

Part 15 Disposition of Assets

16-16-1501 Disposition of assets not requiring member approval.

Unless the articles of organization otherwise provide, member approval under Section 16-16-1502 is not required for a limited cooperative association to:

- (1) sell, lease, exchange, license, or otherwise dispose of all or any part of the assets of the association in the usual and regular course of business; or
- (2) mortgage, pledge, dedicate to the repayment of indebtedness, or encumber in any way all or any part of the assets of the association whether or not in the usual and regular course of business.

Enacted by Chapter 363, 2008 General Session

16-16-1502 Member approval of other disposition of assets.

A sale, lease, exchange, license, or other disposition of assets of a limited cooperative association, other than a disposition described in Section 16-16-1501, requires approval of the association's members under Sections 16-16-1503 and 16-16-1504 if the disposition leaves the association without significant continuing business activity.

Enacted by Chapter 363, 2008 General Session

16-16-1503 Notice and action on disposition of assets.

For a limited cooperative association to dispose of assets under Section 16-16-1502:

- (1) a majority of the board of directors, or a greater percentage if required by the organic rules, shall approve the proposed disposition; and
- (2) the board of directors shall call a members meeting to consider the proposed disposition, hold the meeting not later than 90 days after approval of the proposed disposition by the board, and mail or otherwise transmit or deliver in a record to each member:
 - (a) the terms of the proposed disposition;
 - (b) a recommendation that the members approve the disposition, or if the board determines that because of conflict of interest or other special circumstances it should not make a favorable recommendation, the basis for that determination;
 - (c) a statement of any condition of the board's submission of the proposed disposition to the members; and
 - (d) notice of the meeting at which the proposed disposition will be considered, which shall be given in the same manner as notice of a special meeting of members.

Amended by Chapter 378, 2010 General Session

16-16-1504 Disposition of assets.

- (1) Subject to Subsection (2), a disposition of assets under Section 16-16-1502 shall be approved by:
 - (a) at least two-thirds of the voting power of members present at a members meeting called under Subsection 16-16-1503(2); and

- (b) if the limited cooperative association has investor members, at least a majority of the votes cast by patron members, unless the organic rules require a greater percentage vote by patron members.
- (2) The organic rules may require that the percentage of votes under Subsection (1)(a) is:
 - (a) a different percentage that is not less than a majority of members voting at the meeting;
 - (b) measured against the voting power of all members; or
 - (c) a combination of Subsections (2)(a) and (b).
- (3) Subject to any contractual obligations, after a disposition of assets is approved and at any time before the consummation of the disposition, a limited cooperative association may approve an amendment to the contract for disposition or the resolution authorizing the disposition or approve abandonment of the disposition:
 - (a) as provided in the contract or the resolution; and
 - (b) except as prohibited by the resolution, with the same affirmative vote of the board of directors and of the members as was required to approve the disposition.
- (4) The voting requirements for districts, classes, or voting groups under Section 16-16-404 apply to approval of a disposition of assets under this part.

Amended by Chapter 378, 2010 General Session