

## CHAPTER 23

### COOPERATIVE ASSOCIATIONS — VOTING METHODS

H.F. 348

**AN ACT** providing for voting methods which may be utilized by members of cooperative associations.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. Section 499.2, Code 2011, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. “*Alternative voting method*” means a method of voting other than a written ballot, including voting by electronic, telephonic, internet, or other means that reasonably allows members the opportunity to vote.

Sec. 2. Section 499.29, Code 2011, is amended to read as follows:

**499.29 Manner of voting.**

Votes A vote shall not be cast in person, and not by proxy. The vote of a member-association shall be cast only by its representative duly authorized in writing. If the articles or bylaws permit, a A member may cast that member’s vote, in advance of the meeting, by mail ballot or, if the association’s articles or bylaws permit, by an alternative voting method upon any proposition of which the member has been previously notified in writing.

Sec. 3. Section 499.41, unnumbered paragraph 1, Code 2011, is amended to read as follows:

Notwithstanding the provisions of the articles of incorporation of any association pertaining to amendment thereto now in effect, any association may amend its articles of incorporation by a vote of sixty-six and two-thirds percent of the members present, or represented voting by mailed ~~ballots~~ ballot or alternative voting method, and having voting privileges, at any annual meeting or any special meeting called for that purpose, provided that at least ten days before said annual meeting or special meeting a copy of the proposed amendment or summary thereof be sent to all members having voting rights; or said articles of incorporation may be amended in accordance with the amendment requirements contained in the articles or bylaws of said association that are adopted subsequent to July 4, 1963, or are in effect on or after July 4, 1964, provided said amendment requirements in the articles or bylaws are not less than established in this section.

Sec. 4. Section 499.47B, subsection 3, paragraph a, Code 2011, is amended to read as follows:

a. Except as provided in paragraph “b”, the sale, lease, exchange, or other disposition must be approved by a two-thirds vote of the members ~~on a ballot~~ in which a majority of all voting members participate.

Sec. 5. Section 499.47B, subsection 3, paragraph b, subparagraph (1), Code 2011, is amended to read as follows:

(1) If the cooperative association’s articles of incorporation require approval by more than two-thirds of its members ~~on a ballot~~ in which a majority of all voting members participate, the sale, lease, exchange, or other disposition must be approved by the greater number as provided in the articles of incorporation.

Sec. 6. Section 499.64, subsections 2 and 3, Code 2011, are amended to read as follows:

2. At the meeting, a ballot vote of the members who are entitled to vote in the affairs of the association shall be taken on the proposed plan of merger or consolidation. The plan of merger or consolidation shall be approved as follows:

a. Except as provided in paragraph “b”, the proposed plan of merger or consolidation must be approved by a two-thirds vote of the members ~~on a ballot~~ in which a majority of all voting members participate.

b. (1) If the cooperative association's articles of incorporation require approval by more than two-thirds of its members ~~on a ballot~~ in which a majority of all voting members participate, the proposed plan of merger or consolidation must be approved by the greater number as provided in the articles of incorporation.

(2) If the board of directors adopts additional conditions for the approval of the plan of merger or consolidation as provided in subsection 1, the additional conditions must be satisfied in order for the plan of merger or consolidation to be approved.

~~3. Voting by members may be by mail ballot notwithstanding any contrary provision in the articles of incorporation or bylaws.~~

Sec. 7. Section 501.101, Code 2011, is amended by adding the following new subsection:  
NEW SUBSECTION. 01. "Alternative voting method" means a method of voting other than a written ballot, including voting by electronic, telephonic, internet, or other means that reasonably allow<sup>1</sup> members the opportunity to vote.

Sec. 8. Section 501.203, subsection 4, Code 2011, is amended to read as follows:

4. If the board does not recommend the amendment or restatement to the members, then the amendment or restatement must be adopted by the members by a vote of two-thirds of the votes cast ~~on a ballot~~ in which a majority of all votes are cast.

Sec. 9. Section 501.204, Code 2011, is amended to read as follows:

**501.204 Bylaws.**

The board may adopt or amend the cooperative's bylaws by a vote of three-fourths of the board. The members may adopt or amend the cooperative's bylaws by a vote of three-fourths of the votes cast ~~on a ballot~~ in which a majority of all votes are cast. A bylaw provision adopted by the members shall not be amended or repealed by the directors.

