

# House Calendar

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THURSDAY, FEBRUARY 19, 2009

44th DAY OF BIENNIAL SESSION

House Convenes at 9:30 A. M.

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ORDERS OF THE DAY

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**ACTION CALENDAR**

**Committee Bill for Second Reading**

**H. 232**

An act relating to fiscal year 2009 budget adjustment.

**(Rep. Heath of Westford will speak for the Committee on Appropriations.)**

**Amendment to be offered by Rep. Heath of Westford to H. 232**

Moves the bill be amended by inserting a new Sec. 127 to read:

Sec. 127. 10 V.S.A. § 1942(a) and (b) is amended to read:

(a) There is hereby established a licensing fee of one cent per gallon of motor fuel sold by a distributor or dealer or used by a user in this state, which will be assessed against every distributor, dealer or user as defined in 23 V.S.A. chapters 27 and 28, and which will be deposited into the petroleum cleanup fund. After analysis of the projected unencumbered fund balance, ~~the~~ secretary, in consultation with the Vermont Petroleum Association and the Vermont Fuel Dealers Association, Inc. ~~shall~~ may make a recommendation to the legislature as to annually determine whether or not to assess the one-cent licensing fee for the upcoming year . ~~If the unencumbered balance of the motor fuel account of the fund established under subsection 1941(a) of this title is equal to or greater than \$7,000,000.00, then the one-cent licensing assessment for the upcoming year shall not be assessed. If the unencumbered balance in the fund is less than \$7,000,000, then the annual fee may be assessed. The secretary shall notify all sellers assessing this fee of the status of the fee for the upcoming year.~~ This fee will be paid in the same manner, at the same time, and subject to the same restrictions or limitations as the tax on motor fuels. The fee will be collected by the commissioner of motor vehicles and deposited into the petroleum cleanup fund. This fee requirement shall terminate on April 1, 2011.

(b) There is assessed against every seller receiving more than \$10,000.00 annually for the retail sale of heating oil or kerosene, sold in this state and not used to propel a motor vehicle, a licensing fee of one-half cent per gallon of such heating oil or kerosene. This fee shall be subject to the collection, administration, and enforcement provisions of chapter 233 of Title 32, and the fees collected under this subsection by the commissioner of taxes shall be

deposited into the petroleum cleanup fund. After analysis of the projected unencumbered fund balance, ~~The~~ secretary, in consultation with the Vermont Petroleum Association and the Vermont Fuel Dealers Association, Inc. ~~shall~~ may make a recommendation to the legislature as to annually determine whether or not to assess the one-half cent licensing fee for the upcoming year. ~~If the unencumbered balance of heating fuel account of the fund established under subsection 1941(a) of this title is equal to or greater than \$3,000,000.00, then the one half cent licensing assessment for the upcoming year shall not be assessed. If the unencumbered balance in the fund is less than \$3,000,000, then the annual fee may be assessed. The secretary shall notify all sellers assessing this fee of the status of the fee for the upcoming year.~~ This fee provision shall terminate April 1, 2011.

And by renumbering the remaining section be renumbered to be numerically correct.

### Favorable with Amendment

#### S. 13

An act relating to Vermont's sexual abuse response system.

**Rep. Lippert of Hinesburg**, for the Committee on **Judiciary**, recommends that the House propose to the Senate that the bill be amended by striking all after the enacting clause and inserting in lieu thereof the following:

#### Sec. 1. LEGISLATIVE INTENT

This act is intended to implement the November 12, 2008 Report of the Senate Committee on Judiciary's 34-Point Comprehensive Plan for Vermont's Sexual Abuse Response System. The purpose of this act is to increase child sexual abuse prevention efforts, enhance investigations and prosecutions of child sexual abuse, provide sentencing courts with the information necessary to devise appropriate sentences for sex offenders, and improve supervision of sex offenders.

\* \* \* Prevention \* \* \*

#### Sec. 2. COMPREHENSIVE STATEWIDE APPROACH TO THE PREVENTION OF CHILD SEXUAL ABUSE

(a) Prevention is the most important and most often overlooked tool available to the state to fight sexual violence against children. While there are a number of programs and organizations devoted to raising awareness about sexual abuse of children, a coordinated and properly funded statewide approach is needed to ensure that we are devoting appropriate resources and programming to stopping abuse before it happens, not just responding to the

crime. The Vermont Approach, Vermont's strategic plan for comprehensive, collaborative sexual violence prevention, should continue to be supported in its efforts to prevent sexual violence. Proper funding will increase the state's ability to fight child sexual abuse and to provide needed services to victims and communities.

(b) The senate committee on health and welfare, and the house committee on human services, in consultation with the senate and house committees on education and on appropriations and the house committee on corrections and institutions, shall build on the recent work of the senate committee on judiciary and upon the work of the sexual violence prevention task force, created by the general assembly in No. 192 of the Acts of the 2005 Adj. Sess.(2006), in an effort to enhance the comprehensive statewide approach to the prevention of child sexual abuse. As appropriate, legislation shall be developed for introduction on January 5, 2010.

Sec. 2a. Sec. 4 of No. 192 of the Acts of the 2005 Adj. Sess.(2006) is amended to read:

#### Sec. 4. SEXUAL VIOLENCE PREVENTION TASK FORCE

\* \* \*

(c) On or before January 15, 2007, and on or before January 15 for ~~five~~ seven years thereafter, the task force shall report on its activities during the preceding year to the house and senate committees on education and judiciary. The task force shall cease to exist after it files the report due on January 15, ~~2012~~ 2014.

Sec. 3. 16 V.S.A. § 131 is amended to read:

#### § 131. DEFINITIONS

For the purposes of this subchapter: ~~“Comprehensive~~ , “comprehensive health education” means a systematic and extensive elementary and secondary educational program designed to provide a variety of learning experiences based upon knowledge of the human organism as it functions within its environment. The term includes, ~~but is not limited to, a~~ the study of:

\* \* \*

(9) Drugs including education about alcohol, caffeine, nicotine and prescribed drugs; ~~and~~

(10) Nutrition; and

(11) How to recognize and prevent sexual abuse and sexual violence, including developmentally appropriate instruction about promoting healthy and

respectful relationships, developing and maintaining effective communication with trusted adults, recognizing sexually offending behaviors, and gaining awareness of available school and community resources.

#### Sec. 3a. TRANSITIONAL PROVISIONS

(a) On or before September 1, 2009, the commissioner of education, in consultation with the commissioner for children and families, shall convene a working group to consist of the following members:

(1) The members of the sexual violence task force created by Sec. 4 of No. 192 of the Acts of the 2005 Adj. Sess. (2006).

(2) The coordinator of the Vermont network of treatment programs for juveniles with sexual behavior problems or the coordinator's designee, who shall be a psychologist with expertise in the area of counseling sexually abused children.

(3) One member of the Vermont school counselors association, to be selected by the board of the association.

(4) One member of the comprehensive health education and wellness advisory council created by 16 V.S.A. § 132 or an individual who currently provides health education in public schools, to be selected by the voting members of the advisory council.

(5) A representative of the early education provider community, to be selected by the officers of the board of Kids Are Priority One.

(6) Any other person or persons the members of the working group believe will inform their efforts.

(b) The working group shall prepare technical assistance materials that support the instruction required by 16 V.S.A. § 131(11). The materials shall be made available on or before July 1, 2010 to help school districts and supervisory unions in the creation and implementation of developmentally appropriate instructional programs.

(c) The working group shall provide training and other support related to implementing the requirements of 16 V.S.A. § 131(11) to any school district or supervisory union that requests its assistance.

#### Sec. 3b. EFFECTIVE DATE

(a) This section and Sec. 3a of this act shall take effect on passage.

(b) Sec. 3 of this act shall take effect on July 1, 2011.

Sec. 4. 16 V.S.A. § 254 is amended to read:

§ 254. EDUCATOR LICENSURE; EMPLOYMENT OF SUPERINTENDENTS

(a) The commissioner shall sign and keep a user agreement with the Vermont criminal information center.

