

19 (A) whether persons that are not members but conduct business with the
20 association may be permitted to share in allocations of profits and
21 losses and receive distributions; and

1 (B) the manner in which profits and losses are allocated and distributions
2 are made with respect to those persons; and

3 (7) A statement of the number and terms of directors or the method by which the
4 number and terms are determined.

5 (b) Subject to subsection (c) of Section 13 of this act and the articles of organization,
6 bylaws may contain any other provision for managing and regulating the affairs of the
7 association.

8 (c) In addition to amendments permitted under Article 4 of this act, the initial
9 board of directors may amend the bylaws by a majority vote of the directors at any time
10 before the admission of members.

11 ARTICLE 4

12 AMENDMENT OF ORGANIC RULES OF LIMITED COOPERATIVE ASSOCIATION

13 SECTION 33. NEW LAW A new section of law to be codified in the Oklahoma
14 Statutes as Section 440-401 of Title 18, unless there is created a duplication in
15 numbering, reads as follows:

16 AUTHORITY TO AMEND ORGANIC RULES.

17 (a) A limited cooperative association may amend its organic rules under this article
18 for any lawful purpose. In addition, the initial board of directors may amend the bylaws
19 of an association under Section 32 of this act.

20 (b) Unless the organic rules otherwise provide, a member does not have a vested
21 property right resulting from any provision in the organic rules, including a provision

1 relating to the management, control, capital structure, distribution, entitlement,
2 purpose, or duration of the limited cooperative association.

3 SECTION 34. NEW LAW A new section of law to be codified in the Oklahoma
4 Statutes as Section 440-402 of Title 18, unless there is created a duplication in
5 numbering, reads as follows:

6 NOTICE AND ACTION ON AMENDMENT OF ORGANIC RULES.

7 (a) Except as provided in subsection (a) of Section 33 of this act and subsection (f) of
8 Section 37 of this act, the organic rules of a limited cooperative association may be
9 amended only at a members meeting. An amendment may be proposed by either:

10 (1) A majority of the board of directors, or a greater percentage if required by the
11 organic rules; or

12 (2) One or more petitions signed by at least ten percent (10%) of the patron
13 members or at least ten percent (10%) of the investor members.

14 (b) The board of directors shall call a members meeting to consider an amendment
15 proposed pursuant to subsection (a) of this section. The meeting must be held not later
16 than ninety (90) days following the proposal of the amendment by the board or receipt of
17 a petition. The board must mail or otherwise transmit or deliver in a record to each
18 member:

19 (1) The proposed amendment, or a summary of the proposed amendment and a
20 statement of the manner in which a copy of the amendment in a record may be
21 reasonably obtained by a member;

1 (2) A recommendation that the members approve the amendment, or if the board
2 determines that because of conflict of interest or other special circumstances it should
3 not make a favorable recommendation, the basis for that determination;

4 (3) A statement of any condition of the board's submission of the amendment to the
5 members; and

6 (4) Notice of the meeting at which the proposed amendment will be considered,
7 which must be given in the same manner as notice for a special meeting of members.

8 SECTION 35. NEW LAW A new section of law to be codified in the Oklahoma
9 Statutes as Section 440-403 of Title 18, unless there is created a duplication in
10 numbering, reads as follows:

11 METHOD OF VOTING ON AMENDMENT OF ORGANIC RULES.

12 (a) A substantive change to a proposed amendment of the organic rules may not be
13 made at the members meeting at which a vote on the amendment occurs.

14 (b) A nonsubstantive change to a proposed amendment of the organic rules may be
15 made at the members meeting at which the vote on the amendment occurs and need not
16 be separately voted upon by the board of directors.

17 (c) A vote to adopt a nonsubstantive change to a proposed amendment to the
18 organic rules must be by the same percentage of votes required to pass a proposed
19 amendment.

20 SECTION 36. NEW LAW A new section of law to be codified in the Oklahoma
21 Statutes as Section 440-404 of Title 18, unless there is created a duplication in
22 numbering, reads as follows:

1 VOTING BY DISTRICT, CLASS, OR VOTING GROUP.

2 (a) This section applies if the organic rules provide for voting by district or class, or
3 if there is one or more identifiable voting groups that a proposed amendment to the
4 organic rules would affect differently from other members with respect to matters
5 identified in paragraphs (1) through (5) of subsection (e) of Section 37 of this act.
6 Approval of the amendment requires the same percentage of votes of the members of that
7 district, class, or voting group required in Sections 37 and 53 of this act.

8 (b) If a proposed amendment to the organic rules would affect members in two or
9 more districts or classes entitled to vote separately under subsection (a) of this section in
10 the same or a substantially similar way, the districts or classes affected must vote as a
11 single voting group unless the organic rules otherwise provide for separate voting.

12 SECTION 37. NEW LAW A new section of law to be codified in the Oklahoma
13 Statutes as Section 440-405 of Title 18, unless there is created a duplication in
14 numbering, reads as follows:

15 APPROVAL OF AMENDMENT.

16 (a) Subject to Section 36 of this act and subsections (c) and (d) of this section, an
17 amendment to the articles of organization must be approved by:

18 (1) At least two-thirds (2/3) of the voting power of members present at a members
19 meeting called under Section 34 of this act; and

20 (2) If the limited cooperative association has investor members, at least a majority
21 of the votes cast by patron members, unless the organic rules require a greater
22 percentage vote by patron members.

1 (b) Subject to Section 36 of this act and subsections (c), (d), (e) and (f) of this
2 section, an amendment to the bylaws must be approved by:

3 (1) At least a majority vote of the voting power of all members present at a
4 members meeting called under Section 34 of this act, unless the organic rules require a
5 greater percentage; and

6 (2) If a limited cooperative association has investor members, a majority of the
7 votes cast by patron members, unless the organic rules require a larger affirmative vote
8 by patron members.

9 (c) The organic rules may require that the percentage of votes under paragraph (1)
10 of subsection (a) of this section or paragraph (1) of subsection (b) of this section be:

11 (1) A different percentage that is not less than a majority of members voting at the
12 meeting;

13 (2) Measured against the voting power of all members; or

14 (3) A combination of paragraphs (1) and (2) of this subsection.

15 (d) Consent in a record by a member must be delivered to a limited cooperative
16 association before delivery of an amendment to the articles of organization or restated
17 articles of organization for filing pursuant to Section 39 of this act, if as a result of the
18 amendment the member will have:

19 (1) Personal liability for an obligation of the association; or

20 (2) An obligation or liability for an additional contribution.

21 (e) The vote required to amend bylaws must satisfy the requirements of subsection
22 (a) of this section if the proposed amendment modifies:

1 (1) The equity capital structure of the limited cooperative association, including the
2 rights of the association's members to share in profits or distributions, or the relative
3 rights, preferences, and restrictions granted to or imposed upon one or more districts,
4 classes, or voting groups of similarly situated members;

5 (2) The transferability of a member's interest;

6 (3) The manner or method of allocation of profits or losses among members;

7 (4) The quorum for a meeting and the rights of voting and governance; or

8 (5) Unless otherwise provided in the organic rules, the terms for admission of new
9 members.

10 (f) Except for the matters described in subsection (e) of this section, the articles of
11 organization may delegate amendment of all or a part of the bylaws to the board of
12 directors without requiring member approval.

13 (g) If the articles of organization delegate amendment of bylaws to the board of
14 directors, the board shall provide a description of any amendment of the bylaws made by
15 the board to the members in a record not later than thirty (30) days after the
16 amendment, but the description may be provided at the next annual members meeting if
17 the meeting is held within the thirty-day period.

18 SECTION 38. NEW LAW A new section of law to be codified in the Oklahoma
19 Statutes as Section 440-406 of Title 18, unless there is created a duplication in
20 numbering, reads as follows:

21 RESTATED ARTICLES OF ORGANIZATION. A limited cooperative association,
22 by the affirmative vote of a majority of the board of directors taken at a meeting for

1 which the purpose is stated in the notice of the meeting, may adopt restated articles of
2 organization that contain the original articles as previously amended. Restated articles
3 may contain amendments if the restated articles are adopted in the same manner and
4 with the same vote as required for amendments to the articles under subsection (a) of
5 Section 37 of this act. Upon filing, restated articles supersede the existing articles and
6 all amendments.

7 SECTION 39. NEW LAW A new section of law to be codified in the Oklahoma
8 Statutes as Section 440-407 of Title 18, unless there is created a duplication in
9 numbering, reads as follows:

10 AMENDMENT OR RESTATEMENT OF ARTICLES OF ORGANIZATION;
11 FILING.

12 (a) To amend its articles of organization, a limited cooperative association must
13 deliver to the Secretary of State for filing an amendment of the articles, or restated
14 articles of organization or articles of conversion or merger pursuant to Article 16 of this
15 act, which contain one or more amendments of the articles of organization, stating:

16 (1) The name of the association;

17 (2) The date of filing of the association's initial articles; and

18 (3) The changes the amendment makes to the articles as most recently amended or
19 restated.

20 (b) Before the beginning of the initial meeting of the board of directors, an
21 organizer who knows that information in the filed articles of organization was inaccurate

1 when the articles were filed or has become inaccurate due to changed circumstances shall
2 promptly:

3 (1) Cause the articles to be amended; or

4 (2) If appropriate, deliver an amendment to the Secretary of State for filing
5 pursuant to Section 23 of this act.

6 (c) If restated articles of organization are adopted, the restated articles may be
7 delivered to the Secretary of State for filing in the same manner as an amendment.

8 (d) Upon filing, an amendment of the articles of organization or other record
9 containing an amendment of the articles which has been properly adopted by the
10 members is effective as provided in subsection (c) of Section 23 of this act.

11 ARTICLE 5

12 MEMBERS

13 SECTION 40. NEW LAW A new section of law to be codified in the Oklahoma
14 Statutes as Section 440-501 of Title 18, unless there is created a duplication in
15 numbering, reads as follows:

16 MEMBERS. To begin business, a limited cooperative association must have at least
17 two patron members unless the sole member is a cooperative.

18 SECTION 41. NEW LAW A new section of law to be codified in the Oklahoma
19 Statutes as Section 440-502 of Title 18, unless there is created a duplication in
20 numbering, reads as follows:

21 BECOMING A MEMBER. A person becomes a member:

22 (1) As provided in the organic rules;

- 1 (2) As the result of a merger or conversion under Article 16 of this act; or
2 (3) With the consent of all the members.

3 SECTION 42. NEW LAW A new section of law to be codified in the Oklahoma
4 Statutes as Section 440-503 of Title 18, unless there is created a duplication in
5 numbering, reads as follows:

6 NO POWER AS MEMBER TO BIND ASSOCIATION. A member, solely by reason
7 of being a member, may not act for or bind the limited cooperative association.

8 SECTION 43. NEW LAW A new section of law to be codified in the Oklahoma
9 Statutes as Section 440-504 of Title 18, unless there is created a duplication in
10 numbering, reads as follows:

11 NO LIABILITY AS MEMBER FOR ASSOCIATION'S OBLIGATIONS. Unless the
12 articles of organization otherwise provide, a debt, obligation, or other liability of a limited
13 cooperative association is solely that of the association and is not the debt, obligation, or
14 liability of a member solely by reason of being a member.

15 SECTION 44. NEW LAW A new section of law to be codified in the Oklahoma
16 Statutes as Section 440-505 of Title 18, unless there is created a duplication in
17 numbering, reads as follows:

18 RIGHT OF MEMBER AND FORMER MEMBER TO INFORMATION.

19 (a) Not later than ten (10) business days after receipt of a demand made in a
20 record, a limited cooperative association shall permit a member to obtain, inspect, and
21 copy in the association's principal office required information listed in paragraphs (1)
22 through (8) of subsection (a) of Section 14 of this act during regular business hours. A

1 member need not have any particular purpose for seeking the information. The
2 association is not required to provide the same information listed in paragraphs (2)
3 through (8) of subsection (a) of Section 14 of this act to the same member more than once
4 during a six-month period.

5 (b) On demand made in a record received by the limited cooperative association, a
6 member may obtain, inspect, and copy in the association's principal office required
7 information listed in paragraphs (9), (10), (12), (13), (16) and (18) of subsection (a) of
8 Section 14 of this act during regular business hours, if:

9 (1) The member seeks the information in good faith and for a proper purpose
10 reasonably related to the member's interest;

11 (2) The demand includes a description with reasonable particularity of the
12 information sought and the purpose for seeking the information;

13 (3) The information sought is directly connected to the member's purpose; and

14 (4) The demand is reasonable.

15 (c) Not later than ten (10) business days after receipt of a demand pursuant to
16 subsection (b) of this section, a limited cooperative association shall provide, in a record,
17 the following information to the member that made the demand:

18 (1) If the association agrees to provide the demanded information:

19 (A) what information the association will provide in response to the
20 demand; and

21 (B) a reasonable time and place at which the association will provide the
22 information; or

1 (2) If the association declines to provide some or all of the demanded information,
2 the association's reasons for declining.

3 (d) A person dissociated as a member may obtain, inspect, and copy information
4 available to a member under subsection (a) or (b) of this section by delivering a demand
5 in a record to the limited cooperative association in the same manner and subject to the
6 same conditions applicable to a member under subsection (b) of this section if:

7 (1) The information pertains to the period during which the person was a member
8 in the association; and

9 (2) The person seeks the information in good faith.

10 (e) A limited cooperative association shall respond to a demand made pursuant to
11 subsection (d) of this section in the manner provided in subsection (c) of this section.

12 (f) Not later than ten (10) business days after receipt by a limited cooperative
13 association of a demand made by a member in a record, but not more often than once in a
14 six-month period, the association shall deliver to the member a record stating the
15 information with respect to the member required by paragraph (17) of subsection (a) of
16 Section 14 of this act.

17 (g) A limited cooperative association may impose reasonable restrictions, including
18 nondisclosure restrictions, on the use of information obtained under this section. In a
19 dispute concerning the reasonableness of a restriction under this subsection, the
20 association has the burden of proving reasonableness.

21 (h) A limited cooperative association may charge a person that makes a demand
22 under this section reasonable costs of copying, limited to the costs of labor and material.

1 (i) A person that may obtain information under this section may obtain the
2 information through an attorney or other agent. A restriction imposed on the person
3 under subsection (g) of this section or by the organic rules applies to the attorney or other
4 agent.

5 (j) The rights stated in this section do not extend to a person as transferee.

6 (k) The organic rules may require a limited cooperative association to provide more
7 information than required by this section and may establish conditions and procedures
8 for providing the information.

9 SECTION 45. NEW LAW A new section of law to be codified in the Oklahoma
10 Statutes as Section 440-506 of Title 18, unless there is created a duplication in
11 numbering, reads as follows:

12 ANNUAL MEETING OF MEMBERS.

13 (a) Members shall meet annually at a time provided in the organic rules or set by
14 the board of directors not inconsistent with the organic rules.

15 (b) An annual members meeting may be held inside or outside this state at the
16 place stated in the organic rules or selected by the board of directors not inconsistent
17 with the organic rules.

18 (c) Unless the organic rules otherwise provide, members may attend or conduct an
19 annual members meeting through any means of communication if all members attending
20 the meeting can communicate with each other during the meeting.

