

**16-16-1603 Action on plan of conversion by converting limited cooperative association.**

- (1) For a limited cooperative association to convert to another entity, a plan of conversion shall be approved by a majority of the board of directors, or a greater percentage if required by the organic rules, and the board of directors shall call a members meeting to consider the plan of conversion, hold the meeting not later than 90 days after approval of the plan by the board, and mail or otherwise transmit or deliver in a record to each member:
  - (a) the plan, or a summary of the plan and a statement of the manner in which a copy of the plan in a record may be reasonably obtained by a member;
  - (b) a recommendation that the members approve the plan of conversion, or if the board determines that because of a conflict of interest or other 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 plan of conversion to the members; and
  - (d) notice of the meeting at which the plan of conversion will be considered, which shall be given in the same manner as notice of a special meeting of members.
- (2) Subject to Subsections (3) and (4), a plan of conversion shall be approved by:
  - (a) at least two-thirds of the voting power of members present at a members meeting called under Subsection (1); 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.
- (3) The organic rules may require that the percentage of votes under Subsection (2)(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 (3)(a) and (b).
- (4) The vote required to approve a plan of conversion may not be less than the vote required for the members of the limited cooperative association to amend the articles of organization.
- (5) Consent in a record to a plan of conversion by a member shall be delivered to the limited cooperative association before delivery of articles of conversion for filing if as a result of the conversion the member will have:
  - (a) personal liability for an obligation of the association; or
  - (b) an obligation or liability for an additional contribution.
- (6) Subject to Subsection (5) and any contractual rights, after a conversion is approved and at any time before the effective date of the conversion, a converting limited cooperative association may amend a plan of conversion or abandon the planned conversion:
  - (a) as provided in the plan; and
  - (b) except as prohibited by the plan, by the same affirmative vote of the board of directors and of the members as was required to approve the plan.
- (7) The voting requirements for districts, classes, or voting groups under Section 16-16-404 apply to approval of a conversion under this part.

Amended by Chapter 378, 2010 General Session