(b) The commissioner shall request and obtain from the Vermont criminal information center the criminal record for any person applying for an initial license as a professional educator or for reinstatement of a license that has lapsed pursuant to subdivision 256(a)(3) of this title, or for any person who is offered a position as superintendent of schools in Vermont.

(c) A request made under subsection (b) of this section shall be accompanied by a release signed by the person on a form provided by the Vermont criminal information center, a set of the person's fingerprints, and a fee established by the Vermont criminal information center which shall reflect the cost of obtaining the record. The fee shall be paid by the applicant. The release form to be signed by the applicant shall include a statement informing the applicant of:

(1) the right to challenge the accuracy of the record by appealing to the Vermont criminal information center pursuant to rules adopted by the commissioner of public safety; and

(2) the ~~commissioner's~~ commissioner of education's policy regarding maintenance and destruction of records and the person's right to request that the record or notice be maintained for purposes of using it to comply with future criminal record check requests made pursuant to section 256 of this title.

(d) Upon completion of a criminal record check required by subsection (b) of this section, the Vermont criminal information center shall send to the commissioner either a notice that no record exists or a copy of the record. If a copy of a criminal record is received, the commissioner shall forward it to the person and shall inform the person in writing of:

(1) the right to challenge the accuracy of the record by appealing to the Vermont criminal information center pursuant to rules adopted by the commissioner of public safety; and

(2) the ~~commissioner's~~ commissioner of education's policy regarding maintenance and destruction of records and the person's right to request that the record or notice be maintained for purposes of using it to comply with future criminal record check requests made pursuant to section 256 of this title.

(e) The commissioner shall request and obtain information from the child protection registry maintained by the department for children and families and from the vulnerable adult abuse, neglect, and exploitation registry maintained

by the department of disabilities, aging, and independent living (collectively, the “registries”) for any person for whom a criminal record check is required under subsection (b) of this section. The department for children and families and the department of disabilities, aging, and independent living shall adopt rules governing the process for obtaining information from the registries and for disseminating and maintaining records of that information under this subsection. A person denied a license based upon information acquired under this subsection may appeal the decision pursuant to subsection 1696(f) of this title.

(f) A person convicted of a sex offense that requires registration pursuant to chapter 167, subchapter 3 of Title 13 shall not be eligible for an initial license as a professional educator, renewal of a license, reinstatement of a lapsed license, or employment as a superintendent of schools in Vermont under this section.

Sec. 5. 16 V.S.A. § 255 is amended to read:

§ 255. PUBLIC AND INDEPENDENT SCHOOL EMPLOYEES;  
CONTRACTORS

(a) Superintendents, headmasters of recognized or approved ~~Vermont~~ independent schools, and their contractors shall request criminal record information for the following:

(1) The person a superintendent or headmaster is prepared to recommend for any full-time, part-time or temporary employment.

(2) Any person directly under contract to an independent school or school district who may have unsupervised contact with school children.

(3) Any employee of a contractor under contract to an independent school or school district who is in a position that may result in unsupervised contact with school children.

(4) Any student working toward a degree in teaching who is a student teacher in a school within the superintendent’s or headmaster’s jurisdiction.

(b) After signing a user agreement, a superintendent or a headmaster shall make a request directly to the Vermont criminal information center. A contractor shall make a request through a superintendent or headmaster.

(c) A request made under subsection (b) of this section shall be accompanied by a set of the person’s fingerprints and a fee established by the Vermont criminal information center which shall reflect the cost of obtaining the record from the FBI. The fee shall be paid in accordance with adopted school board policy.

(d) Upon completion of a criminal record check, the Vermont criminal information center shall send to the superintendent or headmaster a notice that no record exists or, if a record exists:

(1) ~~a~~ A copy of any criminal record for Vermont convictions,~~and,~~

(2) ~~if~~ If the requester is a superintendent, a notice of any criminal record ~~which~~ that is located in either another state repository or FBI records, but not a record of the specific convictions except those relating to crimes of a sexual nature involving children.

(3) ~~if~~ If the requester is a headmaster, a notice of any criminal record ~~which~~ that is located in either another state repository or FBI records, but not a record of the specific convictions. However, if there is a record relating to any crimes of a sexual nature involving children, the Vermont criminal information center shall send this record to the commissioner who shall notify the headmaster in writing, with a copy to the person about whom the request was made, that the record includes one or more convictions for a crime of a sexual nature involving children.

\* \* \*

(h) A superintendent or headmaster shall request and obtain information from the child protection registry maintained by the department for children and families and from the vulnerable adult abuse, neglect, and exploitation registry maintained by the department of disabilities, aging, and independent living (collectively, the “registries”) for any person for whom a criminal record check is required under subsection (a) of this section. The department for children and families and the department of disabilities, aging, and independent living shall adopt rules governing the process for obtaining information from the registries and for disseminating and maintaining records of that information under this subsection.

(i) A person convicted of a sex offense that requires registration pursuant to chapter 167, subchapter 3 of Title 13 shall not be eligible for employment under this section.

(j) The board of trustees of a recognized or approved independent school shall request a criminal record check and a check of the registries pursuant to the provisions of this section prior to offering employment to a headmaster.

Sec. 6. 16 V.S.A. § 256 is amended to read:

§ 256. CONTINUED VALIDITY OF CRIMINAL RECORD CHECK;  
MAINTENANCE OF RECORDS

(a)(1) Anyone required to request a criminal record check and a check of the child protection and the vulnerable adult abuse, neglect, and exploitation



registries under this subchapter about a person who previously has undergone a ~~check~~ one or both checks, regardless of whether the check was for student teaching, licensure, or employment purposes, shall comply with that requirement by acquiring the results of the previous criminal record check unless:

~~(1)~~(A) the person refuses to authorize release of the information;

~~(2)~~(B) the record no longer exists; ~~or~~

~~(3)~~(C) since the record check, there has been a period of one year or more during which the person has not worked for a Vermont school district or a recognized or an approved independent school; or

(D) as otherwise required by this chapter.

(2) Anyone required to request a criminal record check under this subchapter about a person who has previously undergone a check may request a name and date of birth or fingerprint-supported recheck of the criminal record at any time during the course of the record subject's employment in the capacity for which the original check was required. Rechecking criminal records may be accomplished through a subscription service.

(b) A superintendent or headmaster who receives criminal record or registry information under this subchapter shall maintain the record or information pursuant to the user agreement for maintenance of records. At the end of the time required by the user agreement for maintenance of the information, the superintendent or headmaster shall destroy the information in accordance with the user agreement unless the person authorizes maintenance of the record. If authorized by the person, the superintendent or headmaster shall:

\* \* \*

Sec. 6a. AGENCY OF HUMAN SERVICES; CHILD PROTECTION REGISTRY; VULNERABLE ADULT ABUSE, NEGLECT, AND EXPLOITATION REGISTRY

The agency of human services, the commissioner of the department for children and families, and the commissioner of the department of disabilities, aging, and independent living shall implement protocols for sharing and providing information from the child protection registry and from the vulnerable adult abuse, neglect, and exploitation registry in a coordinated manner to those entities authorized by law to receive such information. Protocols shall focus on the most efficient and timely manner to provide such information to authorized requestors.

Sec. 6b. 16 V.S.A. § 252(1) is amended to read;

(1) "Criminal record" means the record of:

\* \* \*

(A) convictions in Vermont, including whether any of the convictions requires registration pursuant to subchapter 3 of chapter 167 of Title 13; and

\* \* \*

Sec. 6c. EFFECTIVE DATES

(a) This section and Sec. 6a shall take effect on passage.

(b) Sec. 6b shall take effect July 1, 2009.

