

Reprinted

JAN 15 1992

To Pass 2/26 (p. 123)

HOUSE FILE 2085

BY KREMER, FOCARTY, and
BLANSHAN

Passed House, Date 2/26/92 (p. 35) Passed Senate, Date 4/7/92 (P. 1266)
Vote: Ayes 97 Nays 0 Vote: Ayes 48 Nays 0
Approved April 27, 1992

A BILL FOR

1 An Act relating to cooperative associations by amending the
2 manner in which the board of directors may conduct business,
3 the manner of making payments to certain dissenting
4 shareholders, and the manner in which funds of the association
5 can be used.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2085

1 Section 1. Section 499.36, Code 1991, is amended by adding
2 the following new subsections:

3 NEW SUBSECTION. 5. Unless the articles of incorporation
4 or bylaws provide otherwise, the board of directors may permit
5 any or all directors to participate in a regular or special
6 meeting through the use of any means of communication by which
7 all directors participating are able to simultaneously hear
8 each other during the meeting. A director participating in a
9 meeting pursuant to this subsection is deemed to be present in
10 person at the meeting.

11 NEW SUBSECTION. 6. Unless the articles of incorporation
12 or bylaws provide otherwise, an action required or permitted
13 by this chapter to be taken at a board of directors' meeting
14 may be taken without a meeting if the action is taken by all
15 members of the board. The action must be evidenced by one or
16 more written consents describing the action taken, signed by
17 each director, and filed with the corporate records reflecting
18 the action taken. An action taken under this section is
19 effective when the last director signs the consent, unless the
20 consent specifies a different effective date. A consent
21 signed under this section is deemed to have the same effect as
22 a meeting vote and may be described as such in any document.

23 Sec. 2. Section 499.66, subsection 3, Code 1991, is
24 amended to read as follows:

25 3. The new association shall pay to each dissenting member
26 in cash within sixty days after the merger or consolidation
27 the amount paid in cash by the dissenting member for that
28 member's interest in the old association. The new association
29 shall pay the remainder of each dissenting member's fair value
30 at the same time ~~other payments of deferred patronage~~
31 dividends or redemption of preferred stock are made and
32 proportioned in the same manner as the cooperative pays
33 deferred patronage dividends and redeems preferred stock of
34 nondissenting members or shareholders, but in any event within
35 fifteen years after the merger or consolidation. A dissenting

1 member who is a natural person who dies before receiving the
2 fair value shall have all of the person's fair value paid with
3 the same priority as if the person was a member at the time of
4 death.

5 Sec. 3. Section 499.58, Code 1991, is repealed.

6 EXPLANATION

7 Section 499.36 is amended to provide that a director of a
8 cooperative association may participate in a board meeting
9 through any means by which all board members are able to
10 simultaneously hear each other. The section is also amended
11 to permit an action to be taken by the board of directors
12 without meeting if taken unanimously and evidenced in writing.

13 Section 499.66 is amended to provide that a remainder
14 amount paid to a dissenting shareholder in connecton with an
15 association merger or consolidation is to be paid at the same
16 time and apportioned in the same manner as the cooperative
17 pays deferred patronage dividends.

18 Section 499.58, which provides that funds of an association
19 are not to be used for any promotional expense, is repealed.

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HOUSE FILE 2085

H-5145

1 Amend House File 2085 as follows:

2 1. Page 1, by inserting before line 1 the
3 following:

4 "Section 1. NEW SECTION. 497.36 LIST OF
5 STOCKHOLDERS.

6 Upon written request, the board of directors shall
7 release to a stockholder a list containing the names
8 and addresses of all the association's stockholders.
9 The names and addresses shall be printed in legible
10 form and delivered to the stockholder within thirty
11 days following the request. The cooperative
12 association may charge the stockholder the cost of
13 preparing and delivering the list but shall not charge
14 more than ten dollars. The board shall post this
15 section at a regular stockholders meeting at least
16 once each year.