Sec. 10. Section 501.303, subsection 2, Code 2011, is amended to read as follows:

2. A member may vote at a member meeting in person or by ~~signed absentee mail~~ ballot that specifies the issue and the member's vote on that issue. If the board makes available ~~an absentee~~ a ballot form, then that form must be used to cast ~~an absentee a mail~~ ballot on that issue. If the cooperative's articles or bylaws permit it, a member may cast a vote by an alternative voting method. The cooperative shall take reasonable measures to authenticate that a vote is cast by a member eligible to cast that vote.

Sec. 11. Section 501.601, subsection 1, paragraph a, Code 2011, is amended to read as follows:

a. "*Dissenting member*" means a voting member who votes in opposition to the plan of conversion and who makes a demand for payment as provided in this section not later than the deadline for members to ~~cast ballots on~~ the vote to approve the plan of conversion.

Sec. 12. Section 501.601, subsection 2, paragraph b, Code 2011, is amended to read as follows:

b. The members must approve the plan of conversion by the vote of two-thirds of the votes cast ~~on a ballot~~ in which a majority of all votes are cast.

Sec. 13. Section 501.601, subsection 3, paragraph b, Code 2011, is amended to read as follows:

b. An equity holder who is not a voting member shall have the same rights as a dissenting member if the equity holder makes a demand for payment pursuant to paragraph "a" not later than the deadline for members to ~~cast ballots on~~ the vote to approve the plan of conversion.

Sec. 14. Section 501.603, subsection 2, Code 2011, is amended to read as follows:

2. A cooperative may sell, lease, exchange, or otherwise dispose of all, or substantially all, of its property, with or without the goodwill, on the terms and conditions and for the consideration determined by the board, which consideration may include the interests of

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<sup>1</sup> See chapter 131, §68, 158 herein

another cooperative, if the board recommends the proposed transaction to the members, and the members approve it by the vote of two-thirds of the votes cast ~~on a ballot~~ in which a majority of all votes are cast. The board may condition its submission of the proposed transaction on any basis.

Sec. 15. Section 501.614, subsection 2, Code 2011, is amended to read as follows:

2. At the meeting, a ballot vote of the members who are entitled to vote in the affairs of the association shall be taken on the proposed plan of merger or consolidation. The plan of merger or consolidation shall be approved if two-thirds of the members vote affirmatively ~~on a ballot in which a majority of all voting members participate. Voting may be by mail ballot notwithstanding any contrary provision in the articles of association or bylaws.~~

Sec. 16. Section 501A.102, subsection 2, Code 2011, is amended to read as follows:

2. "Alternative ballot voting method" means a method of voting ~~for a candidate or issue prescribed by the board in advance of the vote, and may include other than a written ballot, including voting by electronic, telephonic, internet, or other means that reasonably allow~~ allows members the opportunity to vote.

Sec. 17. Section 501A.504, subsection 1, paragraph a, subparagraph (1), Code 2011, is amended to read as follows:

(1) The board, by majority vote, must pass a resolution stating the text of the proposed amendment. The text of the proposed amendment and an attached ~~mail or alternative~~ ballot, if the board has provided for a ~~mail or alternative~~ ballot in the resolution ~~or alternative method approved by the board and stated in the resolution~~, shall be mailed or otherwise distributed with a regular or special meeting notice to each member. If the board authorizes an alternative voting method, the text of the proposed amendment and explanation of how to cast a vote using the alternative voting method shall be distributed with the regular or special meeting notice to each member. The notice shall designate the time and place of the meeting for the proposed amendment to be considered and voted on.