(c) Secs. 4, 5, and 6 of this act shall take effect on December 31, 2010 and shall apply solely to criminal record checks or registry checks required after that date; provided, however, for a person currently licensed as an educator who has not been the subject of a criminal records check pursuant to 16 V.S.A. § 254 or 255, the commissioner shall cause a criminal record check and a registry check to be conducted pursuant to the procedures outlined in 16 V.S.A. § 254 at the time the educator's license is next renewed following the effective date of this section.

Sec. 7. VOLUNTEERS, WORK STUDY STUDENTS, AND  
COMMUNITY-BASED LEARNING; STUDY

The commissioner of education shall examine ways to ensure the safety of students in schools and offsite workplaces without creating barriers that make it impossible or impractical for volunteers and work study students to assist school staff or for students to participate in community-based learning programs. The commissioner shall propose mechanisms for ensuring that registered sex offenders do not have unsupervised contact with students as volunteers. On or before January 15, 2010, the commissioner shall submit recommendations to the house and senate committees on education and on judiciary.

Sec. 7a. EFFECTIVE DATE

This section and Sec. 7 of this act shall take effect on passage.

Sec. 8. 20 V.S.A. § 2064 is added to read:

§ 2064. SUBSCRIPTION SERVICE

(a) As used in this section:

(1) "State Identification Number (SID)" means a unique number generated by the center to identify a person in the criminal history database.

(2) “Subscription service” means a service provided by the center whereby authorized requestors may be notified when an individual’s criminal record is updated.

(b) The center shall provide the department for children and families and education officials authorized under subchapter 4 of chapter 5 of Title 16 to receive criminal records access to a criminal record subscription service. Authorized persons may subscribe to an individual’s SID number, provided the individual has given written authorization on a release form provided by the center.

(c) The release form shall contain the individual’s name, signature, date of birth, and place of birth. The release form shall state that the individual has the right to appeal the findings to the center, pursuant to rules adopted by the commissioner of public safety.

(d) The center shall provide authorized officials with information regarding the subscription service offered by the center prior to being authorized to participate in the subscription service. The materials shall address the following topics:

(1) Requirements of subscription, renewal, and cancellation with the service.

(2) How to interpret the criminal conviction records.

(3) How to obtain source documents summarized in the criminal conviction records.

(4) Misuse of the subscription service.

(e) Authorized officials shall certify on their subscription request that they have read and understood materials prior to receiving authorization to request a subscription from the center.

(f) During the subscription period, the center shall notify authorized officials in writing if new criminal conviction information is added to an individual’s criminal history record. Notification may be sent electronically.

(g) An authorized official who receives a criminal conviction record pursuant to this section shall provide a free copy of such record to the subject of the record within ten days of receipt of the record.

(h) Except insofar as criminal conviction record information must be retained or made public pursuant to chapter 51 of Title 16 or the state board of education administrative rules promulgated thereunder, no person shall confirm the existence or nonexistence of criminal conviction record information or disclose the contents of a criminal conviction record without the

individual's permission to any person other than the individual and properly designated employees of the authorized education official who have a documented need to know the contents of the record.

(i) Except insofar as criminal conviction record information must be retained or made public pursuant to chapter 51 of Title 16 or the state board of education administrative rules promulgated thereunder, authorized education officials shall confidentially retain all criminal conviction information received pursuant to this section for a period of three years. At the end of the retention period, the criminal conviction information must be shredded.

(j) A person who violates any subsection of this section shall be assessed a civil penalty of not more than \$5,000.00. Each unauthorized disclosure shall constitute a separate civil violation. The office of the attorney general shall have authority to enforce this section.

Sec. 9. 16 V.S.A. § 563a is added to read:

§ 563a. SCHOOL BOARDS; PREVENTION, IDENTIFICATION, AND REPORTING OF CHILD SEXUAL ABUSE AND SEXUAL VIOLENCE

The school board of a school district shall ensure that adults employed in the schools maintained by the district receive orientation, information, or instruction on the prevention, identification, and reporting of child sexual abuse, as defined in subdivision 4912(8) of Title 33, and sexual violence. The school board shall also provide opportunities for parents, guardians, and other interested persons to receive written information regarding child sexual abuse and sexual violence. The department of education and the agency of human services shall provide materials and technical support to any school board that requests assistance in implementing this section.

Sec. 9a. EFFECTIVE DATE AND IMPLEMENTATION

(a) This section shall take effect on passage.

(b) Sec. 9 of this act shall take effect on July 1, 2011.

(c) On or before July 1, 2010, the department of education and the agency of human services shall prepare the materials that will be required by Sec. 9 of this act on its effective date.

Sec. 10. 33 V.S.A. § 3502 is amended to read:

§ 3502. CHILD CARE FACILITIES; SCHOOL AGE CARE IN PUBLIC SCHOOLS; 21ST CENTURY FUND

\* \* \*

(d)(1) Regulations pertaining to child care facilities and family child care homes shall be designed to ensure that children in child care facilities and family child care homes are provided with wholesome growth and educational experiences, and are not subjected to neglect, mistreatment, or immoral surroundings.

(2) A licensed child care facility shall ensure that all individuals working at the facility receive orientation, based on materials recommended by the agency of human services and the department of education, on the prevention, identification, and mandatory reporting of child abuse, including child sexual abuse, signs and symptoms of sexual abuse, sexual violence, grooming processes, recognizing the dangers of child sexual abuse in and close to the home, and other predatory behaviors of sex offenders.

\* \* \*

#### Sec. 11. COMMUNITY OUTREACH PLAN

The agency of human services shall work with the sexual violence prevention task force and other appropriate groups to raise community awareness about the nature and extent of child sexual abuse, including the role of adults in protecting children, and to create and implement a community outreach plan. The department for children and families is directed to expand its current outreach program regarding reports of suspected child abuse or neglect to assure public awareness of the need to report risk of harm. The agency shall report on its progress by November 15, 2009 to the senate committee on health and welfare and to the house committee on human services. The report shall include:

(1) an update of the agency's ongoing efforts to raise community awareness of the nature and extent of child sexual abuse in the state, including the status of the community outreach plan;

(2) a list of the community partners, organizations, and programs that work with children which the agency has identified as part of the outreach plan; and

(3) a list of specific strategies that the agency has undertaken or will undertake in furtherance of implementing the community outreach plan.

Sec. 12. 33 V.S.A. chapter 6 is added to read:

CHAPTER 6. PREVENTION AND TREATMENT OF SEXUAL ABUSE  
§ 601. CENTER FOR THE PREVENTION AND TREATMENT OF  
SEXUAL ABUSE

(a) There is established within the agency of human services the Vermont center for the prevention and treatment of sexual abuse (the center). The center shall be jointly overseen by the commissioner of the department of corrections and the commissioner of the department for children and families.

(b) The purpose of the center shall be to protect Vermont's citizens from sexual assault and child sexual abuse. The center shall oversee Vermont's systematic response to sexual assault and child sexual abuse, while recognizing that many agencies, organizations, and individuals have their own independent roles and responsibilities within this system.

(c) The responsibilities of the center shall include:

(1) Coordinating sex offender treatment programs in correctional and juvenile institutions and in the community.

(2) Coordinating victim and family treatment programs.

(3) Providing support to sexual abuse prevention programs statewide and in local communities.

(4) Providing training to recognize and prevent sexual abuse in consultation with the department of corrections, the department for children and families, the department of mental health, the department of state's attorneys and sheriffs, and other agencies, organizations, and individuals as are desirable and necessary.

(5) Providing a central organization for the acquisition and dissemination of information regarding best practices for the prevention of sexual violence; the treatment and supervision of adult and juvenile offenders; the provision of victims services; judicial practices conducive to public protection and the supervision of offenders; protocols for coordinated investigations of allegations of child sexual abuse; and any other information that may be beneficial in aiding Vermont's response to sexual abuse.

(6) Making available an array of services to sexually abused children and their family members.

(7) Providing grants to community agencies to further the center's purpose of protecting Vermont's citizens from sexual assault and child sexual abuse.

(d) The commissioner of corrections and the commissioner for children and families shall be responsible for maintaining and providing staffing for the center and shall report every two years to the corrections oversight committee on the accomplishments of the center.