17 Sec. ____ . NEW SECTION. 498.38 LIST OF MEMBERS.

18 Upon written request, the board of directors shall
19 release to a member a list containing the names and
20 addresses of all the association's members. The names
21 and addresses shall be printed in legible form and
22 delivered to the member within thirty days following
23 the request. The cooperative association may charge
24 the member the cost of preparing and delivering the
25 list but shall not charge more than ten dollars. The
26 board shall post this section at a regular meeting of
27 members at least once each year."

28 2. Page 2, by inserting after line 4 the follow-
29 ing:

30 Sec. ____ . NEW SECTION. 499.80 LIST OF MEMBERS.

31 Upon written request, the board of directors shall
32 release to a member a list containing the names and
33 addresses of all the association's members. The names
34 and addresses shall be printed in legible form and
35 delivered to the member within thirty days following
36 the request. The cooperative association may charge
37 the member the cost of preparing and delivering the
38 list but shall not charge more than ten dollars. The
39 board shall post this section each annual meeting of
40 members."

41 3. Title page, line 1, by inserting after the
42 word "by" the following: "providing for the release
43 of membership lists and".

By HIBBARD of Madison
BERNAU of Story

H-5145 FILED FEBRUARY 25, 1992

*A. Revised not germane,
B. Adopted 2/26 (p 355)*

Amended & Do Pass (p. 809)

HOUSE FILE 2085

BY KREMER, FOGARTY, and
BLANSHAN

(As Amended and Passed by the House February 26, 1992)

Passed House, Date 4/13/92 (p. 1305) Passed Senate, Date 4/7/92 (p. 1266)
Vote: Ayes 98 Nays 0 Vote: Ayes 48 Nays 0
Approved April 27, 1992 (p. 1834)

A BILL FOR

1 An Act relating to cooperative associations by providing for the
2 release of membership lists and amending the manner in which
3 the board of directors may conduct business, the manner of
4 making payments to certain dissenting shareholders, and the
5 manner in which funds of the association can be used.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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House Amendments _____

1 Section 1. Section 499.36, Code 1991, is amended by adding
2 the following new subsections:

3 NEW SUBSECTION. 5. Unless the articles of incorporation
4 or bylaws provide otherwise, the board of directors may permit
5 any or all directors to participate in a regular or special
6 meeting through the use of any means of communication by which
7 all directors participating are able to simultaneously hear
8 each other during the meeting. A director participating in a
9 meeting pursuant to this subsection is deemed to be present in
10 person at the meeting.

11 NEW SUBSECTION. 6. Unless the articles of incorporation
12 or bylaws provide otherwise, an action required or permitted
13 by this chapter to be taken at a board of directors' meeting
14 may be taken without a meeting if the action is taken by all
15 members of the board. The action must be evidenced by one or
16 more written consents describing the action taken, signed by
17 each director, and filed with the corporate records reflecting
18 the action taken. An action taken under this section is
19 effective when the last director signs the consent, unless the
20 consent specifies a different effective date. A consent
21 signed under this section is deemed to have the same effect as
22 a meeting vote and may be described as such in any document.

23 Sec. 2. Section 499.66, subsection 3, Code 1991, is
24 amended to read as follows:

25 3. The new association shall pay to each dissenting member
26 in cash within sixty days after the merger or consolidation
27 the amount paid in cash by the dissenting member for that
28 member's interest in the old association. The new association
29 shall pay the remainder of each dissenting member's fair value
30 at the same time ~~other-payments-of-deferred-patronage~~
31 ~~dividends-or-redemption-of-preferred-stock-are-made~~ and
32 proportioned in the same manner as the cooperative pays
33 deferred patronage dividends and redeems preferred stock of
34 nondissenting members or shareholders, but in any event within
35 fifteen years after the merger or consolidation. A dissenting

1 member who is a natural person who dies before receiving the
2 fair value shall have all of the person's fair value paid with
3 the same priority as if the person was a member at the time of
4 death.

