

2001 DRAFTING REQUEST

Bill

Received: **09/05/2000**

Received By: **champra**

Wanted: **As time permits**

Identical to LRB:

For: **John Ainsworth**

By/Representing: **Himself**

This file may be shown to any legislator: **NO**

Drafter: **champra**

May Contact:

Alt. Drafters:

Subject: **Bus. Assn. - miscellaneous**

Extra Copies:

Pre Topic:

No specific pre topic given

Topic:

Merger or consolifation of cooperatives

Instructions:

See Attached.

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/P1	champra 09/28/2000	jdyer 10/12/2000	jfrantze 10/13/2000	_____	lrb_docadmin 10/13/2000		
/P2	champra 12/06/2000	jdyer 12/06/2000	rschluet 12/07/2000	_____	lrb_docadmin 12/07/2000		
/1	champra 01/11/2001	jdyer 01/11/2001		_____			
/2			martykr 01/12/2001	_____	lrb_docadmin 01/12/2001	lrb_docadmin 01/18/2001	

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/3	champra 03/01/2001	jdye 03/02/2001	jfrantze 03/02/2001	_____	lrb_docadmin 03/02/2001	lrb_docadmin 03/02/2001	

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/2		13 3/2 jld	martykr 01/12/2001	_____	lrb_docadmin 01/12/2001	lrb_docadmin 01/18/2001	

*Jb 3/2 Jb/Rs
3/2*

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FE Sent For:		<i>1/11 jld</i>	<i>[Signature]</i>	<i>[Signature]</i>			
			<i>[Signature]</i>	<i>[Signature]</i>			
				<END>			
			<i>[Signature]</i>	<i>[Signature]</i>			

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/P1	champra 09/28/2000	jdye 10/12/2000	jfrantze 10/13/2000		lrb_docadmin 10/13/2000		

Handwritten notes:
 /P2 12/6 jld
 12-6-00
 12-7-00

FE Sent For:

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Please submit "P" drafts

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/?	champra	1/11/12 jld	10/13	Self 10/13			

FE Sent For:

<END>

Champagne, Rick

From: Rep.Ainsworth
Sent: Tuesday, August 29, 2000 2:29 PM
To: Champagne, Rick
Subject: LRB 4011/P1 - Merger & Consolidation of Cooperatives Legislation

Rick -- Kristina forwarded your response to me regarding LRB 99-4011/P1 - relating to the merger and consolidation of cooperatives. John would like it drafted for the 2001/03 session as follows:

- Cooperatives which operate in Wisconsin or intend to merge with Wisconsin cooperatives must, in their merger (acquisition, buy-out, etc.) proposal, select one of the following procedures which will be used to retire the patronage equity of members of predecessor cooperatives:
 1. All stocks, retained capital, etc., shall be paid out on a first earned-first retired basis - regardless of which predecessor cooperative issued the patronage stock or retained the earnings.
 2. Based on an audit at the time of the merger, each payment for stock retirement shall be paid to owners of the predecessor cooperative(s) in direct proportion to the predecessors' contribution to the newly-merged cooperative.
 - Example: If Cooperative A has a value of \$1,000,000 and Cooperative B has a value of \$4,000,000 at the time of the merger, 80% of each payout must go to those members owning stock in Cooperative B.
 3. An equal percentage of the stock issued by each of the predecessor cooperatives will be paid out with each payment - regardless of the value of that stock at the time of the merger and regardless of date of issue.
 - Example: If Cooperative A has \$1,000,000 of outstanding stock and Cooperative B has \$2,000,000 of outstanding stock and Cooperative C has \$3,000,000 of outstanding stock, 50% of each payment would go to the owners of stock in Cooperative C, 33.3% to owners of stock in Cooperative B and 16.7% to owners of stock in Cooperative A.

Options 1, 2 and 3 notwithstanding, all estates, any outstanding amounts of less than \$100, any disaster relief efforts (fire, tornado, unusual medical conditions, etc.) may be paid out at the discretion of the Board.

