

As Introduced

**127th General Assembly
Regular Session
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H. B. No. 232

Representative Reinhard

**Cosponsors: Representatives Bupp, Combs, Evans, McGregor, J., Seitz,
Setzer, Stebelton, Webster**

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A B I L L

To amend section 111.16 and to enact sections 1770.01 1
to 1770.17, 1770.20 to 1770.46, 1770.50 to 2
1770.56, 1770.60 to 1770.65, 1770.70 to 1770.72, 3
1770.80 to 1770.86, and 1770.99 of the Revised 4
Code to authorize the establishment of a new form 5
of cooperative business entity in this state. 6

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

Section 1. That section 111.16 be amended and sections 7
1770.01, 1770.02, 1770.03, 1770.04, 1770.05, 1770.06, 1770.07, 8
1770.08, 1770.09, 1770.10, 1770.11, 1770.12, 1770.13, 1770.14, 9
1770.15, 1770.16, 1770.17, 1770.20, 1770.21, 1770.22, 1770.23, 10
1770.24, 1770.25, 1770.26, 1770.27, 1770.28, 1770.29, 1770.30, 11
1770.31, 1770.32, 1770.33, 1770.34, 1770.35, 1770.36, 1770.37, 12
1770.38, 1770.39, 1770.40, 1770.41, 1770.42, 1770.43, 1770.44, 13
1770.45, 1770.46, 1770.50, 1770.51, 1770.52, 1770.53, 1770.54, 14
1770.55, 1770.56, 1770.60, 1770.61, 1770.62, 1770.63, 1770.64, 15
1770.65, 1770.70, 1770.71, 1770.72, 1770.80, 1770.81, 1770.82, 16
1770.83, 1770.84, 1770.85, 1770.86, and 1770.99 of the Revised 17
Code be enacted to read as follows: 18

Sec. 111.16. The secretary of state shall charge and collect, 19
for the benefit of the state, the following fees: 20

(A) For filing and recording articles of incorporation of a 21
domestic corporation, including designation of agent: 22

(1) Wherein the corporation shall not be authorized to issue 23
any shares of capital stock, one hundred twenty-five dollars; 24

(2) Wherein the corporation shall be authorized to issue 25
shares of capital stock, with or without par value: 26

(a) Ten cents for each share authorized up to and including 27
one thousand shares; 28

(b) Five cents for each share authorized in excess of one 29
thousand shares up to and including ten thousand shares; 30

(c) Two cents for each share authorized in excess of ten 31
thousand shares up to and including fifty thousand shares; 32

(d) One cent for each share authorized in excess of fifty 33
thousand shares up to and including one hundred thousand shares; 34

(e) One-half cent for each share authorized in excess of one 35
hundred thousand shares up to and including five hundred thousand 36
shares; 37

(f) One-quarter cent for each share authorized in excess of 38
five hundred thousand shares; provided no fee shall be less than 39
one hundred twenty-five dollars or greater than one hundred 40
thousand dollars. 41

(B) For filing and recording a certificate of amendment to or 42
amended articles of incorporation of a domestic corporation, or 43
for filing and recording a certificate of reorganization, a 44
certificate of dissolution, or an amendment to a foreign license 45
application: 46

(1) If the domestic corporation is not authorized to issue 47

any shares of capital stock, fifty dollars; 48

(2) If the domestic corporation is authorized to issue shares 49
of capital stock, fifty dollars, and in case of any increase in 50
the number of shares authorized to be issued, a further sum 51
computed in accordance with the schedule set forth in division 52
(A)(2) of this section less a credit computed in the same manner 53
for the number of shares previously authorized to be issued by the 54
corporation; provided no fee under division (B)(2) of this section 55
shall be greater than one hundred thousand dollars; 56

(3) If the foreign corporation is not authorized to issue any 57
shares of capital stock, fifty dollars; 58

(4) If the foreign corporation is authorized to issue shares 59
of capital stock, fifty dollars. 60

(C) For filing and recording articles of incorporation of a 61
savings and loan association, one hundred twenty-five dollars; and 62
for filing and recording a certificate of amendment to or amended 63
articles of incorporation of a savings and loan association, fifty 64
dollars; 65

(D) For filing and recording a certificate of conversion, 66
including a designation of agent, a certificate of merger, or a 67
certificate of consolidation, one hundred twenty-five dollars and, 68
in the case of any new corporation resulting from a consolidation 69
or any surviving corporation that has an increased number of 70
shares authorized to be issued resulting from a merger, an 71
additional sum computed in accordance with the schedule set forth 72
in division (A)(2) of this section less a credit computed in the 73
same manner for the number of shares previously authorized to be 74
issued or represented in this state by each of the corporations 75
for which a consolidation or merger is effected by the 76
certificate; 77

(E) For filing and recording articles of incorporation of a 78

credit union or the American credit union guaranty association, 79
one hundred twenty-five dollars, and for filing and recording a 80
certificate of increase in capital stock or any other amendment of 81
the articles of incorporation of a credit union or the 82
association, fifty dollars; 83

(F) For filing and recording articles of organization of a 84
limited liability company, for filing and recording an application 85
to become a registered foreign limited liability company, for 86
filing and recording a registration application to become a 87
domestic limited liability partnership, or for filing and 88
recording an application to become a registered foreign limited 89
liability partnership, one hundred twenty-five dollars; 90

(G) For filing and recording a certificate of limited 91
partnership or an application for registration as a foreign 92
limited partnership, one hundred twenty-five dollars-*i* 93

(H) For filing a copy of papers evidencing the incorporation 94
of a municipal corporation or of annexation of territory by a 95
municipal corporation, five dollars, to be paid by the municipal 96
corporation, the petitioners therefor, or their agent; 97

(I) For filing and recording any of the following: 98

(1) A license to transact business in this state by a foreign 99
corporation for profit pursuant to section 1703.04 of the Revised 100
Code or a foreign nonprofit corporation pursuant to section 101
1703.27 of the Revised Code, one hundred twenty-five dollars; 102

(2) A biennial report or biennial statement pursuant to 103
section 1775.63 or 1785.06 of the Revised Code, twenty-five 104
dollars; 105

(3) Except as otherwise provided in this section or any other 106
section of the Revised Code, any other certificate or paper that 107
is required to be filed and recorded or is permitted to be filed 108
and recorded by any provision of the Revised Code with the 109

secretary of state, twenty-five dollars.	110
(J) For filing any certificate or paper not required to be recorded, five dollars;	111 112
(K)(1) For making copies of any certificate or other paper filed in the office of the secretary of state, a fee not to exceed one dollar per page, except as otherwise provided in the Revised Code, and for creating and affixing the seal of the office of the secretary of state to any good standing or other certificate, five dollars. For copies of certificates or papers required by state officers for official purpose, no charge shall be made.	113 114 115 116 117 118 119
(2) For creating and affixing the seal of the office of the secretary of state to the certificates described in division (E) of section 1701.81, division (E) of section 1701.811, division (E) of section 1705.38, division (E) of section 1705.381, division (D) of section 1702.43, division (E) of section 1775.47, division (E) of section 1775.55, division (E) of section 1782.433, or division (E) of section 1782.4310 of the Revised Code, twenty-five dollars.	120 121 122 123 124 125 126
(L) For a minister's license to solemnize marriages, ten dollars;	127 128
(M) For examining documents to be filed at a later date for the purpose of advising as to the acceptability of the proposed filing, fifty dollars;	129 130 131
(N) Fifty dollars for filing and recording any of the following:	132 133
(1) A certificate of dissolution and accompanying documents, or a certificate of cancellation, under section 1701.86, 1702.47, 1705.43, or 1782.10 of the Revised Code;	134 135 136
(2) A notice of dissolution of a foreign licensed corporation or a certificate of surrender of license by a foreign licensed corporation under section 1703.17 of the Revised Code;	137 138 139

(3) The withdrawal of registration of a foreign or domestic limited liability partnership under section 1775.61 or 1775.64 of the Revised Code, or the certificate of cancellation of registration of a foreign limited liability company under section 1705.57 of the Revised Code;	140 141 142 143 144
(4) The filing of a cancellation of disclaimer of general partner status under Chapter 1782. of the Revised Code.	145 146
(O) For filing a statement of continued existence by a nonprofit corporation, twenty-five dollars;	147 148
(P) For filing a restatement under section 1705.08 or 1782.09 of the Revised Code, an amendment to a certificate of cancellation under section 1782.10 of the Revised Code, an amendment under section 1705.08 or 1782.09 of the Revised Code, or a correction under section 1705.55, 1775.61, 1775.64, or 1782.52 of the Revised Code, fifty dollars;	149 150 151 152 153 154
(Q) For filing for reinstatement of an entity cancelled by operation of law, by the secretary of state, by order of the department of taxation, or by order of a court, twenty-five dollars;	155 156 157 158
(R) For filing a change of agent, resignation of agent, or change of agent's address under section 1701.07, 1702.06, 1703.041, 1703.27, 1705.06, 1705.55, 1746.04, 1747.03, or 1782.04 of the Revised Code, twenty-five dollars;	159 160 161 162
(S) For filing and recording any of the following:	163
(1) An application for the exclusive right to use a name or an application to reserve a name for future use under section 1701.05, 1702.05, 1703.31, 1705.05, or 1746.06 of the Revised Code, fifty dollars;	164 165 166 167
(2) A trade name or fictitious name registration or report, fifty dollars;	168 169

(3) An application to renew any item covered by division	170
(S)(1) or (2) of this section that is permitted to be renewed,	171
twenty-five dollars;	172
(4) An assignment of rights for use of a name covered by	173
division (S)(1), (2), or (3) of this section, the cancellation of	174
a name registration or name reservation that is so covered, or	175
notice of a change of address of the registrant of a name that is	176
so covered, twenty-five dollars.	177
(T) For filing and recording a report to operate a business	178
trust or a real estate investment trust, either foreign or	179
domestic, one hundred twenty-five dollars; and for filing and	180
recording an amendment to a report or associated trust instrument,	181
or a surrender of authority, to operate a business trust or real	182
estate investment trust, fifty dollars;	183
(U)(1) For filing and recording the registration of a	184
trademark, service mark, or mark of ownership, one hundred	185
twenty-five dollars;	186
(2) For filing and recording the change of address of a	187
registrant, the assignment of rights to a registration, a renewal	188
of a registration, or the cancellation of a registration	189
associated with a trademark, service mark, or mark of ownership,	190
twenty-five dollars.	191
(V) For filing a service of process with the secretary of	192
state, five dollars, except as otherwise provided in any section	193
of the Revised Code;	194
<u>(W) With respect to cooperatives organized under Chapter</u>	195
<u>1770. of the Revised Code:</u>	196
<u>(1) For filing the articles of a cooperative, sixty dollars;</u>	197
<u>(2) For filing a curative filing of the articles under</u>	198
<u>division (D) of section 1770.08 of the Revised Code, five hundred</u>	199

<u>dollars;</u>	200
<u>(3) For all other filings required under Chapter 1770. of the Revised Code, thirty-five dollars.</u>	201 202
Fees specified in this section may be paid by cash, check, or money order, by credit card in accordance with section 113.40 of the Revised Code, or by an alternative payment program in accordance with division (B) of section 111.18 of the Revised Code. Any credit card number or the expiration date of any credit card is not subject to disclosure under Chapter 149. of the Revised Code.	203 204 205 206 207 208 209
<u>Sec. 1770.01. As used in this chapter:</u>	210
<u>(A) "Address" means mailing address, including a zip code. In the case of a registered address, "address" means the mailing address and the actual office location, which may not be a post office box.</u>	211 212 213 214
<u>(B) "Alternative ballot" means a method of voting on a candidate or issue prescribed by the board of directors of a cooperative in advance of the vote and may include voting by electronic, telephonic, internet, or other means that reasonably allows members the opportunity to vote.</u>	215 216 217 218 219
<u>(C) "Articles" means the articles of organization of a cooperative as originally filed and subsequently amended.</u>	220 221
<u>(D) "Association" means an organization conducting business on a cooperative plan under the laws of this state or another state that is chartered to conduct business under other laws of this state or another state.</u>	222 223 224 225
<u>(E) "Board" means the board of directors of a cooperative.</u>	226
<u>(F) "Business entity" means a company, limited liability company, limited liability partnership, or other legal entity, whether domestic or foreign, association, or body vested with the</u>	227 228 229

<u>power or function of a legal entity.</u>	230
<u>(G) "Cooperative" means a domestic business entity organized</u>	231
<u>under this chapter conducting business on a cooperative plan as</u>	232
<u>provided under this chapter.</u>	233
<u>(H) "Domestic business entity" means a business entity</u>	234
<u>organized under the laws of this state.</u>	235
<u>(I) "Domestic cooperative" means a cooperative organized</u>	236
<u>under this chapter or Chapter 1729. of the Revised Code.</u>	237
<u>(J) "Foreign business entity" means a business entity that is</u>	238
<u>not a domestic business entity.</u>	239
<u>(K) "Foreign cooperative" means a foreign business entity</u>	240
<u>organized to conduct business on a cooperative plan consistent</u>	241
<u>with this chapter or Chapter 1729. of the Revised Code.</u>	242
<u>(L) "Member" means a person or entity reflected on the books</u>	243
<u>of a cooperative as the owner of governance rights of a membership</u>	244
<u>interest of the cooperative and includes patron and nonpatron</u>	245
<u>members.</u>	246
<u>(M) "Membership interest" means a member's interest in a</u>	247
<u>cooperative consisting of a member's financial rights, a member's</u>	248
<u>right to assign financial rights, a member's governance rights,</u>	249
<u>and a member's right to assign governance rights. "Membership</u>	250
<u>interest" includes patron membership interests and nonpatron</u>	251
<u>membership interests.</u>	252
<u>(N) "Members' meeting" means a regular or special members'</u>	253
<u>meeting.</u>	254
<u>(O) "Limited liability company" means a limited liability</u>	255
<u>company governed by Chapter 1705. of the Revised Code.</u>	256
<u>(P) "Nonpatron membership interest" means a membership</u>	257
<u>interest that does not require the holder to conduct patronage</u>	258
<u>business for or with a cooperative to receive financial rights or</u>	259

distributions. 260

(O) "Patron" means a person or entity who conducts patronage business with a cooperative. 261
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(R) "Patronage" means business, transactions, or services done for or with a cooperative as defined by the cooperative. 263
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(S) "Patron member" means a member holding a patron membership interest. 265
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(T) "Patron membership interest" means a membership interest requiring the holder to conduct patronage business for or with a cooperative as specified by the cooperative to receive financial rights or distributions. 267
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(U) "Signed" means that the signature of a person has been written on a document and, with respect to a document required by this chapter to be filed with the secretary of state, means that the document has been signed by a person authorized to do so by this chapter, the articles or bylaws of a cooperative, or a resolution approved by the directors or the members of a cooperative. A signature on a document may be a facsimile affixed, engraved, printed, placed, stamped with indelible ink, transmitted by facsimile or electronically, or in any other manner reproduced on the document. 271
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Sec. 1770.02. A cooperative may be formed and organized on a cooperative plan for any lawful purpose, including any of the following: 281
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(A) Marketing, processing, or otherwise changing the form or marketability of products, including crops, livestock, and other agricultural products, manufacturing and further processing of those products, other purposes that are necessary or convenient to facilitate the production or marketing of products by patron members and others, and other purposes that are related to the 284
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<u>business of the cooperative;</u>	290
<u>(B) Providing products, supplies, and services to its</u>	291
<u>members;</u>	292
<u>(C) Any other purposes that cooperatives are authorized to</u>	293
<u>perform by law.</u>	294
<u>Sec. 1770.03.</u> (A) <u>A cooperative may be organized by one or</u>	295
<u>more organizers who shall be over eighteen years of age and</u>	296
<u>citizens of the United States and who may act for themselves as</u>	297
<u>individuals or as the agents of other entities. The organizers</u>	298
<u>forming the cooperative need not be members of the cooperative.</u>	299
<u>(B) If the first board is not named in the articles of</u>	300
<u>organization, the organizers may elect the first board or may act</u>	301
<u>as directors with all of the powers, rights, duties, and</u>	302
<u>liabilities of directors until directors are elected or until a</u>	303
<u>contribution is accepted in accordance with this chapter,</u>	304
<u>whichever occurs first.</u>	305
<u>(C) After the filing of the articles of organization as</u>	306
<u>required by section 1770.05 of the Revised Code, the organizers or</u>	307
<u>the directors named in the articles of organization shall either</u>	308
<u>hold an organizational meeting at the call of a majority of the</u>	309
<u>organizers or of the directors named in the articles or take</u>	310
<u>written action for the purposes of transacting business and taking</u>	311
<u>actions necessary or appropriate to complete the organization of</u>	312
<u>the cooperative, including, without limitation, amending the</u>	313
<u>articles; electing directors; adopting bylaws; adopting banking</u>	314
<u>resolutions; authorizing or ratifying the purchase, lease, or</u>	315
<u>other acquisition of suitable space, furniture, furnishings,</u>	316
<u>supplies, and materials; adopting a fiscal year for the</u>	317
<u>cooperative; contracting to receive and accept contributions; and</u>	318
<u>making any appropriate tax elections. If a meeting is held, the</u>	319
<u>person or persons calling the meeting shall give at least three</u>	320

days' notice of the meeting to each organizer or director named, 321
stating the date, time, and place of the meeting. Organizers and 322
directors may waive notice of an organizational meeting in the 323
same manner that a director may waive notice of meetings of the 324
board. 325

Sec. 1770.04. The name of a cooperative shall distinguish the 326
cooperative on the records of the secretary of state from the name 327
of any other domestic business entity or foreign business entity 328
authorized or registered to do business in this state or from a 329
name the right to which is, at the time of organization of the 330
cooperative, reserved or provided for by law. The cooperative name 331
shall be reserved for the cooperative during its existence. 332

Sec. 1770.05. (A) The articles of the cooperative shall 333
include all of the following: 334

(1) The name of the cooperative; 335

(2) The purpose of the cooperative; 336

(3) The name and address of each organizer; 337

(4) The period of duration for the cooperative if the 338
duration is not to be perpetual; 339