5 Sec. 3. NEW SECTION. 499.80 LIST OF MEMBERS.

6 Upon written request, the board of directors shall release
7 to a member a list containing the names and addresses of all
8 the association's members. The names and addresses shall be
9 printed in legible form and delivered to the member within
10 thirty days following the request. The cooperative
11 association may charge the member the cost of preparing and
12 delivering the list but shall not charge more than ten
13 dollars. The board shall post this section each annual
14 meeting of members.

15 Sec. 4. Section 499.58, Code 1991, is repealed.

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HOUSE FILE 2085

S-5264

1 Amend House File 2085, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 1, line 30, by striking the words "at the
4 same time" and inserting the following: "~~at-the-same~~
5 time".

6 2. Page 1, line 31, by striking the word "and".

7 3. Page 1, by striking lines 32 through 34 and
8 inserting the following: "~~but-in-any-event-within~~ in
9 ten annual equal payments. The final payment must be
10 made not later than".

11 4. Page 1, line 35, by inserting after the word
12 "consolidation." the following: "The value of the
13 deferred patronage dividends and preferred stock shall
14 be considered a liability of the new association as
15 reflected in the accounts of the new association until
16 the value of the patronage dividends or preferred
17 stock is paid in full to the dissenting member."

By COMMITTEE ON AGRICULTURE

BERL E. PRIEBE, Chairperson

S-5264 FILED MARCH 17, 1992

Adopted 4/7 (p. 1265)

HOUSE FILE 2085

S-5349

1 Amend House File 2085 as amended, passed, and
2 reprinted by the House, as follows:

A 3 1. Page 2, by striking lines 5 through 14.

4 2. Title page, lines 1 and 2, by striking the
5 words "providing for the release of membership lists
6 and".

7 3. By renumbering as necessary.

By EUGENE FRAISE

EMIL HUSAK

DERRYL MCLAREN

S-5349 FILED MARCH 24, 1992

A - w/d 4/7 (p. 1265)

B - Adopted 4/7 (p. 1266)

S-5515

1 Amend House File 2085, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 1, by inserting after line 22, the
4 following:

5 "Sec. _____. Section 499.65, unnumbered paragraph 1,
6 Code 1991, is amended to read as follows:

7 If a voting member or voting shareholder of a co-
8 operative association which is a party to a merger or
9 consolidation files with the co-operative association,
10 prior to or at the meeting of members at which the
11 plan is submitted to a vote, a written objection to
12 the plan of merger or consolidation, and votes in
13 opposition to the plan, and the member or shareholder,
14 within twenty days after the merger or consolidation
15 is approved by the other members, makes written demand
16 on the surviving or new association for payment of the
17 fair value of that member's or shareholder's interest
18 as of the day prior to the date on which the vote was
19 taken approving the merger or consolidation, the
20 surviving or new association shall pay to the member
21 or shareholder, upon surrender of that person's
22 certificate of membership or shares of stock, the fair
23 value of that person's interest as provided in section
24 499.66. A member or shareholder who fails to make
25 demand within the twenty-day period is conclusively
26 presumed to have consented to the merger or
27 consolidation and is bound by its terms."

28 2. Page 2, by striking lines 5 through 14 and
29 inserting the following:

30 "Sec. _____. NEW SECTION. 499.80 MEMBER
31 INFORMATION.

32 If a member of a cooperative association intends to
33 distribute information to other members of a
34 cooperative association and the member does not have a
35 list of the members of the cooperative association,
36 the member may request the board of directors to
37 distribute the information for the member.

38 The board of directors shall adopt a policy which
39 permits the distribution of materials or information
40 to members of a cooperative association by request of
41 a member when the purpose of the request concerns
42 directly the action of the board of directors of the
43 cooperative association.

44 The board of directors shall distribute for a
45 member such material or information requested,
46 provided that the board of directors may charge the
47 member for the mailing costs incurred by the
48 cooperative association in distributing the
49 information.