1 (d) The board of directors shall report, or cause to be reported, at the association's
2 annual members meeting the association's business and financial condition as of the
3 close of the most recent fiscal year.

4 (e) Unless the organic rules otherwise provide, the board of directors shall
5 designate the presiding officer of the association's annual members meeting.

6 (f) Failure to hold an annual members meeting does not affect the validity of any
7 action by the limited cooperative association.

8 SECTION 46. NEW LAW A new section of law to be codified in the Oklahoma
9 Statutes as Section 440-507 of Title 18, unless there is created a duplication in
10 numbering, reads as follows:

11 SPECIAL MEETING OF MEMBERS.

12 (a) A special meeting of members may be called only:

13 (1) As provided in the organic rules;

14 (2) By a majority vote of the board of directors on a proposal stating the purpose of
15 the meeting;

16 (3) By demand in a record signed by members holding at least twenty percent (20%)
17 of the voting power of the persons in any district or class entitled to vote on the matter
18 that is the purpose of the meeting stated in the demand; or

19 (4) By demand in a record signed by members holding at least ten percent (10%) of
20 the total voting power of all the persons entitled to vote on the matter that is the purpose
21 of the meeting stated in the demand.

1 (b) A demand under paragraph (3) or (4) of subsection (a) of this section must be
2 submitted to the officer of the limited cooperative association charged with keeping its
3 records.

4 (c) Any voting member may withdraw its demand under paragraph (3) or (4) of
5 subsection (a) of this section before receipt by the limited cooperative association of
6 demands sufficient to require a special meeting of members.

7 (d) A special meeting of members may be held inside or outside this state at the
8 place stated in the organic rules or selected by the board of directors not inconsistent
9 with the organic rules.

10 (e) Unless the organic rules otherwise provide, members may attend or conduct a
11 special meeting of members through the use of any means of communication if all
12 members attending the meeting can communicate with each other during the meeting.

13 (f) Only business within the purpose or purposes stated in the notice of a special
14 meeting of members may be conducted at the meeting.

15 (g) Unless the organic rules otherwise provide, the presiding officer of a special
16 meeting of members shall be designated by the board of directors.

17 SECTION 47. NEW LAW A new section of law to be codified in the Oklahoma
18 Statutes as Section 440-508 of Title 18, unless there is created a duplication in
19 numbering, reads as follows:

20 NOTICE OF MEMBERS MEETING.

1 (a) A limited cooperative association shall notify each member of the time, date,
2 and place of a members meeting at least fifteen (15) and not more than sixty (60) days
3 before the meeting.

4 (b) Unless the articles of organization otherwise provide, notice of an annual
5 members meeting need not include any purpose of the meeting.

6 (c) Notice of a special meeting of members must include each purpose of the
7 meeting as contained in the demand under paragraph (3) or (4) of subsection (a) of
8 Section 46 of this act or as voted upon by the board of directors under paragraph (2) of
9 subsection (a) of Section 46 of this act.

10 (d) Notice of a members meeting must be given in a record unless oral notice is
11 reasonable under the circumstances.

12 SECTION 48. NEW LAW A new section of law to be codified in the Oklahoma
13 Statutes as Section 440-509 of Title 18, unless there is created a duplication in
14 numbering, reads as follows:

15 WAIVER OF MEMBERS MEETING NOTICE.

16 (a) A member may waive notice of a members meeting before, during, or after the
17 meeting.

18 (b) A member's participation in a members meeting is a waiver of notice of that
19 meeting unless the member objects to the meeting at the beginning of the meeting or
20 promptly upon the member's arrival at the meeting and does not thereafter vote for or
21 assent to action taken at the meeting.

1 SECTION 49. NEW LAW A new section of law to be codified in the Oklahoma
2 Statutes as Section 440-510 of Title 18, unless there is created a duplication in
3 numbering, reads as follows:

4 QUORUM OF MEMBERS. Unless the organic rules otherwise require a greater
5 number of members or percentage of the voting power, the voting member or members
6 present at a members meeting constitute a quorum.

7 SECTION 50. NEW LAW A new section of law to be codified in the Oklahoma
8 Statutes as Section 440-511 of Title 18, unless there is created a duplication in
9 numbering, reads as follows:

10 VOTING BY PATRON MEMBERS. Except as provided by subsection (a) of Section
11 51 of this act, each patron member has one vote. The organic rules may allocate voting
12 power among patron members as provided in subsection (a) of Section 51 of this act.

13 SECTION 51. NEW LAW A new section of law to be codified in the Oklahoma
14 Statutes as Section 440-512 of Title 18, unless there is created a duplication in
15 numbering, reads as follows:

16 DETERMINATION OF VOTING POWER OF PATRON MEMBER.

17 (a) The organic rules may allocate voting power among patron members on the
18 basis of one or a combination of the following:

19 (1) One member, one vote;

20 (2) Use or patronage;

21 (3) Equity; or

22 (4) If a patron member is a cooperative, the number of its patron members.

1 (b) The organic rules may provide for the allocation of patron member voting power
2 by districts or class, or any combination thereof.

3 SECTION 52. NEW LAW A new section of law to be codified in the Oklahoma
4 Statutes as Section 440-513 of Title 18, unless there is created a duplication in
5 numbering, reads as follows:

6 VOTING BY INVESTOR MEMBERS. If the organic rules provide for investor
7 members, each investor member has one vote, unless the organic rules otherwise provide.
8 The organic rules may provide for the allocation of investor member voting power by
9 class, classes, or any combination of classes.

10 SECTION 53. NEW LAW A new section of law to be codified in the Oklahoma
11 Statutes as Section 440-514 of Title 18, unless there is created a duplication in
12 numbering, reads as follows:

13 VOTING REQUIREMENTS FOR MEMBERS. If a limited cooperative association
14 has both patron and investor members, the following rules apply:

15 (1) The total voting power of all patron members may not be less than a majority of
16 the entire voting power entitled to vote.

17 (2) Action on any matter is approved only upon the affirmative vote of at least a
18 majority of:

- 19 (A) all members voting at the meeting unless more than a majority is
20 required by Articles 4, 12, 15 through 16 of this act or the organic
21 rules; and

1 (B) votes cast by patron members unless the organic rules require a larger
2 affirmative vote by patron members.

3 (3) The organic rules may provide for the percentage of the affirmative votes that
4 must be cast by investor members to approve the matter.

5 SECTION 54. NEW LAW A new section of law to be codified in the Oklahoma
6 Statutes as Section 440-515 of Title 18, unless there is created a duplication in
7 numbering, reads as follows:

8 MANNER OF VOTING.

9 (a) Unless the organic rules otherwise provide, voting by a proxy at a members
10 meeting is prohibited. This subsection does not prohibit delegate voting based on district
11 or class.

12 (b) If voting by a proxy is permitted, a patron member may appoint only another
13 patron member as a proxy and, if investor members are permitted, an investor member
14 may appoint only another investor member as a proxy.

15 (c) The organic rules may provide for the manner of and provisions governing the
16 appointment of a proxy.

17 (d) The organic rules may provide for voting on any question by ballot delivered by
18 mail or voting by other means on questions that are subject to vote by members.

19 SECTION 55. NEW LAW A new section of law to be codified in the Oklahoma
20 Statutes as Section 440-516 of Title 18, unless there is created a duplication in
21 numbering, reads as follows:

22 ACTION WITHOUT A MEETING.

1 (a) Unless the organic rules require that action be taken only at a members
2 meeting, any action that may be taken by the members may be taken without a meeting
3 if each member entitled to vote on the action consents in a record to the action.

4 (b) Consent under subsection (a) of this section may be withdrawn by a member in
5 a record at any time before the limited cooperative association receives a consent from
6 each member entitled to vote.

7 (c) Consent to any action may specify the effective date or time of the action.

8 SECTION 56. NEW LAW A new section of law to be codified in the Oklahoma
9 Statutes as Section 440-517 of Title 18, unless there is created a duplication in
10 numbering, reads as follows:

11 DISTRICTS AND DELEGATES; CLASSES OF MEMBERS.

12 (a) The organic rules may provide for the formation of geographic districts of patron
13 members and:

14 (1) For the conduct of patron member meetings by districts and the election of
15 directors at the meetings; or

16 (2) That districts may elect district delegates to represent and vote for the district
17 at members meetings.

18 (b) A delegate elected under paragraph (2) of subsection (a) of this section has one
19 vote unless voting power is otherwise allocated by the organic rules.

20 (c) The organic rules may provide for the establishment of classes of members, for
21 the preferences, rights, and limitations of the classes, and:

1 (1) For the conduct of members meetings by classes and the election of directors at
2 the meetings; or

3 (2) That classes may elect class delegates to represent and vote for the class in
4 members meetings.

5 (d) A delegate elected under paragraph (2) of subsection (c) of this section has one
6 vote unless voting power is otherwise allocated by the organic rules.

7 ARTICLE 6

8 MEMBER'S INTEREST IN LIMITED COOPERATIVE ASSOCIATION

9 SECTION 57. NEW LAW A new section of law to be codified in the Oklahoma
10 Statutes as Section 440-601 of Title 18, unless there is created a duplication in
11 numbering, reads as follows:

12 MEMBER'S INTEREST. A member's interest:

13 (1) Is personal property;

14 (2) Consists of:

15 (A) governance rights;

16 (B) financial rights; and

17 (C) the right or obligation, if any, to do business with the limited
18 cooperative association; and

19 (3) May be in certificated or uncertificated form.

20 SECTION 58. NEW LAW A new section of law to be codified in the Oklahoma
21 Statutes as Section 440-602 of Title 18, unless there is created a duplication in
22 numbering, reads as follows:

1 PATRON AND INVESTOR MEMBERS' INTERESTS.

2 (a) Unless the organic rules establish investor members' interests, a member's
3 interest is a patron member's interest.

4 (b) Unless the organic rules otherwise provide, if a limited cooperative association
5 has investor members, while a person is a member of the association, the person:

6 (1) If admitted as a patron member, remains a patron member;

7 (2) If admitted as an investor member, remains an investor member; and

8 (3) If admitted as a patron member and investor member remains a patron and
9 investor member if not dissociated in one of the capacities.

10 SECTION 59. NEW LAW A new section of law to be codified in the Oklahoma
11 Statutes as Section 440-603 of Title 18, unless there is created a duplication in
12 numbering, reads as follows:

13 TRANSFERABILITY OF MEMBER'S INTEREST.

14 (a) The provisions of the Uniform Limited Cooperative Act relating to the
15 transferability of a member's interest are subject to the Uniform Commercial Code.

16 (b) Unless the organic rules otherwise provide, a member's interest other than
17 financial rights is not transferable.

18 (c) Unless a transfer is restricted or prohibited by the organic rules, a member may
19 transfer its financial rights in the limited cooperative association.

20 (d) The terms of any restriction on transferability of financial rights must be:

21 (1) Set forth in the organic rules and the member records of the association; and

22 (2) Conspicuously noted on any certificates evidencing a member's interest.

1 (e) A transferee of a member's financial rights, to the extent the rights are
2 transferred, has the right to share in the allocation of profits or losses and to receive the
3 distributions to the member transferring the interest to the same extent as the
4 transferring member.

5 (f) A transferee of a member's financial rights does not become a member upon
6 transfer of the rights unless the transferee is admitted as a member by the limited
7 cooperative association.

8 (g) A limited cooperative association need not give effect to a transfer under this
9 section until the association has notice of the transfer.

10 (h) A transfer of a member's financial rights in violation of a restriction on transfer
11 contained in the organic rules is ineffective as to a person having notice of the restriction
12 at the time of transfer.

13 SECTION 60. NEW LAW A new section of law to be codified in the Oklahoma
14 Statutes as Section 440-604 of Title 18, unless there is created a duplication in
15 numbering, reads as follows:

16 SECURITY INTEREST AND SET-OFF.

17 (a) A member or transferee may create an enforceable security interest in its
18 financial rights in a limited cooperative association.

19 (b) Unless the organic rules otherwise provide, a member may not create an
20 enforceable security interest in the member's governance rights in a limited cooperative
21 association.

UNDERLINED language denotes Amendments to present Statutes.
BOLD FACE CAPITALIZED language denotes Committee Amendments.
~~Strike thru~~ language denotes deletion from present Statutes.

1 (c) The organic rules may provide that a limited cooperative association has a
2 security interest in the financial rights of a member to secure payment of any
3 indebtedness or other obligation of the member to the association. A security interest
4 provided for in the organic rules is enforceable under, and governed by, Article 9 of the
5 Uniform Commercial Code.

6 (d) Unless the organic rules otherwise provide, a member may not compel the
7 limited cooperative association to offset financial rights against any indebtedness or
8 obligation owed to the association.

9 SECTION 61. NEW LAW A new section of law to be codified in the Oklahoma
10 Statutes as Section 440-605 of Title 18, unless there is created a duplication in
11 numbering, reads as follows:

12 CHARGING ORDERS FOR JUDGMENT CREDITOR OF MEMBER OR
13 TRANSFEREE.

14 (a) On application by a judgment creditor of a member or transferee, a court may
15 enter a charging order against the financial rights of the judgment debtor for the
16 unsatisfied amount of the judgment. A charging order issued under this subsection
17 constitutes a lien on the judgment debtor's financial rights and requires the limited
18 cooperative association to pay over to the creditor or receiver, to the extent necessary to
19 satisfy the judgment, any distribution that would otherwise be paid to the judgment
20 debtor.

21 (b) To the extent necessary to effectuate the collection of distributions pursuant to a
22 charging order under subsection (a) of this section, the court may:

1 (1) Appoint a receiver of the share of the distributions due or to become due to the
2 judgment debtor under the judgment debtor's financial rights, with the power to make all
3 inquiries the judgment debtor might have made; and

4 (2) Make all other orders that the circumstances of the case may require to give
5 effect to the charging order.

6 (c) Upon a showing that distributions under a charging order will not pay the
7 judgment debt within a reasonable time, the court may foreclose the lien and order the
8 sale of the financial rights. The purchaser at the foreclosure sale obtains only the
9 financial rights that are subject to the charging order, does not thereby become a
10 member, and is subject to Section 59 of this act.

11 (d) At any time before a sale pursuant to a foreclosure, a member or transferee
12 whose financial rights are subject to a charging order under subsection (a) of this section
13 may extinguish the charging order by satisfying the judgment and filing a certified copy
14 of the satisfaction with the court that issued the charging order.

15 (e) At any time before sale pursuant to a foreclosure, the limited cooperative
16 association or one or more members whose financial rights are not subject to the
17 charging order may pay to the judgment creditor the full amount due under the
18 judgment and succeed to the rights of the judgment creditor, including the charging
19 order. Unless the organic rules otherwise provide, the association may act under this
20 subsection only with the consent of all members whose financial rights are not subject to
21 the charging order.

1 (f) The Uniform Limited Cooperative Association Act does not deprive any member
2 or transferee of the benefit of any exemption laws applicable to the member's or
3 transferee's financial rights.

4 (g) This section provides the exclusive remedy by which a judgment creditor of a
5 member or transferee may satisfy the judgment from the member's or transferee's
6 financial rights.