(5) Any other lawful provision. 340

The articles shall be signed by the organizers. The original 341
articles and a designation of the cooperative's registered office 342
and statutory agent shall be filed with the secretary of state. 343

(B) When the articles, the registration form required under 344
section 1770.11 of the Revised Code, and the designation of the 345
cooperative's registered office and statutory agent have been 346
filed with the secretary of state and the required fee has been 347
paid to the secretary of state, it shall be presumed that both of 348
the following apply: 349

(1) All conditions precedent that are required to be performed by the organizers have been complied with. 350
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(2) The organization of the cooperative has been chartered by the state as a separate legal entity. 352
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Sec. 1770.06. (A) The articles of a cooperative may be amended and, if amended, shall be amended as follows: 354
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(1) The board, by majority vote, shall pass a resolution stating the text of the proposed amendment. The text of the proposed amendment and an attached mail or alternative ballot shall be mailed or otherwise distributed with a 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. 356
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(2) If a quorum of the members exists as determined in accordance with section 1770.37 of the Revised Code, the proposed amendment is adopted if either of the following applies: 363
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(a) The proposed amendment is approved by a majority of the votes cast. 366
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(b) In the case of a cooperative with articles or bylaws requiring more than majority approval or other conditions for approval, the amendment is approved by a proportion of the votes cast or a number of total members as required by the articles or bylaws and the conditions for approval in the articles or bylaws have been satisfied. 368
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(3) After an amendment has been adopted by the members, the amendment shall be signed by the chair, vice-chair, records officer, or assistant records officer. 374
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(B) A majority of directors may amend the articles if the cooperative does not have any members with voting rights. 377
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(C) Amendments to articles of incorporation, when so adopted, 379

shall be filed in accordance with section 1770.08 of the Revised Code. 380
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Sec. 1770.07. (A) A cooperative organized under Chapter 1729. of the Revised Code may convert and become subject to this chapter by amending its articles of incorporation to conform to the requirements of this chapter. 382
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(B) A cooperative organized under Chapter 1729. of the Revised Code that becomes subject to this chapter shall provide its members with a disclosure statement of the rights and obligations of the members and the capital structure of the cooperative before becoming subject to this chapter. A cooperative organized under Chapter 1729. of the Revised Code, upon distribution of the disclosure statement required in this division and approval of its members as necessary for amending its articles under Chapter 1729. of the Revised Code, may amend its articles to comply with this chapter. 386
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(C) A cooperative organized under Chapter 1729. of the Revised Code that is converting to be subject to this chapter shall prepare a certificate stating all of the following: 396
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(1) The date on which the entity was first organized; 399

(2) The name of the cooperative organized under Chapter 1729. of the Revised Code and, if the name is to be changed, the name of the cooperative to be governed under this chapter; 400
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(3) The future effective date and time, which shall be a date and time certain, that the cooperative will be governed by this chapter if the effective date and time are not to be the date and time of filing. 403
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(D) Upon filing with the secretary of state of the articles for compliance with this chapter and the certificate required under division (C) of this section, a cooperative organized under 407
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Chapter 1729. of the Revised Code is converted and governed by 410
this chapter unless a later date and time are specified in the 411
certificate required under division (C) of this section. 412

(E) With respect to a conversion under this section under 413
which a cooperative becomes governed by this chapter, the rights, 414
property, securities, or interests in the cooperative organized 415
under Chapter 1729. of the Revised Code may be exchanged or 416
converted into rights, property, securities, or interests in the 417
cooperative as governed by this chapter. 418

(F) The conversion of a cooperative organized under Chapter 419
1729. of the Revised Code to a cooperative governed by this 420
chapter does not affect any obligations or liabilities of the 421
cooperative before the conversion or the personal liability of any 422
person incurred before the conversion. When the conversion is 423
effective, the rights, privileges, and powers of the cooperative, 424
real and personal property of the cooperative, debts due to the 425
cooperative, and causes of action belonging to the cooperative 426
remain vested in the cooperative and are the property of the 427
cooperative as converted and governed by this chapter. Title to 428
real property vested by deed or otherwise in the cooperative 429
organized under Chapter 1729. of the Revised Code does not revert 430
and is not impaired by reason of the cooperative's being converted 431
and governed by this chapter. Rights of creditors and liens on 432
property of the cooperative under Chapter 1729. of the Revised 433
Code are preserved unimpaired. Debts, liabilities, and duties of 434
the cooperative remain attached to the cooperative as converted 435
and governed by this chapter and may be enforced against the 436
cooperative to the same extent as if the debts, liabilities, and 437
duties had originally been incurred or contracted by the 438
cooperative as organized under this chapter. The rights, 439
privileges, powers, and interests in property of the cooperative 440
under Chapter 1729. of the Revised Code as well as the debts, 441

liabilities, and duties of the cooperative are not deemed, as a 442
consequence of the conversion, to have been transferred for any 443
purpose of the laws of this state. 444

Sec. 1770.08. (A) For filing articles of a cooperative or 445
amendment of the articles or a certificate of merger, 446
consolidation, conversion, division, or dissolution, a cooperative 447
shall pay to the secretary of state the fees imposed by section 448
111.16 of the Revised Code. 449

(B) When the articles or amendment of the articles or a 450
certificate of merger, consolidation, conversion, division, or 451
dissolution is filed with the secretary of state, the secretary of 452
state, if the articles, amendment, or certificate complies with 453
this chapter, shall endorse approval thereon, the date of filing, 454
and a file number, and make a legible copy thereof by any 455
authorized method. The original or a copy of the articles, 456
amendment, or certificate, certified by the secretary of state, 457
shall be returned to the person filing the articles, amendment, or 458
certificate. 459

(C) All persons shall have the opportunity to acquire a copy 460
of the articles, amendments, and certificates filed and recorded 461
in the office of the secretary of state, but no person dealing 462
with the cooperative shall be charged with constructive notice of 463
the contents of any such articles, amendments, or certificates by 464
reason of the filing or recording. 465

(D) If the secretary of state determines that a filing has 466
been made in error by a cooperative, the secretary of state may 467
revoke and expunge the erroneous filing and authorize a curative 468
document to be filed. 469

Sec. 1770.09. The existence of a cooperative shall commence 470
when the articles are filed with the secretary of state. A 471

cooperative shall have a perpetual duration unless the cooperative 472
provides for a limited period of duration in the articles. 473

Sec. 1770.10. (A) A cooperative shall establish and 474
continuously maintain in this state both of the following: 475

(1) A registered office that may be, but need not be, the 476
same as its place of business; 477

(2) A registered statutory agent who may be either an 478
individual resident of this state whose business office is 479
identical with the registered office, or a domestic business 480
entity or a foreign business entity authorized to transact 481
business in this state having an office identical with the 482
registered office. 483

(B) A cooperative may designate or change its registered 484
office or statutory agent, or both, upon filing with the secretary 485
of state a statement setting forth all of the following: 486

(1) The name of the cooperative; 487

(2) The address of its then registered office; 488

(3) If the address of its registered office is to be changed, 489
the address to which the registered office is to be changed; 490

(4) The name of its then registered statutory agent; 491

(5) If its registered statutory agent is to be changed, the 492
name of its successor registered statutory agent; 493

(6) That the address of its registered office and the address 494
of the business office of its registered statutory agent, as 495
changed, will be identical; 496

(7) That the change was authorized by affirmative vote of a 497
majority of the board of the cooperative. 498

(C) If the secretary of state finds that the statement 499
required by division (B) of this section complies with this 500

section, the secretary of state shall file the statement, and upon 501
filing the change of address of the registered office or the 502
appointment of a new registered statutory agent or both, as 503
applicable, is effective. 504

(D) A registered statutory agent of a cooperative may resign 505
as statutory agent upon filing one original and one exact or 506
conformed copy of a signed written notice of resignation with the 507
secretary of state, who shall mail a copy to the cooperative at 508
its principal mailing address as defined and prescribed by the 509
secretary of state. The appointment of the statutory agent shall 510
terminate upon the expiration of thirty days after receipt of 511
notice by the secretary of state. 512

(E) If the address or name of a registered statutory agent 513
changes, the statutory agent shall change the address of the 514
registered office or the name of the registered statutory agent by 515
filing with the secretary of state the statement required by 516
division (B) of this section. The statutory agent shall mail a 517
copy of the statement to the cooperative at its principal mailing 518
address. 519

Sec. 1770.11. (A) In each odd-numbered year, a cooperative 520
governed by this chapter shall file a biennial registration with 521
the secretary of state. The secretary of state shall establish 522
procedures for the biennial registration, which shall include a 523
requirement that the secretary of state mail by first class mail a 524
registration form to the registered office of each cooperative as 525
shown in the records of the secretary of state or, if no such 526
address is in the records, to the location of the principal place 527
of business shown in the records of the secretary of state. The 528
form shall include the following statement: 529

"NOTICE: Failure to file this form by December 31 of this 530
year will result in the dissolution of this cooperative without 531

further notice from the Secretary of State under section 1770.11 532
of the Revised Code." 533

(B) The registration required by this section shall include 534
all of the following: 535

(1) The name of the cooperative; 536

(2) The address of its registered office; 537

(3) The address of its principal place of business if 538
different from the registered office address; 539

(4) The name and business address of the chief executive 540
officer or other person exercising the principal functions of the 541
chief executive officer of the cooperative. 542

(C) A cooperative that has failed to file a registration 543
under this section shall be dissolved by the secretary of state. 544
To effectuate the dissolution, the secretary of state shall issue 545
a certificate of involuntary dissolution, which shall be filed 546
with the secretary of state. The secretary of state annually shall 547
inform the attorney general and the tax commissioner in writing of 548
the methods by which the names of cooperatives dissolved under 549
this section during the preceding year may be determined. The 550
secretary of state also shall make available in an electronic 551
format the names of the dissolved cooperatives. 552

(D) A cooperative may retroactively reinstate its existence 553
by filing a biennial registration. Filing the biennial 554
registration with the secretary of state does all of the 555
following: 556

(1) Returns the cooperative to active status as of the date 557
of the dissolution; 558

(2) Validates contracts or other acts within the authority of 559
the articles and retains the cooperative's liability for those 560
contracts or acts; 561

(3) Restores to the cooperative all assets and rights of the cooperative and its shareholders or members to the extent they were held by the cooperative and its shareholders or members before the dissolution occurred, except to the extent that assets or rights were affected by acts occurring after the dissolution or sold or otherwise distributed after that time.

Sec. 1770.12. (A) A cooperative shall have bylaws governing the cooperative's business affairs, its structure, the qualifications, classification, rights, and obligations of members, and the classifications, allocations, and distributions of membership interests that are not otherwise provided in the articles or by this chapter.

(B) If not stated in the articles, the bylaws shall state all of the following:

(1) The purpose of the cooperative;

(2) The capital structure of the cooperative, including a statement of the classes and relative rights, preferences, and restrictions granted to or imposed on each class of member interests, the rights to share in profits or distributions of the cooperative, and the authority to issue membership interests, which may be designated to be determined by the board;

(3) A provision designating the voting and governance rights, including which membership interests have voting power and any limitations or restrictions on the voting power, which shall be in accordance with this chapter;

(4) A statement that patron membership interests with voting power shall be restricted to one vote for each member regardless of the amount of patron membership interests held in the affairs of the cooperative or a statement describing the allocation of voting power allocated as prescribed in this chapter;

(5) A statement that membership interests held by a member 592
are transferable only with the approval of the board or as 593
provided in the bylaws; 594

(6) If nonpatron membership interests are authorized, a 595
statement as to how profits and losses will be allocated and cash 596
will be distributed between patron membership interests 597
collectively, a statement that net income allocated to a patron 598
membership interest as determined by the board in excess of 599
dividends and additions to reserves shall be distributed on the 600
basis of patronage, and a statement that the records of the 601
cooperative shall include patron membership interests and, if 602
authorized, nonpatron membership interests, which may be further 603
described in the bylaws. 604

(C) The bylaws may contain any provision relating to the 605
management or regulation of the affairs of the cooperative that 606
are not inconsistent with this chapter, any other provision of the 607
Revised Code, or the articles and shall include all of the 608
following: 609

(1) The number of directors and the qualifications, manner of 610
election, powers, duties, and compensation, if any, of directors; 611

(2) The qualifications of members and any limitations on 612
their number; 613

(3) The manner of admission, withdrawal, suspension, and 614
expulsion of members; 615

(4) Generally, the governance rights, financial rights, 616
assignability of governance and financial rights, and other 617
rights, privileges, and obligations of members and their 618
membership interests, which may be further described in member 619
control agreements; 620

(5) Any provisions required by the articles to be in the 621
bylaws. 622

(D)(1) Bylaws shall be adopted before any distributions to 623
members, but if the articles or bylaws provide that rights of 624
contributors to a class of membership interest will be determined 625
in the bylaws, the bylaws shall be adopted before the acceptance 626
of any contributions to that class. 627

(2) Subject to divisions (E) to (G) of this section, the 628
bylaws of a cooperative may be adopted or amended by the 629
directors, or the members may adopt or amend bylaws at a regular 630
or special members' meeting if all of the following apply: 631

(a) The notice of the regular or special meeting contains a 632
statement that the bylaws or amended bylaws will be voted on and 633
copies are included with the notice, or copies are available upon 634
request from the cooperative, and a summary statement of the 635
proposed bylaws or amendment is included with the notice. 636

(b) A quorum exists as determined in accordance with section 637
1770.37 of the Revised Code. 638

(c) The bylaws or amendment is approved by a majority vote 639
cast, or for a cooperative with articles or bylaws requiring more 640
than majority approval or other conditions for approval, the 641
bylaws or amendment is approved by a proportion of the vote cast 642
or the number of the total members as required by the articles or 643
bylaws and the conditions for approval in the articles or bylaws 644
have been satisfied. 645

Until the next annual or special members' meeting, the 646
majority of directors may adopt and amend bylaws for the 647
cooperative that are consistent with divisions (E) to (G) of this 648
section, which may be further amended or repealed by the members 649
at an annual or special members' meeting. 650

(E) The board may amend the bylaws at any time to add, 651
change, or delete a provision unless either of the following 652
applies: 653

(1) This chapter, the articles, or the bylaws reserve the 654
power exclusively to the members in whole or in part. 655

(2) A particular bylaw expressly prohibits the board from 656
doing so. 657

An amendment of the bylaws by the board shall be distributed 658
to the members not later than ten days after adoption, and the 659
notice of the annual meeting of the members shall contain a notice 660
of and a summary of the amendment. The members may amend the 661
bylaws even though the bylaws also may be amended by the board. 662

(F) The members may amend the bylaws to establish a greater 663
quorum or voting requirement for members, or voting groups of 664
members, than is required under this chapter. In addition, the 665
members may amend the bylaws to subsequently reduce or eliminate a 666
greater quorum or voting requirement for members or voting groups 667
of members. An amendment to the bylaws to establish, reduce, or 668
eliminate a greater quorum or voting requirement for members shall 669
meet the same quorum requirement and be adopted by the same vote 670
and voting groups required to take action under the quorum and 671
voting requirements then in effect or proposed to be established, 672
whichever are greater. 673

A bylaw that establishes a greater quorum or voting 674
requirement for members under this division shall not be adopted 675
or amended by the board. 676

(G) A bylaw that establishes a greater quorum or voting 677
requirement for the board may be amended only if either of the 678
following applies: 679

(1) If adopted by the members, only by the members; 680

(2) If adopted by the board, either by the members or by the 681
board. 682

A bylaw adopted or amended by the members that establishes a 683

greater quorum or voting requirement for the board may provide 684
that it may be amended only by a specified vote of either the 685
members or the board, but if the bylaw is to be amended by a 686
specified vote of the members, the bylaw shall be adopted by the 687
same specified vote of the members. 688

Action by the board under division (G)(2) of this section 689
shall meet the same quorum requirement and be adopted by the same 690
vote required to take action under the quorum and voting 691
requirement then in effect or proposed to be established, 692
whichever are greater. 693

(H)(1) Unless otherwise provided in the articles or bylaws, 694
the board may adopt bylaws to be effective only in an emergency. 695
The emergency bylaws, which are subject to amendment or repeal by 696
the members, may include all provisions necessary for managing the 697
cooperative during the emergency, including all of the following: 698

(a) Procedures for calling a meeting of the board; 699

(b) Quorum requirements for the meeting; 700

(c) Designation of additional or substitute directors. 701

(2) All provisions of the regular bylaws that are consistent 702
with the emergency bylaws shall remain in effect during the 703
emergency. The emergency bylaws shall not be effective after the 704
emergency ends. 705

(3) With respect to actions taken in good faith in accordance 706
with the emergency bylaws, both of the following apply: 707

(a) The actions are binding on the cooperative. 708

(b) The actions may not be the basis for imposition of 709
liability on any director, officer, employee, or statutory agent 710
of the cooperative on the grounds that the action was not 711
authorized cooperative action. 712

(4) For purposes of division (H) of this section, an 713

emergency exists if a quorum of the directors cannot readily be 714
obtained because of a catastrophic event. 715

Sec. 1770.13. (A) A cooperative shall keep as permanent 716
records minutes of all meetings of its members and of the board, a 717
record of all actions taken by the members or the board without a 718
meeting by a written unanimous consent in lieu of a meeting, and a 719
record of all waivers of notices of meetings of the members and of 720
the board. 721

(B) A cooperative shall maintain appropriate accounting 722
records. 723

(C) A cooperative shall maintain its records in written form 724
or in another form that is capable of conversion into written form 725
within a reasonable time. 726

(D) A cooperative shall keep a copy of each of the following 727
records at its principal office: 728

(1) Its articles and other governing instruments; 729

(2) Its bylaws or other similar instruments; 730

(3) A record of the names and addresses of its members in a 731
form that allows preparation of an alphabetical list of members 732
with each member's address; 733

(4) The minutes of members' meetings, and records of all 734
actions taken by members without a meeting by unanimous written 735
consent in lieu of a meeting, for the preceding three calendar 736
years; 737

(5) All written communications within the preceding three 738
calendar years to members as a group or to any class of members as 739
a group; 740