50 Cooperative associations subject to regulation

S-5515

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S-5515

Page 2

1 under chapter 476 are exempt from the provisions of
2 this section."

3 3. By renumbering as necessary.

By EUGENE FRAISE
EMIL J. HUSAK
DERRYL MCLAREN

S-5515 FILED APRIL 2, 1992

Adopted 4/1 (p 1265)

SENATE AMENDMENT TO HOUSE FILE 2085

H-5824

1 Amend House File 2085, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 1, by inserting after line 22, the
4 following:

5 "Sec. _____. Section 499.65, unnumbered paragraph 1,
6 Code 1991, is amended to read as follows:

7 If a voting member or voting shareholder of a co-
8 operative association which is a party to a merger or
9 consolidation files with the co-operative association,
10 prior to or at the meeting of members at which the
11 plan is submitted to a vote, a written objection to
12 the plan of merger or consolidation, and votes in
13 opposition to the plan, and the member or shareholder,
14 within twenty days after the merger or consolidation
15 is approved by the other members, makes written demand
16 on the surviving or new association for payment of the
17 fair value of that member's or shareholder's interest
18 as of the day prior to the date on which the vote was
19 taken approving the merger or consolidation, the
20 surviving or new association shall pay to the member
21 or shareholder, upon surrender of that person's
22 certificate of membership or shares of stock, the fair
23 value of that person's interest as provided in section
24 499.66. A member or shareholder who fails to make
25 demand within the twenty-day period is conclusively
26 presumed to have consented to the merger or
27 consolidation and is bound by its terms."

28 2. Page 1, line 30, by striking the words "at the
29 same time" and inserting the following: "~~at-the-same~~
30 ~~time~~".

31 3. Page 1, line 31, by striking the word "and".

32 4. Page 1, by striking lines 32 through 34 and
33 inserting the following: "but-in-any-event-within in
34 ten annual equal payments. The final payment must be
35 made not later than".

36 5. Page 1, line 35, by inserting after the word
37 "consolidation." the following: "The value of the
38 deferred patronage dividends and preferred stock shall
39 be considered a liability of the new association as
40 reflected in the accounts of the new association until
41 the value of the patronage dividends or preferred
42 stock is paid in full to the dissenting member."

43 6. Page 2, by striking lines 5 through 14 and
44 inserting the following:

45 "Sec. _____. NEW SECTION. 499.80 MEMBER
46 INFORMATION.

47 If a member of a cooperative association intends to
48 distribute information to other members of a
49 cooperative association and the member does not have a
50 list of the members of the cooperative association,

H-5824

H-5824

Page 2

1 the member may request the board of directors to
2 distribute the information for the member.

3 The board of directors shall adopt a policy which
4 permits the distribution of materials or information
5 to members of a cooperative association by request of
6 a member when the purpose of the request concerns
7 directly the action of the board of directors of the
8 cooperative association.

9 The board of directors shall distribute for a
10 member such material or information requested,
11 provided that the board of directors may charge the
12 member for the mailing costs incurred by the
13 cooperative association in distributing the
14 information.

15 Cooperative associations subject to regulation
16 under chapter 476 are exempt from the provisions of
17 this section."

18 7. Title page, lines 1 and 2, by striking the
19 words "providing for the release of membership lists
20 and".

21 8. By renumbering, relettering, or redesignating
22 and correcting internal references as necessary.

RECEIVED FROM THE SENATE

H-5824 FILED APRIL 9, 1992

House concurred 4/13 (A 1305)

HOUSE FILE 2085

H-5861

1 Amend the Senate amendment, H-5824, to House File
2 2085, as amended, passed, and reprinted by the House,
3 as follows:

4 1. Page 2, line 12, by inserting after the word
5 "costs" the following: "and all other reasonable
6 costs associated with the mailing and".