The total dollar amount to be used to retire stock in any fiscal year will still be determined by the Board.

Option chosen shall be presented to members as a part of written plan of merger, etc., upon which members vote when approving or rejecting merger plan.

If you should have any questions regarding this draft, please feel free to call our office at 6-3097.



jld

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

Gen

1 AN ACT ...; relating to: merger or consolidation of cooperatives.

Analysis by the Legislative Reference Bureau

This is a preliminary draft. An analysis will be provided in a subsequent version of the draft.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

2 SECTION 1. 185.61 (1) ^x of the statutes is renumbered 185.61 (1) (a) and amended
3 to read:

4 185.61 (1) (a) If otherwise lawful, any 2 or more associations may merge or
5 consolidate under this chapter or under the law of the state where the surviving or
6 new association will exist. Before [✓]

7 (b) Before a cooperative may merge or consolidate with any other association,
8 a written plan of merger or consolidation shall be prepared by the board or by a
9 committee selected by the board or the members for that purpose. The plan shall set

1 forth all the terms of the merger or consolidation, including any provisions for
2 abandonment of the plan, and the proposed effect of the plan on all members and
3 stockholders of the cooperative. ~~In~~

4 (d) In case of consolidation, the plan shall also contain the articles of the new
5 association.

6 History: 1985 a. 30.

7 **SECTION 2.** 185.61 (1) (c) ^X of the statutes is created to read:

8 185.61 (1) (c) The plan of merger or consolidation shall require that the board
9 of the surviving association, if the associations are merged, or the new association,
10 if the associations are consolidated, annually allocate an amount to purchase the
11 equity interest of the members of the associations that are a party to the merger or
12 consolidation. The plan shall also require that the equity interest of the members
13 of the associations that are a party to the merger or consolidation be purchased
14 according to one of the following:

15 1. Equity interests shall be purchased according to the date on which the
16 interests were acquired. Members who first acquired their equity interests shall
17 have the interests purchased before members who subsequently acquired their
18 interests.

19 2. Equity interests shall be purchased according to the value of the predecessor
20 associations. Members of each predecessor association shall receive a pro rata share
21 of the total amount distributed by the board in each year based on the value of the
22 predecessor association relative to the value of the surviving association, if the
23 associations are merged, or the new association, if the associations are consolidated.
24 The value of each predecessor association and the value of the surviving association,
if the associations are merged, or the new association, if the associations are

1 consolidated, shall be determined by an audit that is conducted at the time of merger
2 or consolidation.

3 3. Equity interests shall be purchased according to the value of the outstanding
4 capital stock of each predecessor association. Members of each predecessor
5 association shall receive a pro rata share of the total amount distributed by the board
6 in each year based on the value of the outstanding capital stock of the predecessor
7 association relative to the value of the outstanding capital stock of all of the
8 predecessor associations.

9 **SECTION 3. Initial applicability.**

10 (1) This act first applies to plans of merger or consolidation that are submitted
11 by a board of directors of a cooperative under section 185.61[✓] of the statutes on the
12 effective date of this subsection.✓

13

(END)

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-0045/P1dn

RAC:.....

↑
jld

I have prepared this draft as a preliminary draft because I believe that there are several issues that need clarification before the draft can be prepared for introduction. In addition, I believe that the draft should be reviewed by individuals who are experienced in drafting plans of merger or consolidation for business associations, such as cooperatives. The reason is that I am uncertain if the provisions in this draft can be implemented in the way that you intend.

One of the issues has to do with what is a key feature of your request. This feature is the requirement that a plan of merger or consolidation must have a buy-out procedure. Under current law, in s. 185.61 (1), a plan of merger or consolidation must only indicate how the plan will effect the members; there is no requirement that the equity interests of the members must be purchased by the surviving or new cooperative. By requiring that the equity interests must be purchased, this will obviously impact on those plans of merger or consolidation in which there is no intent to purchase the members' equity interests. Please make certain that you intend to require that each merger or consolidation that involves a cooperative in this state must include a buy-out mechanism.