7 ARTICLE 7

8 MARKETING CONTRACTS

9 SECTION 62. NEW LAW A new section of law to be codified in the Oklahoma
10 Statutes as Section 440-701 of Title 18, unless there is created a duplication in
11 numbering, reads as follows:

12 AUTHORITY. In this article, "marketing contract" means a contract between a
13 limited cooperative association and another person, that need not be a patron member:

14 (1) Requiring the other person to sell, or deliver for sale or marketing on the
15 person's behalf, a specified part of the person's products, commodities, or goods
16 exclusively to or through the association or any facilities furnished by the association; or

17 (2) Authorizing the association to act for the person in any manner with respect to
18 the products, commodities, or goods.

19 SECTION 63. NEW LAW A new section of law to be codified in the Oklahoma
20 Statutes as Section 440-702 of Title 18, unless there is created a duplication in
21 numbering, reads as follows:

22 MARKETING CONTRACTS.

1 (a) If a marketing contract provides for the sale of products, commodities, or goods
2 to a limited cooperative association, the sale transfers title to the association upon
3 delivery or at any other specific time expressly provided by the contract.

4 (b) A marketing contract may:

5 (1) Authorize a limited cooperative association to create an enforceable security
6 interest in the products, commodities, or goods delivered; and

7 (2) Allow the association to sell the products, commodities, or goods delivered and
8 pay the sales price on a pooled or other basis after deducting selling costs, processing
9 costs, overhead, expenses, and other charges.

10 (c) Some or all of the provisions of a marketing contract between a patron member
11 and a limited cooperative association may be contained in the organic rules.

12 SECTION 64. NEW LAW A new section of law to be codified in the Oklahoma
13 Statutes as Section 440-703 of Title 18, unless there is created a duplication in
14 numbering, reads as follows:

15 DURATION OF MARKETING CONTRACT. The initial duration of a marketing
16 contract may not exceed ten (10) years, but the contract may be self-renewing for
17 additional periods not exceeding five (5) years each. Unless the contract provides for
18 another manner or time for termination, either party may terminate the contract by
19 giving notice in a record at least ninety (90) days before the end of the current term.

20 SECTION 65. NEW LAW A new section of law to be codified in the Oklahoma
21 Statutes as Section 440-704 of Title 18, unless there is created a duplication in
22 numbering, reads as follows:

1 (b) The affairs of a limited cooperative association must be managed by, or under
2 the direction of, the board of directors. The board may adopt policies and procedures that
3 do not conflict with the organic rules or the Uniform Limited Cooperative Association
4 Act.

5 (c) An individual is not an agent for a limited cooperative association solely by
6 being a director.

7 SECTION 67. NEW LAW A new section of law to be codified in the Oklahoma
8 Statutes as Section 440-802 of Title 18, unless there is created a duplication in
9 numbering, reads as follows:

10 NO LIABILITY AS DIRECTOR FOR LIMITED COOPERATIVE ASSOCIATION'S
11 OBLIGATIONS. A debt, obligation, or other liability of a limited cooperative association
12 is solely that of the association and is not a debt, obligation, or liability of a director
13 solely by reason of being a director. An individual is not personally liable, directly or
14 indirectly, for an obligation of an association solely by reason of being a director.

15 SECTION 68. NEW LAW A new section of law to be codified in the Oklahoma
16 Statutes as Section 440-803 of Title 18, unless there is created a duplication in
17 numbering, reads as follows:

18 QUALIFICATIONS OF DIRECTORS.

19 (a) Unless the organic rules otherwise provide, and subject to subsection (c) of this
20 section, each director of a limited cooperative association must be an individual who is a
21 member of the association or an individual who is designated by a member that is not an

1 individual for purposes of qualifying and serving as a director. Initial directors need not
2 be members.

3 (b) Unless the organic rules otherwise provide, a director may be an officer or
4 employee of the limited cooperative association.

5 (c) If the organic rules provide for nonmember directors, the number of nonmember
6 directors may not exceed:

7 (1) One, if there are two through four directors;

8 (2) Two, if there are five through eight directors; or

9 (3) One-third (1/3) of the total number of directors if there are at least nine
10 directors.

11 (d) The organic rules may provide qualifications for directors in addition to those in
12 this section.

13 SECTION 69. NEW LAW A new section of law to be codified in the Oklahoma
14 Statutes as Section 440-804 of Title 18, unless there is created a duplication in
15 numbering, reads as follows:

16 ELECTION OF DIRECTORS AND COMPOSITION OF BOARD.

17 (a) Unless the organic rules require a greater number:

18 (1) The number of directors that must be patron members may not be fewer than:

19 (A) one, if there are two or three directors;

20 (B) two, if there are four or five directors;

21 (C) three, if there are six through eight directors; or

22 (D) one-third (1/3) of the directors if there are at least nine directors; and

1 (2) A majority of the board of directors must be elected exclusively by patron
2 members.

3 (b) Unless the organic rules otherwise provide, if a limited cooperative association
4 has investor members, the directors who are not elected exclusively by patron members
5 are elected by the investor members.

6 (c) Subject to subsection (a) of this section, the organic rules may provide for the
7 election of all or a specified number of directors by one or more districts or classes of
8 members.

9 (d) Subject to subsection (a) of this section, the organic rules may provide for the
10 nomination or election of directors by districts or classes, directly or by district delegates.

11 (e) If a class of members consists of a single member, the organic rules may provide
12 for the member to appoint a director or directors.

13 (f) Unless the organic rules otherwise provide, cumulative voting for directors is
14 prohibited.

15 (g) Except as otherwise provided by the organic rules, subsection (e) of this section,
16 or Sections 31, 55, 56 and 74 of this act, member directors must be elected at an annual
17 members meeting.

18 SECTION 70. NEW LAW A new section of law to be codified in the Oklahoma
19 Statutes as Section 440-805 of Title 18, unless there is created a duplication in
20 numbering, reads as follows:

21 TERM OF DIRECTOR.

1 (a) Unless the organic rules otherwise provide, and subject to subsections (c) and
2 (d) of this section and subsection (c) of Section 31 of this act, the term of a director
3 expires at the annual members meeting following the director's election or appointment.
4 The term of a director may not exceed three (3) years.

5 (b) Unless the organic rules otherwise provide, a director may be reelected.

6 (c) Except as otherwise provided in subsection (d) of this section, a director
7 continues to serve until a successor director is elected or appointed and qualifies or the
8 director is removed, resigns, is adjudged incompetent, or dies.

9 (d) Unless the organic rules otherwise provide, a director does not serve the
10 remainder of the director's term if the director ceases to qualify to be a director.

11 SECTION 71. NEW LAW A new section of law to be codified in the Oklahoma
12 Statutes as Section 440-806 of Title 18, unless there is created a duplication in
13 numbering, reads as follows:

14 RESIGNATION OF DIRECTOR. A director may resign at any time by giving notice
15 in a record to the limited cooperative association. Unless the notice states a later
16 effective date, a resignation is effective when the notice is received by the association.

17 SECTION 72. NEW LAW A new section of law to be codified in the Oklahoma
18 Statutes as Section 440-807 of Title 18, unless there is created a duplication in
19 numbering, reads as follows:

20 REMOVAL OF DIRECTOR. Unless the organic rules otherwise provide, the
21 following rules apply:

22 (1) Members may remove a director with or without cause.

1 (2) A member or members holding at least ten percent (10%) of the total voting
2 power entitled to be voted in the election of a director may demand removal of the
3 director by one or more signed petitions submitted to the officer of the limited cooperative
4 association charged with keeping its records.

5 (3) Upon receipt of a petition for removal of a director, an officer of the association
6 or the board of directors shall:

7 (A) call a special meeting of members to be held not later than ninety (90)
8 days after receipt of the petition by the association; and

9 (B) mail or otherwise transmit or deliver in a record to the members
10 entitled to vote on the removal, and to the director to be removed,
11 notice of the meeting which complies with Section 47 of this act.

12 (4) A director is removed if the votes in favor of removal are equal to or greater
13 than the votes required to elect the director.

14 SECTION 73. NEW LAW A new section of law to be codified in the Oklahoma
15 Statutes as Section 440-808 of Title 18, unless there is created a duplication in
16 numbering, reads as follows:

17 SUSPENSION OF DIRECTOR BY BOARD.

18 (a) A board of directors may suspend a director if, considering the director's course
19 of conduct and the inadequacy of other available remedies, immediate suspension is
20 necessary for the best interests of the association and the director is engaging, or has
21 engaged, in:

22 (1) Fraudulent conduct with respect to the association or its members;

- 1 (2) Gross abuse of the position of director;
- 2 (3) Intentional or reckless infliction of harm on the association; or
- 3 (4) Any other behavior, act, or omission as provided by the organic rules.
- 4 (b) A suspension under subsection (a) of this section is effective for thirty (30) days
- 5 unless the board of directors calls and gives notice of a special meeting of members for
- 6 removal of the director before the end of the thirty-day period in which case the
- 7 suspension is effective until adjournment of the meeting or the director is removed.

8 SECTION 74. NEW LAW A new section of law to be codified in the Oklahoma
9 Statutes as Section 440-809 of Title 18, unless there is created a duplication in
10 numbering, reads as follows:

11 VACANCY ON BOARD.

12 (a) Unless the organic rules otherwise provide, a vacancy on the board of directors
13 must be filled:

- 14 (1) Within a reasonable time by majority vote of the remaining directors until the
- 15 next annual members meeting or a special meeting of members called to fill the vacancy;
- 16 and

17 (2) For the unexpired term by members at the next annual members meeting or a
18 special meeting of members called to fill the vacancy.

19 (b) Unless the organic rules otherwise provide, if a vacating director was elected or
20 appointed by a class of members or a district:

- 21 (1) The new director must be of that class or district; and

UNDERLINED language denotes Amendments to present Statutes.
BOLD FACE CAPITALIZED language denotes Committee Amendments.
~~Strike thru~~ language denotes deletion from present Statutes.

1 (2) The selection of the director for the unexpired term must be conducted in the
2 same manner as would the selection for that position without a vacancy.

3 (c) If a member appointed a vacating director, the organic rules may provide for
4 that member to appoint a director to fill the vacancy.

5 SECTION 75. NEW LAW A new section of law to be codified in the Oklahoma
6 Statutes as Section 440-810 of Title 18, unless there is created a duplication in
7 numbering, reads as follows:

8 REMUNERATION OF DIRECTORS. Unless the organic rules otherwise provide,
9 the board of directors may set the remuneration of directors and of nondirector
10 committee members appointed under subsection (a) of Section 82 of this act.

11 SECTION 76. NEW LAW A new section of law to be codified in the Oklahoma
12 Statutes as Section 440-811 of Title 18, unless there is created a duplication in
13 numbering, reads as follows:

14 MEETINGS.

15 (a) A board of directors shall meet at least annually and may hold meetings inside
16 or outside this state.

17 (b) Unless the organic rules otherwise provide, a board of directors may permit
18 directors to attend or conduct board meetings through the use of any means of
19 communication, if all directors attending the meeting can communicate with each other
20 during the meeting.

1 SECTION 77. NEW LAW A new section of law to be codified in the Oklahoma
2 Statutes as Section 440-812 of Title 18, unless there is created a duplication in
3 numbering, reads as follows:

4 ACTION WITHOUT MEETING.

5 (a) Unless prohibited by the organic rules, any action that may be taken by a board
6 of directors may be taken without a meeting if each director consents in a record to the
7 action.

8 (b) Consent under subsection (a) of this section may be withdrawn by a director in a
9 record at any time before the limited cooperative association receives consent from all
10 directors.

11 (c) A record of consent for any action under subsection (a) of this section may
12 specify the effective date or time of the action.

13 SECTION 78. NEW LAW A new section of law to be codified in the Oklahoma
14 Statutes as Section 440-813 of Title 18, unless there is created a duplication in
15 numbering, reads as follows:

16 MEETINGS AND NOTICE.

17 (a) Unless the organic rules otherwise provide, a board of directors may establish a
18 time, date, and place for regular board meetings, and notice of the time, date, place, or
19 purpose of those meetings is not required.

20 (b) Unless the organic rules otherwise provide, notice of the time, date, and place of
21 a special meeting of a board of directors must be given to all directors at least three (3)

1 days before the meeting, the notice must contain a statement of the purpose of the
2 meeting, and the meeting is limited to the matters contained in the statement.

3 SECTION 79. NEW LAW A new section of law to be codified in the Oklahoma
4 Statutes as Section 840-814 of Title 18, unless there is created a duplication in
5 numbering, reads as follows:

6 WAIVER OF NOTICE OF MEETING.

7 (a) Unless the organic rules otherwise provide, a director may waive any required
8 notice of a meeting of the board of directors in a record before, during, or after the
9 meeting.

10 (b) Unless the organic rules otherwise provide, a director's participation in a
11 meeting is a waiver of notice of that meeting unless:

12 (1) The director objects to the meeting at the beginning of the meeting or promptly
13 upon the director's arrival at the meeting and does not thereafter vote in favor of or
14 otherwise assent to the action taken at the meeting; or

15 (2) The director promptly objects upon the introduction of any matter for which
16 notice under Section 78 of this act has not been given and does not thereafter vote in
17 favor of or otherwise assent to the action taken on the matter.

18 SECTION 80. NEW LAW A new section of law to be codified in the Oklahoma
19 Statutes as Section 440-815 of Title 18, unless there is created a duplication in
20 numbering, reads as follows:

21 QUORUM.

1 (a) Unless the articles of organization provide for a greater number, a majority of
2 the total number of directors specified by the organic rules constitutes a quorum for a
3 meeting of the directors.

4 (b) If a quorum of the board of directors is present at the beginning of a meeting,
5 any action taken by the directors present is valid even if withdrawal of directors
6 originally present results in the number of directors being fewer than the number
7 required for a quorum.

8 (c) A director present at a meeting but objecting to notice under paragraph (1) or (2)
9 of subsection (b) of Section 79 of this act does not count toward a quorum.

10 SECTION 81. NEW LAW A new section of law to be codified in the Oklahoma
11 Statutes as Section 440-816 of Title 18, unless there is created a duplication in
12 numbering, reads as follows:

13 VOTING.

14 (a) Each director shall have one vote for purposes of decisions made by the board of
15 directors.

16 (b) Unless the organic rules otherwise provide, the affirmative vote of a majority of
17 directors present at a meeting is required for action by the board of directors.

18 SECTION 82. NEW LAW A new section of law to be codified in the Oklahoma
19 Statutes as Section 440-817 of Title 18, unless there is created a duplication in
20 numbering, reads as follows:

21 COMMITTEES.

1 (a) Unless the organic rules otherwise provide, a board of directors may create one
2 or more committees and appoint one or more individuals to serve on a committee.

3 (b) Unless the organic rules otherwise provide, an individual appointed to serve on
4 a committee of a limited cooperative association need not be a director or member.

5 (c) An individual who is not a director and is serving on a committee has the same
6 rights, duties, and obligations as a director serving on the committee.