(6) A list of the names and business addresses of its current 741
board members and officers. 742

(E) Except as otherwise limited by this chapter, the board of a cooperative shall have discretion to determine what records are appropriate for the purposes of the cooperative, the length of time that records are to be retained, and policies relating to the confidentiality, disclosure, inspection, and copying of the records of the cooperative. 743
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Sec. 1770.14. (A) In addition to other powers, a cooperative: 749

(1) May perform every act necessary or proper to the conduct of the cooperative's business or the accomplishment of the purposes of the cooperative; 750
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(2) Has other rights, powers, or privileges granted by the laws of this state to other cooperatives, except those that are inconsistent with the express provisions of this chapter; 753
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755

(3) Has the powers given in section 1770.02 of the Revised Code and in this section. 756
757

This section does not give a cooperative the power or authority to exercise the powers of a credit union under Chapter 1733. of the Revised Code or a bank, savings and loan association, or savings bank under Title XI of the Revised Code. 758
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(B) A cooperative may buy, sell, or deal in its own products; the products of its individual members, patrons, or nonmembers; the products of another cooperative or an association or of its members or patrons; or the products of another person or entity. A cooperative may negotiate the price at which its products may be sold. 762
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(C) A cooperative may enter into or become a party to a contract or agreement for the cooperative or for the cooperative's individual members or patrons or between the cooperative and its members. 768
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(D) A cooperative may purchase and hold, lease, mortgage, 772

encumber, sell, exchange, and convey as a legal entity real, 773
personal, and intellectual property, including real estate, 774
buildings, personal property, patents, and copyrights as the 775
business of the cooperative may require, including the sale or 776
other disposition of assets required by the business of the 777
cooperative as determined by the board. A cooperative may take, 778
receive, and hold real and personal property, including the 779
principal and interest of money or other funds and rights in a 780
contract, in trust for any purpose not inconsistent with the 781
purposes of the cooperative specified in its articles or bylaws 782
and may exercise fiduciary powers in relation to taking, 783
receiving, and holding the real and personal property. A 784
cooperative may erect buildings or other structures or facilities 785
on the cooperative's owned or leased property or on a right-of-way 786
that is legally acquired by the cooperative. 787

(E) A cooperative may issue bonds, debentures, or other 788
evidence of indebtedness and may borrow money, may secure any of 789
its obligations by mortgage of or creation of a security interest 790
in or other encumbrances or assignment of all or any of its 791
property, franchises, or income, and may issue guarantees for any 792
legal purpose. A cooperative may form special purpose business 793
entities to secure assets of the cooperative. 794

(F) A cooperative may make advances to its members or patrons 795
on products delivered by the members or patrons to the 796
cooperative. 797

(G) A cooperative may accept donations or deposits of money 798
or real or personal property from other cooperatives or 799
associations from which it is constituted. 800

(H) A cooperative may loan or borrow money to or from 801
individual members, cooperatives, or associations from which it is 802
constituted with security that it considers sufficient. A 803
cooperative may invest and reinvest its funds. 804

(I) A cooperative may pay pensions, retirement allowances, 805
and compensation for past services to and for the benefit of, and 806
establish, maintain, continue, and carry out, wholly or partially 807
at the expense of the cooperative, employee benefit and incentive 808
plans, trusts, and provisions to or for the benefit of, any or all 809
of its and its related organizations' officers, managers, 810
directors, governors, employees, and statutory agents and, in the 811
case of a related organization that is a cooperative, members who 812
provide services to the cooperative, and any of their families, 813
dependents, and beneficiaries. A cooperative may indemnify and 814
purchase and maintain insurance for and on behalf of a fiduciary 815
of any of those employee benefit and incentive plans, trusts, and 816
provisions. 817

(J) A cooperative may provide for its benefit life insurance 818
and other insurance with respect to the services of any or all of 819
its members, managers, directors, employees, and statutory agents 820
or on the life of a member for the purpose of acquiring at the 821
death of the member any or all membership interests in the 822
cooperative owned by the member. 823

(K) A cooperative may purchase, acquire, hold, or dispose of 824
the ownership interests of another business entity or business 825
entities whether organized under the laws of this state or another 826
state or the United States and assume all rights, interests, 827
privileges, responsibilities, and obligations arising out of the 828
ownership interests, including a business entity organized: 829

(1) As a federation of associations; 830

(2) For the purpose of forming a district, state, or national 831
marketing sales or service agency; 832

(3) For the purpose of acquiring marketing facilities at 833
terminal or other markets in this state or other states. 834

A cooperative may purchase, own, and hold ownership 835

interests, including stock and other equity interests, 836
memberships, interests in nonstock capital, and evidences of 837
indebtedness of any domestic business entity or foreign business 838
entity. 839

(L) A cooperative may exercise any and all fiduciary powers 840
in relations with members, cooperatives, associations, or business 841
entities from which it is constituted. 842

Sec. 1770.15. (A) In anticipation of or during an emergency 843
as described in division (D) of this section, a board may modify 844
lines of succession to accommodate the incapacity of any director, 845
officer, employee, or statutory agent, relocate the principal 846
office, designate alternative principal offices or regional 847
offices, or authorize the officers to do so. 848

(B) During an emergency, unless emergency bylaws provide 849
otherwise, both of the following apply: 850

(1) Notice of a meeting of the board need be given only to 851
those directors whom it is practicable to reach and may be given 852
in any practicable manner, including by publication or radio. 853

(2) One or more officers of the cooperative who are present 854
at a meeting of the board may be deemed to be directors for the 855
meeting, in order of rank and within the same rank in order of 856
seniority, as necessary to achieve a quorum. 857

(C) Cooperative action taken in good faith during an 858
emergency under this section to further the ordinary business 859
affairs of the cooperative binds the cooperative and may not be 860
the basis for the imposition of liability on any director, 861
officer, employee, or statutory agent of the cooperative on the 862
grounds that the action was not an authorized cooperative action. 863

(D) An emergency exists for purposes of this section if a 864
quorum of the directors cannot readily be obtained because of a 865

catastrophic event. 866

Sec. 1770.16. A foreign cooperative may conduct activities in 867
this state upon compliance with the general requirements that are 868
applicable to such a cooperative desiring to do business in this 869
state. All contracts that may be made by a cooperative under this 870
chapter and that are made by or with such a foreign cooperative 871
shall be enforceable in this state with all of the remedies 872
established in this chapter. 873

Sec. 1770.17. (A) A cooperative and a patron member or patron 874
of the cooperative may make and execute a marketing contract that 875
requires the patron member or patron to sell a specified portion 876
of the patron member's or patron's agricultural product or 877
specified commodity produced from a certain area exclusively to or 878
through the cooperative or a facility established by the 879
cooperative. 880

If a sale is contracted to the cooperative, the sale shall 881
transfer title to the product absolutely, except for any recorded 882
lien or security interest against the agricultural products of the 883
patron member or patron, to the cooperative on delivery of the 884
product or at another specified time if expressly provided in the 885
contract. However, the contract may allow the cooperative to sell 886
or resell the product of its patron member or patron with or 887
without taking title to the product, and pay the resale price to 888
the patron member or patron, after deducting all necessary 889
selling, overhead, and other costs and expenses, including other 890
proper reserves and interest. 891

(B) A single term of a marketing contract executed under this 892
section shall not exceed ten years, but a marketing contract may 893
be made self-renewing for periods not exceeding five years each, 894
subject to the right of either party to terminate by giving 895

written notice of the termination during a period of the current 896
term as specified in the contract. 897

(C) The bylaws of the cooperative or the marketing contract, 898
or both, may set a specific sum as liquidated damages to be paid 899
by the patron member or patron to the cooperative for breach of 900
any provision of the marketing contract entered into under this 901
section and may provide that the patron member or patron shall pay 902
the costs, premiums for bonds, expenses, and fees if an action is 903
brought on the contract by the cooperative. The remedies for 904
breach of contract are valid and enforceable in the courts of this 905
state. The provisions shall be enforced as liquidated damages and 906
are not considered a penalty. 907

(D) If there is a breach or threatened breach of a marketing 908
contract entered into under this section by a patron member or 909
patron, the cooperative is entitled to an injunction to prevent 910
further breach of the contract and to a decree of specific 911
performance of the contract. Pending the adjudication of the 912
action after filing a complaint showing the breach or threatened 913
breach and filing a sufficient bond, the cooperative is entitled 914
to a temporary restraining order and preliminary injunction 915
against the patron member or patron. 916

(E) No person shall knowingly induce or attempt to induce a 917
patron member or patron of a cooperative organized under this 918
chapter to breach a marketing contract with the cooperative or 919
knowingly spread false reports about the cooperative's finances or 920
management. 921

(F) A person may be liable to a cooperative for civil damages 922
for a violation of division (E) of this section. Each violation 923
constitutes a separate offense. 924

Sec. 1770.20. (A) A cooperative shall be governed by its 925
board, which shall take all action for and on behalf of the 926

cooperative, except those actions reserved or granted to members. 927
Board action shall be by the affirmative vote of a majority of the 928
directors voting at a duly called meeting unless a greater 929
majority is required by the articles or bylaws of the cooperative. 930
A director individually or collectively with other directors does 931
not have authority to act for or on behalf of the cooperative 932
unless authorized by the board. A director may advocate interests 933
of members or member groups to the board, but the fiduciary duty 934
of a director is to represent the best interests of the 935
cooperative and all members collectively. 936

(B) The board shall not have fewer than five directors, 937
except that a cooperative with fifty or fewer members may have 938
three or more directors as prescribed in the articles or bylaws. 939

Sec. 1770.21. (A) The organizers of a cooperative shall elect 940
the first board to serve until directors are elected by members of 941
the cooperative. Until election by the members, the first board 942
shall appoint directors to fill any vacancies. 943

(B)(1) Directors shall be elected for the term, at the time, 944
and in the manner provided in this section and the bylaws. 945

(2) A majority of the directors shall be members and a 946
majority of the directors shall be elected exclusively by the 947
members holding patron membership interests unless otherwise 948
provided in the articles or bylaws. 949

(3) The voting authority of the directors may be allocated 950
according to allocation units or equity classifications of the 951
cooperative, provided that at least one-half of the voting power 952
on general matters of the cooperative shall be allocated to the 953
directors elected by members holding patron membership interests, 954
or in the alternative, the directors elected by the members 955
holding patron membership interests shall have an equal or shall 956
not have a minority voting power on general matters of the 957

cooperative. 958

(4) A director shall hold office for the term to which the 959
director was elected and until a successor is elected and has 960
qualified to be a director or until earlier death, resignation, 961
removal, or disqualification of the director. 962

(5) The expiration of a director's term with or without 963
election of a qualified successor does not make the prior or 964
subsequent acts of the director or the board void or voidable. 965

(6) Subject to any limitation in the articles or bylaws, the 966
board may set the compensation of directors. 967

(7) Directors may be divided into or designated and elected 968
by class or other distinction as provided in the articles or 969
bylaws. 970

(8) A director may resign by giving written notice to the 971
chair of the board or the board. The resignation is effective 972
without acceptance when the notice is given to the chair of the 973
board or the board unless a later effective time is specified in 974
the notice. 975

(C) Directors shall be elected at the regular members' 976
meeting for the terms of office prescribed in the bylaws. Except 977
for directors elected at district meetings or special meetings to 978
fill a vacancy, all directors shall be elected at the regular 979
members' meeting. There shall be no cumulative voting for 980
directors except as provided in this chapter and the articles or 981
bylaws. 982

(D) For a cooperative that has districts or other units, 983
members may elect directors on a district or unit basis if 984
provided in the bylaws. The directors may be nominated or elected 985
at district meetings if provided in the bylaws. Directors who are 986
nominated at district meetings shall be elected at the regular 987
members' meeting by vote of the entire membership unless the 988

bylaws provide that directors who are nominated at district 989
meetings are to be elected by vote of the members of the district, 990
at the district meeting, or at the regular members' meeting. 991

(E) The following shall apply to voting by mail or by 992
alternative ballot: 993

(1) A member may not vote for a director other than by being 994
present at a meeting or by mail ballot or alternative ballot 995
authorized by the board. 996

(2) A ballot shall be in a form prescribed by the board. 997

(3) A member shall mark the ballot for the candidate chosen 998
and mail the ballot to the cooperative in a sealed plain envelope 999
inside another envelope bearing the member's name or shall vote 1000
designating the candidate chosen by alternative ballot in the 1001
manner prescribed by the board. 1002

(4) If the ballot of the member is received by the 1003
cooperative on or before the date of the regular members' meeting 1004
or as otherwise prescribed for alternative ballots, the ballot 1005
shall be accepted and counted as the vote of the member. 1006

Sec. 1770.22. (A) If a patron member director's position 1007
becomes vacant or a new director position is created for a 1008
director that was or is to be elected by patron members, the 1009
board, in consultation with the directors elected by patron 1010
members, shall appoint a patron member of the cooperative to fill 1011
the director's position until the next regular or special members' 1012
meeting. If there are no directors elected by patron members on 1013
the board at the time of the vacancy, a special patron members' 1014
meeting shall be called to fill the patron member director 1015
vacancy. 1016

(B) If a vacating director was not elected by the patron 1017
members or a new director position is created, unless otherwise 1018

provided in the articles or bylaws, the board shall appoint a 1019
director to fill the vacant position by majority vote of the 1020
remaining or then serving directors even if they constitute less 1021
than a quorum. At the next regular or special members' meeting, 1022
the members or patron members shall elect a director to fill the 1023
unexpired term of the vacant director's position. 1024

Sec. 1770.23. (A) A director may be removed at any time, with 1025
or without cause, if all of the following apply: 1026

(1) The director was named by the board to fill a vacancy. 1027

(2) The members have not elected directors in the interval 1028
between the time of the appointment to fill a vacancy and the time 1029
of the removal. 1030

(3) A majority of the remaining directors affirmatively vote 1031
to remove the director. 1032

(B) Any one or all of the directors may be removed at any 1033
time, with or without cause, by the affirmative vote of the 1034
holders of a majority of the voting power of membership interests 1035
entitled to vote at an election of directors, provided that if a 1036
director has been elected solely by the patron members or the 1037
holders of a class or series of membership interests as stated in 1038
the articles or bylaws, that director may be removed only by the 1039
affirmative vote of the holders of a majority of the voting power 1040
of the patron members for a director elected by the patron members 1041
or of all membership interests of that class or series entitled to 1042
vote at an election of that director. 1043

(C) New directors may be elected at a meeting at which 1044
directors are removed. 1045

(D) This section applies unless the articles or bylaws of a 1046
cooperative establish different requirements and procedures. 1047

Sec. 1770.24. (A) Meetings of a board may be held from time 1048
to time as provided in the articles or bylaws at any place within 1049
or without the state that the board may select or by any means 1050
described in division (B) of this section. If the board fails to 1051
select a place for a meeting, the meeting shall be held at the 1052
principal executive office unless the articles or bylaws provide 1053
otherwise. 1054

(B)(1) A conference among directors by any means of 1055
communication through which the directors may simultaneously hear 1056
each other during the conference constitutes a board meeting if 1057
the same notice concerning the meeting is given as would be 1058
required by division (C) of this section and if the number of 1059
directors participating in the conference would be sufficient to 1060
constitute a quorum at a meeting. Participation in a meeting by 1061
that means constitutes presence in person at the meeting. 1062

(2) A director may participate in a board meeting not 1063
described in division (B)(1) of this section by any means of 1064
communication through which the director, other directors so 1065
participating, and all directors physically present at the meeting 1066
may simultaneously hear each other during the meeting. 1067
Participation in a meeting by that means constitutes presence in 1068
person at the meeting. 1069

(C) Unless the articles or bylaws provide for a different 1070
time period, a director may call a board meeting by giving at 1071
least ten days' notice or, in the case of organizational meetings, 1072
at least three days' notice to all directors of the date, time, 1073
and place of the meeting. The notice need not state the purpose of 1074
the meeting unless this chapter, the articles, or the bylaws 1075
require it. 1076

(D) If the day or date, time, and place of a board meeting 1077
have been specified in the articles or bylaws or announced at a 1078

previous meeting of the board, no notice is required. Notice of an 1079
adjourned meeting need not be given other than by announcement at 1080
the meeting at which adjournment occurs. 1081

(E) A director may waive notice of a meeting of the board. A 1082
waiver of notice by a director entitled to notice is effective 1083
whether given before, at, or after the meeting and whether given 1084
in writing, orally, or by attendance. Attendance by a director at 1085
a meeting is a waiver of notice of that meeting, except where the 1086
director objects at the beginning of the meeting to the 1087
transaction of business because the meeting is not lawfully called 1088
or convened and does not participate in the meeting after the 1089
objection. 1090

(F) If the articles or bylaws so provide, a director may give 1091
advance written consent or opposition to a proposal to be acted on 1092
at a board meeting. If the director is not present at the meeting, 1093
consent or opposition to a proposal does not constitute presence 1094
for purposes of determining the existence of a quorum. Consent or 1095
opposition shall be counted as the vote of a director present at 1096
the meeting in favor of or against the proposal and shall be 1097
entered in the minutes or other record of action at the meeting if 1098
the proposal acted on at the meeting is substantially the same or 1099
has substantially the same effect as the proposal to which the 1100
director has consented or objected. 1101

(G) A majority, or a larger or smaller portion or number 1102
provided in the articles or bylaws, of the directors currently 1103
holding office is a quorum for the transaction of business. In the 1104
absence of a quorum, a majority of the directors present may 1105
adjourn a meeting from time to time until a quorum is present. If 1106
a quorum is present when a duly called or held meeting is 1107
convened, the directors present may continue to transact business 1108
until adjournment even though the withdrawal of a number of 1109
directors originally present leaves less than the portion or 1110

number otherwise required for a quorum. 1111

Sec. 1770.25. (A) A board shall take action by the 1112
affirmative vote of the greater of a majority of directors present 1113
at a duly held meeting at the time the action is taken or a 1114
majority of the minimum portion or number of directors that would 1115
constitute a quorum for the transaction of business at the 1116
meeting, except when this chapter, the articles, or the bylaws 1117
require the affirmative vote of a larger portion or number. If the 1118
articles or bylaws require a larger portion or number than is 1119
required by this chapter for a particular action, the articles or 1120
bylaws control. 1121