A related issue involves the property interest that is to be purchased. I have used the term "equity interest" to try to capture the value of the assets of a cooperative that are owned by a member of the cooperative. Please note that there will be instances in which the value of an "equity interest" will not be absolutely certain.

Finally, you should be aware that some cooperatives may already have bylaws or other contractual provisions relating to the distribution of the assets of the cooperative in the event of merger or consolidation or upon dissolution of the cooperative. This draft may, therefore, result in an impairment of contract between the cooperative and its members who have purchased capital stock. If the impairment is substantial, without a significant and legitimate public purpose, the provisions may result in an unconstitutional impairment of contract under art. I, sec. 12, of the Wisconsin Constitution.

Rick A. Champagne
Senior Legislative Attorney
Phone: (608) 266-9930
E-mail: rick.champagne@legis.state.wi.us

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-0045/P1dn
RAC:jld:jf

October 13, 2000

I have prepared this draft as a preliminary draft because I believe that there are several issues that need clarification before the draft can be prepared for introduction. In addition, I believe that the draft should be reviewed by individuals who are experienced in drafting plans of merger or consolidation for business associations, such as cooperatives. The reason is that I am uncertain if the provisions in this draft can be implemented in the way that you intend.

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Rick A. Champagne
Senior Legislative Attorney
Phone: (608) 266-9930
E-mail: rick.champagne@legis.state.wi.us



FRI (if possible)

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

Regen

1 AN ACT *to renumber and amend* 185.61 (1); and *to create* 185.61 (1) (c) of the
2 statutes; **relating to:** merger or consolidation of cooperatives.

Analysis by the Legislative Reference Bureau

This is a preliminary draft. An analysis will be provided in a subsequent version of the draft.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

3 SECTION 1. 185.61 (1) of the statutes is renumbered 185.61 (1) (a) and amended
4 to read:

5 185.61 (1) (a) If otherwise lawful, any 2 or more associations may merge or
6 consolidate under this chapter or under the law of the state where the surviving or
7 new association will exist. Before

8 (b) Before a cooperative may merge or consolidate with any other association,
9 a written plan of merger or consolidation shall be prepared by the board or by a

1 committee selected by the board or the members for that purpose. The plan shall set
2 forth all the terms of the merger or consolidation, including any provisions for
3 abandonment of the plan, and the proposed effect of the plan on all members and
4 stockholders of the cooperative. In

5 (d) In case of consolidation, the plan shall also contain the articles of the new
6 association.

7 SECTION 2. 185.61 (1) (c) of the statutes is created to read:

*Except as provided
in par. (e), the*

8

185.61 (1) (c) ~~The~~ plan of merger or consolidation shall require that the board
9 of the surviving association, if the associations are merged, or the new association,
10 if the associations are consolidated, annually allocate an amount ^{to be determined by} to purchase the
11 equity interest of the members of the associations that are a party to the merger or
12 consolidation. The plan shall also require that the equity interest of the members
13 of the associations that are a party to the merger or consolidation be purchased
14 according to one of the following:

the board,

15 1. Equity interests shall be purchased according to the date on which the
16 interests were acquired. Members who first acquired their equity interests shall
17 have the interests purchased before members who subsequently acquired their
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19 2. Equity interests shall be purchased according to the value of the predecessor
20 associations. Members of each predecessor association shall receive a pro rata share
21 of the total amount distributed by the board in each year based on the value of the
22 predecessor association relative to the value of the surviving association, if the
23 associations are merged, or the new association, if the associations are consolidated.
24 The value of each predecessor association and the value of the surviving association,
25 if the associations are merged, or the new association, if the associations are

1 consolidated, shall be determined by an audit that is conducted at the time of merger
2 or consolidation.