7 (d) Unless the organic rules otherwise provide, each committee of a limited
8 cooperative association may exercise the powers delegated to it by the board of directors,
9 but a committee may not:

10 (1) Approve allocations or distributions except according to a formula or method
11 prescribed by the board of directors;

12 (2) Approve or propose to members action requiring approval of members; or

13 (3) Fill vacancies on the board of directors or any of its committees.

14 SECTION 83. NEW LAW A new section of law to be codified in the Oklahoma
15 Statutes as Section 440-818 of Title 18, unless there is created a duplication in
16 numbering, reads as follows:

17 STANDARDS OF CONDUCT AND LIABILITY. Except as otherwise provided in
18 Section 85 of this act:

19 (1) The discharge of the duties of a director or member of a committee of the board
20 of directors is governed by the law applicable to directors of entities organized under the
21 Oklahoma General Corporation Act; and

1 (2) The liability of a director or member of a committee of the board of directors is
2 governed by the law applicable to directors of entities organized under the Oklahoma
3 General Corporation Act.

4 SECTION 84. NEW LAW A new section of law to be codified in the Oklahoma
5 Statutes as Section 440-819 of Title 18, unless there is created a duplication in
6 numbering, reads as follows:

7 CONFLICT OF INTEREST.

8 (a) The law applicable to conflicts of interest between a director of an entity
9 organized under the Oklahoma General Corporation Act governs conflicts of interest
10 between a limited cooperative association and a director or member of a committee of the
11 board of directors.

12 (b) A director does not have a conflict of interest under the Uniform Limited
13 Cooperative Association Act or the organic rules solely because the director's conduct
14 relating to the duties of the director may further the director's own interest.

15 SECTION 85. NEW LAW A new section of law to be codified in the Oklahoma
16 Statutes as Section 440-820 of Title 18, unless there is created a duplication in
17 numbering, reads as follows:

18 OTHER CONSIDERATIONS OF DIRECTORS. Unless the articles of organization
19 otherwise provide, in considering the best interests of a limited cooperative association, a
20 director of the association in discharging the duties of director, in conjunction with
21 considering the long- and short-term interest of the association and its patron members,
22 may consider:

- 1 (1) The interest of employees, customers, and suppliers of the association;
2 (2) The interest of the community in which the association operates; and
3 (3) Other cooperative principles and values that may be applied in the context of
4 the decision.

5 SECTION 86. NEW LAW A new section of law to be codified in the Oklahoma
6 Statutes as Section 440-821 of Title 18, unless there is created a duplication in
7 numbering, reads as follows:

8 RIGHT OF DIRECTOR OR COMMITTEE MEMBER TO INFORMATION. A
9 director or a member of a committee appointed under Section 82 of this act may obtain,
10 inspect, and copy all information regarding the state of activities and financial condition
11 of the limited cooperative association and other information regarding the activities of
12 the association if the information is reasonably related to the performance of the
13 director's duties as director or the committee member's duties as a member of the
14 committee. Information obtained in accordance with this section may not be used in any
15 manner that would violate any duty of or to the association.

16 SECTION 87. NEW LAW A new section of law to be codified in the Oklahoma
17 Statutes as Section 840-822 of Title 18, unless there is created a duplication in
18 numbering, reads as follows:

19 APPOINTMENT AND AUTHORITY OF OFFICERS.

20 (a) A limited cooperative association has the officers:

21 (1) Provided in the organic rules; or

1 (2) Established by the board of directors in a manner not inconsistent with the
2 organic rules.

3 (b) The organic rules may designate or, if the rules do not designate, the board of
4 directors shall designate, one of the association's officers for preparing all records
5 required by Section 14 of this act and for the authentication of records.

6 (c) Unless the organic rules otherwise provide, the board of directors shall appoint
7 the officers of the limited cooperative association.

8 (d) Officers of a limited cooperative association shall perform the duties the organic
9 rules prescribe or as authorized by the board of directors not in a manner inconsistent
10 with the organic rules.

11 (e) The election or appointment of an officer of a limited cooperative association
12 does not of itself create a contract between the association and the officer.

13 (f) Unless the organic rules otherwise provide, an individual may simultaneously
14 hold more than one office in a limited cooperative association.

15 SECTION 88. NEW LAW A new section of law to be codified in the Oklahoma
16 Statutes as Section 440-823 of Title 18, unless there is created a duplication in
17 numbering, reads as follows:

18 RESIGNATION AND REMOVAL OF OFFICERS.

19 (a) The board of directors may remove an officer at any time with or without cause.

20 (b) An officer of a limited cooperative association may resign at any time by giving
21 notice in a record to the association. Unless the notice specifies a later time, the
22 resignation is effective when the notice is given.

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ARTICLE 9

INDEMNIFICATION

SECTION 89. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-901 of Title 18, unless there is created a duplication in numbering, reads as follows:

INDEMNIFICATION.

(a) Indemnification of an individual who has incurred liability or is a party, or is threatened to be made a party, to litigation because of the performance of a duty to, or activity on behalf of, a limited cooperative association is governed by the Oklahoma General Corporation Act.

(b) A limited cooperative association may purchase and maintain insurance on behalf of any individual against liability asserted against or incurred by the individual to the same extent and subject to the same conditions as provided by the Oklahoma General Corporation Act.

ARTICLE 10

CONTRIBUTIONS, ALLOCATIONS, AND DISTRIBUTIONS

SECTION 90. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 440-1001 of Title 18, unless there is created a duplication in numbering, reads as follows:

MEMBERS' CONTRIBUTIONS. The organic rules must establish the amount, manner, or method of determining any contribution requirements for members or must

1 authorize the board of directors to establish the amount, manner, or other method of
2 determining any contribution requirements for members.

3 SECTION 91. NEW LAW A new section of law to be codified in the Oklahoma
4 Statutes as Section 440-1002 of Title 18, unless there is created a duplication in
5 numbering, reads as follows:

6 CONTRIBUTION AND VALUATION.

7 (a) Unless the organic rules otherwise provide, the contributions of a member to a
8 limited cooperative association may consist of tangible or intangible property or other
9 benefit to the association, including money, labor or other services performed or to be
10 performed, promissory notes, other agreements to contribute money or property, and
11 contracts to be performed.

12 (b) The receipt and acceptance of contributions and the valuation of contributions
13 must be reflected in a limited cooperative association's records.

14 (c) Unless the organic rules otherwise provide, the board of directors shall
15 determine the value of a member's contributions received or to be received and the
16 determination by the board of directors of valuation is conclusive for purposes of
17 determining whether the member's contribution obligation has been met.

18 SECTION 92. NEW LAW A new section of law to be codified in the Oklahoma
19 Statutes as Section 440-1003 of Title 18, unless there is created a duplication in
20 numbering, reads as follows:

21 CONTRIBUTION AGREEMENTS.

1 (a) Except as otherwise provided in the agreement, the following rules apply to an
2 agreement made by a person before formation of a limited cooperative association to
3 make a contribution to the association:

4 (1) The agreement is irrevocable for six (6) months after the agreement is signed by
5 the person unless all parties to the agreement consent to the revocation.

6 (2) If a person does not make a required contribution:

7 (A) the person is obligated, at the option of the association, once formed, to
8 contribute money equal to the value of that part of the contribution
9 that has not been made, and the obligation may be enforced as a debt
10 to the association; or

11 (B) the association, once formed, may rescind the agreement if the debt
12 remains unpaid more than twenty (20) days after the association
13 demands payment from the person, and upon rescission the person has
14 no further rights or obligations with respect to the association.

15 (b) Unless the organic rules or an agreement to make a contribution to a limited
16 cooperative association otherwise provides, if a person does not make a required
17 contribution to an association, the person or the person's estate is obligated, at the option
18 of the association, to contribute money equal to the value of the part of the contribution
19 which has not been made.

20 SECTION 93. NEW LAW A new section of law to be codified in the Oklahoma
21 Statutes as Section 440-1004 of Title 18, unless there is created a duplication in
22 numbering, reads as follows:

1 ALLOCATIONS OF PROFITS AND LOSSES.

2 (a) The organic rules may provide for allocating profits of a limited cooperative
3 association among members, among persons that are not members but conduct business
4 with the association, to an unallocated account, or to any combination thereof. Unless
5 the organic rules otherwise provide, losses of the association must be allocated in the
6 same proportion as profits.

7 (b) Unless the organic rules otherwise provide, all profits and losses of a limited
8 cooperative association must be allocated to patron members.

9 (c) If a limited cooperative association has investor members, the organic rules may
10 not reduce the allocation to patron members to less than fifty percent (50%) of profits.

11 For purposes of this subsection, the following rules apply:

12 (1) Amounts paid or due on contracts for the delivery to the association by patron
13 members of products, goods, or services are not considered amounts allocated to patron
14 members.

15 (2) Amounts paid, due, or allocated to investor members as a stated fixed return on
16 equity are not considered amounts allocated to investor members.

17 (d) Unless prohibited by the organic rules, in determining the profits for allocation
18 under subsections (a), (b) and (c) of this section, the board of directors may first deduct
19 and set aside a part of the profits to create or accumulate:

20 (1) An unallocated capital reserve; and

21 (2) Reasonable unallocated reserves for specific purposes, including expansion and
22 replacement of capital assets; education, training, cooperative development; creation and

1 distribution of information concerning principles of cooperation; and community
2 responsibility.

3 (e) Subject to subsections (b) and (f) of this section and the organic rules, the board
4 of directors shall allocate the amount remaining after any deduction or setting aside of
5 profits for unallocated reserves under subsection (d) of this section:

6 (1) To patron members in the ratio of each member's patronage to the total
7 patronage of all patron members during the period for which allocations are to be made;
8 and

9 (2) To investor members, if any, in the ratio of each investor member's
10 contributions to the total contributions of all investor members.

11 (f) For purposes of allocation of profits and losses or specific items of profits or
12 losses of a limited cooperative association to members, the organic rules may establish
13 allocation units or methods based on separate classes of members or, for patron
14 members, on class, function, division, district, department, allocation units, pooling
15 arrangements, members' contributions, or other equitable methods.

16 SECTION 94. NEW LAW A new section of law to be codified in the Oklahoma
17 Statutes as Section 440-1005 of Title 18, unless there is created a duplication in
18 numbering, reads as follows:

19 DISTRIBUTIONS.

20 (a) Unless the organic rules otherwise provide and subject to Section 96 of this act,
21 the board of directors may authorize, and the limited cooperative association may make,
22 distributions to members.

1 (b) Unless the organic rules otherwise provide, distributions to members may be
2 made in any form, including money, capital credits, allocated patronage equities,
3 revolving fund certificates, and the limited cooperative association's own or other
4 securities.

5 SECTION 95. NEW LAW A new section of law to be codified in the Oklahoma
6 Statutes as Section 440-1006 of Title 18, unless there is created a duplication in
7 numbering, reads as follows:

8 REDEMPTION OR REPURCHASE. Property distributed to a member by a limited
9 cooperative association, other than money, may be redeemed or repurchased as provided
10 in the organic rules but a redemption or repurchase may not be made without
11 authorization by the board of directors. The board may withhold authorization for any
12 reason in its sole discretion. A redemption or repurchase is treated as a distribution for
13 purposes of Section 96 of this act.

14 SECTION 96. NEW LAW A new section of law to be codified in the Oklahoma
15 Statutes as Section 440-1007 of Title 18, unless there is created a duplication in
16 numbering, reads as follows:

17 LIMITATIONS ON DISTRIBUTIONS.

18 (a) A limited cooperative association may not make a distribution if, after the
19 distribution:

20 (1) The association would not be able to pay its debts as they become due in the
21 ordinary course of the association's activities; or

22 (2) The association's assets would be less than the sum of its total liabilities.

1 (b) A limited cooperative association may base a determination that a distribution
2 is not prohibited under subsection (a) of this section on financial statements prepared on
3 the basis of accounting practices and principles that are reasonable in the circumstances
4 or on a fair valuation or other method that is reasonable in the circumstances.

5 (c) Except as otherwise provided in subsection (d) of this section, the effect of a
6 distribution allowed under subsection (b) of this section is measured:

7 (1) In the case of distribution by purchase, redemption, or other acquisition of
8 financial rights in the limited cooperative association, as of the date money or other
9 property is transferred or debt is incurred by the association; and

10 (2) In all other cases, as of the date:

11 (A) the distribution is authorized, if the payment occurs not later than one
12 hundred twenty (120) days after that date; or

13 (B) the payment is made, if payment occurs more than one hundred
14 twenty (120) days after the distribution is authorized.

15 (d) If indebtedness is issued as a distribution, each payment of principal or interest
16 on the indebtedness is treated as a distribution, the effect of which is measured on the
17 date the payment is made.

18 (e) For purposes of this section, "distribution" does not include reasonable amounts
19 paid to a member in the ordinary course of business as payment or compensation for
20 commodities, goods, past or present services, or reasonable payments made in the
21 ordinary course of business under a bona fide retirement or other benefits program.

1 SECTION 97. NEW LAW A new section of law to be codified in the Oklahoma
2 Statutes as Section 440-1008 of Title 18, unless there is created a duplication in
3 numbering, reads as follows:

4 LIABILITY FOR IMPROPER DISTRIBUTIONS; LIMITATION OF ACTION.

5 (a) A director who consents to a distribution that violates Section 96 of this act is
6 personally liable to the limited cooperative association for the amount of the distribution
7 which exceeds the amount that could have been distributed without the violation if it is
8 established that in consenting to the distribution the director failed to comply with
9 Section 83 or 84 of this act.

10 (b) A member or transferee of financial rights which received a distribution
11 knowing that the distribution was made in violation of Section 96 of this act is personally
12 liable to the limited cooperative association to the extent the distribution exceeded the
13 amount that could have been properly paid.

14 (c) A director against whom an action is commenced under subsection (a) may:

15 (1) Implead in the action any other director who is liable under subsection (a) of
16 this section and compel contribution from the person; and

17 (2) Implead in the action any person that is liable under subsection (b) of this
18 section and compel contribution from the person in the amount the person received as
19 described in subsection (b) of this section.

20 (d) An action under this section is barred if it is commenced later than two (2) years
21 after the distribution.

1 SECTION 98. NEW LAW A new section of law to be codified in the Oklahoma
2 Statutes as Section 440-1009 of Title 18, unless there is created a duplication in
3 numbering, reads as follows:

4 RELATION TO STATE SECURITIES LAW. Patron members' interest in a limited
5 cooperative association has the same exemption as provided for substantially similar
6 interests in cooperatives under Section 437.27 of Title 18 of the Oklahoma Statutes.

7 ARTICLE 11

8 DISSOCIATION

9 SECTION 99. NEW LAW A new section of law to be codified in the Oklahoma
10 Statutes as Section 440-1101 of Title 18, unless there is created a duplication in
11 numbering, reads as follows:

12 MEMBER'S DISSOCIATION.

13 (a) A person has the power to dissociate as a member at any time, rightfully or
14 wrongfully, by express will.