Sec. 13. 13 V.S.A. § 3258 is added to read:

§ 3258. SEXUAL EXPLOITATION OF A MINOR

(a) No person shall engage in a sexual act with a minor if:

(1) the actor is at least 48 months older than the minor; and

(2) the actor is in a position of power, authority, or supervision over the minor by virtue of the actor's undertaking the responsibility, professionally or voluntarily, to provide for the health or welfare of minors, or guidance, leadership, instruction, or organized recreational activities for minors.

(b) A person who violates subsection (a) of this section shall be imprisoned for not more than two years or fined not more than \$2,000.00, or both.

Sec. 13a. 13 V.S.A. § 5301(7) is amended to read:

(7) For the purpose of this chapter, "listed crime" means any of the following offenses:

\* \* \*

(AA) the attempt to commit any of the offenses listed in this section;  
~~and~~

(BB) abuse (section 1376 of this title), abuse by restraint (section 1377 of this title), neglect (section 1378 of this title), sexual abuse (section 1379 of this title), financial exploitation (section 1380 of this title), and exploitation of services (section 1381 of this title);

(CC) aggravated sexual assault of a child in violation of section 3253a of this title.

Sec. 13b. 13 V.S.A. § 5401(10) is amended to read:

(10) "Sex offender" means:

\* \* \*

(A) A person who is convicted in any jurisdiction of the United States, including a state, territory, commonwealth, the District of Columbia, or military, federal, or tribal court of any of the following offenses:

\* \* \*

(vi) kidnapping with intent to commit sexual assault as defined in 13 V.S.A. § 2405(a)(1)(D); ~~and~~

(vii) aggravated sexual assault of a child in violation of section 3253a of this title; and

(viii) an attempt to commit any offense listed in this subdivision.

Sec. 14. 13 V.S.A. § 5404 is amended to read:

§ 5404. REPORTING UPON RELEASE FROM CONFINEMENT OR SUPERVISION

(a) Upon receiving a sex offender from the court on a probationary sentence or any alternative sentence under community supervision by the department of corrections, or prior to releasing a sex offender from confinement or supervision, the department of corrections shall forward to the department the following information concerning the sex offender:

(1) an update of the information listed in subsection 5403(a) of this title;

(2) the address upon release and whether the offender will be living with a child under the age of 18;

(3) name, address, and telephone number of the local department of corrections office in charge of monitoring the sex offender; and

(4) documentation of any treatment or counseling received.

(b) The department of corrections shall notify the department within 24 hours of the time a sex offender changes his or her address or place of employment, or enrolls in or separates from any postsecondary educational institution, or begins residing with a child under the age of 18. In addition, the department of corrections shall provide the department with any updated information requested by the department.

(c) With respect to a sex offender residing with a child under the age of 18 under circumstances enumerated in subsection (a) or (b) of this section, the department of corrections shall communicate with the department for children and families. If placement in a home with a child is being considered by the department of corrections, the department of corrections shall notify the department for children and families, and the departments shall work together to determine whether such a placement is appropriate. If the department of corrections does not have a role in the placement of the offender in the community, but knows the offender will be residing with a person under the age of 18, the department of corrections shall notify the department for children and families at least 24 hours prior to releasing the offender from confinement.

(d) The information required to be provided by subsection (a) of this section shall also be provided by the department of corrections to a sex offender's parole or probation officer within three days of the time a sex offender is placed on probation or parole by the court or parole board.

~~(d)~~(e) If it has not been previously submitted, upon receipt of the information to be provided to the department pursuant to subsection (a) of this



section, the department shall immediately transmit the conviction data and fingerprints to the Federal Bureau of Investigation.

Sec. 15. 13 V.S.A. § 5407 is amended to read:

**§ 5407. SEX OFFENDER'S RESPONSIBILITY TO REPORT**

(a) Except as provided in section 5411d of this title, a sex offender shall report to the department as follows:

\* \* \*

(3) within three days after any change of address, or if a person is designated as a high-risk sex offender pursuant to section 5411b of this title, that person shall report to the department within 36 hours, and shall report whether a child under the age of 18 resides at such address;

\* \* \*

(5) within three days after any change in place of employment; ~~and~~

(6) within three days of any name change;

(7) within three days of a child under the age of 18 moving into the residence of the registrant.

\* \* \*

(h) If the department is notified by an offender that he or she is living with a child under the age of 18, the department shall notify the department for children and families within three days.

\* \* \* Investigation and Prosecution \* \* \*

Sec. 16. 13 V.S.A. § 5415 is added to read:

**§ 5415. ENFORCEMENT; SPECIAL INVESTIGATION UNITS**

(a) Special investigation units, created pursuant to 24 V.S.A. § 1940, shall be responsible for the investigation of violations of this chapter's registry requirements and are authorized to conduct in-person registry compliance checks in a time, place, and manner it deems appropriate in furtherance of the purposes of this chapter. This section shall not be construed to prohibit local law enforcement from enforcing the provisions of this chapter.

(b) The department of public safety shall report to the senate and house committees on judiciary on or before December 15, 2009, and annually thereafter, regarding its efforts under this section.

**Sec. 17. APPROPRIATION; SPECIAL INVESTIGATION UNITS**

(a)(1) The sum of \$770,000.00 is appropriated from the general fund for the department of state's attorneys and sheriffs for fiscal year 2010 for the purpose of funding grants for special investigation units pursuant to 24 V.S.A. § 1940. The funds shall be allocated to special investigative units created to ensure equal levels of service in all regions of the state in a manner consistent with the counties' geographies.

(2) In fiscal year 2010, the specialized investigative units grant board may, in its discretion, provide up to five law enforcement grants to county or municipal agencies, or both, for the purposes of augmenting the investigative services provided by the Vermont state police.

(b) The sum of \$880,000.00 is appropriated from the general fund for the department of public safety for fiscal year 2010 for the purpose of funding Vermont state police investigators for special investigation units. The Vermont state police shall have the authority to coordinate and supervise the investigative functions of the special investigation units.

Sec. 18. 33 V.S.A. § 4917 is amended to read:

§ 4917. MULTIDISCIPLINARY TEAMS; EMPANELING

(a) The commissioner or his or her designee may empanel a multidisciplinary team or a special investigative multi-task force team or both wherever in the state there may be a probable case of child abuse or neglect which warrants the coordinated use of several professional services. These teams shall participate and cooperate with the local special investigation unit in compliance with 13 V.S.A. § 5415.

(b) The commissioner or his or her designee, in conjunction with professionals and community agencies, shall appoint members to the multidisciplinary teams which may include persons who are trained and engaged in work relating to child abuse or neglect such as medicine, mental health, social work, nursing, child care, education, law, or law enforcement. The teams shall include a representative of the department of corrections, unless the team chair determines that participation by the department is not necessary. Additional persons may be appointed when the services of those persons are appropriate to any particular case.

\* \* \*

Sec. 19. 20 V.S.A. § 1931 is amended to read:

§ 1931. POLICY

It is the policy of this state to assist federal, state, and local criminal justice and law enforcement agencies in the identification, detection or exclusion of

individuals who are subjects of the investigation or prosecution of ~~violent~~ crimes. Identification, detection, and exclusion may be facilitated by the DNA analysis of biological evidence left by the perpetrator of a ~~violent~~ crime and recovered from the crime scene. The DNA analysis of biological evidence can also be used to identify missing persons.

Sec. 20. 20 V.S.A. § 1932 is amended to read:

§ 1932. DEFINITIONS

As used in this subchapter:

\* \* \*

(5) “DNA sample” means a forensic unknown tissue sample or a tissue sample provided by any person convicted of ~~violent~~ a designated crime ~~or a forensic unknown sample~~. The DNA sample may be blood or other tissue type specified by the department.

\* \* \*

(10) “State DNA database” means the laboratory DNA identification record system. The state DNA database is a collection of the DNA records related to forensic casework, ~~convicted offenders~~ persons required to provide a DNA sample under this subchapter, and anonymous DNA records used for protocol development or quality control.