3 3. Equity interests shall be purchased according to the value of the outstanding
4 capital stock of each predecessor association. Members of each predecessor
5 association shall receive a pro rata share of the total amount distributed by the board
6 in each year based on the value of the outstanding capital stock of the predecessor
7 association relative to the value of the outstanding capital stock of all of the
8 predecessor associations.

9 **SECTION 3. Initial applicability.**

10 (1) This act first applies to plans of merger or consolidation that are submitted
11 by a board of directors of a cooperative under section 185.61 of the statutes on the
12 effective date of this subsection.

13

(END)

Insert
3-8

2001-2002 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-0045/P2ins
RAC:

3-8

SECTION 1. 185.61 (1) (e) of the statutes is created to read:

185.61 (1) (e) Paragraph (c) [✓] does not apply to a plan of merger or consolidation involving an association that has articles or bylaws ^{that} ~~which~~ specify the treatment of the equity interests of its members on merger or consolidation.



John Ainsworth

State Representative • 6th Assembly District

Chair: Assembly Committee on Rural Affairs

January 10, 2001

Rick Champagne, Attorney
LRB – Bill Drafting
100 N. Hamilton - 5th Floor

IN RE: LRB 0045/P2

Dear Rick:

I have recently participated in another meeting regarding LRB 0045/P2, relating to merger or consolidation of cooperatives, and wanted to make an additional amendment to the draft. On page 3 of the draft, lines 5, 7, and 8 – the term “capital stock” is used. I would like to substitute the term “equity interests” in each of these cases.

Also, an inquiry arose regarding the issue of cooperatives that operate within the state but have corporate offices outside Wisconsin, which I was unable to answer. Hopefully, you will be able to assist in answering the following questions.

If a Wisconsin cooperative proposes to merge with a Minnesota-based cooperative, do Wisconsin laws apply? If a Minnesota cooperative proposes to merge with a Wisconsin-based cooperative, do Wisconsin laws apply?

Thank you again for your continued assistance regarding this legislative request. Please do not hesitate to contact me with any additional questions or concerns.

Sincerely,

JOHN AINSWORTH
State Representative
6th Assembly District

JA/khb





State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-0045/P2 /

RAC:jld:rs

SOON

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

2001 Bill

- gen cat.

1 AN ACT to renumber and amend 185.61 (1); and to create 185.61 (1) (c) and
2 185.61 (1) (e) of the statutes; relating to: merger or consolidation of
3 cooperatives.

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Insert Analysis

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

4 Fix component SECTION 1. 185.61 (1) of the statutes is renumbered ~~185.61 (1) (a)~~ and amended
5 to read:
6 185.61 (1) (a) If otherwise lawful, any 2 or more associations may merge or
7 consolidate under this chapter or under the law of the state where the surviving or
8 new association will exist. Before
9 (b) Before a cooperative may merge or consolidate with any other association,
10 a written plan of merger or consolidation shall be prepared by the board or by a

1 committee selected by the board or the members for that purpose. The plan shall set
2 forth all the terms of the merger or consolidation, including any provisions for
3 abandonment of the plan, and the proposed effect of the plan on all members and
4 stockholders of the cooperative. In^e

5 (d) In^{plain} case of consolidation, the plan shall also contain the articles of the new
6 association.

7 **SECTION 2.** 185.61 (1) (c) of the statutes is created to read:

8 185.61 (1) (c) Except as provided in par. (e), the plan of merger or consolidation
9 shall require that the board of the surviving association, if the associations are
10 merged, or the new association, if the associations are consolidated, annually
11 allocate an amount, to be determined by the board, to purchase the equity interest
12 of the members of the associations that are a party to the merger or consolidation.
13 The plan shall also require that the equity interest of the members of the associations
14 that are a party to the merger or consolidation be purchased according to one of the
15 following:

16 1. Equity interests shall be purchased according to the date on which the
17 interests were acquired. Members who first acquired their equity interests shall
18 have the interests purchased before members who subsequently acquired their
19 interests.