15 (b) Unless the organic rules otherwise provide, a member's dissociation from a
16 limited cooperative association is wrongful only if the dissociation:

17 (1) Breaches an express provision of the organic rules; or

18 (2) Occurs before the termination of the limited cooperative association and:

19 (A) the person is expelled as a member under paragraph (3) or (4) of
20 subsection (d) of this section; or

21 (B) in the case of a person that is not an individual, trust other than a
22 business trust, or estate, the person is expelled or otherwise

1 dissociated as a member because it dissolved or terminated in bad
2 faith.

3 (c) Unless the organic rules otherwise provide, a person that wrongfully dissociates
4 as a member is liable to the limited cooperative association for damages caused by the
5 dissociation. The liability is in addition to any other debt, obligation, or liability of the
6 person to the association.

7 (d) A member is dissociated from the limited cooperative association as a member
8 when:

9 (1) The association receives notice in a record of the member's express will to
10 dissociate as a member, or if the member specifies in the notice an effective date later
11 than the date the association received notice, on that later date;

12 (2) An event stated in the organic rules as causing the member's dissociation as a
13 member occurs;

14 (3) The member is expelled as a member under the organic rules;

15 (4) The member is expelled as a member by the board of directors because:

16 (A) it is unlawful to carry on the association's activities with the member
17 as a member;

18 (B) there has been a transfer of all the member's financial rights in the
19 association, other than:

20 (i) a creation or perfection of a security interest; or

21 (ii) a charging order in effect under Section 61 of this act which has
22 not been foreclosed;

- 1 (C) the member is a limited liability company, association, or partnership,
2 which has been dissolved, and its business is being wound up; or
- 3 (D) the member is a corporation or cooperative and:
- 4 (i) the member filed a certificate of dissolution or the equivalent, or
5 the jurisdiction of formation revoked the association's charter or
6 right to conduct business;
- 7 (ii) the association sends a notice to the member that it will be
8 expelled as a member for a reason described in division (i) of this
9 subparagraph; and
- 10 (iii) not later than ninety (90) days after the notice was sent under
11 division (ii) of this subparagraph, the member did not revoke its
12 certificate of dissolution or the equivalent, or the jurisdiction of
13 formation did not reinstate the association's charter or right to
14 conduct business; or
- 15 (E) the member is an individual and is adjudged incompetent;
- 16 (5) In the case of a member who is an individual, the individual dies;
- 17 (6) In the case of a member that is a trust or is acting as a member by virtue of
18 being a trustee of a trust, all the trust's financial rights in the association are
19 distributed;
- 20 (7) In the case of a member that is an estate, the estate's entire financial interest in
21 the association is distributed;

1 (8) In the case of a member that is not an individual, partnership, limited liability
2 company, cooperative, corporation, trust, or estate, the member is terminated; or

3 (9) The association participates in a merger if under the plan of merger as approved
4 under Article 16 of this act the member ceases to be a member.

5 SECTION 100. NEW LAW A new section of law to be codified in the Oklahoma
6 Statutes as Section 440-1102 of Title 18, unless there is created a duplication in
7 numbering, reads as follows:

8 EFFECT OF DISSOCIATION AS MEMBER.

9 (a) Upon a member's dissociation:

10 (1) Subject to Section 101 of this act, the person has no further rights as a member;
11 and

12 (2) Subject to Section 101 of this act and Article 16 of this act, any financial rights
13 owned by the person in the person's capacity as a member immediately before
14 dissociation are owned by the person as a transferee.

15 (b) A person's dissociation as a member does not of itself discharge the person from
16 any debt, obligation, or liability to the limited cooperative association which the person
17 incurred under the organic rules, by contract, or by other means while a member.

18 SECTION 101. NEW LAW A new section of law to be codified in the Oklahoma
19 Statutes as Section 440-1103 of Title 18, unless there is created a duplication in
20 numbering, reads as follows:

21 POWER OF ESTATE OF MEMBER. Unless the organic rules provide for greater
22 rights, if a member is dissociated because of death, dies or is expelled by reason of being

1 adjudged incompetent, the member's personal representative or other legal
2 representative may exercise the rights of a transferee of the member's financial rights
3 and, for purposes of settling the estate of a deceased member, may exercise the
4 informational rights of a current member to obtain information under Section 44 of this
5 act.

6 ARTICLE 12

7 DISSOLUTION

8 SECTION 102. NEW LAW A new section of law to be codified in the Oklahoma
9 Statutes as Section 440-1201 of Title 18, unless there is created a duplication in
10 numbering, reads as follows:

11 DISSOLUTION AND WINDING UP. A limited cooperative association is dissolved
12 only as provided in this article and upon dissolution winds up in accordance with this
13 article.

14 SECTION 103. NEW LAW A new section of law to be codified in the Oklahoma
15 Statutes as Section 440-1202 of Title 18, unless there is created a duplication in
16 numbering, reads as follows:

17 NONJUDICIAL DISSOLUTION. Except as otherwise provided in Sections 104 and
18 112 of this act, a limited cooperative association is dissolved and its activities must be
19 wound up:

20 (1) Upon the occurrence of an event or at a time specified in the articles of
21 organization;

UNDERLINED language denotes Amendments to present Statutes.
BOLD FACE CAPITALIZED language denotes Committee Amendments.
~~Strike thru~~ language denotes deletion from present Statutes.

1 (2) Upon the action of the association’s organizers, board of directors, or members
2 under Section 105 or 106 of this act; or

3 (3) Ninety (90) days after the dissociation of a member, which results in the
4 association having one patron member and no other members, unless the association:

5 (A) has a sole member that is a cooperative; or

6 (B) not later than the end of the ninety-day period, admits at least one
7 member in accordance with the organic rules and has at least two
8 members, at least one of which is a patron member.

9 SECTION 104. NEW LAW A new section of law to be codified in the Oklahoma
10 Statutes as Section 440-1203 of Title 18, unless there is created a duplication in
11 numbering, reads as follows:

12 JUDICIAL DISSOLUTION. The district court may dissolve a limited cooperative
13 association or order any action that under the circumstances is appropriate and
14 equitable:

15 (1) In a proceeding initiated by the Attorney General, if:

16 (A) the association obtained its articles of organization through fraud; or

17 (B) the association has continued to exceed or abuse the authority
18 conferred upon it by law; or

19 (2) In a proceeding initiated by a member, if:

20 (A) the directors are deadlocked in the management of the association’s
21 affairs, the members are unable to break the deadlock, and irreparable

1 injury to the association is occurring or is threatened because of the
2 deadlock;

3 (B) the directors or those in control of the association have acted, are
4 acting, or will act in a manner that is illegal, oppressive, or fraudulent;

5 (C) the members are deadlocked in voting power and have failed to elect
6 successors to directors whose terms have expired for two consecutive
7 periods during which annual members meetings were held or were to
8 be held; or

9 (D) the assets of the association are being misapplied or wasted.

10 SECTION 105. NEW LAW A new section of law to be codified in the Oklahoma
11 Statutes as Section 440-1204 of Title 18, unless there is created a duplication in
12 numbering, reads as follows:

13 VOLUNTARY DISSOLUTION BEFORE COMMENCEMENT OF ACTIVITY. A
14 majority of the organizers or initial directors of a limited cooperative association that has
15 not yet begun business activity or the conduct of its affairs may dissolve the association.

16 SECTION 106. NEW LAW A new section of law to be codified in the Oklahoma
17 Statutes as Section 440-1205 of Title 18, unless there is created a duplication in
18 numbering, reads as follows:

19 VOLUNTARY DISSOLUTION BY THE BOARD AND MEMBERS.

20 (a) Except as otherwise provided in Section 105 of this act, for a limited cooperative
21 association to voluntarily dissolve:

UNDERLINED language denotes Amendments to present Statutes.
BOLD FACE CAPITALIZED language denotes Committee Amendments.
~~Strike thru~~ language denotes deletion from present Statutes.

1 (1) A resolution to dissolve must be approved by a majority vote of the board of
2 directors unless a greater percentage is required by the organic rules;

3 (2) The board of directors must call a members meeting to consider the resolution,
4 to be held not later than ninety (90) days after adoption of the resolution; and

5 (3) The board of directors must mail or otherwise transmit or deliver to each
6 member in a record that complies with Section 47 of this act:

7 (A) the resolution required by paragraph (1) of this subsection;

8 (B) a recommendation that the members vote in favor of the resolution or,
9 if the board determines that because of conflict of interest or other
10 special circumstances it should not make a favorable recommendation,
11 the basis of that determination; and

12 (C) notice of the members meeting, which must be given in the same
13 manner as notice of a special meeting of members.

14 (b) Subject to subsection (c) of this section, a resolution to dissolve must be
15 approved by:

16 (1) At least two-thirds (2/3) of the voting power of members present at a members
17 meeting called under paragraph (2) of subsection (a) of this section; and

18 (2) If the limited cooperative association has investor members, at least a majority
19 of the votes cast by patron members, unless the organic rules require a greater
20 percentage.

21 (c) The organic rules may require that the percentage of votes under paragraph (1)
22 of subsection (b) of this section is:

- 1 (1) A different percentage that is not less than a majority of members voting at the
2 meeting; or
- 3 (2) Measured against the voting power of all members; or
- 4 (3) A combination of paragraphs (1) and (2) of this subsection.

5 SECTION 107. NEW LAW A new section of law to be codified in the Oklahoma
6 Statutes as Section 440-1206 of Title 18, unless there is created a duplication in
7 numbering, reads as follows:

8 WINDING UP.

9 (a) A limited cooperative association continues after dissolution only for purposes of
10 winding up its activities.

11 (b) In winding up a limited cooperative association's activities, the board of
12 directors shall cause the association to:

13 (1) Discharge its liabilities, settle and close its activities, and marshal and
14 distribute its assets;

15 (2) Preserve the association or its property as a going concern for no more than a
16 reasonable time;

17 (3) Prosecute and defend actions and proceedings;

18 (4) Transfer association property; and

19 (5) Perform other necessary acts.

20 (c) After dissolution and upon application of a limited cooperative association, a
21 member, or a holder of financial rights, the district court may order judicial supervision

1 of the winding up of the association, including the appointment of a person to wind up
2 the association's activities, if:

3 (1) After a reasonable time, the association has not wound up its activities; or

4 (2) The applicant establishes other good cause.

5 (d) If a person is appointed pursuant to subsection (c) of this section to wind up the
6 activities of a limited cooperative association, the association shall promptly deliver to
7 the Secretary of State for filing an amendment to the articles of organization to reflect
8 the appointment.

9 SECTION 108. NEW LAW A new section of law to be codified in the Oklahoma
10 Statutes as Section 440-1207 of Title 18, unless there is created a duplication in
11 numbering, reads as follows:

12 DISTRIBUTION OF ASSETS IN WINDING UP LIMITED COOPERATIVE
13 ASSOCIATION.

14 (a) In winding up a limited cooperative association's business, the association shall
15 apply its assets to discharge its obligations to creditors, including members that are
16 creditors. The association shall apply any remaining assets to pay in money the net
17 amount distributable to members in accordance with their right to distributions under
18 subsection (b) of this section.

19 (b) Unless the organic rules otherwise provide, in this subsection "financial
20 interests" means the amounts recorded in the names of members in the records of a
21 limited cooperative association at the time a distribution is made, including amounts
22 paid to become a member, amounts allocated but not distributed to members, and

UNDERLINED language denotes Amendments to present Statutes.
BOLD FACE CAPITALIZED language denotes Committee Amendments.
~~Strike thru~~ language denotes deletion from present Statutes.

1 amounts of distributions authorized but not yet paid to members. Unless the organic
2 rules otherwise provide, each member is entitled to a distribution from the association of
3 any remaining assets in the proportion of the member's financial interests to the total
4 financial interests of the members after all other obligations are satisfied.

5 SECTION 109. NEW LAW A new section of law to be codified in the Oklahoma
6 Statutes as Section 440-1208 of Title 18, unless there is created a duplication in
7 numbering, reads as follows:

8 KNOWN CLAIMS AGAINST DISSOLVED LIMITED COOPERATIVE
9 ASSOCIATION.

10 (a) Subject to subsection (d) of this section, a dissolved limited cooperative
11 association may dispose of the known claims against it by following the procedure in
12 subsections (b) and (c) of this section.

13 (b) A dissolved limited cooperative association may notify its known claimants of
14 the dissolution in a record. The notice must:

15 (1) Specify that a claim be in a record;

16 (2) Specify the information required to be included in the claim;

17 (3) Provide an address to which the claim must be sent;

18 (4) State the deadline for receipt of the claim, which may not be less than one
19 hundred twenty (120) days after the date the notice is received by the claimant; and

20 (5) State that the claim will be barred if not received by the deadline.

21 (c) A claim against a dissolved limited cooperative association is barred if the
22 requirements of subsection (b) of this section are met, and:

1 (1) The association is not notified of the claimant's claim, in a record, by the
2 deadline specified in the notice under paragraph (4) of subsection (b) of this section;

3 (2) In the case of a claim that is timely received but rejected by the association, the
4 claimant does not commence an action to enforce the claim against the association within
5 ninety (90) days after receipt of the notice of the rejection; or

6 (3) If a claim is timely received but is neither accepted nor rejected by the
7 association within one hundred twenty (120) days after the deadline for receipt of claims,
8 the claimant does not commence an action to enforce the claim against the association:

9 (A) after the one-hundred-twenty-day period; and

10 (B) not later than ninety (90) days after the one-hundred-twenty-day
11 period.

12 (d) This section does not apply to a claim based on an event occurring after the date
13 of dissolution or a liability that is contingent on that date.

14 SECTION 110. NEW LAW A new section of law to be codified in the Oklahoma
15 Statutes as Section 440-1209 of Title 18, unless there is created a duplication in
16 numbering, reads as follows:

17 OTHER CLAIMS AGAINST DISSOLVED LIMITED COOPERATIVE
18 ASSOCIATION.

19 (a) A dissolved limited cooperative association may publish notice of its dissolution
20 and request persons having claims against the association to present them in accordance
21 with the notice.

22 (b) A notice under subsection (a) of this section must:

1 (1) Be published at least once in a newspaper of general circulation in the county in
2 which the dissolved limited cooperative association's principal office is located or, if the
3 association does not have a principal office in this state, in the county in which the
4 association's designated office is or was last located;

5 (2) Describe the information required to be contained in a claim and provide an
6 address to which the claim is to be sent; and

7 (3) State that a claim against the association is barred unless an action to enforce
8 the claim is commenced not later than three (3) years after publication of the notice.

9 (c) If a dissolved limited cooperative association publishes a notice in accordance
10 with subsection (b) of this section, the claim of each of the following claimants is barred
11 unless the claimant commences an action to enforce the claim not later than three (3)
12 years after the first publication date of the notice:

13 (1) A claimant that is entitled to but did not receive notice in a record under Section
14 109 of this act; and

15 (2) A claimant whose claim is contingent or based on an event occurring after the
16 effective date of dissolution.

17 (d) A claim not barred under this section may be enforced:

18 (1) Against a dissolved limited cooperative association, to the extent of its
19 undistributed assets; or

20 (2) If the association's assets have been distributed in connection with winding up
21 the association's activities, against a member or holder of financial rights to the extent of
22 that person's proportionate share of the claim or the association's assets distributed to

1 the person in connection with the winding up, whichever is less. The person's total
2 liability for all claims under this paragraph shall not exceed the total amount of assets
3 distributed to the person as part of the winding up of the association.