\* \* \*

(12) “Designated crime” means any of the following offenses:

(A) a felony;

(B) 13 V.S.A. § 1042 (domestic assault);

(C) any crime for which a person is required to register as a sex offender pursuant to subchapter 3 of chapter 167 of Title 13;

(D) an attempt to commit any offense listed in this subdivision; or

~~(E)~~ (E) any other offense, if, as part of a plea agreement in an action in which the original charge was a crime listed in this subdivision and probable cause was found by the court, there is a requirement that the defendant submit a DNA sample to the DNA data bank.

Sec. 21. 20 V.S.A. § 1933 is amended to read:

§ 1933. DNA SAMPLE REQUIRED

(a) The following persons shall submit a DNA sample:

(1) ~~every~~ A person convicted in a court in this state of a designated crime on or after ~~the effective date of this subchapter;~~ and April 29, 1998.

(2) ~~every~~ A person who was convicted in a court in this state of a designated crime prior to ~~the effective date of this subchapter~~ April 29, 1998, and, after ~~the effective date of this subchapter~~ such date, is:

(A) in the custody of the commissioner of corrections pursuant to 28 V.S.A. § 701;

(B) on parole for a designated crime;

(C) serving a supervised community sentence for a designated crime; ~~and~~ or

(D) on probation for a designated crime.

(b) A person required to submit a DNA sample who is serving a sentence ~~for a designated crime~~ in a correctional facility shall have his or her DNA samples collected or taken at the receiving correctional facility, or at a place and time designated by the commissioner of corrections or by a court, if the person has not previously submitted a DNA sample.

(c) A person serving a sentence for a designated crime not confined to a correctional facility shall have his or her DNA samples collected or taken at a place and time designated by the commissioner of corrections, the commissioner of public safety, or a court if the person has not previously submitted a DNA sample in connection with the designated crime for which he or she is serving the sentence.

Sec. 22. 20 V.S.A. § 1940 is amended to read:

§ 1940. EXPUNGEMENT OF RECORDS AND DESTRUCTION OF SAMPLES

(a) ~~If a person's conviction of a designated crime is reversed and the case is nolle prosequi or dismissed or the person is granted a full pardon~~ In accordance with procedures set forth in subsection (b) of this section, the department shall destroy the DNA sample and any records of a person related to the sample that were taken in connection with a particular alleged designated crime in any of the following circumstances:

(1) A person's conviction related to an incident that caused the DNA sample to be taken is reversed, and the case is dismissed.

(2) The person is granted a full pardon related to an incident that caused the DNA sample to be taken.

(b) If any of the circumstances in subsection (a) of this section occur, the court with jurisdiction or, as the case may be, the governor, shall so notify the department, and the person's DNA record in the state DNA database and CODIS and the person's DNA sample in the state DNA data bank shall be removed and destroyed. The laboratory shall purge the DNA record and all other identifiable information from the state DNA database and CODIS and destroy the DNA sample stored in the state DNA data bank. If the person has more than one entry in the state DNA database, CODIS, or the state DNA data bank, only the entry related to the dismissed case shall be deleted. The department shall notify the person upon completing its responsibilities under this subsection, by certified mail addressed to the person's last known address.

~~(b)~~(c) If the identity of the subject of a forensic unknown sample becomes known and that subject is excluded as a suspect in the case, the sample record shall be removed from the state DNA database upon the conclusion of the criminal investigation and finalization of any criminal prosecution.

(d) If a DNA sample from the state DNA database, CODIS, or the state DNA data bank is matched to another DNA sample during the course of a criminal investigation, the record of the match shall not be expunged even if the sample itself is expunged in accordance with the provisions of this section. If a match has been made and any of the circumstances in subsection (a) of this section occur, the department may confirm the match prior to expunging the sample.

Sec. 23. 20 V.S.A. § 1932 is amended to read:

§ 1932. DEFINITIONS

As used in this subchapter:

\* \* \*

(5) "DNA sample" means a forensic unknown tissue sample or a tissue sample provided by any person convicted of a designated crime or for whom the court has determined at arraignment there is probable cause that the person has committed a felony. The DNA sample may be blood or other tissue type specified by the department.

Sec. 24. 20 V.S.A. § 1933 is amended to read:

§ 1933. DNA SAMPLE REQUIRED

(a) The following persons shall submit a DNA sample:

(1) A person convicted in a court in this state of a designated crime on or after April 29, 1998.

(2) A person for whom the court has determined at arraignment there is probable cause that the person has committed a felony in this state on or after July 1, 2011.

(3) A person who was convicted in a court in this state of a designated crime prior to April 29, 1998 and, after such date, is:

(A) in the custody of the commissioner of corrections pursuant to 28 V.S.A. § 701;

(B) on parole for a designated crime;

(C) serving a supervised community sentence for a designated crime;  
or

(D) on probation for a designated crime.

(b) At the time of arraignment, the court shall set a date and time for the person to submit a DNA sample.

(c) A person required to submit a DNA sample who is serving a sentence in a correctional facility shall have his or her DNA samples collected or taken at the receiving correctional facility, or at a place and time designated by the commissioner of corrections or by a court, if the person has not previously submitted a DNA sample.

~~(e)~~(d) A person serving a sentence for a designated crime not confined to a correctional facility shall have his or her DNA samples collected or taken at a place and time designated by the commissioner of corrections, the commissioner of public safety, or a court if the person has not previously submitted a DNA sample in connection with the designated crime for which he or she is serving the sentence.

Sec. 25. 20 V.S.A. § 1940 is amended to read:

§ 1940. EXPUNGEMENT OF RECORDS AND DESTRUCTION OF SAMPLES

(a) In accordance with procedures set forth in subsection (b) of this section, the department shall destroy the DNA sample and any records of a person related to the sample that were taken in connection with a particular alleged designated crime in any of the following circumstances:

(1) A person's conviction related to an incident that caused the DNA sample to be taken is reversed and the case is dismissed.

(2) The person is granted a full pardon related to an incident that caused the DNA sample to be taken.

(3) If the sample was taken post-arraignment, the felony charge which required the DNA sample is downgraded to a misdemeanor by the prosecuting attorney upon a plea agreement or the person is convicted of a lesser offense that is a misdemeanor other than domestic assault pursuant to 13 V.S.A. § 1042 or a sex offense for which registration is required pursuant to 13 V.S.A. § 5401 et seq.

(4) If the sample was taken post-arraignment, the person is acquitted after a trial of the charges which required the taking of the DNA sample.

(5) If the sample was taken post-arraignment, the charges which required the taking of the DNA sample are dismissed by either the court or the state after arraignment unless the attorney for the state can show good cause why the sample should not be destroyed.

\* \* \*

Sec. 26. Rule 15 of the Vermont Rules of Criminal Procedure is amended to read:

#### RULE 15. DEPOSITIONS

\* \* \*

(e) Limitations.

\* \* \*

##### (5) Depositions of Minors in Sexual Assault Cases.

(A) No deposition of a victim under the age of 16 shall be taken in a prosecution under 13 V.S.A. §§ 2601 (lewd and lascivious conduct), 2602 (lewd and lascivious conduct with a child), 3252 (sexual assault), 3253 (aggravated sexual assault), or 3253a (aggravated sexual assault of a child) except by agreement of the parties or after approval of the court pursuant to subdivision (B) of this subdivision (5).

(B) The court shall not approve a deposition under this subdivision unless the court finds that the testimony of the child is necessary to assist the trial, that the evidence sought is not reasonably available by any other means, and that the probative value of the testimony outweighs the potential detriment to the child of being deposed. In determining whether to approve a deposition under this subdivision, the court shall consider the availability of recorded statements of the victim and the complexity of the issues involved.

