

House Study Bill 156

Bill Text

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1 1 Section 1. Section [499.13](#), Code 1997, is amended to read
1 2 as follows:
1 3 499.13 MEMBERSHIP - ELIGIBILITY.
1 4

~~No~~
- A membership or share of common stock shall
.
~~ever~~
- not be
1 5 issued to, or held by, any
.
~~party not~~
- person unless the person
1 6 is eligible
.
~~to~~
- for membership in the association under its
1 7 articles.
.
~~Individuals~~
- A person may be
.
~~made~~
- eligible only if
1 8
.
~~they are~~
- the person is engaged in producing
.
~~products~~
- a product
1 9 marketed by the association,
.
~~or if they~~
- the person customarily
1 10
.
~~consume~~
- consumes or
.
~~use~~
- uses the supplies or commodities
.
~~it~~
-
1 11 that the association handles, or
.
~~use~~
- the person uses the
1 12 services
.
~~it~~
- that the association renders.
.
~~Farm tenants, and~~

-
1 13
.
~~landlords~~
- A farm tenant or landlord who
.
~~receive~~
- receives a
1 14 share of agricultural products as rent
.
-
- may be
.
~~made~~
- eligible
1 15
.
~~to~~
- for membership in an agricultural
.
~~associations~~
- association
1 16 as
.
~~producers~~
- a producer.
.
~~Other associations~~
- A cooperative
1 17 association engaged in any directly or indirectly related
1 18 activity may be
.
~~made~~
- eligible
.
~~to~~
- for membership.
.
~~Federated~~
-
1 19
.
~~associations~~
- An association may be formed
.
~~whose membership is~~
-
1 20
.
~~restricted~~
- which includes among its members cooperative
1 21 associations or restricts its membership to cooperative
1 22 associations.
1 23 Sec. 2. Section 499.16, Code 1997, is amended to read as
1 24 follows:
1 25 499.16 SUBSCRIPTIONS - ISSUING CERTIFICATES.
1 26 If permitted by the association's articles
.
~~permit~~
- of
1 27 incorporation, any eligible subscriber for common stock or
1 28 membership may vote and be treated as a member, after making
1 29 part payment
.
~~therefor~~
- for the common stock or membership in
1 30 cash

~~and~~

- giving the subscriber's note for the balance, and
1 31 satisfying any other requirement for the subscription as set
1 32 forth in the articles.

~~Such subscriptions~~

- A subscription may
1 33 be forfeited as provided in section 499.32.

~~No stock~~

- Stock or
1 34 a membership certificate shall not be issued until payment for
1 35 the stock or membership certificate is fully

~~paid for~~

- made.
2 1

~~No~~

- A subscriber shall not hold office until the subscriber's
2 2 certificate has been issued.
2 3 Sec. 3. Section 499.22, Code 1997, is amended to read as
2 4 follows:
2 5 499.22 CAPITAL STOCK.
2 6

~~Associations~~

- An association with capital stock may divide
2 7 the shares into common and preferred stock. Par value stock
2 8 shall not be issued for less than par. The general
2 9 corporation laws shall govern the consideration for which no-
2 10 par stock is issued. If the articles so provide, common stock
2 11 may be issued in two classes, voting and nonvoting. Voting
2 12 stock shall be issued to all agricultural producers and
2 13 nonvoting stock to all other members. Voting stock or
2 14 nonvoting stock may be issued to a cooperative association as
2 15 provided in the cooperative association's articles of
2 16 incorporation. Nonvoting stock shall have all privileges of
2 17 membership except the right to vote. Preferred stock held by
2 18 nonmembers shall not exceed in amount that held by members.
2 19 Sec. 4. Section 499.36, subsections 1 and 2, Code 1997,
2 20 are amended to read as follows:
2 21 1. The affairs of each association shall be managed by a
2 22 board of

~~not less than five~~
- directors

~~, who~~

- 2 23 1A. a. A director must be

~~members~~

- a member of the
2 24 association or

~~officers~~

- an officer or

~~members~~

- a member of a
2 25 member-association.

~~They~~

- A director shall be elected by the
2 26 members as prescribed by the association's articles

~~prescribe~~

~~2 27 of incorporation.~~

~~2 28 b. At least five directors shall serve on the
2 29 association's board. The number of directors shall be
2 30 established in accordance with the association's articles of
2 31 incorporation or bylaws. If a board has the power to fix or
2 32 change the number of directors, the board may increase or
2 33 decrease by thirty percent or less the number of directors
2 34 last approved by the members. Only the members may increase
2 35 or decrease by more than thirty percent the number of
3 1 directors last approved by the members.~~

~~3 2 c. The articles of incorporation may establish a variable
3 3 range for the size of the board by fixing a minimum and
3 4 maximum number of directors. If a variable range is
3 5 established, the number of directors may be fixed or changed
3 6 from time to time, within the minimum and maximum number, by
3 7 the members or the board. After shares are issued, only the
3 8 members may change the range for the size of the board, change
3 9 from a fixed to a variable-range-size board, or change from a
3 10 variable-size to a fixed-size board.~~

~~3 11 2. a. Unless the articles or bylaws otherwise provide,
3 12~~

~~vacancies in~~

~~if a vacancy occurs on the board~~

~~shall~~

~~, including~~

~~3 13 a vacancy resulting from an increase in the number of
3 14 directors, the vacancy may be filled by~~