4 SECTION 111. NEW LAW A new section of law to be codified in the Oklahoma
5 Statutes as Section 440-1210 of Title 18, unless there is created a duplication in
6 numbering, reads as follows:

7 COURT PROCEEDING.

8 (a) Upon application by a dissolved limited cooperative association that has
9 published a notice under Section 110 of this act, the district court in the county where
10 the association's principal office is located or, if the association does not have a principal
11 office in this state, where its designated office in this state is located, may determine the
12 amount and form of security to be provided for payment of claims against the association
13 that are contingent, have not been made known to the association, or are based on an
14 event occurring after the effective date of dissolution but that, based on the facts known
15 to the association, are reasonably anticipated to arise after the effective date of
16 dissolution.

17 (b) Not later than ten (10) days after filing an application under subsection (a) of
18 this section, a dissolved limited cooperative association shall give notice of the proceeding
19 to each known claimant holding a contingent claim.

20 (c) The court may appoint a representative in a proceeding brought under this
21 section to represent all claimants whose identities are unknown. The dissolved limited

1 cooperative association shall pay reasonable fees and expenses of the representative,
2 including all reasonable attorney and expert witness fees.

3 (d) Provision by the dissolved limited cooperative association for security in the
4 amount and the form ordered by the court satisfies the association's obligations with
5 respect to claims that are contingent, have not been made known to the association, or
6 are based on an event occurring after the effective date of dissolution, and the claims
7 may not be enforced against a member that received a distribution.

8 SECTION 112. NEW LAW A new section of law to be codified in the Oklahoma
9 Statutes as Section 440-1211 of Title 18, unless there is created a duplication in
10 numbering, reads as follows:

11 ADMINISTRATIVE DISSOLUTION.

12 (a) The Secretary of State may dissolve a limited cooperative association
13 administratively if the association does not:

14 (1) Pay, not later than sixty (60) days after the due date, any fee, tax, or penalty
15 due to the Secretary of State under the Uniform Limited Cooperative Association Act or
16 other law; or

17 (2) Deliver not later than sixty (60) days after the due date its annual report to the
18 Secretary of State.

19 (b) If the Secretary of State determines that a ground exists for dissolving a limited
20 cooperative association administratively, the Secretary of State shall file a record of the
21 determination and serve the association with a copy of the record.

1 (c) If, not later than sixty (60) days after service of a copy of the Secretary of State's
2 determination under subsection (b) of this section, the association does not correct each
3 ground for dissolution or demonstrate to the satisfaction of the Secretary of State that
4 each uncorrected ground determined by the Secretary of State does not exist, the
5 Secretary of State shall dissolve the association administratively by preparing and filing
6 a declaration of dissolution which states the grounds for dissolution. The Secretary of
7 State shall serve the association with a copy of the declaration.

8 (d) A limited cooperative association that has been dissolved administratively
9 continues its existence only for purposes of winding up its activities.

10 (e) The administrative dissolution of a limited cooperative association does not
11 terminate the authority of its agent for service of process.

12 SECTION 113. NEW LAW A new section of law to be codified in the Oklahoma
13 Statutes as Section 440-1212 of Title 18, unless there is created a duplication in
14 numbering, reads as follows:

15 REINSTATEMENT FOLLOWING ADMINISTRATIVE DISSOLUTION.

16 (a) A limited cooperative association that has been dissolved administratively may
17 apply to the Secretary of State for reinstatement not later than two (2) years after the
18 effective date of dissolution. The application must be delivered to the Secretary of State
19 for filing and state:

20 (1) The name of the association and the effective date of its administrative
21 dissolution;

1 (2) That the grounds for dissolution either did not exist or have been eliminated;
2 and

3 (3) That the association's name satisfies the requirements of Section 11 of this act.

4 (b) If the Secretary of State determines that an application contains the
5 information required by subsection (a) of this section and that the information is correct,
6 the Secretary of State shall:

7 (1) Prepare a declaration of reinstatement;

8 (2) File the original of the declaration; and

9 (3) Serve a copy of the declaration on the association.

10 (c) When reinstatement under this section becomes effective, it relates back to and
11 takes effect as of the effective date of the administrative dissolution, and the limited
12 cooperative association may resume or continue its activities as if the administrative
13 dissolution had not occurred.

14 SECTION 114. NEW LAW A new section of law to be codified in the Oklahoma
15 Statutes as Section 440-1213 of Title 18, unless there is created a duplication in
16 numbering, reads as follows:

17 DENIAL OF REINSTATEMENT; APPEAL.

18 (a) If the Secretary of State denies a limited cooperative association's application
19 for reinstatement following administrative dissolution, the Secretary of State shall
20 prepare and file a notice that explains the reason for denial and serve the association
21 with a copy of the notice.

1 (b) Not later than thirty (30) days after service of a notice of denial of
2 reinstatement by the Secretary of State, a limited cooperative association may appeal the
3 denial by petitioning the district court to set aside the dissolution. The petition must be
4 served on the Secretary of State and contain a copy of the Secretary of State's declaration
5 of dissolution, the association's application for reinstatement, and the Secretary of
6 State's notice of denial.

7 (c) The court may summarily order the Secretary of State to reinstate the dissolved
8 cooperative association or may take other action the court considers appropriate.

9 SECTION 115. NEW LAW A new section of law to be codified in the Oklahoma
10 Statutes as Section 440-1214 of Title 18, unless there is created a duplication in
11 numbering, reads as follows:

12 STATEMENT OF DISSOLUTION.

13 (a) A limited cooperative association that has dissolved or is about to dissolve may
14 deliver to the Secretary of State for filing a statement of dissolution that states:

- 15 (1) The name of the association;
- 16 (2) The date the association dissolved or will dissolve; and
- 17 (3) Any other information the association considers relevant.

18 (b) A person has notice of a limited cooperative association's dissolution on the later
19 of:

- 20 (1) Ninety (90) days after a statement of dissolution is filed; or
- 21 (2) The effective date stated in the statement of dissolution.

UNDERLINED language denotes Amendments to present Statutes.
BOLD FACE CAPITALIZED language denotes Committee Amendments.
~~Strike thru~~ language denotes deletion from present Statutes.

1 SECTION 116. NEW LAW A new section of law to be codified in the Oklahoma
2 Statutes as Section 440-1215 of Title 18, unless there is created a duplication in
3 numbering, reads as follows:

4 STATEMENT OF TERMINATION.

5 (a) A dissolved limited cooperative association that has completed winding up may
6 deliver to the Secretary of State for filing a statement of termination that states:

7 (1) The name of the association;

8 (2) The date of filing of its initial articles of organization; and

9 (3) That the association is terminated.

10 (b) The filing of a statement of termination does not itself terminate the limited
11 cooperative association.

12 ARTICLE 13

13 ACTION BY MEMBER

14 SECTION 117. NEW LAW A new section of law to be codified in the Oklahoma
15 Statutes as Section 440-1301 of Title 18, unless there is created a duplication in
16 numbering, reads as follows:

17 DERIVATIVE ACTION. A member may maintain a derivative action to enforce a
18 right of a limited cooperative association if:

19 (1) The member demands that the association bring an action to enforce the right;

20 and

21 (2) Any of the following occur:

- 1 (A) the association does not, within ninety (90) days after the member
- 2 makes the demand, agree to bring the action;
- 3 (B) the association notifies the member that it has rejected the demand;
- 4 (C) irreparable harm to the association would result by waiting ninety (90)
- 5 days after the member makes the demand; or
- 6 (D) the association agrees to bring an action demanded and fails to bring
- 7 the action within a reasonable time.

8 SECTION 118. NEW LAW A new section of law to be codified in the Oklahoma
9 Statutes as Section 440-1302 of Title 18, unless there is created a duplication in
10 numbering, reads as follows:

11 PROPER PLAINTIFF.

12 (a) A derivative action to enforce a right of a limited cooperative association may be
13 maintained only by a person that:

- 14 (1) Is a member or a dissociated member at the time the action is commenced and:
 - 15 (A) was a member when the conduct giving rise to the action occurred; or
 - 16 (B) whose status as a member devolved upon the person by operation of
 - 17 law or the organic rules from a person that was a member at the time
 - 18 of the conduct; and

19 (2) Adequately represents the interests of the association.

20 (b) If the sole plaintiff in a derivative action dies while the action is pending, the
21 court may permit another member who meets the requirements of subsection (a) of this
22 section to be substituted as plaintiff.

UNDERLINED language denotes Amendments to present Statutes.
BOLD FACE CAPITALIZED language denotes Committee Amendments.
~~Strike thru~~ language denotes deletion from present Statutes.

1 SECTION 119. NEW LAW A new section of law to be codified in the Oklahoma
2 Statutes as Section 440-1303 of Title 18, unless there is created a duplication in
3 numbering, reads as follows:

4 PLEADING. In a derivative action to enforce a right of a limited cooperative
5 association, the complaint must state:

6 (1) The date and content of the plaintiff's demand under paragraph (1) of Section
7 117 of this act and the association's response;

8 (2) If ninety (90) days have not expired since the demand, how irreparable harm to
9 the association would result by waiting for the expiration of ninety (90) days; and

10 (3) If the association agreed to bring an action demanded, that the action has not
11 been brought within a reasonable time.

12 SECTION 120. NEW LAW A new section of law to be codified in the Oklahoma
13 Statutes as Section 440-1304 of Title 18, unless there is created a duplication in
14 numbering, reads as follows:

15 APPROVAL FOR DISCONTINUANCE OR SETTLEMENT. A derivative action to
16 enforce a right of a limited cooperative association may not be discontinued or settled
17 without the court's approval.

18 SECTION 121. NEW LAW A new section of law to be codified in the Oklahoma
19 Statutes as Section 440-1305 of Title 18, unless there is created a duplication in
20 numbering, reads as follows:

21 PROCEEDS AND EXPENSES.

22 (a) Except as otherwise provided in subsection (b) of this section:

1 (1) Any proceeds or other benefits of a derivative action to enforce a right of a
2 limited cooperative association, whether by judgment, compromise, or settlement, belong
3 to the association and not to the plaintiff; and

4 (2) If the plaintiff in the derivative action receives any proceeds, the plaintiff shall
5 immediately remit them to the association.

6 (b) If a derivative action to enforce a right of a limited cooperative association is
7 successful in whole or in part, the court may award the plaintiff reasonable expenses,
8 including reasonable attorney fees and costs, from the recovery of the association.

9 ARTICLE 14

10 FOREIGN COOPERATIVES

11 SECTION 122. NEW LAW A new section of law to be codified in the Oklahoma
12 Statutes as Section 440-1401 of Title 18, unless there is created a duplication in
13 numbering, reads as follows:

14 GOVERNING LAW.

15 (a) The law of the state or other jurisdiction under which a foreign cooperative is
16 organized governs relations among the members of the foreign cooperative and between
17 the members and the foreign cooperative.

18 (b) A foreign cooperative may not be denied a certificate of authority because of any
19 difference between the law of the jurisdiction under which the foreign cooperative is
20 organized and the law of this state.

1 (c) A certificate of authority does not authorize a foreign cooperative to engage in
2 any activity or exercise any power that a limited cooperative association may not engage
3 in or exercise in this state.

4 SECTION 123. NEW LAW A new section of law to be codified in the Oklahoma
5 Statutes as Section 440-1402 of Title 18, unless there is created a duplication in
6 numbering, reads as follows:

7 APPLICATION FOR CERTIFICATE OF AUTHORITY.

8 (a) A foreign cooperative may apply for a certificate of authority by delivering an
9 application to the Secretary of State for filing. The application must state:

10 (1) The name of the foreign cooperative and, if the name does not comply with
11 Section 11 of this act, an alternative name adopted pursuant to Section 126 of this act;

12 (2) The name of the state or other jurisdiction under whose law the foreign
13 cooperative is organized;

14 (3) The street address and, if different, mailing address of the principal office and,
15 if the law of the jurisdiction under which the foreign cooperative is organized requires
16 the foreign cooperative to maintain another office in that jurisdiction, the street address
17 and, if different, mailing address of the required office;

18 (4) The street address and, if different, mailing address of the foreign cooperative's
19 designated office in this state, and the name of the foreign cooperative's agent for service
20 of process at the designated office; and

21 (5) The name, street address and, if different, mailing address of each of the foreign
22 cooperative's current directors and officers.

1 (b) A foreign cooperative shall deliver with a completed application under
2 subsection (a) of this section a certificate of good standing or a similar record signed by
3 the Secretary of State or other official having custody of the foreign cooperative's publicly
4 filed records in the state or other jurisdiction under whose law the foreign cooperative is
5 organized.

6 SECTION 124. NEW LAW A new section of law to be codified in the Oklahoma
7 Statutes as Section 440-1403 of Title 18, unless there is created a duplication in
8 numbering, reads as follows:

9 ACTIVITIES NOT CONSTITUTING TRANSACTING BUSINESS.

10 (a) Activities of a foreign cooperative which do not constitute transacting business
11 in this state under this article include:

- 12 (1) Maintaining, defending, and settling an action or proceeding;
- 13 (2) Holding meetings of the foreign cooperative's members or directors or carrying
14 on any other activity concerning the foreign cooperative's internal affairs;
- 15 (3) Maintaining accounts in financial institutions;
- 16 (4) Maintaining offices or agencies for the transfer, exchange, and registration of
17 the foreign cooperative's own securities or maintaining trustees or depositories with
18 respect to those securities;
- 19 (5) Selling through independent contractors;
- 20 (6) Soliciting or obtaining orders, whether by mail or electronic means, through
21 employees, agents, or otherwise, if the orders require acceptance outside this state before
22 they become contracts;

UNDERLINED language denotes Amendments to present Statutes.
BOLD FACE CAPITALIZED language denotes Committee Amendments.
~~Strike thru~~ language denotes deletion from present Statutes.

1 (7) Creating or acquiring indebtedness, mortgages, or security interests in real or
2 personal property;

3 (8) Securing or collecting debts or enforcing mortgages or other security interests in
4 property securing the debts, and holding, protecting, and maintaining property so
5 acquired;

6 (9) Conducting an isolated transaction that is completed within thirty (30) days and
7 is not one in the course of similar transactions; and

8 (10) Transacting business in interstate commerce.

9 (b) For purposes of this article, the ownership in this state of income-producing real
10 property or tangible personal property, other than property excluded under subsection (a)
11 of this section, constitutes transacting business in this state.

12 (c) This section does not apply in determining the contacts or activities that may
13 subject a foreign cooperative to service of process, taxation, or regulation under law of
14 this state other than the Uniform Limited Cooperative Association Act.

15 SECTION 125. NEW LAW A new section of law to be codified in the Oklahoma
16 Statutes as Section 440-1404 of Title 18, unless there is created a duplication in
17 numbering, reads as follows:

18 ISSUANCE OF CERTIFICATE OF AUTHORITY. Unless the Secretary of State
19 determines that an application for a certificate of authority does not comply with the
20 filing requirements of the Uniform Limited Cooperative Association Act, the Secretary of
21 State, upon payment by the foreign cooperative of all filing fees, shall file the application,

1 issue a certificate of authority, and send a copy of the filed certificate, together with a
2 receipt for the fees, to the foreign cooperative or its representative.