(C)(i) If a deposition is taken pursuant to this subdivision (5), the court shall issue a protective order to protect the deponent from emotional harm, unnecessary annoyance, embarrassment, oppression, invasion of privacy, or undue burden of expense or waste of time. The protective order

may include, among other remedies, the following: (I) that the deposition may be taken only on specified terms and conditions, including a designation of the time, place, and manner of taking the deposition; (II) that the deposition may be taken only by written questions; (III) that certain matters not be inquired into, or that the scope of the deposition be limited to certain matters; (IV) that the deposition be conducted with only such persons present as the court may designate; or (V) that after the deposition has been taken, the tape or transcription be sealed until further order of the court. The restrictions of 13 V.S.A. § 3255(a) shall apply to depositions taken pursuant to this subdivision.

(ii) If a deposition is taken pursuant to this subdivision (5), the court shall appoint an attorney to represent the child for the purposes of the deposition.

(f) Protection of Deponents.

(1) Deponent's Counsel and Victim Advocate. A deponent may have counsel present at the deposition and may make legal objections to questions. The deponent shall be treated as a party at hearings on motions pertaining to the deposition. A victim of an alleged crime may have a victim advocate present during the deposition. The deponent may apply to the court for a protective order if the deponent believes that he or she is being subjected to harassment or intimidation. A subpoena issued pursuant to V.R.Cr.P. 17, or other notice of the deposition given to the deponent, shall include notice that the deponent may have the assistance of counsel and the victim advocate as provided herein and seek a protective order as provided in subdivision (f)(3).

(2) Depositions of Sensitive Witnesses. A person under the age of 16 who is a victim in a prosecution for an offense other than one listed in subdivision (e)(5) of this section, or any person aged 16 or older who is a victim in a prosecution under 13 V.S.A. § 2601 (lewd and lascivious conduct), 2602 (lewd and lascivious conduct with a minor), 3252 (sexual assault), or 3253 (aggravated sexual assault) shall be considered a sensitive witness. Prior to taking the deposition of a sensitive witness, the party seeking to take the deposition shall consult with the other parties and the deponent in an effort to reach an agreement on the time, place, manner and scope of the taking of the deposition. If an agreement cannot be reached, the party seeking to take the deposition shall so advise the court and specify the matters which are in dispute. The court shall then issue an order regulating the taking of the deposition including, in its discretion, a requirement that the deposition be taken in the presence of a judge or special master. The restrictions of 13 V.S.A. § 3255(a) shall apply to depositions. If a party taking a deposition proposes to ask about information that falls within 13 V.S.A.



§ 3255(a)(3)(A)-(C), the party shall notify the other parties and the deponent of this intent prior to seeking agreement on the scope of the deposition.

(3) Protective Orders. At the request of a party or deponent, and for good cause shown, the court may make any protective order which justice requires to protect a party or deponent from emotional harm, unnecessary annoyance, embarrassment, oppression, invasion of privacy, or undue burden of expense or waste of time. Such orders may include, among other remedies, the following: (1) that the deposition may be taken only on specified terms and conditions, including a designation of the time, place, and manner of taking the deposition; (2) that the deposition may be taken only by written questions; (3) that certain matters not be inquired into, or that the scope of the deposition be limited to certain matters; (4) that the deposition be conducted with only such persons present as the court may designate; (5) that after the deposition has been taken, the tape or transcription be sealed until further order of the court; (6) that the deposition not be taken. In ruling on such request, the court may consider, among other things, the age, health, level of intellectual functioning and emotional condition of the witness, whether the witness has knowledge material to the proof of or defense to any essential element of the crime, whether the witness has provided a full written, taped or transcribed account of his or her proposed testimony at trial, whether the witness's testimony will relate only to peripheral issue in the case, or whether an informal interview or telephone conference with the witness will suffice for the purposes of discovery in the case.

(4) Pro se defendants. A pro se defendant in a prosecution for an offense listed in subdivision (e)(5) or (f)(2) of this section shall not be permitted to depose the victim directly. In such a case, the court shall appoint counsel for the defendant for purposes of the deposition.

#### Sec. 27. REPORT

The court administrator, the department of state's attorneys and sheriffs, the office of the defender general, the center for crime victims services, the Vermont bar association, and the American Civil Liberties Union of Vermont shall individually report to the senate and house committees on judiciary in January 2011 on the impacts of Sec. 26 of this act as it relates to disposition of the cases addressed in Sec. 26.

#### Sec. 27a. SUNSET

Section 26 of this act shall be repealed on July 1, 2011.

Sec. 28. Rule 804a of the Vermont Rules of Evidence is amended to read:

804a. HEARSAY EXCEPTION; PUTATIVE VICTIM AGE ~~TEN~~ 12  
OR UNDER; ~~MENTALLY RETARDED OR MENTALLY ILL~~  
PERSON IN NEED OF GUARDIANSHIP

(a) Statements by a person who is a child ~~ten~~ 12 years of age or under or a ~~mentally retarded or mentally ill~~ person in need of guardianship as defined in 14 V.S.A. § ~~3061(4) or (5)~~ § 3061 at the time of ~~trial~~ the statements were made are not excluded by the hearsay rule if the court specifically finds at the time they are offered that:

(1) the statements are offered in a civil, criminal, or administrative proceeding in which the child or ~~mentally retarded or mentally ill~~ person in need of guardianship is a putative victim of sexual assault under 13 V.S.A. § 3252, aggravated sexual assault under 13 V.S.A. § 3253, aggravated sexual assault of a child under 13 V.S.A. § 3253a, lewd or lascivious conduct under 13 V.S.A. § 2601, ~~or~~ lewd or lascivious conduct with a child under 13 V.S.A. § 2602, incest under 13 V.S.A. § 205, abuse, neglect, or exploitation under 33 V.S.A. § 6913, sexual abuse of a vulnerable adult under 13 V.S.A. § 1379, or wrongful sexual activity and the statements concern the alleged crime or the wrongful sexual activity; or the statements are offered in a juvenile proceeding under chapter ~~55~~ 53 of Title 33 involving a delinquent act alleged to have been committed against a child ~~thirteen~~ 13 years of age or under or a ~~mentally retarded or mentally ill~~ person in need of guardianship, if the delinquent act would be an offense listed herein if committed by an adult and the statements concern the alleged delinquent act; or the child is the subject of a petition alleging that the child is in need of care or supervision under chapter ~~55~~ 53 of Title 33, and the statement relates to the sexual abuse of the child;

(2) the statements were not taken in preparation for a legal proceeding and, if a criminal or delinquency proceeding has been initiated, the statements were made prior to the defendant's initial appearance before a judicial officer under Rule 5 of the Vermont Rules of Criminal Procedure;

(3) the child or ~~mentally retarded or mentally ill~~ person in need of guardianship is available to testify in court or under Rule 807; and

(4) the time, content, and circumstances of the statements provide substantial indicia of trustworthiness.

(b) Upon motion of either party in a criminal or delinquency proceeding, the court shall require the child or ~~mentally retarded or mentally ill~~ person in need of guardianship to testify for the state.

Sec. 29. 33 V.S.A. § 4916b is amended to read:

§ 4916b. HUMAN SERVICES BOARD HEARING

(a) Within 30 days of the date on which the administrative reviewer mailed notice of placement of a report on the registry, the person who is the subject of the substantiation may apply in writing to the human services board for relief. The board shall hold a fair hearing pursuant to 3 V.S.A. § 3091. When the department receives notice of the appeal, it shall make note in the registry record that the substantiation has been appealed to the board.

(b)(1) The board shall hold a hearing within 60 days of the receipt of the request for a hearing and shall issue a decision within 30 days of the hearing.

(2) Priority shall be given to appeals in which there are immediate employment consequences for the person appealing the decision.

(3) Rule 804a of the Vermont Rules of Evidence (V.R.E) shall apply to hearings held under this subsection only as follows:

(A) V.R.E. 804a(a)(1) and (4) shall apply.

(B) V.R.E. 804a(a)(2) shall apply, except that any deposition or testimony given under oath at another proceeding shall be admissible evidence in a hearing held under this subsection.