Sec. 18. Section 501A.504, subsection 1, paragraph a, subparagraph (2), unnumbered paragraph 1, Code 2011, is amended to read as follows:

If a quorum of the members is registered as being present or represented ~~by alternative vote~~ at the meeting, the proposed amendment is adopted if any of the following occurs:

Sec. 19. Section 501A.703, subsection 5, Code 2011, is amended to read as follows:

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

a. A member shall not vote for a director other than by being present at a meeting, ~~or by mail ballot, or by alternative ballot voting method, as authorized by the board.~~

b. The ballot shall be in a form prescribed by the board.

c. The member shall mark the ballot for the candidate chosen and mail the ballot to the cooperative in a sealed plain envelope inside another envelope bearing the member's name, or the member shall vote by designating the candidate chosen by an alternative ballot voting method in the manner prescribed by the board.

d. If the ballot of the member is received by the cooperative on or before the date of the regular members' meeting or as otherwise prescribed for an alternative ballots,<sup>2</sup> voting method, the ballot or alternative voting method shall be accepted and counted as the vote of the absent member.

Sec. 20. Section 501A.804, subsection 2, Code 2011, is amended to read as follows:

2. Notice. The cooperative shall give notice of a special members' meeting by mailing the special members' meeting notice to each member personally at the person's last known post office address, or by another process determined by the board if the member is to vote by an alternative voting method as approved by the board and agreed to by the member individually or the members generally. For a member that is an entity, the notice mailed, or delivered by

<sup>2</sup> See chapter 131, §69, 158 herein

another process for vote by an alternative voting method, shall be to an officer of the entity. The special members' meeting notice shall state the time, place, and purpose of the special members' meeting. The special members' meeting notice shall be issued within ten days from and after the date of the presentation of a members' petition, and the special members' meeting shall be held within thirty days after the date of the presentation of the members' petition.

Sec. 21. Section 501A.806, subsection 2, Code 2011, is amended to read as follows:

2. *Quorum for voting by mail.* In determining a quorum at a meeting, on a question submitted to a vote by mail or by an alternative voting method, members present in person or represented by mail vote or the alternative voting method shall be counted. The attendance of a sufficient number of members to constitute a quorum shall be established by a registration of the members of the cooperative present at the meeting. The registration shall be verified by the chairperson or the records officer of the cooperative and shall be reported in the minutes of the meeting.

Sec. 22. Section 501A.810, subsection 3, Code 2011, is amended to read as follows:

3. *Voting method.* A member's vote at a members' meeting shall be cast in person, or by mail if a mail vote ballot is authorized by the board, or by an alternative voting method if that is authorized by the board and. A vote shall not be cast by proxy, except as provided in subsection 4. The cooperative shall take reasonable measures to authenticate that a vote is cast by a member eligible to cast that vote.

Sec. 23. Section 501A.810, subsection 5, Code 2011, is amended to read as follows:

5. *Absentee Mail ballots.*

~~a.~~ The provisions of this subsection apply to absentee mail ballots.

~~b. a.~~ A member who is or will be absent from a members' meeting may vote by mail ~~or by an approved alternative method on the ballot prescribed in this subsection~~ on any motion, resolution, or amendment that the board submits for vote by mail ~~or alternative method to the members.~~

~~c. b.~~ The A ballot shall be in the form prescribed by the board and ~~contain all of the following:~~

~~(1) The exact text of the proposed motion, resolution, or amendment to be acted on at the meeting.~~

~~(2) The be accompanied by the text of the proposed motion, resolution, or amendment for which the member may indicate an affirmative or negative vote to be acted upon at the meeting.~~

~~d. c.~~ The member shall express a choice by marking an appropriate choice on the ballot and mail, deliver, or otherwise submit the ballot to the cooperative in a plain, sealed envelope inside another envelope bearing the member's name or by an alternative method approved by the board.

~~e. d.~~ A properly executed ballot shall be accepted by the board and counted as the vote of the absent member at the meeting.

Sec. 24. Section 501A.810, Code 2011, is amended by adding the following new subsection:

NEW SUBSECTION. 6. *Alternative voting method.* The board may also allow the members to vote by alternative voting method, provided the members receive a copy of the proposed motion, resolution, or amendment to be acted upon.

Sec. 25. Section 501A.1101, subsection 4, paragraph b, subparagraph (1), Code 2011, is amended to read as follows:

(1) A quorum of the members eligible to vote is registered as being present at the meeting or represented voting by mail vote ballot or alternative ballot at the meeting voting method.

Approved April 5, 2011