

Part 3

Formation and Initial Articles of Organization of Limited Cooperative Association

16-16-301 Organizers.

A limited cooperative association shall be organized by one or more organizers.

Amended by Chapter 378, 2010 General Session

16-16-302 Formation of limited cooperative association -- Articles of organization.

- (1) To form a limited cooperative association, an organizer of the association shall deliver articles of organization to the division for filing. The articles shall state:
 - (a) the name of the association;
 - (b) the purposes for which the association is formed;
 - (c) the street address and, if different, mailing address of the association's initial designated office and the name of the association's initial agent for service of process at the designated office;
 - (d) the street address and, if different, mailing address of the initial principal office;
 - (e) the name and street address and, if different, mailing address of each organizer; and
 - (f) the term for which the association is to exist if other than perpetual.
- (2) Subject to Subsection 16-16-113(1), articles of organization may contain any other provisions in addition to those required by Subsection (1).
- (3) A limited cooperative association is formed after articles of organization that substantially comply with Subsection (1) are delivered to the division, are filed, and become effective under Subsection 16-16-203(3).
- (4) If articles of organization filed by the division state a delayed effective date, a limited cooperative association is not formed if, before the articles take effect, an organizer signs and delivers to the division for filing a statement of cancellation.

Amended by Chapter 378, 2010 General Session

16-16-303 Organization of limited cooperative association.

- (1) After a limited cooperative association is formed:
 - (a) if initial directors are named in the articles of organization, the initial directors shall hold an organizational meeting to adopt initial bylaws and carry on any other business necessary or proper to complete the organization of the association; or
 - (b) if initial directors are not named in the articles of organization, the organizers shall designate the initial directors and call a meeting of the initial directors to adopt initial bylaws and carry on any other business necessary or proper to complete the organization of the association.
- (2) Unless the articles of organization otherwise provide, the initial directors may cause the limited cooperative association to accept members, including those necessary for the association to begin business.
- (3) Initial directors need not be members.
- (4) An initial director serves until a successor is elected and qualified at a members meeting or the director is removed, resigns, is adjudged incompetent, or dies.

Enacted by Chapter 363, 2008 General Session

16-16-304 Bylaws.

- (1) Bylaws shall be in a record and, if not stated in the articles of organization, shall include:
 - (a) a statement of the capital structure of the limited cooperative association, including:
 - (i) the classes or other types of members' interests and relative rights, preferences, and restrictions granted to or imposed upon each class or other type of member's interest; and
 - (ii) the rights to share in profits or distributions of the association;
 - (b) a statement of the method for admission of members;
 - (c) a statement designating voting and other governance rights, including which members have voting power and any restriction on voting power;
 - (d) a statement that a member's interest is transferable if it is to be transferable and a statement of the conditions upon which it may be transferred;
 - (e) a statement concerning the manner in which profits and losses are allocated and distributions are made among patron members and, if investor members are authorized, the manner in which profits and losses are allocated and how distributions are made among investor members and between patron members and investor members;
 - (f) a statement concerning:
 - (i) whether persons that are not members but conduct business with the association may be permitted to share in allocations of profits and losses and receive distributions; and
 - (ii) the manner in which profits and losses are allocated and distributions are made with respect to those persons; and
 - (g) a statement of the number and terms of directors or the method by which the number and terms are determined.
- (2) Subject to Subsection 16-16-113(3) and the articles of organization, bylaws may contain any other provision for managing and regulating the affairs of the association.
- (3) In addition to amendments permitted under Part 4, Amendment of Organic Rules of Limited Cooperative Association, the initial board of directors may amend the bylaws by a majority vote of the directors at any time before the admission of members.

Amended by Chapter 378, 2010 General Session