(C) V.R.E. 804a(a)(3) shall apply to hearings under this subsection unless the hearing officer determines, based on a preponderance of the evidence, that requiring the child to testify will present a substantial risk of trauma to the child.

(D) V.R.E. 804a(b) shall not apply.

(4) Convictions and adjudications which arose out of the same incident of abuse or neglect for which the person was substantiated, whether by verdict, by judgment, or by a plea of any type, including a plea resulting in a deferred sentence, shall be competent evidence in a hearing held under this subchapter.

(c) A hearing may be stayed upon request of the petitioner if there is a related criminal or family court case pending in court which arose out of the same incident of abuse or neglect for which the person was substantiated.

(d) If no review by the board is requested, the department's decision in the case shall be final, and the person shall have no further right for review under this section. The board may grant a waiver and permit such a review upon good cause shown.

\* \* \* Sentencing \* \* \*

Sec. 30. 13 V.S.A. § 3253a is added to read:

§ 3253a. AGGRAVATED SEXUAL ASSAULT OF A CHILD

(a) A person commits the crime of aggravated sexual assault of a child if the actor is at least 18 years of age and commits sexual assault against a child under the age of 16 in violation of section 3252 of this title and at least one of the following circumstances exists:

(1) At the time of the sexual assault, the actor causes serious bodily injury to the victim or to another.

(2) The actor is joined or assisted by one or more persons in physically restraining, assaulting, or sexually assaulting the victim.

(3) The actor commits the sexual act under circumstances which constitute the crime of kidnapping.

(4) The actor has previously been convicted in this state of sexual assault under subsection 3252(a) or (b) of this title, aggravated sexual assault under section 3253 of this title, or aggravated sexual assault of a child under this section, or has been convicted in any jurisdiction in the United States or territories of an offense which would constitute sexual assault under subsection 3252(a) or (b) of this title, aggravated sexual assault under section 3253 of this title, or aggravated sexual assault of a child under this section if committed in this state.

(5) At the time of the sexual assault, the actor is armed with a deadly weapon and uses or threatens to use the deadly weapon on the victim or on another.

(6) At the time of the sexual assault, the actor threatens to cause imminent serious bodily injury to the victim or to another, and the victim reasonably believes that the actor has the present ability to carry out the threat.

(7) At the time of the sexual assault, the actor applies deadly force to the victim.

(8) The victim is subjected by the actor to repeated nonconsensual sexual acts as part of the same occurrence or the victim is subjected to repeated nonconsensual sexual acts as part of the actor's common scheme and plan.

(b) A person who commits the crime of aggravated sexual assault of a child shall be imprisoned for not less than 25 years with a maximum term of life, and, in addition, may be fined not more than \$50,000.00. The 25-year term of imprisonment required by this subsection shall be served and may not be suspended, deferred, or served as a supervised sentence. The defendant shall not be eligible for probation, parole, furlough, or any other type of early release until the expiration of the 25-year term of imprisonment.

Secs. 31 and 32. RESERVED FOR FUTURE USE

Sec. 33. 13 V.S.A. § 7041 is amended to read:

§ 7041. DEFERRED SENTENCE

(a) Upon an adjudication of guilt and after the filing of a presentence investigation report, the court may defer sentencing and place the respondent on probation upon such terms and conditions as it may require if a written agreement concerning the deferring of sentence is entered into between the state's attorney and the respondent and filed with the clerk of the court.

(b) Notwithstanding subsection (a) of this section, the court may defer sentencing and place the respondent on probation without a written agreement between the state's attorney and the respondent if the following conditions are met:

(1) the respondent is 28 years old or younger;

(2) the crime for which the respondent is being sentenced is not a listed crime as defined in subdivision 5301(7) of this title;

(3) the court orders a presentence investigation in accordance with the procedures set forth in Rule 32 of the Vermont Rules of Criminal Procedure, unless the state's attorney agrees to waive the presentence investigation;

(4) the court permits the victim to submit a written or oral statement concerning the consideration of deferment of sentence;

(5) the court reviews the presentence investigation and the victim's impact statement with the parties; and

(6) the court determines that deferring sentence is in the interest of justice.

(c) Notwithstanding subsections (a) and (b) of this section, the court may not defer a sentence for a violation of section 3253a of this title (aggravated sexual assault of a child).

(d) Entry of deferment of sentence shall constitute an appealable judgment for purposes of appeal in accordance with section 2383 of Title 12 and Rule 3 of the Vermont Rules of Appellate Procedure. Except as otherwise provided, entry of deferment of sentence shall constitute imposition of sentence solely for the purpose of sentence review in accordance with section 7042 of this title. The court may impose sentence at any time if the respondent violates the conditions of the deferred sentence during the period of deferment.

~~(d)~~(e) Upon violation of the terms of probation or of the deferred sentence agreement, the court shall impose sentence. Upon fulfillment of the terms of probation and of the deferred sentence agreement, the court shall strike the adjudication of guilt and discharge the respondent. ~~Upon discharge~~ Except as

provided in subsections (g) and (h) of this section, the record of the criminal proceedings shall be expunged ~~except that the record shall not be expunged until restitution has been paid in full~~ upon the discharge of the respondent from probation, absent a finding of good cause by the court. The court shall issue an order to expunge all records and files related to the arrest, citation, investigation, charge, adjudication of guilt, criminal proceedings, and probation related to the deferred sentence. Copies of the order shall be sent to each agency, department, or official named therein. Thereafter, the court, law enforcement officers, agencies, and departments shall reply to any request for information that no record exists with respect to such person upon inquiry in the matter. Notwithstanding this subsection, the record shall not be expunged until restitution has been paid in full.

~~(e)~~(f) A deferred sentence imposed under subsection (a) or (b) of this section may include a restitution order issued pursuant to section 7043 of this title. Nonpayment of restitution shall not constitute grounds for imposition of the underlying sentence.

(g) Upon discharge of the respondent from probation for a violation of section 2602 (lewd and lascivious conduct with a child), 3252(c), (d), or (e) (sexual assault of a child), or 3253(a)(8) (aggravated sexual assault involving a child under 13) of this title, the court shall issue an order to expunge any record of the adjudication of guilt related to the deferred sentence. An entity subject to the expungement order shall be permitted to retain its own records and files related to the arrest, citation, investigation, and charge which led to the deferred sentence, and may share such records and files with other investigating agencies in accordance with state and federal law. Copies of the order shall be sent to each agency, department, or official named therein. The court, law enforcement officers, agencies, and departments shall reply to any request for information that no record of conviction exists with respect to such person upon inquiry in the matter.

(h) The Vermont criminal information center shall retain a special index of deferred sentences for sex offenses that require registration pursuant to subchapter 3 of chapter 167 of this title. This index shall only list the name and date of birth of the subject of the expunged files and records, the offense for which the subject was convicted, and the docket number of the proceeding which was the subject of the expungement. The special index shall be confidential and may be accessed only by the director of the Vermont criminal information center and a designated clerical staffperson for the purpose of providing information to the department of corrections in the preparation of a presentence investigation in accordance with 28 V.S.A. § 204a.

Sec. 33a. 33 V.S.A. § 5117(b)(1) is amended to read:

(b)(1) Notwithstanding the foregoing, inspection of such records and files by the following is not prohibited:

\* \* \*

(G) The commissioner of corrections if the information would be helpful in preparing a presentence report, in determining placement, or in developing a treatment plan for a person convicted of a sex offense that requires registration pursuant to subchapter 3 of chapter 167 of Title 13.

Sec. 34. 33 V.S.A. § 5119 is amended to read:

§ 5119. SEALING OF RECORDS

\* \* \*

(f)(1) Except as provided in subdivisions (2), (3), ~~and (4)~~, and (5) of this subsection, inspection of the files and records included in the order may thereafter be permitted by the court only upon petition by the person who is the subject of such records, and only to those persons named in the record.