~~the remaining~~

~~3 15~~

~~directors, the director thus selected to serve for the~~

~~3 16~~

~~remainder of the vacant term.~~

~~any of the following:~~

~~3 17 (1) The shareholders.~~

~~3 18 (2) The board.~~

~~3 19 (3) If the directors remaining in office constitute fewer
3 20 than a quorum of the board, the directors may fill the vacancy
3 21 by the affirmative vote of all the directors remaining in
3 22 office.~~

~~3 23 b. A vacancy that will occur at a specific later date, by
3 24 reason of a resignation effective at a later date, may be
3 25 filled before the vacancy occurs. The new director shall not
3 26 take office until the vacancy occurs.~~

~~3 27 Sec. 5. Section 499.40, subsection 5, Code 1997, is
3 28 amended to read as follows:~~

~~3 29 5. The following information regarding the directors:~~

~~3 30 a. Their number~~

~~of directors, their~~

~~3 31 b. Whether there is a fixed number or a variable range as
3 32 provided in section 499.36. If a variable range is
3 33 established, the information shall include the minimum and
3 34 maximum number.~~

~~3 35 c. Their qualifications~~

~~and~~

4 1 d. Their terms of office

~~, and how~~

4 2 e. How they shall be chosen and removed from office.

4 3 Sec. 6. Section [499.44](#), Code 1997, is amended by adding
4 4 the following new subsection:

4 5 NEW SUBSECTION. 3A. A document required to be filed with
4 6 the secretary of state pursuant to this chapter is effective
4 7 at the later of the following times:

4 8 a. The time of filing on the date it is filed, as
4 9 evidenced by the secretary of state's date and time
4 10 endorsement on the original document.

4 11 b. The delayed effective time and date specified in the
4 12 document. If a delayed effective date but no time is
4 13 specified in the document, the document is effective at the
4 14 close of business on that date. A delayed effective date for
4 15 a document shall not be later than the ninetieth day after the
4 16 date it is filed.

4 17 Sec. 7. Section [499.64](#), unnumbered paragraph 1, Code 1997,
4 18 is amended to read as follows:

4 19 The board of directors of

~~each~~

- a cooperative association,

4 20 upon approving a plan of merger or consolidation, shall, by
4 21 motion or resolution, direct that the plan be submitted to a
4 22 vote at a meeting of members, which may be either an annual or
4 23 special meeting. Written notice shall be given not less than
4 24 twenty days prior to the meeting, either personally or by mail
4 25 to each voting member and shareholder of record. The notice
4 26 shall state the time, place, and purpose of the meeting, and a
4 27 summary of the plan of merger or consolidation shall be
4 28 included in or enclosed with the notice.

4 29 EXPLANATION

4 30 Code chapter 499 governs the organization and regulation of
4 31 cooperative associations. This bill amends a number of
4 32 provisions in the chapter, including the following:

4 33 Code section 499.13 provides for membership eligibility.

4 34 The bill amends a provision which allows associations to
4 35 become members of other associations, including federated
5 1 associations. The bill changes this provision by providing
5 2 that a cooperative association may be a member of an
5 3 association and that an association may be formed which
5 4 includes among its members cooperative associations.

5 5 Code section 499.16 provides requirements for subscribers
5 6 purchasing common stock or membership interest in an
5 7 association. The bill provides that the subscriber must
5 8 satisfy any requirement set forth in the association's
5 9 articles of incorporation in order to be eligible to make the
5 10 purchase.

5 11 Code section 499.22 provides for an association's capital
5 12 stock requirements. The bill amends this section by providing
5 13 that voting stock or nonvoting stock may be issued to a
5 14 cooperative association as provided in the cooperative
5 15 association's articles of incorporation.

5 16 Code section 499.36 provides for an association's board of
5 17 directors. The bill contains provisions similar to provisions
5 18 contained in Code chapter 490 providing for the organization
5 19 and regulation of corporations. The bill authorizes a board
5 20 of directors to increase or decrease the number of directors
5 21 sitting on the board but not by more than 30 percent of the
5 22 number last approved by the membership. The bill provides
5 23 that the articles of incorporation may establish a variable
5 24 range for the size of the board, with membership changing
5 25 within limits set in the articles. The bill provides that,

5 26 after shares are issued, only the membership may change the
5 27 range for the size of the board, change from a fixed to a
5 28 variable-range-size board, or change from a variable-size to a
5 29 fixed-size board. The bill amends provisions relating to
5 30 vacancies by providing that a vacancy may be filled by the
5 31 shareholders, the board, or the unanimous vote of board
5 32 members constituting less than a quorum. The bill also
5 33 provides for filling vacancies occurring at a future time
5 34 because of a resignation.

5 35 Code section 499.40 relates to information required to be
6 1 included in an association's articles of incorporation. The
6 2 bill provides that information regarding the board of
6 3 directors must include whether there is a fixed number or a
6 4 variable range and the minimum and maximum numbers that the
6 5 board may have.

6 6 Code section 499.44 relates to the execution and filing of
6 7 documents. The bill provides that a document required to be
6 8 filed with the secretary of state under the chapter becomes
6 9 effective at the time of filing or the delayed effective date
6 10 specified in the document.

6 11 Code section 499.64 provides for voting by members and
6 12 shareholders on a plan of merger or consolidation. The bill
6 13 provides that notice of a meeting for the vote must be
6 14 delivered to voting members and shareholders rather than all
6 15 members and shareholders.

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