20 2. Equity interests shall be purchased according to the value of the predecessor
21 associations. Members of each predecessor association shall receive a pro rata share
22 of the total amount distributed by the board in each year based on the value of the
23 predecessor association relative to the value of the surviving association, if the
24 associations are merged, or the new association, if the associations are consolidated.
25 The value of each predecessor association and the value of the surviving association,

1 if the associations are merged, or the new association, if the associations are
2 consolidated, shall be determined by an audit that is conducted at the time of merger
3 or consolidation.

4 3. Equity interests shall be purchased according to the value of the outstanding
5 ~~capital stock~~ ^{equity interests} ✓ of each predecessor association. Members of each predecessor
6 association shall receive a pro rata share of the total amount distributed by the board
7 in each year based on the value of the outstanding ~~capital stock~~ ^{equity interests} ✓ of the predecessor
8 association relative to the value of the outstanding ~~capital stock~~ ^{equity interests} ✓ of all of the
9 predecessor associations.

10 SECTION 3. 185.61 (1) (e) of the statutes is created to read:

11 185.61 (1) (e) Paragraph (c) does not apply to a plan of merger or consolidation
12 involving an association that has articles or bylaws that specify the treatment of the
13 equity interests of its members on merger or consolidation.

14 SECTION 4. Initial applicability.

15 (1) This act first applies to plans of merger or consolidation that are submitted
16 by a board of directors of a cooperative under section 185.61 ✓ of the statutes on the
17 effective date of this subsection.

18 (END)

Insert Analysis:

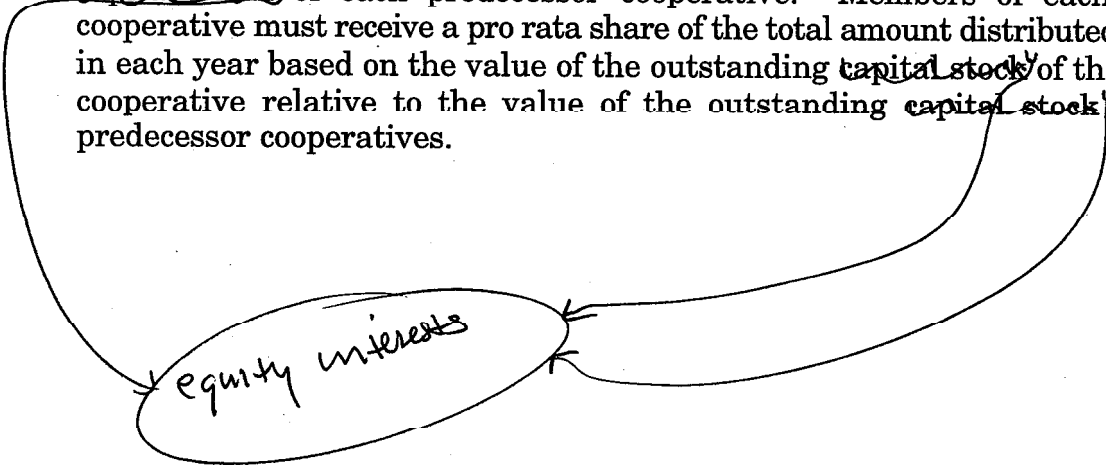
Current law authorizes the merger or consolidation of any two or more cooperatives. Before any such merger or consolidation may take place, however, a written plan must be prepared specifying the terms of the merger or consolidation. If the cooperatives are consolidated, the plan must also contain the articles of incorporation of the new cooperative.

This bill provides that the plan of merger or consolidation must require that the board of the surviving or new cooperative annually allocate an amount, to be determined by the board, to purchase the equity interest of the members of the cooperatives that are a party to the merger or consolidation. The plan must also require that the equity interest of the members of the cooperatives be purchased according to one of the following:

1. Equity interests must be purchased according to the date on which the interests were acquired. Members who first acquired their equity interests must have the interests purchased before members who subsequently acquired their interests.