(B) An action that is required or permitted to be taken at a 1122
board meeting may be taken by written action signed by all of the 1123
directors. If the articles or bylaws so provide, an action, other 1124
than an action requiring member approval, may be taken by written 1125
action signed by the number of directors that would be required to 1126
take the same action at a meeting of the board at which all 1127
directors were present. The written action is effective when 1128
signed by the required number of directors unless a different 1129
effective time is provided in the written action. 1130

(C) When written action is permitted to be taken by fewer 1131
than all directors, all directors shall be notified immediately of 1132
its text and effective date. Failure to provide the notice does 1133
not invalidate the written action. A director who does not sign or 1134
consent to the written action has no liability for the action or 1135
actions taken by the written action. 1136

Sec. 1770.26. (A) A board shall establish an audit committee 1137
to review the financial information and accounting report of the 1138
cooperative. The cooperative shall have the financial information 1139
audited for presentation to the members unless the bylaws allow 1140

financial statements that are not audited and the financial 1141
statements clearly state that they are not audited and state the 1142
difference between financial statements that are not audited and 1143
financial statements that are audited and prepared according to 1144
generally accepted accounting procedures. The directors shall 1145
elect members to the audit committee. The audit committee shall 1146
ensure an independent review of the cooperative's finances and 1147
audit, if any. 1148

(B)(1) A resolution approved by the affirmative vote of a 1149
majority of the board may establish committees having the 1150
authority of the board in the management of the business of the 1151
cooperative only to the extent provided in the resolution. 1152
Committees may include a special litigation committee consisting 1153
of one or more independent directors or other independent persons 1154
to consider legal rights or remedies of the cooperative and 1155
whether those rights and remedies should be pursued. Committees 1156
other than special litigation committees are subject at all times 1157
to the direction and control of the board. 1158

(2) Unless the articles or bylaws provide for a different 1159
membership or manner of appointment, a committee shall consist of 1160
one or more persons, who need not be directors, appointed by 1161
affirmative vote of a majority of the directors present. 1162

(3) The procedures governing meetings of the board apply to 1163
committees and members of committees to the same extent as those 1164
procedures apply to the board and individual directors. 1165

(4) Minutes, if any, of committee meetings shall be made 1166
available upon request to members of the committee and to any 1167
director. 1168

(5) The establishment of, delegation of authority to, and 1169
action by a committee do not alone constitute compliance by a 1170
director with the standard of conduct established in section 1171

1770.27 of the Revised Code. 1172

(6) Committee members are considered to be directors for 1173
purposes of sections 1770.27, 1770.28, and 1770.30 of the Revised 1174
Code. 1175

Sec. 1770.27. (A) A director shall discharge the duties of 1176
the position of director in good faith, in a manner that the 1177
director reasonably believes to be in the best interests of the 1178
cooperative, and with the care that an ordinarily prudent person 1179
in a like position would exercise under similar circumstances. A 1180
person who so performs those duties is not liable by reason of 1181
being or having been a director of the cooperative. 1182

(B) A director may rely on information, opinions, reports, or 1183
statements, including financial statements and other financial 1184
data, prepared or presented by any of the following: 1185

(1) One or more officers or employees of the cooperative whom 1186
the director reasonably believes to be liable and competent in the 1187
matters presented; 1188

(2) Counsel, public accountants, or other persons as to 1189
matters that the director reasonably believes are within the 1190
person's professional or expert competence; 1191

(3) A committee of the board on which the director does not 1192
serve, duly established by the board, as to matters within its 1193
designated authority if the director reasonably believes the 1194
committee to merit confidence. 1195

Division (B) of this section does not apply to a director who 1196
has knowledge concerning the matter in question that makes the 1197
reliance otherwise permitted by division (B) of this section 1198
unwarranted. 1199

(C) A director who is present at a meeting of the board when 1200
an action is approved by the affirmative vote of a majority of the 1201

directors present is presumed to have assented to the action 1202
approved unless the director does any of the following: 1203

(1) Objects at the beginning of the meeting to the 1204
transaction of business because the meeting is not lawfully called 1205
or convened and does not participate in the meeting after the 1206
objection, in which case the director is not considered to be 1207
present at the meeting for any purpose of this chapter; 1208

(2) Votes against the action at the meeting; 1209

(3) Is prohibited by a conflict of interest from voting on 1210
the action. 1211

(D) In discharging the duties of the position of director, a 1212
director, in considering the best interests of the cooperative, 1213
may consider the interests of the cooperative's employees, 1214
customers, suppliers, and creditors, the economy of the state, and 1215
long-term as well as short-term interests of the cooperative and 1216
its patron members, including the possibility that those interests 1217
may be best served by the continued independence of the 1218
cooperative. 1219

Sec. 1770.28. (A) A contract or other transaction between a 1220
cooperative and one or more of its directors, or between a 1221
cooperative and a business entity in or of which one or more of 1222
its directors are governors, directors, managers, officers, or 1223
legal representatives or have a material financial interest, is 1224
not void or voidable because the director or directors or the 1225
other business entities are parties or because the director or 1226
directors are present at the meeting of the members or the board 1227
or a committee at which the contract or transaction is authorized, 1228
approved, or ratified if either of the following applies: 1229

(1) The contract or transaction was, and the person asserting 1230
the validity of the contract or transaction sustains the burden of 1231

establishing that the contract or transaction was, fair and 1232
reasonable as to the cooperative at the time that it was 1233
authorized, approved, or ratified and both of the following apply: 1234

(a) The material facts as to the contract or transaction and 1235
as to the director's or directors' interest are disclosed or known 1236
to the members. 1237

(b) The material facts as to the contract or transaction and 1238
as to the director's or directors' interest are fully disclosed or 1239
known to the board or a committee, and the board or committee 1240
authorizes, approves, or ratifies the contract or transaction in 1241
good faith by a majority of the board or committee, but the 1242
interested director or directors are not counted in determining 1243
the presence of a quorum and do not vote. 1244

(2) The contract or transaction is a distribution, contract, 1245
or transaction that is made available to all members or patron 1246
members as part of the cooperative's business. 1247

(B) If a committee is elected or appointed to authorize, 1248
ratify, or approve a contract or transaction under this section, 1249
the members of the committee shall not have a conflict of interest 1250
and shall be charged with representing the best interests of the 1251
cooperative. 1252

(C) For purposes of this section both of the following apply: 1253

(1) A resolution fixing the compensation of a director or 1254
fixing the compensation of another director as a director, 1255
officer, employee, or statutory agent of the cooperative is not 1256
void or voidable or considered to be a contract or other 1257
transaction between a cooperative and one or more of its directors 1258
for purposes of this section even though the director receiving 1259
the compensation fixed by the resolution is present and voting at 1260
the meeting of the board or a committee at which the resolution is 1261
authorized, approved, or ratified or even though other directors 1262

voting on the resolution are also receiving compensation from the 1263
cooperative. 1264

(2) A director has a material financial interest in each 1265
organization in which the director or the spouse, parents, 1266
children, spouses of children, brothers and sisters, spouses of 1267
brothers and sisters, and brothers and sisters of the spouse of 1268
the director or any combination of them have a material financial 1269
interest. For purposes of this section, a contract or other 1270
transaction between a cooperative and the spouse, parents, 1271
children, spouses of children, brothers and sisters, spouses of 1272
brothers and sisters, and brothers and sisters of the spouse of a 1273
director or any combination of them is considered to be a 1274
transaction between the cooperative and the director. 1275

Sec. 1770.29. (A) A director's personal liability to the 1276
cooperative or members for monetary damages for breach of 1277
fiduciary duty as a director may be eliminated or limited in the 1278
articles or bylaws, except as provided in division (B) of this 1279
section. 1280

(B) The articles or bylaws may not eliminate or limit the 1281
liability of a director for any of the following: 1282

(1) A breach of the director's duty of loyalty to the 1283
cooperative or its members; 1284

(2) Acts or omissions that are not in good faith or involve 1285
intentional misconduct or a knowing violation of law; 1286

(3) Knowing violations of securities laws or illegal 1287
distributions; 1288

(4) A transaction from which the director derived an improper 1289
personal benefit; 1290

(5) An act or omission occurring before the date when the 1291
provision in the articles or bylaws eliminating or limiting 1292

liability becomes effective. 1293

Sec. 1770.30. (A) As used in this section: 1294

(1) "Cooperative" includes a domestic or foreign cooperative 1295
that was the predecessor of the cooperative referred to in this 1296
section in a merger or other transaction in which the 1297
predecessor's existence ceased upon consummation of the 1298
transaction. 1299

(2) "Official capacity" means all of the following: 1300

(a) With respect to a director, the position of director in a 1301
cooperative; 1302

(b) With respect to a person other than a director, the 1303
elective or appointive office or position held by the person, 1304
membership on a committee of the board, the employment 1305
relationship undertaken by an employee of the cooperative, or the 1306
scope of services provided by members of the cooperative to the 1307
cooperative; 1308

(c) With respect to a director, chief executive officer, 1309
member, or employee of the cooperative who, while holding such an 1310
office or position, is or was serving at the request of the 1311
cooperative or whose duties in that office or position involve or 1312
involved service as a governor, director, manager, officer, 1313
member, partner, trustee, employee, or agent of another 1314
organization or employee benefit plan, the office or position of 1315
that person as a governor, director, manager, officer, member, 1316
partner, trustee, employee, or agent, as the case may be, of the 1317
other organization or employee benefit plan. 1318

(3) "Proceeding" means a threatened, pending, or completed 1319
civil, criminal, administrative, arbitration, or investigative 1320
proceeding, including a proceeding by or in the right of the 1321
cooperative. 1322

(B) Subject to division (D) of this section, a cooperative shall indemnify a person that is made or threatened to be made a party to a proceeding by reason of the former or present official capacity of the person against judgments, penalties, fines, including, without limitation, excise taxes assessed against the person with respect to an employee benefit plan, settlements, and reasonable expenses, including attorney's fees and disbursements incurred by the person in connection with the proceeding, if, with respect to the acts or omissions of the person complained of in the proceeding, all of the following apply to the person:

(1) The person has not been indemnified by another organization or employee benefit plan for the same judgments, penalties, fines, including, without limitation, excise taxes assessed against the person with respect to an employee benefit plan, settlements, and reasonable expenses, including attorney fees and disbursements incurred by the person in connection with the proceeding, with respect to the same acts or omissions.

(2) The person acted in good faith.

(3) The person received no improper personal benefit, and the person has not committed an act for which liability cannot be eliminated or limited under section 1770.29 of the Revised Code.

(4) In the case of a criminal proceeding, the person had no reasonable cause to believe the conduct was unlawful.

(5) In the case of acts or omissions occurring in the person's official capacity, the person reasonably believed that the conduct was in the best interests of the cooperative or that the conduct was not opposed to the best interests of the cooperative. If the person's acts or omissions complained of in the proceeding relate to conduct as a director, officer, trustee, employee, or agent of an employee benefit plan, the conduct is not considered to be opposed to the best interests of the cooperative

if the person reasonably believed that the conduct was in the best 1354
interests of the participants or beneficiaries of the employee 1355
benefit plan. 1356

The termination of a proceeding by judgment, order, 1357
settlement, or conviction or upon a plea of no contest does not, 1358
of itself, establish that the person did not meet the criteria 1359
established in this division. 1360

(C) Subject to division (D) of this section, if a person is 1361
made or threatened to be made a party to a proceeding, the person 1362
is entitled, upon written request to the cooperative, to payment 1363
or reimbursement by the cooperative of reasonable expenses, 1364
including attorney fees and disbursements incurred by the person 1365
in advance of the final disposition of the proceeding, if both of 1366
the following apply: 1367

(1) Upon receipt by the cooperative of a written affirmation 1368
by the person of a good faith belief that the criteria for 1369
indemnification established in division (B) of this section have 1370
been satisfied, and a written undertaking by the person to repay 1371
all amounts paid or reimbursed by the cooperative if it is 1372
ultimately determined that the criteria for indemnification have 1373
not been satisfied; 1374

(2) After a determination that the facts then known to those 1375
making the determination would not preclude indemnification under 1376
this section. 1377

The written undertaking required by division (C)(1) of this 1378
section is an unlimited general obligation of the person making 1379
it, but need not be secured and shall be accepted without 1380
reference to financial ability to make the repayment. 1381

(D) The articles or bylaws either may prohibit 1382
indemnification or advances of expenses otherwise required by this 1383
section or may impose conditions on indemnification or advances of 1384

expenses in addition to the conditions established in divisions 1385
(B) and (C) of this section, including, without limitation, 1386
monetary limits on indemnification or advances of expenses if the 1387
conditions apply equally to all persons or to all persons within a 1388
given class. A prohibition or limit on indemnification or advances 1389
of expenses may not apply to or affect the right of a person to 1390
indemnification or advances of expenses with respect to any acts 1391
or omissions of the person occurring before the effective date of 1392
a provision in the articles or the date of adoption of a provision 1393
in the bylaws establishing the prohibition or limit on 1394
indemnification or advances of expenses. 1395

(E) This section does not require or limit the ability of a 1396
cooperative to reimburse expenses, including attorney's fees and 1397
disbursements, incurred by a person in connection with an 1398
appearance as a witness in a proceeding at a time when the person 1399
has not been made or threatened to be made a party to a 1400
proceeding. 1401

(F) All determinations concerning whether indemnification of 1402
a person is required by division (B) of this section and whether a 1403
person is entitled to payment or reimbursement of expenses in 1404
advance of the final disposition of a proceeding as provided in 1405
division (C) of this section shall be made as follows: 1406

(1) By a majority of a quorum of the board if the directors 1407
who are, at the time, parties to the proceeding are not counted 1408
for determining either a majority or the presence of a quorum; 1409

(2) If a quorum under division (F)(1) of this section cannot 1410
be obtained by a majority of a committee of the board consisting 1411
solely of two or more directors not at the time parties to the 1412
proceeding duly designated to act in the matter, by a majority of 1413
the full board, including directors who are parties; 1414

(3) If a determination cannot be made under division (F)(1) 1415

or (2) of this section, by the affirmative vote of the members, 1416
but the membership interests held by parties to the proceeding 1417
shall not be counted in determining the presence of a quorum, and 1418
those members are not considered to be present and entitled to 1419
vote on the determination. 1420

(G) A cooperative may purchase and maintain insurance on 1421
behalf of a person in that person's official capacity against any 1422
liability asserted against and incurred by the person in or 1423
arising from that capacity whether or not the cooperative would 1424
have been required to indemnify the person against the liability 1425
under this section. 1426

(H) A cooperative that indemnifies or advances expenses to a 1427
person in accordance with this section in connection with a 1428
proceeding by or on behalf of the cooperative shall report to the 1429
members in writing the amount of the indemnification or advance 1430
and to whom and on whose behalf it was paid not later than the 1431
next regular members' meeting. 1432

(I) Nothing in this section shall be construed to limit the 1433
power of the cooperative to indemnify persons other than a 1434
director, chief executive officer, member, employee, or member of 1435
a committee of the board of the cooperative by contract or 1436
otherwise. 1437

Sec. 1770.31. (A) A board shall elect both of the following: 1438

(1) A chair; 1439

(2) One or more vice-chairs. 1440

(B) The board shall elect or appoint both of the following: 1441

(1) A records officer; 1442

(2) A financial officer. 1443

(C) The officers, other than the chief executive officer 1444

employed under division (G) of this section, shall not have the 1445
authority to bind the cooperative except as authorized by the 1446
board. 1447

(D) The board may elect or appoint additional officers as the 1448
articles or bylaws authorize or require. 1449

(E) The offices of records officer and financial officer may 1450
be combined. 1451

(F) The chair and first vice-chair shall be directors and 1452
members. The financial officer, records officer, and additional 1453
officers need not be directors or members. 1454

(G) The board may employ a chief executive officer to manage 1455
the day-to-day affairs and business of the cooperative, and, if a 1456
chief executive officer is employed, the chief executive officer 1457
shall have the authority to implement the functions, duties, and 1458
obligations of the cooperative except as restricted by the board. 1459
The chief executive officer shall not exercise authority reserved 1460
to the board or the members under this chapter, the articles, or 1461
the bylaws. 1462

Sec. 1730.32. (A) A cooperative shall have one or more 1463
members, including one or more patron members. A cooperative may 1464
divide members into units, classes, or series as authorized by its 1465
articles or bylaws. The board may implement the use of units, 1466
classes, or series to elect delegates to members' meetings. 1467

(B) A member who purposely or repeatedly violates a provision 1468
of the articles, the bylaws, a member control agreement, or a 1469
marketing contract with the cooperative may be required by the 1470
board to surrender the member's voting power or the financial 1471
rights of membership interest of any class owned by the member, or 1472
both. The cooperative shall refund to the member for the 1473
surrendered financial rights of membership interest the lesser of 1474

the book value or market value of those financial rights payable 1475
in not more than seven years from the date of surrender, or the 1476
board may transfer all of a patron member's financial rights to a 1477
class of financial rights held by members who are not patron 1478
members or to a certificate of interest, which carries liquidation 1479
rights on par with membership interests and is redeemed within 1480
seven years after the transfer as provided in the certificate. 1481
Membership interests required to be surrendered may be reissued or 1482
be retired and canceled by the board. 1483

Sec. 1770.33. A member is not personally liable for the acts, 1484
debts, liabilities, or obligations of a cooperative. A member is 1485
liable for any unpaid subscription for the membership interest, 1486
unpaid membership fees, or a debt for which the member has 1487
separately contracted with the cooperative. 1488

Sec. 1770.34. (A) Regular members' meetings shall be held 1489
annually at a time determined by the board unless otherwise 1490
provided for in the bylaws. 1491

(B) The regular members' meeting shall be held at the 1492
principal place of business of the cooperative or at another 1493
conveniently located place as determined by the bylaws or the 1494
board. 1495