By KREMER of Buchanan
FOGARTY of Palo Alto

H-5861 FILED APRIL 10, 1992

4/10 4/13 (A 1305)

HOUSE FILE 2085

AN ACT

RELATING TO COOPERATIVE ASSOCIATIONS BY AMENDING THE MANNER IN WHICH THE BOARD OF DIRECTORS MAY CONDUCT BUSINESS, THE MANNER OF MAKING PAYMENTS TO CERTAIN DISSENTING SHAREHOLDERS, AND THE MANNER IN WHICH FUNDS OF THE ASSOCIATION CAN BE USED.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 499.36, Code 1991, is amended by adding the following new subsections:

NEW SUBSECTION. 5. Unless the articles of incorporation or bylaws provide otherwise, the board of directors may permit any or all directors to participate in a regular or special meeting through the use of any means of communication by which all directors participating are able to simultaneously hear each other during the meeting. A director participating in a meeting pursuant to this subsection is deemed to be present in person at the meeting.

NEW SUBSECTION. 6. Unless the articles of incorporation or bylaws provide otherwise, an action required or permitted by this chapter to be taken at a board of directors' meeting may be taken without a meeting if the action is taken by all members of the board. The action must be evidenced by one or more written consents describing the action taken, signed by each director, and filed with the corporate records reflecting the action taken. An action taken under this section is effective when the last director signs the consent, unless the consent specifies a different effective date. A consent signed under this section is deemed to have the same effect as a meeting vote and may be described as such in any document.

Sec. 2. Section 499.65, unnumbered paragraph 1, Code 1991, is amended to read as follows:

If a voting member or voting shareholder of a cooperative association which is a party to a merger or consolidation files with the cooperative association, prior to or at the meeting of members at which the plan is submitted to a vote, a written objection to the plan of merger or consolidation, and votes in opposition to the plan, and the member or shareholder, within twenty days after the merger or consolidation is approved by the other members, makes written demand on the surviving or new association for payment of the fair value of that member's or shareholder's interest as of the day prior to the date on which the vote was taken approving the merger or consolidation, the surviving or new association shall pay to the member or shareholder, upon surrender of that person's certificate of membership or shares of stock, the fair value of that person's interest as provided in section 499.66. A member or shareholder who fails to make demand within the twenty-day period is conclusively presumed to have consented to the merger or consolidation and is bound by its terms.

Sec. 3. Section 499.66, subsection 3, Code 1991, is amended to read as follows:

3. The new association shall pay to each dissenting member in cash within sixty days after the merger or consolidation the amount paid in cash by the dissenting member for that member's interest in the old association. The new association shall pay the remainder of each dissenting member's fair value ~~at the same time other payments of deferred patronage dividends or redemption of preferred stock are made but in any event within in ten annual equal payments.~~ The final payment must be made not later than fifteen years after the merger or consolidation. The value of the deferred patronage dividends and preferred stock shall be considered a liability of the new association as reflected in the accounts of the new association until the value of the patronage dividends or preferred stock is paid in full to the dissenting member. A dissenting member who is a natural person who dies before receiving the fair value shall have all of the person's fair value paid with the same priority as if the person was a member at the time of death.

Sec. 4. NEW SECTION. 499.80 MEMBER INFORMATION.

If a member of a cooperative association intends to distribute information to other members of a cooperative association and the member does not have a list of the members of the cooperative association, the member may request the board of directors to distribute the information for the member.

The board of directors shall adopt a policy which permits the distribution of materials or information to members of a cooperative association by request of a member when the purpose of the request concerns directly the action of the board of directors of the cooperative association.

The board of directors shall distribute for a member such material or information requested, provided that the board of directors may charge the member for the mailing costs incurred by the cooperative association in distributing the information.

Cooperative associations subject to regulation under chapter 476 are exempt from the provisions of this section.
Sec. 5. Section 499.58, Code 1991, is repealed.

ROBERT C. ARNOULD
Speaker of the House

MICHAEL E. GRONSTAL
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2085, Seventy-fourth General Assembly.

JOSEPH O'HERRN
Chief Clerk of the House

Approved *April 27*, 1992

TERRY E. BRANSTAD
Governor