2. Equity interests must be purchased according to the value of the predecessor cooperatives. Members of each predecessor cooperative must receive a pro rata share of the total amount distributed by the board in each year based on the value of the predecessor cooperative relative to the value of the surviving or new cooperative. The value of each predecessor cooperative and the value of the surviving or new cooperative must be determined by an audit that is conducted at the time of merger or consolidation.

3. Equity interests must be purchased according to the value of the outstanding ~~capital stock~~ of each predecessor cooperative. Members of each predecessor cooperative must receive a pro rata share of the total amount distributed by the board in each year based on the value of the outstanding ~~capital stock~~ of the predecessor cooperative relative to the value of the outstanding ~~capital stock~~ of all of the predecessor cooperatives.





State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

100 NORTH HAMILTON STREET
5TH FLOOR
MADISON, WI 53701-2037

STEPHEN R. MILLER
CHIEF

LEGAL SECTION: (608) 266-3561
LEGAL FAX: (608) 264-6948

January 12, 2001

MEMORANDUM

To: Representative Ainsworth

From: Rick A. Champagne, Senior Attorney

Re: LRB-0045 Merger or consolidation of cooperatives

The attached draft was prepared at your request. Please review it carefully to ensure that it is accurate and satisfies your intent. If it does and you would like it jacketed for introduction, please indicate below for which house you would like the draft jacketed and return this memorandum to our office. If you have any questions about jacketing, please call our program assistants at 266-3561. Please allow one day for jacketing.

JACKET FOR ASSEMBLY JACKET FOR SENATE

If you have any questions concerning the attached draft, or would like to have it redrafted, please contact me at (608) 266-9930 or at the address indicated at the top of this memorandum.

If the last paragraph of the analysis states that a fiscal estimate will be prepared, the LRB will request that it be prepared after the draft is introduced. You may obtain a fiscal estimate on the attached draft before it is introduced by calling our program assistants at 266-3561. Please note that if you have previously requested that a fiscal estimate be prepared on an earlier version of this draft, you will need to call our program assistants in order to obtain a fiscal estimate on this version before it is introduced.

Please call our program assistants at 266-3561 if you have any questions regarding this memorandum.

Champagne, Rick

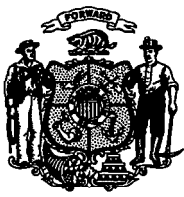
From: Rep. Ainsworth
Sent: Tuesday, February 27, 2001 10:04 AM
To: Champagne, Rick
Subject: LRB 0045/P2 - Merger of Cooperatives

Rick -

Rep. Ainsworth would like to make a slight change to LRB 0045/P2 - merger or consolidation of cooperatives. In the last paragraph of the draft - Section 4 - he would like the words "as defined under the original articles of incorporation" after the word, "consolidation". If you should have any questions regarding this request, please feel free to telephone.

Carol Redell/Office of Rep. Ainsworth
6-3097

Spoke w/ Rep.
Ainsworth on 3/1/01; he
said he wanted to add the
text to the "1" version,
page 4, line 2. His intent is
to prevent associations from changing
their articles or bylaws to avoid the
provision in his bill.



SOON

RMR

2001 BILL

Regen

1 AN ACT to amend 185.61 (1); and to create 185.61 (1) (c) and 185.61 (1) (e) of the
2 statutes; relating to: merger or consolidation of cooperatives.

Analysis by the Legislative Reference Bureau

Current law authorizes the merger or consolidation of any two or more cooperatives. Before any such merger or consolidation may take place, however, a written plan must be prepared specifying the terms of the merger or consolidation. If the cooperatives are consolidated, the plan must also contain the articles of incorporation of the new cooperative.

This bill provides that the plan of merger or consolidation must require that the board of the surviving or new cooperative annually allocate an amount, to be determined by the board, to purchase the equity interest of the members of the cooperatives that are a party to the merger or consolidation. The plan must also require that the equity interest of the members of the cooperatives be purchased according to one of the following:

1. Equity interests must be purchased according to the date on which the interests were acquired. Members who first acquired their equity interests must have the interests purchased before members who subsequently acquired their interests.