(C) The officers shall submit reports to the members at the 1496
regular members' meeting covering the business of the cooperative 1497
for the previous fiscal year that show the condition of the 1498
cooperative at the close of the fiscal year. 1499

(D) All directors shall be elected at the regular members' 1500
meeting for the terms of office prescribed in the bylaws. However, 1501
if the members have been divided into units, classes, or series, 1502
the bylaws may allow for the election of a director or directors 1503
by unit, class, or series of members. 1504

(E)(1) A cooperative shall give notice of regular members' meetings by mailing a notice to each member at the member's last known post office address or by other notification approved by the board and agreed to by the members. The regular members' meeting notice shall be published or otherwise provided by approved method at least two weeks before the date of the meeting or mailed at least fifteen days before the date of the meeting. 1505
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(2) The notice shall contain a summary of any bylaw amendments adopted by the board since the last annual meeting. 1512
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(F) A member may waive notice of a regular members' meeting. A waiver of notice by a member entitled to notice is effective whether given before, at, or after the meeting and whether given in writing, orally, or by attendance. Attendance by a member at a meeting is a waiver of notice of that meeting, except when the member objects at the beginning of the meeting to the transaction of business because the meeting has not been lawfully called or convened or objects before a vote on an item of business because the item may not lawfully be considered at that meeting and does not participate in the consideration of the item at that meeting. 1514
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Sec. 1770.35. (A) Special members' meetings may be called by either of the following: 1524
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(1) A majority vote of a quorum of the board; 1526

(2) A written petition submitted to the chair of the board by at least twenty per cent of the patron members and, if authorized by the bylaws, twenty per cent of the nonpatron members or members representing twenty per cent of the membership interests collectively. 1527
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(B) A cooperative shall give notice of a special members' meeting in the same manner that notice of a regular members' meeting is given under section 1770.34 of the Revised Code, and 1532
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notice of a special members' meeting may be waived in the same 1535
manner that notice may be waived under that section. 1536

Sec. 1770.36. After mailing regular or special members' 1537
meeting notices or otherwise delivering the notices, a cooperative 1538
shall create a record containing the date of mailing or delivery 1539
of the notices and a statement that the regular or special 1540
members' meeting notices were mailed or delivered as prescribed by 1541
law. The certificate shall be made a part of the record of the 1542
meeting. Failure of a member to receive a regular or special 1543
members' meeting notice does not invalidate an action taken by the 1544
members at a members' meeting. 1545

Sec. 1770.37. A quorum at a members' meeting that is 1546
necessary to transact business shall be ten per cent of the total 1547
number of members for a cooperative with five hundred or fewer 1548
members and fifty members for cooperatives with more than five 1549
hundred members. Members may vote by mail or by an alternative 1550
ballot. In determining if a quorum exists at a meeting, members 1551
present in person or represented by mail vote or an alternative 1552
ballot shall be counted. A quorum shall be verified by the chair 1553
or the records officer of the cooperative and shall be reported in 1554
the minutes of the meeting. An action by a cooperative is not 1555
valid or legal in the absence of a quorum at the meeting at which 1556
the action was taken. 1557

Sec. 1730.38. To the extent authorized in the articles or 1558
bylaws or a member control agreement, a regular or special 1559
members' meeting may be held solely by a combination of means of 1560
remote communication through which the members may participate in 1561
the meeting if notice of the meeting is given to every owner of 1562
membership interests entitled to vote as required by this chapter 1563
for a meeting and if the membership interests held by the members 1564

participating in the meeting would be sufficient to constitute a 1565
quorum at a meeting. Participation by a member by means of remote 1566
communication constitutes presence at the meeting in person or by 1567
proxy if all the other requirements of this chapter for the 1568
meeting are met. 1569

Sec. 1770.39. (A) Except when this chapter, the articles or 1570
bylaws, or a member control agreement requires otherwise, members 1571
shall take action by the affirmative vote of a majority of the 1572
voting power of the membership interests that are part of a quorum 1573
and entitled to vote on that item of business. The articles or 1574
bylaws adopted by the members may provide for a greater quorum or 1575
voting requirement for members or a unit, class, or series of 1576
members than is provided for by this chapter. An amendment to the 1577
articles or bylaws that establishes, reduces, or eliminates a 1578
greater quorum or voting requirement shall be adopted in 1579
accordance with section 1770.06 or 1770.12 of the Revised Code, as 1580
applicable. If the articles or bylaws or a member control 1581
agreement requires such a larger proportion for a particular 1582
action, the articles, bylaws, or member control agreement 1583
controls. 1584

(B) In a case where a unit, class, or series of membership 1585
interests is entitled by this chapter, the articles or bylaws, a 1586
member control agreement, or the terms of the membership interests 1587
to vote as a unit, class, or series, the matter being voted on 1588
also shall receive the affirmative vote of the owners of the same 1589
proportion of the membership interests present of that unit, 1590
class, or series, or of the total outstanding membership interests 1591
of that unit, class, or series, as the proportion required under 1592
division (A) of this section unless the articles or bylaws or the 1593
member control agreement requires a larger proportion. Unless 1594
otherwise stated in the articles or bylaws or a member control 1595
agreement, in the case of voting as a unit, class, or series, the 1596

minimum percentage of the total voting power of membership 1597
interests of the unit, class, or series that shall be present is 1598
equal to the minimum percentage of all membership interests 1599
entitled to vote and required to be present under section 1770.37 1600
of the Revised Code. 1601

Sec. 1770.40. (A) The bylaws of a cooperative shall require 1602
patron members to vote collectively based on the vote of the 1603
majority of patron members voting on an issue before the members 1604
of the cooperative. In no case shall the bylaws of a cooperative 1605
allow the collective vote of patron members to constitute less 1606
than fifteen per cent of the total vote of members of the 1607
cooperative even if the total patron membership constitutes less 1608
than fifteen per cent of the total membership of the cooperative. 1609

(B) A patron member of a cooperative is entitled to only one 1610
vote on an issue to be voted on by members holding patron 1611
membership interests, except that if authorized in the articles or 1612
bylaws, a patron member may be entitled to additional votes in 1613
accordance with section 1770.41 of the Revised Code. A nonpatron 1614
member has voting rights in accordance with the nonpatron member's 1615
membership interests as granted in the bylaws, subject to this 1616
chapter. 1617

(C) A cooperative may provide in the articles or bylaws that 1618
units, classes, or series of members are entitled to be 1619
represented at members' meetings by delegates chosen by the 1620
members of the unit, class, or series. The delegates may vote on 1621
matters at the members' meeting in the same manner as a member. 1622
The delegates may only exercise the voting rights on the basis and 1623
with the number of votes prescribed in the articles or bylaws. If 1624
the approval of a certain portion of the members is required for 1625
adoption of amendments, a dissolution, a merger, a consolidation, 1626
or a sale of assets, the votes of delegates shall be counted as 1627

votes by the members represented by the delegates. 1628

Sec. 1770.41. (A) A cooperative may authorize in its articles 1629
or bylaws patron members to have additional votes concerning any 1630
of the following or a combination of them: 1631

(1) A stipulated amount of business transacted between a 1632
patron member and the cooperative; 1633

(2) A stipulated number of patron members in the cooperative; 1634

(3) A stipulated amount of equity allocated to or held by a 1635
patron member cooperative in the cooperative's central 1636
organization. 1637

(B) A cooperative that is organized into units or districts 1638
of patron members may authorize in its articles or bylaws the 1639
delegates elected by its patron members to have an additional vote 1640
for either of the following or a combination of them: 1641

(1) A stipulated amount of business transacted between the 1642
patron members in the units or districts and the cooperative; 1643

(2) A stipulated amount of equity allocated to or held by the 1644
patron members of the units or districts of the cooperative. 1645

Sec. 1770.42. (A) A board may fix a date of not more than 1646
sixty days prior to the date of a members' meeting as the date for 1647
the determination of which owners of membership interests are 1648
entitled to notice of and to vote at the meeting. The articles or 1649
bylaws may establish a shorter period of time for making such a 1650
determination. When a date is so fixed, only members on that date 1651
are entitled to notice of and to vote at that meeting. 1652

(B) The articles or bylaws may give or prescribe the manner 1653
of giving a creditor, security holder, or other person a right to 1654
vote on patron membership interests. 1655

(C) Membership interests that are owned by two or more 1656

members may be voted by any one of them unless the cooperative 1657
receives written notice from any one of them denying the authority 1658
of that person to vote those membership interests. 1659

(D) Except as provided in this division, an owner of a 1660
nonpatron membership interest or a patron membership interest with 1661
more than one vote that is entitled to vote may vote any portion 1662
of the membership interest in any way the member chooses. If a 1663
member votes without designating the portion voted in a particular 1664
way, the member is considered to have voted all of the membership 1665
interest in that way. 1666

Sec. 1770.43. (A) Membership interests of a cooperative 1667
reflected in the records of the cooperative as being owned by 1668
another domestic or foreign business entity may be voted by the 1669
chair, the chief executive officer, or another legal 1670
representative of that entity. 1671

(B) Membership interests of a cooperative in the name of, or 1672
under the control of, the cooperative or a subsidiary in a 1673
fiduciary capacity are not entitled to be voted on any matter, 1674
except to the extent that the settlor or beneficiary possesses and 1675
exercises a right to vote or gives the cooperative or, with 1676
respect to membership interests in the name of or under control of 1677
a subsidiary, the subsidiary binding instructions on how to vote 1678
the membership interests. 1679

(C) Subject to section 1770.40 of the Revised Code, 1680
membership interests under the control of a person in a capacity 1681
as a personal representative, administrator, executor, guardian, 1682
conservator, or similar capacity may be voted by the person, 1683
either in person or by proxy, without reflecting in the records of 1684
the cooperative those membership interests in the name of the 1685
person. 1686

(D) Membership interests reflected in the records in the name 1687

of a trustee in bankruptcy or a receiver may be voted by the trustee or receiver either in person or by proxy. Membership interests under the control of a trustee in bankruptcy or a receiver may be voted by the trustee or receiver without reflecting in the records of the cooperative the name of the trustee or receiver if authority to do so is contained in an appropriate order of the court by which the trustee or receiver was appointed. The right to vote of trustees in bankruptcy and receivers is subject to section 1770.40 of the Revised Code.

(F) Membership interests reflected in the records of the cooperative in the name of a business entity not described in divisions (A) to (D) of this section may be voted either in person or by proxy by the legal representative of that business entity.

(G) The grant of a security interest in a membership interest does not entitle the holders of the security interest to vote.

Sec. 1770.44. (A) Patron members may be represented by the proxy of other patron members. Nonpatron members may be represented by proxy if authorized by the bylaws.

(B) A member may cast or authorize the casting of a vote by proxy either by filing a written appointment of a proxy with the board at or before the meeting at which the appointment is to be effective or by telephonic transmission or authenticated electronic communication as authorized by the bylaws.

(C) The appointment of a proxy is valid for eleven months unless a longer period is expressly provided in the appointment. No appointment is irrevocable unless the appointment is coupled with an interest in a membership interest or the cooperative.

(D) An appointment may be terminated at will unless the appointment is coupled with an interest in the cooperative or a membership interest, in which case it shall not be terminated

except in accordance with the terms of an agreement, if any, 1718
between the parties to the appointment. Termination may be made by 1719
filing written notice of the termination of the appointment with 1720
the board or by filing a new written appointment of a proxy with 1721
the board in accordance with division (B) of this section. 1722
Termination in either manner revokes all prior proxy appointments 1723
and is effective when filed with the board. 1724

(E) The death or incapacity of a person appointing a proxy 1725
does not revoke the authority of the proxy unless written notice 1726
of the death or incapacity is received by the board before the 1727
proxy exercises the authority under that appointment. 1728

(F) Unless the appointment specifically provides otherwise, 1729
if two or more persons are appointed as proxies for a member, both 1730
of the following apply: 1731

(1) Any one of them may vote the membership interests on each 1732
item of business in accordance with specific instructions 1733
contained in the appointment. 1734

(2) If no specific instructions are contained in the 1735
appointment with respect to voting the membership interests on a 1736
particular item of business, the membership interests shall be 1737
voted as a majority of the proxies determines. If the proxies are 1738
equally divided, the membership interests shall not be voted. 1739

(G) Unless the appointment of a proxy contains a restriction, 1740
limitation, or specific reservation of authority, the cooperative 1741
may accept a vote or action taken by a person named in the 1742
appointment. The vote of a proxy is final, binding, and not 1743
subject to challenge, but the proxy is liable to the member for 1744
damages resulting from a failure to exercise the proxy or from an 1745
exercise of the proxy in violation of the authority granted in the 1746
appointment. 1747

(H) If a proxy is given authority by a member to vote on 1748

fewer than all items of business considered at a members' meeting, 1749
the member is considered to be present and entitled to vote by the 1750
proxy only with respect to those items of business for which the 1751
proxy has authority to vote. 1752

Sec. 1770.45. A board may direct a cooperative that holds 1753
ownership interests of another business entity to elect or appoint 1754
a person to represent the cooperative at a meeting of the business 1755
entity. The representative has authority to represent the 1756
cooperative and may cast the cooperative's vote at the meeting. 1757

Sec. 1770.46. (A) A member is entitled to inspect and copy, 1758
at the member's expense, during regular business hours at a 1759
reasonable location specified by the cooperative, any of the 1760
records described in section 1770.13 of the Revised Code if the 1761
member meets the requirements of division (B) of this section and 1762
gives the cooperative written demand at least five business days 1763
prior to the date on which the member wishes to inspect and copy 1764
the records. However, no member shall have the right to inspect or 1765
copy any records of the cooperative relating to the amount of 1766
equity capital in the cooperative held by any person or any 1767
accounts receivable or other amounts due the cooperative from any 1768
person or any personnel records or employment records of any 1769
employee. 1770

(B) In order to be entitled to inspect and copy records, a 1771
member shall meet the following requirements: 1772

(1) The member shall have been a member for at least one year 1773
immediately preceding the demand to inspect and copy or be a 1774
member holding at least five per cent of all of the outstanding 1775
equity interests in the cooperative as of the date on which the 1776
demand is made. 1777

(2) The demand is made in good faith and for a proper 1778

cooperative business purpose. 1779

(3) The member describes with reasonable particularity the purpose of the demand to inspect and copy records and describes the records that the member desires to inspect and copy. 1780
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(4) The records are directly connected with the described purpose. 1783
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(C)(1) The right of inspection and copying granted by this section shall not be abolished or limited by the articles or bylaws or any actions of the board or the members. 1785
1786
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(2) This section does not affect either of the following: 1788

(a) The right of a member to inspect records to the same extent as any other litigant if the member is in litigation with the cooperative; 1789
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(b) The power of a court to compel the production of the cooperative's records for examination. 1792
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(3) Notwithstanding any other provision of this section, if the records to be inspected or copied are in active use or storage and not available at the time otherwise provided for inspection or copying, the cooperative shall notify the member and shall set a date and hour within three business days of the date otherwise set in this section for the inspection or copying. 1794
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(4) A member's agent or attorney has the same inspection and copying rights as the member. 1800
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(D) If a cooperative refuses to allow a member, or the member's agent or attorney, to inspect or copy any records in accordance with this section, the court of common pleas of the county where the cooperative's principal office is located or, if it has no principal office in this state, the court of common pleas of the county in which its registered office is located, on application of the member, may order the inspection or copying of 1802
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the records demanded at the cooperative's expense. 1809

If a court orders inspection or copying of the records 1810
demand, unless the cooperative proves that it refused inspection 1811
or copying in good faith because it had a reasonable basis for 1812
doubt about the right of the member or the member's agent or 1813
attorney to inspect or copy the records demanded, the court may do 1814
all of the following: 1815

(1) Order the losing party to pay the prevailing party's 1816
reasonable costs, including reasonable attorney fees; 1817

(2) Order the losing party to pay the prevailing party for 1818
any damages that the prevailing party incurred by reason of the 1819
subject matter of the litigation; 1820

(3) Order the cooperative to pay the member's inspection and 1821
copying expenses; 1822

(4) Grant either party any other remedy provided by law; 1823

(5) Impose reasonable restrictions on the use or distribution 1824
of the records by the demanding member. 1825

Sec. 1770.50. (A) The authorized amount and divisions of 1826
patron membership interests and, if authorized, nonpatron 1827
membership interests may be increased, decreased, established, or 1828
altered in accordance with the restrictions in this chapter by 1829
amending the articles or bylaws at a regular members' meeting or 1830
at a special members' meeting called for the purpose of the 1831
amendment. 1832

(B) Authorized membership interests may be issued on terms 1833
and conditions prescribed in the articles or bylaws or, if 1834
authorized in the articles or bylaws, as determined by the board. 1835
The cooperative shall disclose to any person or entity acquiring 1836
membership interests to be issued by the cooperative the 1837
organization, capital structure, and known business prospects and 1838

risks of the cooperative as well as the nature of the governance 1839
and financial rights of the membership interest being acquired and 1840
of other classes of membership and membership interests. The 1841
cooperative shall notify all members of the membership interests 1842
being issued by the cooperative. A membership interest may not be 1843
issued until the subscription price of the membership interest has 1844
been paid in money or property with the value of the property to 1845
be contributed approved by the board. 1846

(C) The patron membership interests collectively shall have 1847
not less than sixty per cent of the cooperative's financial rights 1848
to profit allocations and distributions. However, if authorized in 1849
the original articles as filed, articles or bylaws adopted by an 1850
affirmative vote of the patron members, or articles or bylaws as 1851
amended by an affirmative vote of patron members, the 1852
cooperative's financial rights to profit allocations and 1853
distributions to patron members collectively may be not less than 1854
fifteen per cent. 1855

(D) After issuance by the cooperative, membership interests 1856
in a cooperative may only be sold or transferred with the approval 1857
of the board. The board may adopt resolutions prescribing 1858
procedures to prospectively approve transfers. 1859