3 SECTION 126. NEW LAW A new section of law to be codified in the Oklahoma
4 Statutes as Section 440-1405 of Title 18, unless there is created a duplication in
5 numbering, reads as follows:

6 NONCOMPLYING NAME OF FOREIGN COOPERATIVE.

7 (a) A foreign cooperative whose name does not comply with Section 11 of this act
8 may not obtain a certificate of authority until it adopts, for the purpose of transacting
9 business in this state, an alternative name that complies with Section 11 of this act.
10 After obtaining a certificate of authority with an alternative name, a foreign
11 cooperative's business in this state must be transacted under that name.

12 (b) If a foreign cooperative authorized to transact business in this state changes its
13 name to one that does not comply with Section 11 of this act, it may not thereafter
14 transact business in this state until it complies with subsection (a) of this section and
15 obtains an amended certificate of authority.

16 SECTION 127. NEW LAW A new section of law to be codified in the Oklahoma
17 Statutes as Section 440-1406 of Title 18, unless there is created a duplication in
18 numbering, reads as follows:

19 REVOCATION OF CERTIFICATE OF AUTHORITY.

20 (a) A certificate of authority may be revoked by the Secretary of State in the
21 manner provided in subsection (b) of this section if the foreign cooperative does not:

1 (1) Pay, not later than sixty (60) days after the due date, any fee, tax, or penalty
2 due to the Secretary of State under the Uniform Limited Cooperative Association Act or
3 law of this state other than the Uniform Limited Cooperative Association Act;

4 (2) Deliver, not later than sixty (60) days after the due date, its annual report;

5 (3) Appoint and maintain an agent for service of process; or

6 (4) Deliver for filing a statement of change not later than thirty (30) days after a
7 change has occurred in the name of the agent or the address of the foreign cooperative's
8 designated office.

9 (b) To revoke a certificate of authority, the Secretary of State must file a notice of
10 revocation and send a copy to the foreign cooperative's registered agent for service of
11 process in this state or, if the foreign cooperative does not appoint and maintain an agent
12 for service of process in this state, to the foreign cooperative's principal office. The notice
13 must state:

14 (1) The revocation's effective date, which must be at least sixty (60) days after the
15 date the Secretary of State sends the copy; and

16 (2) The foreign cooperative's noncompliance that is the reason for the revocation.

17 (c) The authority of a foreign cooperative to transact business in this state ceases
18 on the effective date of the notice of revocation unless before that date the foreign
19 cooperative cures each failure to comply stated in the notice. If the foreign cooperative
20 cures the failures, the Secretary of State shall so indicate on the filed notice.

1 SECTION 128. NEW LAW A new section of law to be codified in the Oklahoma
2 Statutes as Section 440-1407 of Title 18, unless there is created a duplication in
3 numbering, reads as follows:

4 CANCELLATION OF CERTIFICATE OF AUTHORITY; EFFECT OF FAILURE
5 TO HAVE CERTIFICATE.

6 (a) To cancel its certificate of authority, a foreign cooperative must deliver to the
7 Secretary of State for filing a notice of cancellation. The certificate is canceled when the
8 notice becomes effective under Section 23 of this act.

9 (b) A foreign cooperative transacting business in this state may not maintain an
10 action or proceeding in this state unless it has a certificate of authority.

11 (c) The failure of a foreign cooperative to have a certificate of authority does not
12 impair the validity of a contract or act of the foreign cooperative or prevent the foreign
13 cooperative from defending an action or proceeding in this state.

14 (d) A member of a foreign cooperative is not liable for the obligations of the foreign
15 cooperative solely by reason of the foreign cooperative's having transacted business in
16 this state without a certificate of authority.

17 (e) If a foreign cooperative transacts business in this state without a certificate of
18 authority or cancels its certificate, it appoints the Secretary of State as its agent for
19 service of process for an action arising out of the transaction of business in this state.

20 SECTION 129. NEW LAW A new section of law to be codified in the Oklahoma
21 Statutes as Section 440-1408 of Title 18, unless there is created a duplication in
22 numbering, reads as follows:

1 ACTION BY ATTORNEY GENERAL. The Attorney General may maintain an
2 action to restrain a foreign cooperative from transacting business in this state in
3 violation of this article.

4 ARTICLE 15

5 DISPOSITION OF ASSETS

6 SECTION 130. NEW LAW A new section of law to be codified in the Oklahoma
7 Statutes as Section 440-1501 of Title 18, unless there is created a duplication in
8 numbering, reads as follows:

9 DISPOSITION OF ASSETS NOT REQUIRING MEMBER APPROVAL. Unless the
10 articles of organization otherwise provide, member approval under Section 131 of this act
11 is not required for a limited cooperative association to:

12 (1) Sell, lease, exchange, license, or otherwise dispose of all or any part of the assets
13 of the association in the usual and regular course of business; or

14 (2) Mortgage, pledge, dedicate to the repayment of indebtedness, or encumber in
15 any way all or any part of the assets of the association whether or not in the usual and
16 regular course of business.

17 SECTION 131. NEW LAW A new section of law to be codified in the Oklahoma
18 Statutes as Section 440-1502 of Title 18, unless there is created a duplication in
19 numbering, reads as follows:

20 MEMBER APPROVAL OF OTHER DISPOSITION OF ASSETS. A sale, lease,
21 exchange, license, or other disposition of assets of a limited cooperative association, other
22 than a disposition described in Section 130 of this act, requires approval of the

1 association's members under Sections 132 and 133 of this act if the disposition leaves the
2 association without significant continuing business activity.

3 SECTION 132. NEW LAW A new section of law to be codified in the Oklahoma
4 Statutes as Section 440-1503 of Title 18, unless there is created a duplication in
5 numbering, reads as follows:

6 NOTICE AND ACTION ON DISPOSITION OF ASSETS. For a limited cooperative
7 association to dispose of assets under Section 131 of this act:

8 (1) A majority of the board of directors, or a greater percentage if required by the
9 organic rules, must approve the proposed disposition; and

10 (2) The board of directors must call a members meeting to consider the proposed
11 disposition, hold the meeting not later than ninety (90) days after approval of the
12 proposed disposition by the board, and mail or otherwise transmit or deliver in a record
13 to each member:

14 (A) the terms of the proposed disposition;

15 (B) a recommendation that the members approve the disposition, or if the
16 board determines that because of conflict of interest or other special
17 circumstances it should not make a favorable recommendation, the
18 basis for that determination;

19 (C) a statement of any condition of the board's submission of the proposed
20 disposition to the members; and

1 (D) notice of the meeting at which the proposed disposition will be
2 considered, which must be given in the same manner as notice of a
3 special meeting of members.

4 SECTION 133. NEW LAW A new section of law to be codified in the Oklahoma
5 Statutes as Section 440-1504 of Title 18, unless there is created a duplication in
6 numbering, reads as follows:

7 DISPOSITION OF ASSETS.

8 (a) Subject to subsection (b) of this section, a disposition of assets under Section 131
9 of this act must be approved by:

10 (1) At least two-thirds (2/3) of the voting power of members present at a members
11 meeting called under paragraph (2) of Section 132 of this act; and

12 (2) If the limited cooperative association has investor members, at least a majority
13 of the votes cast by patron members, unless the organic rules require a greater
14 percentage vote by patron members.

15 (b) The organic rules may require that the percentage of votes under paragraph (1)
16 of subsection (a) of this section is:

17 (1) A different percentage that is not less than a majority of members voting at the
18 meeting;

19 (2) Measured against the voting power of all members; or

20 (3) A combination of paragraphs (1) and(2) of this subsection.

21 (c) Subject to any contractual obligations, after a disposition of assets is approved
22 and at any time before the consummation of the disposition, a limited cooperative

UNDERLINED language denotes Amendments to present Statutes.
BOLD FACE CAPITALIZED language denotes Committee Amendments.
~~Strike thru~~ language denotes deletion from present Statutes.

1 association may approve an amendment to the contract for disposition or the resolution
2 authorizing the disposition or approve abandonment of the disposition:

3 (1) As provided in the contract or the resolution; and

4 (2) Except as prohibited by the resolution, with the same affirmative vote of the
5 board of directors and of the members as was required to approve the disposition.

6 (d) The voting requirements for districts, classes, or voting groups under Section 36
7 of this act apply to approval of a disposition of assets under this article.

8 ARTICLE 16

9 CONVERSION AND MERGER

10 SECTION 134. NEW LAW A new section of law to be codified in the Oklahoma
11 Statutes as Section 440-1601 of Title 18, unless there is created a duplication in
12 numbering, reads as follows:

13 DEFINITIONS. In this article:

14 (1) "Constituent entity" means an entity that is a party to a merger.

15 (2) "Constituent limited cooperative association" means a limited cooperative
16 association that is a party to a merger.

17 (3) "Converted entity" means the organization into which a converting entity
18 converts pursuant to Sections 135 through 138 of this act.

19 (4) "Converting entity" means an entity that converts into another entity pursuant
20 to 135 through 138 of this act.

21 (5) "Converting limited cooperative association" means a converting entity that is a
22 limited cooperative association.

1 (6) "Organizational documents" means articles of incorporation, bylaws, articles of
2 organization, operating agreements, partnership agreements, or other documents serving
3 a similar function in the creation and governance of an entity.

4 (7) "Personal liability" means personal liability for a debt, liability, or other
5 obligation of an entity imposed, by operation of law or otherwise, on a person that co-
6 owns or has an interest in the entity:

7 (A) by the entity's organic law solely because of the person co-owning or
8 having an interest in the entity; or

9 (B) by the entity's organizational documents under a provision of the
10 entity's organic law authorizing those documents to make one or more
11 specified persons liable for all or specified parts of the entity's debts,
12 liabilities, and other obligations solely because the person co-owns or
13 has an interest in the entity.

14 (8) "Surviving entity" means an entity into which one or more other entities are
15 merged, whether the entity existed before the merger or is created by the merger.

16 SECTION 135. NEW LAW A new section of law to be codified in the Oklahoma
17 Statutes as Section 440-1602 of Title 18, unless there is created a duplication in
18 numbering, reads as follows:

19 CONVERSION.

20 (a) An entity that is not a limited cooperative association may convert to a limited
21 cooperative association and a limited cooperative association may convert to an entity

1 that is not a limited cooperative association pursuant to this section, Sections 136
2 through 138 of this act, and a plan of conversion, if:

3 (1) The other entity's organic law authorizes the conversion;

4 (2) The conversion is not prohibited by the law of the jurisdiction that enacted the
5 other entity's organic law; and

6 (3) The other entity complies with its organic law in effecting the conversion.

7 (b) A plan of conversion must be in a record and must include:

8 (1) The name and form of the entity before conversion;

9 (2) The name and form of the entity after conversion;

10 (3) The terms and conditions of the conversion, including the manner and basis for
11 converting interests in the converting entity into any combination of money, interests in
12 the converted entity, and other consideration; and

13 (4) The organizational documents of the proposed converted entity.

14 SECTION 136. NEW LAW A new section of law to be codified in the Oklahoma
15 Statutes as Section 440-1603 of Title 18, unless there is created a duplication in
16 numbering, reads as follows:

17 ACTION ON PLAN OF CONVERSION BY CONVERTING LIMITED
18 COOPERATIVE ASSOCIATION.

19 (a) For a limited cooperative association to convert to another entity, a plan of
20 conversion must be approved by a majority of the board of directors, or a greater
21 percentage if required by the organic rules, and the board of directors must call a
22 members meeting to consider the plan of conversion, hold the meeting not later than

1 ninety (90) days after approval of the plan by the board, and mail or otherwise transmit
2 or deliver in a record to each member:

3 (1) The plan, or a summary of the plan and a statement of the manner in which a
4 copy of the plan in a record may be reasonably obtained by a member;

5 (2) A recommendation that the members approve the plan of conversion, or if the
6 board determines that because of a conflict of interest or other circumstances it should
7 not make a favorable recommendation, the basis for that determination;

8 (3) A statement of any condition of the board's submission of the plan of conversion
9 to the members; and

10 (4) Notice of the meeting at which the plan of conversion will be considered, which
11 must be given in the same manner as notice of a special meeting of members.

12 (b) Subject to subsections (c) and (d) of this section, a plan of conversion must be
13 approved by:

14 (1) At least two-thirds (2/3) of the voting power of members present at a members
15 meeting called under subsection (a) of this section; and

16 (2) If the limited cooperative association has investor members, at least a majority
17 of the votes cast by patron members, unless the organic rules require a greater
18 percentage vote by patron members.

19 (c) The organic rules may require that the percentage of votes under paragraph (1)
20 of subsection (b) of this section is:

21 (1) A different percentage that is not less than a majority of members voting at the
22 meeting;

1 (2) Measured against the voting power of all members; or

2 (3) A combination of paragraphs (1) and (2) of this subsection.

3 (d) The vote required to approve a plan of conversion may not be less than the vote
4 required for the members of the limited cooperative association to amend the articles of
5 organization.

6 (e) Consent in a record to a plan of conversion by a member must be delivered to
7 the limited cooperative association before delivery of articles of conversion for filing if as
8 a result of the conversion the member will have:

9 (1) Personal liability for an obligation of the association; or

10 (2) An obligation or liability for an additional contribution.

11 (f) Subject to subsection (e) of this section and any contractual rights, after a
12 conversion is approved and at any time before the effective date of the conversion, a
13 converting limited cooperative association may amend a plan of conversion or abandon
14 the planned conversion:

15 (1) As provided in the plan; and

16 (2) Except as prohibited by the plan, by the same affirmative vote of the board of
17 directors and of the members as was required to approve the plan.

18 (g) The voting requirements for districts, classes, or voting groups under Section 36
19 of this act apply to approval of a conversion under this article.

20 SECTION 137. NEW LAW A new section of law to be codified in the Oklahoma
21 Statutes as Section 440-1604 of Title 18, unless there is created a duplication in
22 numbering, reads as follows:

1 FILINGS REQUIRED FOR CONVERSION; EFFECTIVE DATE.

2 (a) After a plan of conversion is approved:

3 (1) A converting limited cooperative association shall deliver to the Secretary of
4 State for filing articles of conversion, which must include:

5 (A) a statement that the limited cooperative association has been
6 converted into another entity;

7 (B) the name and form of the converted entity and the jurisdiction of its
8 governing statute;

9 (C) the date the conversion is effective under the governing statute of the
10 converted entity;

11 (D) a statement that the conversion was approved as required by the
12 Uniform Limited Cooperative Association Act;

13 (E) a statement that the conversion was approved as required by the
14 governing statute of the converted entity; and

15 (F) if the converted entity is an entity organized in a jurisdiction other
16 than this state and is not authorized to transact business in this state,
17 the street address and, if different, mailing address of an office which
18 the Secretary of State may use for purposes of Section 20 of this act;
19 and

20 (2) If the converting entity is not a converting limited cooperative association, the
21 converting entity shall deliver to the Secretary of State for filing articles of organization,
22 which must include, in addition to the information required by Section 30 of this act:

- 1 (A) a statement that the association was converted from another entity;
- 2 (B) the name and form of the converting entity and the jurisdiction of its
- 3 governing statute; and
- 4 (C) a statement that the conversion was approved in a manner that
- 5 complied with the converting entity's governing statute.