2. Equity interests must be purchased according to the value of the predecessor cooperatives. Members of each predecessor cooperative must receive a pro rata share of the total amount distributed by the board in each year based on the value of the predecessor cooperative relative to the value of the surviving or new cooperative. The value of each predecessor cooperative and the value of the surviving or new

BILL

cooperative must be determined by an audit that is conducted at the time of merger or consolidation.

3. Equity interests must be purchased according to the value of the outstanding equity interests of each predecessor cooperative. Members of each predecessor cooperative must receive a pro rata share of the total amount distributed by the board in each year based on the value of the outstanding equity interests of the predecessor cooperative relative to the value of the outstanding equity interests of all of the predecessor cooperatives.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 185.61 (1) of the statutes is amended to read:

2 185.61 (1) (a) If otherwise lawful, any 2 or more associations may merge or
3 consolidate under this chapter or under the law of the state where the surviving or
4 new association will exist.

5 (b) Before a cooperative may merge or consolidate with any other association,
6 a written plan of merger or consolidation shall be prepared by the board or by a
7 committee selected by the board or the members for that purpose. The plan shall set
8 forth all the terms of the merger or consolidation, including any provisions for
9 abandonment of the plan, and the proposed effect of the plan on all members and
10 stockholders of the cooperative.

11 (d) In case of consolidation, the plan shall also contain the articles of the new
12 association.

13 **SECTION 2.** 185.61 (1) (c) of the statutes is created to read:

14 185.61 (1) (c) Except as provided in par. (e), the plan of merger or consolidation
15 shall require that the board of the surviving association, if the associations are
16 merged, or the new association, if the associations are consolidated, annually
17 allocate an amount, to be determined by the board, to purchase the equity interest
18 of the members of the associations that are a party to the merger or consolidation.

BILL

1 The plan shall also require that the equity interest of the members of the associations
2 that are a party to the merger or consolidation be purchased according to one of the
3 following:

4 1. Equity interests shall be purchased according to the date on which the
5 interests were acquired. Members who first acquired their equity interests shall
6 have the interests purchased before members who subsequently acquired their
7 interests.

8 2. Equity interests shall be purchased according to the value of the predecessor
9 associations. Members of each predecessor association shall receive a pro rata share
10 of the total amount distributed by the board in each year based on the value of the
11 predecessor association relative to the value of the surviving association, if the
12 associations are merged, or the new association, if the associations are consolidated.
13 The value of each predecessor association and the value of the surviving association,
14 if the associations are merged, or the new association, if the associations are
15 consolidated, shall be determined by an audit that is conducted at the time of merger
16 or consolidation.

17 3. Equity interests shall be purchased according to the value of the outstanding
18 equity interests of each predecessor association. Members of each predecessor
19 association shall receive a pro rata share of the total amount distributed by the board
20 in each year based on the value of the outstanding equity interests of the predecessor
21 association relative to the value of the outstanding equity interests of all of the
22 predecessor associations.

23 **SECTION 3.** 185.61 (1) (e) of the statutes is created to read:

BILL

1 185.61 (1) (e) Paragraph (c) does not apply to a plan of merger or consolidation
 2 involving an association that ~~has articles or bylaws that specify~~ the treatment of the
 3 equity interests of its members on merger or consolidation.

SECTION 4. Initial applicability.

5 (1) This act first applies to plans of merger or consolidation that are submitted
 6 by a board of directors of a cooperative under section 185.61 of the statutes on the
 7 effective date of this subsection.

(END)

✓

in its initial articles or bylaws specified

D-Nate

Because of a computer glitch, there is no "1/2" version of this draft. The "1/3" version is based on the "1/1" version.

RAC

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-0045/3dn
RAC;jld:jf

March 2, 2001

Because of a computer glitch, there is no "/2" version of this draft. The "/3" version is based on the "/1" version.

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