(E) If authorized by the articles, the cooperative may 1860
solicit and issue nonpatron membership interests on terms and 1861
conditions determined by the board and disclosed in the articles 1862
or bylaws or by separate disclosure to the members. A member 1863
acquiring nonpatron membership interests shall sign a member 1864
control agreement or agree to the conditions in the bylaws, either 1865
of which shall describe the rights and obligations of the member 1866
as it relates to the nonpatron membership interests, the financial 1867
and governance rights, the transferability of the nonpatron 1868
membership interests, the division and allocations of profits and 1869
losses among the membership interests and membership classes, and 1870

financial rights upon liquidation. If the articles or bylaws do 1871
not otherwise provide for the allocation of the profits and losses 1872
between patron membership interests and nonpatron membership 1873
interests, the allocation of profits and losses among nonpatron 1874
membership interests individually and patron membership interests 1875
collectively shall be allocated on the basis of the value of 1876
contributions to capital made according to the patron membership 1877
interests collectively and the nonpatron membership interests 1878
individually to the extent that the contributions have been 1879
accepted by the cooperative. Distributions of cash or other assets 1880
of the cooperative shall be allocated among the membership 1881
interests as provided in the articles and bylaws, subject to this 1882
chapter. If not otherwise provided in the articles or bylaws, 1883
distributions shall be made on the basis of value of the capital 1884
contributions of the patron membership interests collectively and 1885
the nonpatron membership interests to the extent that the 1886
contributions have been accepted by the cooperative. 1887

(F) The articles or bylaws may provide that the cooperative 1888
or the patron members, individually or collectively, have the 1889
first privilege of purchasing the membership interests of any 1890
class of membership interests offered for sale. A membership 1891
interest acquired by the cooperative may be held in order to be 1892
reissued or may be retired and canceled. 1893

(G) Subject to the articles and bylaws, a member may dissent 1894
from and obtain payment for the fair value of the member's 1895
nonpatron membership interests in the cooperative if the articles 1896
or bylaws are amended in a manner that materially and adversely 1897
affects the rights and preferences of the nonpatron membership 1898
interests of the dissenting member. The dissenting member shall 1899
file a notice of intent to demand fair value of the membership 1900
interest with the records officer of the cooperative within thirty 1901
days after the amendment of the articles or bylaws and notice of 1902

the amendment to members. If the dissenting member fails to do so 1903
within the thirty-day period, or if the dissenting member voted in 1904
favor of the amendment, the right of the dissenting member to 1905
demand payment of fair value for the membership interest is 1906
waived. After receipt of the dissenting member's notice, the 1907
cooperative either shall rescind the amendment not later than 1908
sixty days after receipt of the notice or remit payment for the 1909
fair value of the membership interest to the dissenting member not 1910
later than one hundred eighty days after receipt of the notice. 1911
Upon receipt of payment for the fair value of the membership 1912
interest, the member has no further member rights in the 1913
cooperative. 1914

Sec. 1770.51. (A) Except as provided in division (C) of this 1915
section, a member's financial rights are transferable in whole or 1916
in part. 1917

(B) An assignment of a member's financial rights entitles the 1918
assignee to receive, to the extent assigned, only the share of 1919
profits and losses and the distributions to which the assignor 1920
would otherwise be entitled. An assignment of a member's financial 1921
rights does not dissolve the cooperative and does not entitle or 1922
empower the assignee to become a member, to exercise any 1923
governance rights, to receive any notices from the cooperative, or 1924
to cause dissolution. The assignment shall not allow the assignee 1925
to control the member's exercise of governance or voting rights. 1926

(C) A restriction on the assignment of financial rights may 1927
be imposed in the articles, in the bylaws, in a member control 1928
agreement, by a resolution adopted by the members, by an agreement 1929
among or other written action by the members, or by an agreement 1930
among or other written action by the members and the cooperative. 1931
A restriction is not binding with respect to financial rights 1932
reflected in the records of the cooperative before the adoption of 1933

the restriction unless the owners of those financial rights are 1934
parties to the agreement or voted in favor of the restriction. 1935

A written restriction on the assignment of financial rights 1936
that is not manifestly unreasonable under the circumstances and is 1937
noted conspicuously in the records of the cooperative may be 1938
enforced against the owner of the restricted financial rights or a 1939
successor or transferee of the owner, including a pledgee or a 1940
legal representative. Unless noted conspicuously in the records of 1941
the cooperative, a restriction, even though permitted by this 1942
section, is ineffective against a person without knowledge of the 1943
restriction. 1944

With regard to restrictions on the assignment of financial 1945
rights, a would-be assignee of financial rights is entitled to 1946
rely on a statement of membership interest issued by the 1947
cooperative under section 1770.52 of the Revised Code. A 1948
restriction on the assignment of financial rights, which is 1949
otherwise valid and in effect at the time of the issuance of a 1950
statement of membership interest, but which is not reflected in 1951
that statement, is ineffective against an assignee who takes an 1952
assignment in reliance on the statement. Notwithstanding any 1953
provision of law, articles, bylaws, member control agreement, 1954
other agreement, resolution, or action to the contrary, a security 1955
interest in a member's financial rights may be foreclosed and 1956
otherwise enforced, and a secured party may assign a member's 1957
financial rights in accordance with applicable law, without the 1958
consent or approval of the member whose financial rights are 1959
subject to the security interest. 1960

Sec. 1770.52. (A) A membership interest is personal property. 1961
A member has no interest in specific cooperative property. All 1962
property of the cooperative is property of the cooperative itself. 1963
1964

(B) At the request of a member, the cooperative shall state 1965
in writing the particular membership interest owned by that member 1966
as of the date on which the cooperative issues the statement. The 1967
statement shall describe the member's rights to vote, if any, to 1968
share in profits and losses, and to share in distributions, 1969
restrictions on assignments of financial rights under section 1970
1770.51 of the Revised Code, or voting rights under this chapter 1971
then in effect as well as any assignment of the member's rights 1972
then in effect other than a security interest. 1973

(C) All the membership interests of a cooperative shall: 1974

(1) Be of one class, without series, unless the articles or 1975
bylaws establish or authorize the board to establish more than one 1976
class or series within classes; 1977

(2) Be ordinary patron membership interests or, if authorized 1978
in the articles or bylaws, nonpatron membership interest subject 1979
to this chapter entitled to vote as provided in this chapter and 1980
have equal rights and preferences in all matters not otherwise 1981
provided for by the board and to the extent that the articles or 1982
bylaws have fixed the relative rights and preferences of different 1983
classes and series; 1984

(3) Share profits and losses and are entitled to 1985
distributions as provided in this chapter. 1986

(D) On application to a court of competent jurisdiction by a 1987
judgment creditor of a member, the court may charge a member's or 1988
an assignee's financial rights with payment of the unsatisfied 1989
amount of the judgment with interest. To the extent so charged, 1990
the judgment creditor has only the rights of an assignee of a 1991
member's financial rights under section 1770.51 of the Revised 1992
Code. This chapter does not deprive a member or assignee of 1993
financial rights of the benefit of any exemption laws that are 1994
applicable to the membership interest. This section is the sole 1995

and exclusive remedy of a judgment creditor with respect to the 1996
judgment debtor's membership interest. 1997

(E) Subject to any restrictions in the articles or bylaws, 1998
the power granted in this division may be exercised by a 1999
resolution or resolutions establishing a class or series, setting 2000
forth the designation of the class or series, and fixing the 2001
relative rights and preferences of the class or series. Any of the 2002
rights and preferences of a class or series established in the 2003
articles or bylaws or by resolution of the board may do both of 2004
the following: 2005

(1) Be made dependent on facts ascertainable outside the 2006
articles or bylaws or outside the resolution or resolutions 2007
establishing the class or series if the manner in which the facts 2008
operate on the rights and preferences of the class or series is 2009
clearly and expressly set forth in the articles or bylaws or in 2010
the resolution or resolutions establishing the class or series; 2011

(2) Include by reference some or all of the terms of any 2012
agreements, contracts, or other arrangements entered into by the 2013
cooperative in connection with the establishment of the class or 2014
series if the cooperative retains at its principal executive 2015
office a copy of the agreements, contracts, or other arrangements. 2016

A statement setting forth the name of the cooperative and the 2017
text of the resolution and certifying the adoption of the 2018
resolution and the date of adoption shall be given to the members 2019
before the acceptance of any contributions for which the 2020
resolution creates rights or preferences not set forth in the 2021
articles or bylaws. When the members have received notice of the 2022
creation of membership interests with rights or preferences not 2023
set forth in the articles or bylaws before the acceptance of the 2024
contributions with respect to the membership interests, the 2025
statement may be filed any time within one year after the 2026
acceptance of the contributions. The resolution is effective three 2027

days after delivery of the notice to the members. 2028

(F) Without limiting the authority granted in this section, a cooperative may have membership interests of a class or series: 2029
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(1) Subject to the right of the cooperative to redeem any of those membership interests at the price fixed for their redemption by the articles or bylaws or by the board; 2031
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2033

(2) Entitling the members to cumulative, partially cumulative, or noncumulative distributions; 2034
2035

(3) Having preference over any class or series of membership interests for the payment or distributions of any or all kinds; 2036
2037

(4) Convertible into membership interests of any other class or any series of the same or another class; 2038
2039

(5) Having full, partial, or no voting rights. 2040

(G)(1) If a member who is an individual dies or a court of competent jurisdiction adjudges the member to be incompetent to manage the member's person or property, or an order for relief under the statutes governing bankruptcy is entered with respect to the member, the member's executor, administrator, guardian, conservator, trustee, or other legal representative may exercise all of the member's rights for the purpose of settling the estate or administering the member's property. If a member is a business entity, trust, or other entity and is dissolved, terminated, or placed by a court in receivership or bankruptcy, the powers of that member may be exercised by its legal representative or successor. 2041
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(2) If an event referred to in division (G)(1) of this section causes the termination of a member's membership interest and the termination does not result in dissolution, the terminated member's interest, subject to the articles and bylaws, shall be considered to be merely that of an assignee of the financial 2053
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rights owned before the termination of membership, and the rights 2058
to be exercised by the legal representative of the terminated 2059
member shall be limited accordingly. 2060

(H) A subscriber for membership interests or a member of a 2061
cooperative is under no obligation to the cooperative or its 2062
creditors with respect to the membership interests subscribed for 2063
or owned, except to pay to the cooperative the full consideration 2064
for which the membership interests are issued or to be issued. 2065

Sec. 1770.53. (A) The membership interests of a cooperative 2066
shall be either certificated or uncertificated. A holder of 2067
certificated membership interests is entitled to a certificate of 2068
membership interests. Certificates shall be signed by a statutory 2069
agent or officer authorized in the articles or bylaws to sign 2070
share certificates or, in the absence of an authorization, by the 2071
chair or records officer of the cooperative. 2072

If a person signs or has a facsimile signature placed on a 2073
certificate while the chair or an officer, transfer agent, or 2074
records officer of a cooperative, the certificate may be issued by 2075
the cooperative, even if the person has ceased to have that 2076
capacity before the certificate is issued, with the same effect as 2077
if the person had that capacity on the date of its issue. 2078

(B) A certificate of membership interests of a cooperative 2079
shall contain on its face all of the following: 2080

(1) The name of the cooperative; 2081

(2) A statement that the cooperative is organized under the 2082
laws of this state and this chapter; 2083

(3) The name of the person to whom the certificate is issued; 2084

(4) The number and class of membership interests, and the 2085
designation of the series, if any, that the certificate 2086
represents; 2087

(5) A statement that the membership interests in the cooperative are subject to the articles and bylaws of the cooperative; 2088
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(6) Any restrictions on transfer, including approval of the board, if applicable, first rights of purchase by the cooperative, and other restrictions on transfer, which may be stated by reference to the back of the certificate or to another document. 2091
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(C) A certificate of membership interests issued by a cooperative that is authorized to issue membership interests of more than one class or series shall state on the face or back of the certificate that the cooperative will furnish to any member upon request and without charge a full statement of the designations, preferences, limitations, and relative rights of the membership interests of each class or series authorized to be issued, so far as they have been determined, and the authority of the board to determine the relative rights and preferences of subsequent classes or series. 2095
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(D) A certificate that is signed as provided in division (A) of this section is prima-facie evidence of the ownership of the membership interests referred to in the certificate. 2105
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(E) Unless uncertificated membership interests are prohibited by the articles or bylaws, a resolution approved by the affirmative vote of a majority of the directors present may provide that some or all of any or all classes and series of its membership interests will be uncertificated membership interests. The resolution does not apply to membership interests represented by a certificate until the certificate is surrendered to the cooperative. Within a reasonable time after the issuance or transfer of uncertificated membership interests, the cooperative shall send to the new member the information required by this section to be stated on certificates. The information is not required to be sent to the new holder by a publicly held 2108
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cooperative that has adopted a system of issuance, recordation, 2120
and transfer of its membership interests by electronic or other 2121
means not involving an issuance of certificates if the system 2122
complies with section 17A of the "Securities Exchange Act of 2123
1934," 48 Stat. 881, 15 U.S.C. 78a. Except as otherwise expressly 2124
provided in the Revised Code, the rights and obligations of the 2125
holders of certificated and uncertificated membership interests of 2126
the same class and series are identical. 2127

Sec. 1770.54. A new certificate of membership interests may 2128
be issued in place of one that is alleged to have been lost, 2129
stolen, or destroyed. The issuance of a new certificate under this 2130
section does not constitute an overissue of the membership 2131
interests that it represents. 2132

Sec. 1770.55. (A) A restriction on the transfer or 2133
registration of transfer of membership interests of a cooperative 2134
may be imposed in the articles, in the bylaws, by a resolution 2135
adopted by the members, or by an agreement among or other written 2136
action by a number of members or holders of other membership 2137
interests or among them and the cooperative. A restriction is not 2138
binding with respect to membership interests issued prior to the 2139
adoption of the restriction unless the holders of those membership 2140
interests are parties to the agreement or voted in favor of the 2141
restriction. 2142

(B) A written restriction on the transfer or registration of 2143
transfer of membership interests of a cooperative that is not 2144
manifestly unreasonable under the circumstances may be enforced 2145
against the holder of the restricted membership interests or a 2146
successor or transferee of the holder, including a pledgee or a 2147
legal representative, if the restriction is either noted 2148
conspicuously on the face or back of the certificate, established 2149
in this chapter or the articles or bylaws, or included in 2150

information sent to the holders of uncertificated membership 2151
interests. A restriction that is not so noted, established, or 2152
included, even though permitted by this section, is ineffective 2153
against a person without knowledge of the restriction. A 2154
restriction under this section is determined to be noted 2155
conspicuously on a certificate and is effective if the existence 2156
of the restriction is stated on the certificate and reference is 2157
made to a separate document creating or describing the 2158
restriction. 2159

Sec. 1770.56. (A) A written agreement among persons who are 2160
then members, including a sole member, or who have signed 2161
subscription or contribution agreements, relating to the control 2162
of any phase of the business and affairs of the cooperative, its 2163
liquidation, dissolution, and termination, or the relations among 2164
members or persons who have signed subscription or contribution 2165
agreements is valid as provided in division (B) of this section. 2166
Whenever this chapter provides that a particular result may or 2167
shall be obtained through a provision in the articles or bylaws, 2168
the same result may be accomplished through a member control 2169
agreement valid under this section or through a procedure 2170
established by a member control agreement valid under this 2171
section. 2172

(B) Other than patron member voting control under section 2173
1770.40 of the Revised Code and patron member allocation and 2174
distribution under sections 1770.64 and 1770.65 of the Revised 2175
Code, a written agreement among persons described in division (A) 2176
of this section that relates to the control of or the liquidation, 2177
dissolution, and termination of the cooperative; the relations 2178
among members or other persons; or any phase of the business and 2179
affairs of the cooperative, including, without limitation, the 2180
management of its business, the declaration and payment of 2181
distributions, the sharing of profits and losses, the election of 2182

directors, the employment of members by the cooperative, or the 2183
arbitration of disputes, is valid if the agreement is signed by 2184
all persons who are then members of the cooperative, whether or 2185
not the members all have voting power, and all those who have 2186
signed contribution agreements regardless of whether those 2187
signatories will, when members, have voting power. 2188

(C) This section does not apply to, limit, or restrict 2189
agreements otherwise valid, nor is the procedure established in 2190
this section the exclusive method of agreement among members or 2191
between the members and the cooperative with respect to any of the 2192
matters described in this section. 2193

Sec. 1770.60. (A) Subject to any restrictions in this chapter 2194
regarding patron and nonpatron membership interests or in the 2195
articles or bylaws, and only when authorized by the board, a 2196
cooperative may accept contributions, which may be patron or 2197
nonpatron membership contributions as determined by the board 2198
under divisions (B) and (C) of this section, make contribution 2199
agreements under section 1770.62 of the Revised Code, and make 2200
contribution allowance agreements under section 1770.63 of the 2201
Revised Code. 2202

(B) A person may make a contribution to a cooperative by 2203
paying money or transferring the ownership of an interest in 2204
property to the cooperative or performing services to or for the 2205
benefit of the cooperative or through a written obligation signed 2206
by the person to pay money or transfer ownership of an interest in 2207
property to the cooperative or to perform services to or for the 2208
benefit of the cooperative. 2209

(C) No purported contribution is to be treated as or 2210
considered to be a contribution unless both of the following 2211
apply: 2212

(1) The board accepts the contribution on behalf of the 2213

cooperative and in that acceptance describes the contribution, 2214
including terms of future performance, if any, and states the 2215
value being accorded to the contribution. 2216

(2) The fact of contribution and the contribution's accorded 2217
value are both reflected in the records of the cooperative. 2218

(D) The determinations of the board as to the amount or fair 2219
value or the fairness to the cooperative of the contribution 2220
accepted or to be accepted by the cooperative or the terms of 2221
payment or performance, including under a contribution agreement 2222
under section 1770.62 of the Revised Code and a contribution 2223
allowance agreement under section 1770.63 of the Revised Code, are 2224
presumed to be proper if they are made in good faith and on the 2225
basis of accounting methods, or a fair valuation or other method, 2226
reasonable in the circumstances. Directors who are present and 2227
entitled to vote and who, intentionally or without reasonable 2228
investigation, fail to vote against approving a consideration that 2229
is unfair to the cooperative, or overvalue property or services 2230
received or to be received by the cooperative as a contribution, 2231
are jointly and severally liable to the cooperative for the 2232
benefit of the then members who did not consent to and are damaged 2233
by the action to the extent of the damages to those members. A 2234
director against whom a claim is asserted under this division, 2235
except in a case of knowing participation in a deliberate fraud, 2236
is entitled to contribution on an equitable basis from other 2237
directors who are liable under this division. 2238