6 (b) A conversion becomes effective:

- 7 (1) If the converted entity is a limited cooperative association, when the articles of
- 8 conversion take effect pursuant to subsection (c) of Section 23 of this act; or
- 9 (2) If the converted entity is not a limited cooperative association, as provided by
- 10 the governing statute of the converted entity.

11 SECTION 138. NEW LAW A new section of law to be codified in the Oklahoma

12 Statutes as Section 440-1605 of Title 18, unless there is created a duplication in

13 numbering, reads as follows:

14 EFFECT OF CONVERSION.

15 (a) An entity that has been converted pursuant to this article is for all purposes the

16 same entity that existed before the conversion and is not a new entity but, after

17 conversion, is organized under the organic law of the converted entity and is subject to

18 that law and other law as it applies to the converted entity.

19 (b) When a conversion takes effect under this article:

20 (1) All property owned by the converting entity remains vested in the converted

21 entity;

1 (2) All debts, liabilities, and other obligations of the converting entity continue as
2 obligations of the converted entity;

3 (3) An action or proceeding pending by or against the converting entity may be
4 continued as if the conversion had not occurred;

5 (4) Except as prohibited by other law, all the rights, privileges, immunities, powers,
6 and purposes of the converting entity remain vested in the converted entity;

7 (5) Except as otherwise provided in the plan of conversion, the terms and conditions
8 of the plan of conversion take effect; and

9 (6) Except as otherwise provided in the plan of conversion, the conversion does not
10 dissolve a converting limited cooperative association for purposes of Article 12 of this act.

11 (c) A converted entity that is an entity organized under the laws of a jurisdiction
12 other than this state consents to the jurisdiction of the courts of this state to enforce any
13 obligation owed by the converting limited cooperative association if, before the
14 conversion, the converting limited cooperative association was subject to suit in this state
15 on the obligation. A converted entity that is an entity organized under the laws of a
16 jurisdiction other than this state and not authorized to transact business in this state
17 appoints the Secretary of State as its agent for service of process for purposes of
18 enforcing an obligation under this subsection. Service on the Secretary of State under
19 this subsection is made in the same manner and with the same consequences as under
20 subsections (c) and (d) of Section 20 of this act.

1 SECTION 139. NEW LAW A new section of law to be codified in the Oklahoma
2 Statutes as Section 440-1606 of Title 18, unless there is created a duplication in
3 numbering, reads as follows:

4 MERGER.

5 (a) One or more limited cooperative associations may merge with one or more other
6 entities pursuant to this article and a plan of merger if:

7 (1) The governing statute of each of the other entities authorizes the merger;

8 (2) The merger is not prohibited by the law of a jurisdiction that enacted any of
9 those governing statutes; and

10 (3) Each of the other entities complies with its governing statute in effecting the
11 merger.

12 (b) A plan of merger must be in a record and must include:

13 (1) The name and form of each constituent entity;

14 (2) The name and form of the surviving entity and, if the surviving entity is to be
15 created by the merger, a statement to that effect;

16 (3) The terms and conditions of the merger, including the manner and basis for
17 converting the interests in each constituent entity into any combination of money,
18 interests in the surviving entity, and other consideration;

19 (4) If the surviving entity is to be created by the merger, the surviving entity's
20 organizational documents;

21 (5) If the surviving entity is not to be created by the merger, any amendments to be
22 made by the merger to the surviving entity's organizational documents; and

1 (6) If a member of a constituent limited cooperative association will have personal
2 liability with respect to a surviving entity, the identity of the member by descriptive class
3 or other reasonable manner.

4 SECTION 140. NEW LAW A new section of law to be codified in the Oklahoma
5 Statutes as Section 440-1607 of Title 18, unless there is created a duplication in
6 numbering, reads as follows:

7 NOTICE AND ACTION ON PLAN OF MERGER BY CONSTITUENT LIMITED
8 COOPERATIVE ASSOCIATION.

9 (a) For a limited cooperative association to merge with another entity, a plan of
10 merger must be approved by a majority vote of the board of directors or a greater
11 percentage if required by the association's organic rules.

12 (b) The board of directors shall call a members meeting to consider a plan of merger
13 approved by the board, hold the meeting not later than ninety (90) days after approval of
14 the plan by the board, and mail or otherwise transmit or deliver in a record to each
15 member:

16 (1) The plan of merger, or a summary of the plan and a statement of the manner in
17 which a copy of the plan in a record may be reasonably obtained by a member;

18 (2) A recommendation that the members approve the plan of merger, or if the board
19 determines that because of conflict of interest or other special circumstances it should
20 not make a favorable recommendation, the basis for that determination;

21 (3) A statement of any condition of the board's submission of the plan of merger to
22 the members; and

1 (4) Notice of the meeting at which the plan of merger will be considered, which
2 must be given in the same manner as notice of a special meeting of members.

3 SECTION 141. NEW LAW A new section of law to be codified in the Oklahoma
4 Statutes as Section 440-1608 of Title 18, unless there is created a duplication in
5 numbering, reads as follows:

6 APPROVAL OR ABANDONMENT OF MERGER BY MEMBERS.

7 (a) Subject to subsections (b) and (c) of this section, a plan of merger must be
8 approved by:

9 (1) At least two-thirds (2/3) of the voting power of members present at a members
10 meeting called under subsection (b) of Section 140 of this act; and

11 (2) If the limited cooperative association has investor members, at least a majority
12 of the votes cast by patron members, unless the organic rules require a greater
13 percentage vote by patron members.

14 (b) The organic rules may provide that the percentage of votes under paragraph (1)
15 subsection (a) of this section is:

16 (1) A different percentage that is not less than a majority of members voting at the
17 meeting;

18 (2) Measured against the voting power of all members; or

19 (3) A combination of paragraphs (1) and (2) of this subsection.

20 (c) The vote required to approve a plan of merger may not be less than the vote
21 required for the members of the limited cooperative association to amend the articles of
22 organization.

1 (d) Consent in a record to a plan of merger by a member must be delivered to the
2 limited cooperative association before delivery of articles of merger for filing pursuant to
3 Section 142 of this act if as a result of the merger the member will have:

4 (1) Personal liability for an obligation of the association; or

5 (2) An obligation or liability for an additional contribution.

6 (e) Subject to subsection (d) of this section and any contractual rights, after a
7 merger is approved, and at any time before the effective date of the merger, a limited
8 cooperative association that is a party to the merger may approve an amendment to the
9 plan of merger or approve abandonment of the planned merger:

10 (1) As provided in the plan; and

11 (2) Except as prohibited by the plan, with the same affirmative vote of the board of
12 directors and of the members as was required to approve the plan.

13 (f) The voting requirements for districts, classes, or voting groups under Section 36
14 of this act apply to approval of a merger under this article.

15 SECTION 142. NEW LAW A new section of law to be codified in the Oklahoma
16 Statutes as Section 440-1609 of Title 18, unless there is created a duplication in
17 numbering, reads as follows:

18 **FILINGS REQUIRED FOR MERGER; EFFECTIVE DATE.**

19 (a) After each constituent entity has approved a merger, articles of merger must be
20 signed on behalf of each constituent entity by an authorized representative.

21 (b) The articles of merger must include:

- 1 (1) The name and form of each constituent entity and the jurisdiction of its
2 governing statute;
- 3 (2) The name and form of the surviving entity, the jurisdiction of its governing
4 statute, and, if the surviving entity is created by the merger, a statement to that effect;
- 5 (3) The date the merger is effective under the governing statute of the surviving
6 entity;
- 7 (4) If the surviving entity is to be created by the merger and:
8 (A) will be a limited cooperative association, the limited cooperative
9 association's articles of organization; or
10 (B) will be an entity other than a limited cooperative association, the
11 organizational document that creates the entity;
- 12 (5) If the surviving entity is not created by the merger, any amendments provided
13 for in the plan of merger to the organizational document that created the entity;
- 14 (6) A statement as to each constituent entity that the merger was approved as
15 required by the entity's governing statute;
- 16 (7) If the surviving entity is a foreign organization not authorized to transact
17 business in this state, the street address and, if different, mailing address of an office
18 which the Secretary of State may use for the purposes of Section 20 of this act; and
- 19 (8) Any additional information required by the governing statute of any constituent
20 entity.
- 21 (c) Each limited cooperative association that is a party to a merger shall deliver the
22 articles of merger to the Secretary of State for filing.

1 (d) A merger becomes effective under this article:

2 (1) If the surviving entity is a limited cooperative association, upon the later of:

3 (A) compliance with subsection (c) of this section; or

4 (B) subject to subsection (c) of Section 23 of this act, as specified in the
5 articles of merger; or

6 (2) If the surviving entity is not a limited cooperative association, as provided by
7 the governing statute of the surviving entity.

8 SECTION 143. NEW LAW A new section of law to be codified in the Oklahoma
9 Statutes as Section 440-1610 of Title 18, unless there is created a duplication in
10 numbering, reads as follows:

11 EFFECT OF MERGER.

12 (a) When a merger becomes effective:

13 (1) The surviving entity continues or comes into existence;

14 (2) Each constituent entity that merges into the surviving entity ceases to exist as a
15 separate entity;

16 (3) All property owned by each constituent entity that ceases to exist vests in the
17 surviving entity;

18 (4) All debts, liabilities, and other obligations of each constituent entity that ceases
19 to exist continue as obligations of the surviving entity;

20 (5) An action or proceeding pending by or against any constituent entity that ceases
21 to exist may be continued as if the merger had not occurred;

1 (6) Except as prohibited by law other than the Uniform Limited Cooperative
2 Association Act, all rights, privileges, immunities, powers, and purposes of each
3 constituent entity that ceases to exist vest in the surviving entity;

4 (7) Except as otherwise provided in the plan of merger, the terms and conditions of
5 the plan take effect;

6 (8) Except as otherwise provided in the plan of merger, if a merging limited
7 cooperative association ceases to exist, the merger does not dissolve the association for
8 purposes of Article 12 of this act;

9 (9) If the surviving entity is created by the merger and:

10 (A) is a limited cooperative association, the articles of organization become
11 effective; or

12 (B) is an entity other than a limited cooperative association, the
13 organizational document that creates the entity becomes effective; and

14 (10) If the surviving entity is not created by the merger, any amendments made by
15 the articles of merger for the organizational documents of the surviving entity become
16 effective.

17 (b) A surviving entity that is an entity organized under the laws of a jurisdiction
18 other than this state consents to the jurisdiction of the courts of this state to enforce any
19 obligation owed by the constituent entity if, before the merger, the constituent entity was
20 subject to suit in this state on the obligation. A surviving entity that is an entity
21 organized under the laws of a jurisdiction other than this state and not authorized to
22 transact business in this state appoints the Secretary of State as its agent for service of

1 process for purposes of enforcing an obligation under this subsection. Service on the
2 Secretary of State under this subsection is made in the same manner and with the same
3 consequences as in subsections (c) and (d) of Section 20 of this act.

4 SECTION 144. NEW LAW A new section of law to be codified in the Oklahoma
5 Statutes as Section 440-1611 of Title 18, unless there is created a duplication in
6 numbering, reads as follows:

7 CONSOLIDATION.

8 (a) Constituent entities that are limited cooperative associations or foreign
9 cooperatives may agree to call a merger a consolidation under this article.

10 (b) All provisions governing mergers or using the term merger in this act apply
11 equally to mergers that the constituent entities choose to call consolidations under
12 subsection (a) of this section.

13 SECTION 145. NEW LAW A new section of law to be codified in the Oklahoma
14 Statutes as Section 440-1612 of Title 18, unless there is created a duplication in
15 numbering, reads as follows:

16 ARTICLE NOT EXCLUSIVE. This article does not prohibit a limited cooperative
17 association from being converted or merged under law other than the Uniform Limited
18 Cooperative Association Act.

19 ARTICLE 17

20 MISCELLANEOUS PROVISIONS

1 SECTION 146. NEW LAW A new section of law to be codified in the Oklahoma
2 Statutes as Section 440-1701 of Title 18, unless there is created a duplication in
3 numbering, reads as follows:

4 UNIFORMITY OF APPLICATION AND CONSTRUCTION. In applying and
5 construing this uniform act, consideration must be given to the need to promote
6 uniformity of the law with respect to its subject matter among states that enact it.

7 SECTION 147. NEW LAW A new section of law to be codified in the Oklahoma
8 Statutes as Section 440-1702 of Title 18, unless there is created a duplication in
9 numbering, reads as follows:

10 RELATION TO ELECTRONIC SIGNATURES IN GLOBAL AND NATIONAL
11 COMMERCE ACT. The Uniform Limited Cooperative Association Act modifies, limits,
12 or supersedes the federal Electronic Signatures in Global and National Commerce Act,
13 15 U.S.C., Section 7001 et seq., but does not modify, limit, or supersede Section 101(c) of
14 that act, 15 U.S.C., Section 7001(c) or authorize electronic delivery of any of the notices
15 described in Section 103(b) of that act, 15 U.S.C., Section 7003(b).

16 SECTION 148. NEW LAW A new section of law to be codified in the Oklahoma
17 Statutes as Section 440-1703 of Title 18, unless there is created a duplication in
18 numbering, reads as follows:

19 SAVINGS CLAUSE. The Uniform Limited Cooperative Association Act does not
20 affect an action or proceeding commenced, or right accrued, before November 1, 2008.

1 SECTION 149. NEW LAW A new section of law to be codified in the Oklahoma
2 Statutes as Section 440-1704 of Title 18, unless there is created a duplication in
3 numbering, reads as follows:

4 ACT DEEMED AMENDMENT OF CONSTITUTION. It is the intent of the
5 Legislature that the Uniform Limited Cooperative Association Act be an amendment to,
6 and alteration of, Sections 18 through 34, inclusive, of Article IX of the Constitution of
7 the State of Oklahoma, as authorized by Section 35 of Article IX of the Constitution of
8 the State of Oklahoma.

9 SECTION 150. AMENDATORY 18 O.S. 2001, Section 435, is amended to read
10 as follows:

11 Section 435. No person, firm or association, nor any corporation other than such as
12 shall be organized ~~under this act~~ pursuant to Sections 421 through 439.2 of this title or
13 pursuant to the Uniform Limited Cooperative Association Act, shall make use of the
14 word "cooperative", in the name under which its or their business is carried on. Whoever
15 shall violate the provisions of this ~~act~~ section shall be punishable by fine of not exceeding
16 One Hundred Dollars (\$100.00) for each offense. The violation of this section may
17 furthermore be enjoined at the suit of any citizen of the state.

18 SECTION 151. This act shall become effective November 1, 2008.

19 COMMITTEE REPORT BY: COMMITTEE ON JUDICIARY AND PUBLIC SAFETY,
20 dated 02-27-08 - DO PASS, As Amended and Coauthored.