Sec. 1770.61. (A) As used in this section, "old contribution" 2239
means a contribution that is reflected in the records of a 2240
cooperative before the time at which the cooperative accepts a new 2241
contribution. 2242

(B) When a cooperative accepts a new contribution, the board 2243
shall restate, as required by this section, the value of all old 2244

contributions. 2245

(C) A cooperative shall restate the value of old 2246
contributions that pertain to the same series or class to which a 2247
new contribution pertains in accordance with this division unless 2248
otherwise provided in the articles or bylaws. To restate the 2249
value, a cooperative shall do all of the following: 2250

(1) State the value that the cooperative has accorded to the 2251
new contribution under division (C) of section 1770.60 of the 2252
Revised Code; 2253

(2) Determine what percentage the value stated under division 2254
(C)(1) of this section will constitute, after the restatement, of 2255
the total value of all contributions that pertain to the 2256
particular series or class to which the new contribution pertains; 2257

(3) Divide the value stated under division (C)(1) of this 2258
section by the percentage determined under division (C)(2) of this 2259
section, yielding the total value, after the restatement, of all 2260
contributions pertaining to the particular series or class; 2261

(4) Subtract the value stated under (C)(1) of this section 2262
from the value determined under division (C)(3) of this section, 2263
yielding the total value, after the restatement, of all the old 2264
contributions pertaining to the particular series or class; 2265

(5) Subtract the value, as reflected in the records of the 2266
cooperative before the restatement, of the old contributions from 2267
the value determined under division (C)(4) of this section, 2268
yielding the value to be allocated among and added to the old 2269
contributions pertaining to the particular series or class; 2270

(6) Allocate the value determined under division (C)(5) of 2271
this section proportionally among the old contributions pertaining 2272
to the particular series or class, add the allocated values to 2273
those old contributions, and change the records of the cooperative 2274
accordingly. 2275

The values determined under division (C)(5) of this section 2276
and allocated and added under division (C)(6) of this section may 2277
be positive, negative, or zero. 2278

(D) A cooperative shall restate the value of old 2279
contributions that do not pertain to the same series or class to 2280
which a new contribution pertains in accordance with this division 2281
unless otherwise provided in the articles or bylaws. To restate 2282
the value, a cooperative shall do both of the following: 2283

(1) Determine the percentage by which the restatement under 2284
division (C) of this section has changed the total contribution 2285
value reflected in the records of the cooperative for the series 2286
or class to which the new contribution pertains; 2287

(2) For each old contribution that does not pertain to the 2288
same series or class to which the new contribution pertains, 2289
change the value reflected in the records of the cooperative by 2290
the percentage determined under division (D)(1) of this section. 2291
The percentage determined under division (D)(1) of this section 2292
may be positive, negative, or zero. 2293

(E) If a cooperative accepts more than one new contribution 2294
pertaining to the same series or class at the same time, the 2295
cooperative may consider all the new contributions to be a single 2296
contribution for the purpose of the restatement required by this 2297
section. 2298

Sec. 1770.62. (A) A contribution agreement, whether made 2299
before or after the formation of the cooperative, is not 2300
enforceable against the would-be contributor unless it is in 2301
writing and signed by the would-be contributor. 2302

(B) Unless otherwise provided in the contribution agreement, 2303
or unless all of the would-be contributors and, if in existence, 2304
the cooperative consent to a shorter or longer period, a 2305

contribution agreement is irrevocable for a period of six months. 2306

(C) A contribution agreement, whether made before or after 2307
the formation of a cooperative, shall be paid or performed in full 2308
at the time or times or in the installments, if any, specified in 2309
the contribution agreement. In the absence of a provision in the 2310
contribution agreement specifying the time at which the 2311
contribution is to be paid or performed, the contribution shall be 2312
paid or performed at the time or times determined by the board, 2313
but a call made by the board for payment or performance on 2314
contributions shall be uniform for all membership interests of the 2315
same class or for all membership interests of the same series. 2316

(D)(1) Unless otherwise provided in the contribution 2317
agreement, in the event of default in the payment or performance 2318
of an installment or call when due, the cooperative may proceed to 2319
collect the amount due in the same manner as a debt due the 2320
cooperative. If a would-be contributor does not make a required 2321
contribution of property or services, the cooperative shall 2322
require the would-be contributor to contribute cash equal to that 2323
portion of the value, as stated in the records of the cooperative, 2324
of the contribution that has not been made. 2325

(2) If the amount due under a contribution agreement remains 2326
unpaid for a period of twenty days after written notice of demand 2327
for payment has been given to the delinquent would-be contributor, 2328
the membership interests that were subject to the contribution 2329
agreement may be offered for sale by the cooperative for a price 2330
in money equaling or exceeding the sum of the full balance owed by 2331
the delinquent would-be contributor plus the expenses incidental 2332
to the sale. If the membership interests that were subject to the 2333
contribution agreement are sold according to division (D)(2) of 2334
this section, the cooperative shall pay to the delinquent would-be 2335
contributor or to the delinquent would-be contributor's legal 2336
representative the lesser of the following: 2337

(a) The excess of net proceeds realized by the cooperative over the sum of the amount owed by the delinquent would-be contributor plus the expenses incidental to the sale less any penalty stated in the contribution agreement, which may include forfeiture of the partial contribution; 2338
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(b) The amount actually paid by the delinquent would-be contributor. 2343
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(3) If the membership interests that were subject to the contribution agreement are not sold according to division (D)(2) of this section, the cooperative may collect the amount due in the same manner as a debt due the cooperative or cancel the contribution agreement according to division (D)(3) of this section. 2345
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If the amount due under a contribution agreement remains unpaid for a period of twenty days after written notice of demand for payment has been given to the delinquent would-be contributor and the membership interests that were subject to the contribution agreement have not been sold according to division (D)(2) of this section, the cooperative may cancel the contribution agreement, the cooperative may retain any portion of the contribution agreement price actually paid as provided in the contribution agreement, and the cooperative shall refund to the delinquent would-be contributor or the delinquent would-be contributor's legal representatives any portion of the contribution agreement price as provided in the contribution agreement. 2351
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(E) Unless otherwise provided in the articles or bylaws, a would-be contributor's rights under a contribution agreement may not be assigned, in whole or in part, to a person who was not a member at the time of the assignment unless all the members approve the assignment by unanimous written consent. 2363
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Sec. 1770.63. Subject to any restrictions in the articles or 2368

bylaws, a cooperative may enter into contribution rights 2369
agreements under the terms, provisions, and conditions fixed by 2370
the board. Any contribution rights agreement shall be in writing 2371
and shall state in full, summarize, or include by reference all 2372
the agreement's terms, provisions, and conditions of the rights to 2373
make contributions. Unless otherwise provided in the articles or 2374
bylaws, a would-be contributor's rights under a contribution 2375
rights agreement may not be assigned, in whole or in part, to a 2376
person who was not a member at the time of the assignment unless 2377
all the members approve the assignment by unanimous written 2378
consent. 2379

Sec. 1770.64. (A) The bylaws shall prescribe the allocation 2380
of profits and losses between patron membership interests 2381
collectively and any other membership interests. If the bylaws do 2382
not provide otherwise, the profits and losses between patron 2383
membership interests collectively and other membership interests 2384
shall be allocated on the basis of the value of contributions to 2385
capital made by the patron membership interests collectively and 2386
other membership interests and accepted by the cooperative. The 2387
allocation of profits to the patron membership interests 2388
collectively shall not be less than fifty per cent of the total 2389
profits in any fiscal year, except that if authorized in the 2390
original articles as filed, in the articles or bylaws that are 2391
adopted by the affirmative vote of the patron members, or in the 2392
articles or bylaws that are amended by the affirmative vote of the 2393
patron members, the allocation of profits to the patron membership 2394
interests collectively shall not be less than fifteen per cent of 2395
the total profits in any fiscal year. 2396

(B) The bylaws shall prescribe the distribution of cash or 2397
other assets of the cooperative among the membership interests of 2398
the cooperative. If the bylaws do not provide otherwise, 2399
distribution shall be made to the patron membership interests 2400

collectively and other members on the basis of the value of 2401
contributions to capital made and accepted by the cooperative, by 2402
the patron membership interests collectively, and by other 2403
membership interests. The distributions to patron membership 2404
interests collectively shall not be less than fifty per cent of 2405
the total distributions in any fiscal year, except that if 2406
authorized in the articles or bylaws that are adopted by the 2407
affirmative vote of the patron members or in the articles or 2408
bylaws that are amended by the affirmative vote of the patron 2409
members, the distributions to patron membership interests 2410
collectively shall not be less than fifteen per cent of the total 2411
distributions in any fiscal year. 2412

Sec. 1770.65. (A) A cooperative may set aside a portion of 2413
net income allocated to the patron membership interests as the 2414
board determines advisable to create or maintain a capital 2415
reserve. In addition to a capital reserve, the board, for patron 2416
membership interests, may do either of the following: 2417

(1) Set aside an amount not to exceed five per cent of the 2418
annual net income of the cooperative for promoting and encouraging 2419
cooperative organization; 2420

(2) Establish and accumulate reserves for new buildings, 2421
machinery and equipment, depreciation, losses, and other proper 2422
purposes. 2423

(B) Net income allocated to patron members in excess of 2424
dividends on equity and additions to reserves shall be distributed 2425
to patron members on the basis of patronage. A cooperative may 2426
establish allocation units that are functional, divisional, 2427
departmental, geographic, or otherwise and pooling arrangements 2428
and may account for and distribute net income to patrons on the 2429
basis of allocation units and pooling arrangements. A cooperative 2430
may offset the net loss of an allocation unit or pooling 2431

arrangement against the net income of other allocation units or 2432
pooling arrangements. 2433

(C) Distribution of net income shall be made at least 2434
annually. The board shall present to the members at their annual 2435
meeting a report covering the operations of the cooperative during 2436
the preceding fiscal year. A cooperative may distribute net income 2437
to patron members in cash, capital credits, allocated patronage 2438
equities, revolving fund certificates, or its own or other 2439
securities. The cooperative may provide in the bylaws that 2440
nonmember patrons are allowed to participate in the distribution 2441
of net income payable to patron members on equal terms with patron 2442
members. 2443

(D) If a nonmember patron with patronage credits is not 2444
qualified or eligible for membership, a refund due may be credited 2445
to the patron's individual account. The board may issue a 2446
certificate of interest to reflect the credited amount. After the 2447
patron is issued a certificate of interest, the patron may 2448
participate in the distribution of income on the same basis as a 2449
patron member. 2450

Sec. 1770.70. (A) Unless otherwise prohibited, a cooperative 2451
may merge or consolidate with one or more business entities if the 2452
merger or consolidation is permitted by the laws under which each 2453
constituent entity exists and the cooperative complies with this 2454
section. 2455

(B) To initiate a merger or consolidation of a cooperative, a 2456
written plan of merger or consolidation shall be prepared by the 2457
board or by a committee selected by the board to prepare a plan. 2458
The plan shall state all of the following: 2459

(1) The names of the cooperative or cooperatives and other 2460
business entities that are parties to the merger; 2461

<u>(2) The name of the surviving or new cooperative or other</u>	2462
<u>business entity;</u>	2463
<u>(3) The manner and basis of converting membership or</u>	2464
<u>ownership interests in the cooperative and other business entities</u>	2465
<u>into membership or ownership interests in the surviving or new</u>	2466
<u>cooperative or other business entity;</u>	2467
<u>(4) The terms of the merger or consolidation;</u>	2468
<u>(5) The proposed effect of the consolidation or merger on the</u>	2469
<u>members and patron members of each constituent cooperative and</u>	2470
<u>business entity.</u>	2471
<u>With respect to a consolidation, the plan also shall contain</u>	2472
<u>the articles of the entity or organizational documents to be filed</u>	2473
<u>with the state in which the entity is organized.</u>	2474
<u>(C) The board shall mail or otherwise transmit or deliver</u>	2475
<u>notice of the merger or consolidation to each member. The notice</u>	2476
<u>shall contain the full text of the plan and the time and place of</u>	2477
<u>the meeting at which the plan will be considered. A cooperative</u>	2478
<u>with more than two hundred members may provide the notice in the</u>	2479
<u>same manner as a regular members' meeting notice.</u>	2480
<u>(D) A plan of merger or consolidation shall be adopted by a</u>	2481
<u>cooperative if both of the following apply:</u>	2482
<u>(1) A quorum of the members exists as determined in</u>	2483
<u>accordance with section 1770.37 of the Revised Code.</u>	2484
<u>(2) The plan is approved by the patron members or, if</u>	2485
<u>otherwise provided in the articles or bylaws, by a majority of the</u>	2486
<u>votes cast in each class of votes cast, or, for a cooperative with</u>	2487
<u>articles or bylaws requiring more than a majority of the votes</u>	2488
<u>cast or other conditions for approval, the plan is approved by a</u>	2489
<u>proportion of the votes cast or the number of members required by</u>	2490
<u>the articles or bylaws and the conditions for approval in the</u>	2491

articles or bylaws have been satisfied. 2492

After the plan has been adopted, articles of merger or 2493
consolidation stating the plan and that the plan was adopted 2494
according to this division shall be signed by the chair, 2495
vice-chair, records officer, or documents officer of each 2496
constituent cooperative or business entity. 2497

For a merger, the articles of the surviving cooperative are 2498
deemed amended to the extent provided in the articles of merger. 2499
Unless a later date is provided in the plan, the merger or 2500
consolidation is effective when the articles of merger or 2501
consolidation are filed in accordance with section 1770.72 of the 2502
Revised Code. 2503

Sec. 1770.71. (A) After a plan of merger or consolidation has 2504
been approved under section 1770.70 of the Revised Code, but 2505
before the effective date of the merger or consolidation as 2506
provided in that section, the plan may be amended or abandoned by 2507
the same vote that approved the plan. 2508

(B) If the merger or consolidation is amended or abandoned as 2509
provided in division (A) of this section, an authorized officer of 2510
each constituent cooperative and business entity shall sign a 2511
certificate of amendment or abandonment stating that the plan of 2512
merger or consolidation has been amended or abandoned and the date 2513
of that action and shall file the certificate in the same manner 2514
as the articles of merger or consolidation in accordance with 2515
section 1770.72 of the Revised Code. A certificate of amendment or 2516
abandonment shall be filed prior to the date on which the merger 2517
or consolidation would otherwise be effective. 2518

Sec. 1770.72. (A) Upon adoption of a plan of merger or 2519
consolidation under section 1770.70 of the Revised Code, the 2520
articles of merger or consolidation that were signed as required 2521

by that section shall be filed with the secretary of state on a 2522
form prescribed by the secretary of state that sets forth the 2523
following: 2524

(1) The name and form of each constituent cooperative or 2525
business entity and the state law under which each constituent 2526
cooperative or business entity exists; 2527

(2) A statement that each constituent cooperative or business 2528
entity has adopted the plan of merger or consolidation, including 2529
the manner of adoption, and that the plan was adopted in 2530
compliance with the laws applicable to each constituent 2531
cooperative or business entity; 2532

(3) The effective date of the merger or consolidation, which 2533
date may be on or after the date of filing of the articles; 2534

(4) In the case of a merger, a statement that one or more 2535
specified constituent cooperatives or business entities will be 2536
merged into a specified surviving cooperative or business entity, 2537
or, in the case of a consolidation, a statement that the 2538
constituent cooperatives or business entities will be consolidated 2539
into a new cooperative or business entity; 2540

(5) The name and address of the statutory agent on whom any 2541
process, notice, or demand against any constituent cooperative or 2542
business entity, or the surviving or new cooperative or business 2543
entity, may be served. 2544

(B)(1) In the case of a merger into a cooperative or business 2545
entity, any amendments to the articles of incorporation or the 2546
articles of organization of the surviving cooperative or business 2547
entity shall be filed with the articles of merger or 2548
consolidation. 2549

(2) In the case of a consolidation to form a new cooperative 2550
or business entity, the articles of incorporation or the articles 2551
of organization of the new cooperative or business entity shall be 2552

filed with the articles of merger or consolidation. 2553

(C) If the surviving or new entity is a foreign entity that 2554
desires to transact business in this state as a foreign entity, 2555
the articles of merger or consolidation shall be accompanied by 2556
the information required for qualification of a foreign entity in 2557
this state by Chapter 1703. of the Revised Code, in the case of a 2558
foreign corporation or foreign cooperative, or by sections 1705.53 2559
and 1705.54 of the Revised Code, in the case of a foreign limited 2560
liability company. 2561

(D) A copy of the articles of merger or consolidation, 2562
certified by the secretary of state, may be filed for record in 2563
the office of the county recorder of any county in this state. For 2564
the recording the county recorder shall charge and collect the 2565
same fee as in the case of deeds. The certified copy of the 2566
articles of merger or consolidation shall be recorded in the 2567
records of deeds. 2568

Sec. 1770.80. (A) A cooperative, by affirmative vote of a 2569
majority of the board present, on terms and conditions and for 2570
considerations, which may be money, securities, or other 2571
instruments for the payment of money or other property, that the 2572
board considers expedient and without member approval, may do any 2573
of the following: 2574

(1) Sell, lease, transfer, or otherwise dispose of all or 2575
substantially all of its property and assets in the usual and 2576
regular course of its business; 2577

(2) Sell, lease, transfer, or otherwise dispose of all or 2578
substantially all of its property and assets not in the usual and 2579
regular course of its business if all of the following apply: 2580

(a) The cooperative's accountant has given an opinion that 2581
the cooperative cannot continue as an ongoing business and the 2582

cooperative is under financial duress. 2583

(b) The cooperative has given notice to the members of the 2584
impending or potential disposition prior to the disposition. 2585

(c) The board has determined that failure to proceed with the 2586
disposition would be adverse to the interests of the members and 2587
the cooperative. 2588

(3) Grant a security interest in all or substantially all of 2589
its property and assets whether or not in the usual and regular 2590
course of its business; 2591

(4) Transfer any or all of its property to a business entity 2592
all the ownership interests of which are owned by the cooperative; 2593

(5) For purposes of debt financing, transfer any or all of 2594
its property to a special purpose entity owned or controlled by 2595
the cooperative for an asset securitization. 2596

(B) Except as provided in division (A) of this section, a 2597
cooperative, by affirmative vote of a majority of the board 2598
present, may sell, lease, transfer, or otherwise dispose of all or 2599
substantially all of its property and assets, including its good 2600
will, not in the usual and regular course of its business, on 2601
terms and conditions and for considerations, which may be money, 2602
securities, or other instruments for the payment of money or other 2603
property, that the board considers expedient when approved at a 2604
members' meeting by the affirmative vote of the owners of a 2605
majority of the voting power of the interests entitled to vote. 2606
Written notice of the meeting shall be given to all members 2607
whether or not they are entitled to vote at the meeting. The 2608
written notice shall state that a purpose of the meeting is to 2609
consider the sale, lease, transfer, or other disposition of all or 2610
substantially all of the property and assets of the cooperative. 2611

(C) Confirmatory deeds, assignments, or similar instruments 2612
to evidence a sale, lease, transfer, or other disposition may be 2613

signed and delivered at any time in the name of the transferor by 2614
its current chair of the board or authorized agents. 2615

(D) The transferee is liable for the debts, obligations, and 2616
liabilities of the transferor only to the extent provided in the 2617
contract or agreement between the transferee and the transferor or 2618
to the extent provided by law. 2619

Sec. 1770.81. (A) A cooperative may be dissolved voluntarily 2620
in the manner provided in this section. 2621

(B) A resolution of dissolution of a cooperative shall state 2622
both of the following: 2623

(1) That the cooperative elects to be dissolved; 2624

(2) Any additional provision considered necessary with 2625
respect to the proposed dissolution and winding up. 2626

(C) The directors may adopt a resolution of dissolution in 2627
the following cases: 2628

(1) When the cooperative has been adjudged bankrupt or has 2629
made a general assignment for the benefit of creditors; 2630

(2) By leave of the court, when a receiver has been appointed 2631
in a general creditors' suit or in any suit in which the affairs 2632
of the cooperative are to be wound up; 2633

(3) When substantially all of the assets have been sold at 2634
judicial sale or otherwise; 2635

(4) When the period of existence of the cooperative specified 2636
in its articles has expired. 2637

(D) At a meeting held for that purpose, the members may adopt 2638
a resolution of dissolution by the affirmative vote of sixty per 2639
cent of the member votes cast on the proposal or, if the articles 2640
or bylaws provide or permit, by the affirmative vote of a greater 2641
or lesser portion though not less than a majority, of the voting 2642

power, of any particular class as required by the articles or 2643
bylaws. Notice of the meeting shall be provided to the members as 2644
required by this chapter. 2645

(E) Upon the adoption of a resolution of dissolution, a 2646
certificate shall be filed with the secretary of state, on a form 2647
prescribed by the secretary of state, stating all of the 2648
following: 2649

(1) The name of the cooperative; 2650

(2) A statement that a resolution of dissolution has been 2651
adopted, including the manner of adoption, and, in the case of its 2652
adoption by directors, a statement of the basis for the adoption; 2653

(3) The place where the cooperative's principal executive 2654
office is located; 2655

(4) The names and addresses of the cooperative's directors 2656
and officers; 2657

(5) The name and address of the cooperative's statutory 2658
agent. 2659

(F) When a resolution of dissolution is adopted by the 2660
directors or by the members, the certificate that is required by 2661
division (E) of this section shall be signed by an authorized 2662
officer. However, if no authorized officer executes and files the 2663
certificate within thirty days after the adoption of the 2664
resolution or on any date specified in the resolution as the date 2665
on which the certificate is to be filed or upon the expiration of 2666
any period specified in the resolution as the period within which 2667
the certificate is to be filed, whichever is latest, the 2668
certificate of dissolution may be signed by three members or, if 2669
there are fewer than three members, by all of the members and 2670
shall include a statement that the persons signing the certificate 2671
are members and are filing the certificate because of the failure 2672
of an authorized officer to do so. 2673

(G) A certificate of dissolution, filed with the secretary of state, shall be accompanied by all of the following: 2674
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(1) An affidavit of one or more of the persons executing the certificate of dissolution or of an authorized officer of the cooperative containing a statement of the counties, if any, in this state in which the cooperative has personal property or a statement that the cooperative is of a type that is required to pay personal property taxes to state authorities only; 2676
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(2) A receipt, certificate, or other evidence showing the payment of all sales, use, highway use, and other applicable taxes accruing up to the date of the filing or that payment adequately has been guaranteed; 2682
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(3) A receipt, certificate, or other evidence showing the payment of all personal property taxes accruing up to the date of the filing; 2686
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(4) A receipt, certificate, or other evidence from the director of job and family services showing that all contributions due from the cooperative as an employer have been paid, that payment adequately has been guaranteed, or that the cooperative is not subject to such contributions; 2689
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(5) A receipt, certificate, or other evidence from the bureau of workers' compensation showing that all premiums due from the cooperative as an employer have been paid, that payment adequately has been guaranteed, or that the cooperative is not subject to such premium payments. 2694
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(H) Upon the filing of a certificate of dissolution and the accompanying documents required by division (G) of this section, the cooperative shall be dissolved. 2699
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Sec. 1770.82. Following the filing of a certificate of dissolution, the directors or members who filed the certificate, 2702
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as the case may be, shall cause a notice of voluntary dissolution 2704
to be published once a week on the same day of each week for two 2705
successive weeks in a newspaper that is published and of general 2706
circulation in the county in which the principal executive office 2707
of the cooperative was or is located and shall cause written 2708
notice of the dissolution to be given to all known creditors of, 2709
and to all known claimants against, the dissolved cooperative. 2710

Sec. 1770.83. (A) When a cooperative is dissolved 2711
voluntarily, when the articles of organization of a cooperative 2712
have been canceled, when a final order of a court of common pleas 2713
is made dissolving a cooperative under section 1770.84 of the 2714
Revised Code, or when the period of existence of a cooperative 2715
specified in its articles of organization has expired, the 2716
cooperative shall cease to carry on business and shall do only 2717
those acts that are required to wind up its affairs. 2718

(B) Any claim existing or action or proceeding pending by or 2719
against the cooperative or that would have accrued against it may 2720
be prosecuted to judgment, with right of appeal as in other cases, 2721
but any proceeding, execution, or process, or the satisfaction or 2722
performance of any order, judgment, or decree, may be stayed as 2723
provided in section 1770.84 of the Revised Code. 2724

(C) Any process, notice, or demand against the cooperative 2725
may be served by delivering a copy to an officer, director, 2726
liquidator, or person having charge of its assets or, if no such 2727
person can be found, to the statutory agent. 2728

(D) The directors of the cooperative or their successors 2729
shall act as the board of directors in accordance with the 2730
articles of organization and bylaws until the affairs of the 2731
cooperative are completely wound up. Subject to the orders of 2732
courts of this state having jurisdiction over the cooperative, the 2733
directors shall proceed as speedily as is practicable to a 2734

complete winding up of the affairs of the cooperative and, to the 2735
extent necessary or expedient to that end, shall exercise all the 2736
authority of the cooperative. Without limiting the generality of 2737
that authority, the directors may fill vacancies; elect officers; 2738
carry out contracts of the cooperative; make new contracts; borrow 2739
money; mortgage or pledge the property of the cooperative as 2740
security; sell its assets at public or private sale; make 2741
conveyances in the cooperative's name; lease real estate for any 2742
term, including ninety-nine years renewable forever; settle or 2743
compromise claims in favor of or against the cooperative; appoint 2744
or employ one or more persons as liquidators to wind up the 2745
affairs of the cooperative with authority that the directors see 2746
fit to grant; cause the title to any of the assets of the 2747
cooperative to be conveyed to those liquidators for that purpose; 2748
apply assets to the payment of obligations; and, after paying or 2749
adequately providing for the payment of all known obligations of 2750
the cooperative, distribute the remainder of the assets either in 2751
cash or in kind among the members or patrons according to their 2752
respective rights and interests. In addition, the directors may 2753
perform all other acts that are necessary or expedient to the 2754
winding up of the affairs of the cooperative. 2755

(E) The directors, or any liquidator to whom the directors 2756
grant such authority, in the course of winding up the 2757
cooperative's affairs, shall apply the assets of the cooperative 2758
in the following order: 2759

(1) To expenses that are incidental to winding up the 2760
cooperative's affairs; 2761

(2) To all legally enforceable liabilities and obligations of 2762
the cooperative that are due claimants and creditors; 2763

(3) To the members and patrons of the cooperative as provided 2764
in the cooperative's articles or bylaws. 2765

(F) Without limiting the authority of the directors, any action within the purview of this section that is authorized or approved at a meeting of the members by sixty per cent of the member votes cast shall be conclusive for all purposes on all members or patrons of the cooperative. 2766
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(G) All deeds and other instruments of the cooperative shall be in the name of the cooperative and shall be executed, acknowledged, and delivered by the officers appointed by the directors. 2771
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(H) At any time during the winding up of its affairs, the cooperative by its directors may apply to the court of common pleas of the county in this state in which the principal executive office of the cooperative is located to have the winding up continued under supervision of the court as provided in section 1770.84 of the Revised Code. However, if the cooperative has no principal executive office in this state, the application may be made to a court of common pleas in the county in this state where the statutory agent resides. 2775
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Sec. 1770.84. (A) The court of common pleas of the county in this state in which is located the principal executive office of a voluntarily dissolved cooperative or of a cooperative whose period of existence has expired, upon the complaint of the cooperative, or a majority of the directors, or ten per cent of the members or twenty members, whichever is less, and upon notice to all the directors and other interested persons that the court considers proper, at any time may order and adjudge any of the following matters: 2784
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(1) The presentation and proof of all claims and demands against the cooperative and of all rights, interests, or liens in or on any of its property; the fixing of the time and the manner in which such proof shall be made and the person to whom 2793
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presentation shall be made; and the barring from participation in 2797
any distribution of assets of all persons failing to make and 2798
present proofs as required by the order of the court; 2799

(2) The stay of the prosecution of any proceeding against the 2800
cooperative or involving any of its property; the requirement that 2801
the parties to the proceeding present and prove their claims, 2802
demands, rights, interests, or liens at the time and in the manner 2803
required of creditors or others; or the grant of leave to bring or 2804
maintain an independent proceeding to enforce liens; 2805

(3) The settlement or determination of all claims of every 2806
nature against the cooperative or any of its property; the 2807
determination of the assets required to be retained to pay or 2808
provide for the payment of such claims or any claim; the 2809
determination of the assets available for distribution among and 2810
rights of members or patrons; and the making of new parties to the 2811
proceeding so far as the court considers proper for the 2812
determination of all matters; 2813

(4) The presentation and filing of intermediate and final 2814
accounts of the directors or of the liquidators and hearings on 2815
them; the allowance, disallowance, or settlement of the accounts; 2816
and the discharge of the directors, the liquidators, or any of 2817
them from their duties and liabilities; 2818

(5) The appointment of a special master commissioner to hear 2819
and determine any matters with authority that the court considers 2820
proper; 2821

(6) The filling of any vacancies in the number of directors 2822
or liquidators when the directors are unable to act on the 2823
vacancies for want of a quorum or for any other reason; 2824

(7) The appointment of a receiver, in accordance with the 2825
usage of a court in equitable matters, to wind up the affairs of 2826
the cooperative, to take custody of any of its property, or for 2827

any other purpose; 2828

(8) The issuance or entry of any injunction or any other 2829
order that the court considers proper in the winding up of the 2830
affairs of the cooperative and the giving of notice of the entry 2831
of injunction or order; 2832

(9) The allowance and payment of compensation to the 2833
directors or any of them, to liquidators, to a receiver, to the 2834
attorney for the complainant, or to any person properly rendering 2835
services beneficial to the cooperative or to those interested in 2836
it; 2837

(10) The entry of a judgment or decree that, if it so 2838
provides, may operate as the deed or other instrument ordered to 2839
be executed, or the appointment of a master to execute the deed or 2840
instrument in the name of the cooperative with the same effect as 2841
if executed by an authorized officer pursuant to authority 2842
conferred by the directors or the members of the cooperative 2843
whenever there is no officer or agent competent to execute the 2844
deed or instrument, whenever the cooperative or its officers do 2845
not perform or comply with a judgment or decree of court, or 2846
whenever the court considers it proper. 2847

(B) If the cooperative has no principal executive office in 2848
this state, without limiting the generality of its authority, the 2849
court of common pleas in the county in this state where the 2850
statutory agent resides may order and adjudge the matters 2851
described in division (A) of this section. 2852

(C) A judicial proceeding under this section concerning the 2853
winding up of the affairs of a cooperative is a special 2854
proceeding, and final orders in the proceeding may be vacated, 2855
modified, or reversed on appeal pursuant to the Rules of Appellate 2856
Procedure and, to the extent not in conflict with those rules, 2857
Chapter 2505. of the Revised Code. 2858

Sec. 1770.85. (A) Whenever, after a cooperative is dissolved 2859
voluntarily or the period of existence of a cooperative has 2860
expired, a receiver is appointed to wind up the affairs of the 2861
cooperative, all the claims, demands, rights, interests, or liens 2862
of creditors, claimants, members, and patrons shall be determined 2863
as of the day on which the receiver was appointed. Unless it is 2864
otherwise ordered, the appointment vests in the receiver and 2865
successors of the receiver the right to the immediate possession 2866
of all the property of the cooperative, which, if so ordered, 2867
shall execute and deliver conveyances of that property to the 2868
receiver. 2869

(B) Any officer, director, member, or other person, whether a 2870
resident of the state or a nonresident and however interested, may 2871
be appointed as receiver. 2872

(C) The receiver shall have all the authority vested in the 2873
directors and officers of the cooperative, shall exercise 2874
authority subject to orders that are made by the court, and may be 2875
required to qualify by giving bond to the state in an amount that 2876
the court fixes, with surety to the satisfaction of the clerk of 2877
the court, conditioned for the faithful discharge of duties and 2878
for a due accounting for all money or property received. 2879

Sec. 1770.86. (A) A cooperative may be dissolved judicially 2880
and its affairs wound up by an order of the court of common pleas 2881
of the county in this state in which the cooperative has its 2882
principal executive office, in an action brought by the members 2883
having sixty per cent of the voting power of the cooperative on 2884
the proposal, or the holders of a lesser portion as are entitled 2885
by the articles or bylaws to dissolve the cooperative voluntarily, 2886
when it is established that it is beneficial to the members or 2887
patrons that the cooperative be judicially dissolved. However, if 2888
the cooperative has no principal executive office in this state, 2889

the court of common pleas in the county in this state where the 2890
statutory agent resides may dissolve and wind up the affairs of a 2891
cooperative in accordance with this section. 2892

(B) A complaint for judicial dissolution shall be verified by 2893
any of the complainants and shall set forth facts showing that the 2894
case is as specified in this section. A schedule shall be annexed 2895
to the complaint setting forth the name and address of each member 2896
of the cooperative, if it is known, or the fact that it is not 2897
known. 2898

(C) Upon the filing of a complaint for judicial dissolution, 2899
the court with which it is filed shall have power to issue 2900
injunctions; to appoint a receiver with authority and duties that 2901
the court from time to time may direct; to take other proceedings 2902
that may be necessary to protect the property or the rights of the 2903
members or patrons; and to carry on the business of the 2904
cooperative until a full hearing can be conducted. Upon or after 2905
the filing of a complaint for judicial dissolution, the court, by 2906
injunction or order, may stay the prosecution of any proceeding 2907
against the cooperative or involving any of its property and 2908
require the parties to the proceeding to present and prove their 2909
claims, demands, rights, interests, or liens at the time and in 2910
the manner required of creditors or others. The court may refer 2911
the complaint to a special master commissioner. 2912

(D) After a hearing upon notice as that court directs to be 2913
given to all parties to the proceeding and to any other parties in 2914
interest designated by the court, a final order based either on 2915
the evidence or on the report of the special master commissioner, 2916
if one has been appointed, shall be made dissolving the 2917
cooperative or dismissing the complaint. An order or judgment for 2918
the judicial dissolution of a cooperative shall contain a concise 2919
statement of the proceedings leading up to the order or judgment, 2920
the name of the cooperative, the place where its principal 2921

executive office is located, the names and addresses of its 2922
directors and officers, the name and address of a statutory agent, 2923
and, if desired, other provisions with respect to the judicial 2924
dissolution and winding up that are considered necessary or 2925
desirable. A certified copy of the order shall be filed in the 2926
office of the secretary of state, whereupon the cooperative shall 2927
be dissolved. To the extent consistent with orders entered in the 2928
proceeding, the effect of judicial dissolution shall be the same 2929
as in the case of voluntary dissolution, and the provisions of 2930
sections 1770.83, 1770.84, and 1770.85 of the Revised Code 2931
relating to the authority and duties of directors during the 2932
winding up of the affairs of a cooperative dissolved voluntarily, 2933
with respect to the jurisdiction of courts over the winding up of 2934
the affairs of a cooperative, and with respect to receivers for 2935
winding up the affairs of a cooperative shall be applicable to 2936
cooperatives that are judicially dissolved. 2937

(E) A proceeding under this section for judicial dissolution 2938
of a cooperative is a special proceeding, and final orders in it 2939
may be vacated, modified, or reversed on appeal pursuant to the 2940
Rules of Appellate Procedure and, to the extent not in conflict 2941
with those rules, Chapter 2505. of the Revised Code. 2942

Sec. 1770.99. Whoever violates division (E) of section 2943
1770.17 of the Revised Code is guilty of a misdemeanor and shall 2944
pay a fine of not less than one hundred dollars and not more than 2945
one thousand dollars for each offense. 2946

Section 2. That existing section 111.16 of the Revised Code 2947
is hereby repealed. 2948