\* \* \*

(5) The order unsealing a record pursuant to subdivisions (2), (3), and (4) of this subsection must state whether the record is unsealed entirely or in part and the duration of the unsealing. If the court's order unseals only part of the record or unseals the record only as to certain persons, the order must specify the particular records that are unsealed or the particular persons who may have access to the record, or both.

(6) If a person is convicted of a sex offense that requires registration pursuant to subchapter 3 of chapter 167 of Title 13, the court in which the person was convicted:

(A) may inspect its own files and records included in the sealing order for the purpose of imposing sentence upon or supervising the person for the registrable offense; and

(B) shall examine court indices developed pursuant to subdivision (e)(2)(A) of this section. If the offender appears on any of the court indices, the court shall unseal any court files and records relating to the juvenile adjudication and shall make them available to the commissioner of corrections for the purposes of preparing a presentence investigation, determining placement, or developing a treatment plan. The commissioner shall use only information relating to adjudications relevant to a sex offense conviction.

Sec. 35. 28 V.S.A. § 204 is amended to read:

§ 204. SUBMISSION OF WRITTEN REPORT; PROTECTION OF RECORDS

(a) A court, before which a person is being prosecuted for any crime, may in its discretion order the commissioner to submit a written report as to the circumstances of the alleged offense and the character and previous criminal history record of the person, with recommendation. If the presentence report is being prepared in connection with a person's conviction for a sex offense that requires registration pursuant to chapter 167, subchapter 3 of Title 13, the commissioner shall obtain information pertaining to the person's juvenile record, if any, in accordance with 33 V.S.A. §§ 5117 and 5119(f)(6), and any deferred sentences received for a registrable sex offense in accordance with 13 V.S.A. § 7041(g), and include such information in the presentence report.

\* \* \*

(d) Any presentence report, pre-parole report, or supervision history prepared by any employee of the department in the discharge of the employee's official duty, except as provided in subdivision 204a(b)(5) and section 205 of this title, is privileged and shall not be disclosed to anyone outside the department other than the judge or the parole board, except that the court or board may in its discretion permit the inspection of the report or parts thereof by the state's attorney, the defendant or inmate or his or her attorney, or other persons having a proper interest therein, whenever the best interest or welfare of the defendant or inmate makes that action desirable or helpful.

\* \* \*

Sec. 36. 28 V.S.A. § 204a is amended to read:

§ 204a. ~~SEXUAL SEX OFFENDERS; PRE-SENTENCE PRESENTENCE~~  
INVESTIGATIONS; RISK ASSESSMENTS; PSYCHOSEXUAL  
EVALUATIONS

(a) The department of corrections shall conduct a presentence investigation for all persons convicted of:

- (1) lewd and lascivious conduct in violation of section 2601 of Title 13;
- (2) lewd and lascivious conduct with a child in violation of section 2602 of Title 13;
- (3) sexual assault in violation of section 3252 of Title 13;
- (4) aggravated sexual assault in violation of section 3253 of Title 13; ~~or~~
- (5) aggravated sexual assault of a child in violation of section 3253a of Title 13;
- (6) kidnapping with intent to commit sexual assault in violation of subdivision 2405(a)(1)(D) of Title 13; or



(7) an offense involving sexual exploitation of children in violation of chapter 64 of Title 13.

(b) A presentence investigation required by this section:

(1) shall include an assessment of the offender's risk of reoffense and a determination of whether the person is a high risk offender;

(2) shall include a psychosexual evaluation if so ordered by the court; ~~and~~

(3) shall include information regarding the offender's records maintained by the department for children and families in the child protection registry pursuant to 33 V.S.A. § 4916 if the offender was previously substantiated for child abuse or neglect;

(4) shall include information, if any, regarding any deferred sentences received by the offender for a registrable sex offense in accordance with 13 V.S.A. § 7041(h); and

(5) shall be completed before the defendant is sentenced. Upon completion, the department shall submit copies of the presentence investigation to the court, the state's attorney, ~~and~~ the defendant's attorney, and the department for children and families. Copies of a presentence investigation authorized by this subdivision shall remain privileged and are not subject to public inspection.

\* \* \*

(d) The requirement that a presentence investigation be performed pursuant to subsection (a) of this section:

~~(1) may be waived if the court finds that a report is not necessary for purposes of sentencing; and~~

~~(2) shall not be interpreted to prohibit the performance of a presentence investigation, psychosexual evaluation, or risk assessment at any other time during the proceeding, including prior to the entry of a plea agreement or prior to sentencing for a violation of probation.~~

\* \* \*

Sec. 37. 33 V.S.A. § 4919 is amended to read:

#### § 4919. DISCLOSURE OF REGISTRY RECORDS

(a) The commissioner may disclose a registry record only as follows:

\* \* \*

(9) To the commissioner of the department of corrections in accordance

with the provisions of 28 V.S.A. § 204a(b)(3).

\* \* \* Corrections and Supervision \* \* \*

Sec. 38. 28 V.S.A. § 252a is added to read:

§ 252a. REVIEW OF PROBATION CONDITIONS

(a) When the court imposes a sentence upon a defendant who has been convicted of an offense enumerated in section 204a of this title that includes a period of incarceration of more than one year to serve to be followed by probation, the court may make the probation contingent on the offender fulfilling specific stated conditions, such as taking part in treatment while incarcerated, and may modify, following a hearing pursuant to subsection (c) of this section, the conditions of probation if a violation has occurred. The court shall review the probation conditions imposed at the time of sentencing after the incarceration portion of the sentence has been served, and prior to the offender's release to probation. Such review shall include information about the offender developed after the date of sentencing, including information about the offender's incarceration period.

(b) For an offender whose probation is contingent on fulfilling conditions pursuant to subsection (a) of this section, the department of corrections shall prepare a prerelease probation report to the court at least 30 days prior to the release based upon information available to the department. The prerelease probation report shall include the offender's degree of participation in treatment while incarcerated, whether conditions imposed under subsection (a) of this section were complied with, and other information relevant to the offender's release to the probationary sentence. The department of corrections shall provide a copy of the prerelease probation report to the attorney for the offender and the prosecuting attorney at the same time it provides the report to the court.

(c) If the commissioner of corrections believes the offender has violated a condition imposed under subsection (a) of this section, he or she may recommend a change to the original probation order. In this case, the court shall schedule a modification hearing prior to the release date. The court may modify the conditions or add further requirements as authorized by section 252 of this title. The offender shall have a reasonable opportunity to contest the modification prior to its imposition. The prosecuting attorney shall represent the state in connection with any proceeding held in accordance with this section.

Sec. 39. 28 V.S.A. § 252 is amended to read:

§ 252. CONDITIONS OF PROBATION

\* \* \*

(b) When imposing a sentence of probation, the court may, as a condition of probation, require that the offender:

\* \* \*

(16) Submit to periodic polygraph testing if the offender is being placed on probation for a sex offense that requires registration pursuant to chapter 167, subchapter 3 of Title 13;

(17) If the probation officer has reasonable grounds to believe the offender has violated a probation condition, permit a probation officer or designee to monitor or examine the offender's activities, communications, and use of any computer or other digital or electronic media, including cell phone, smartphone, digital camera, digital video camera, digital music player or recorder, digital video player or recorder, personal digital assistant, portable electronic storage device, gaming system, or any other contemporary device capable of the storage of digital electronic communication or data storage or access to the Internet or other computer or digital network;

(18) Satisfy any other conditions reasonably related to his or her rehabilitation. Such conditions may include prohibiting the use of alcohol, prohibiting having contact with minors, prohibiting or limiting the use of a computer or other electronic devices, and permitting a probation officer access to all computers or other digital or electronic media, mail covers, subscription services, and credit card statements. The court shall not impose a condition prohibiting the offender from engaging in any legal behavior unless the condition is reasonably related to the offender's rehabilitation or necessary to reduce risk to public safety.

Sec. 40. RESERVED FOR FUTURE USE

Sec. 41. 28 V.S.A. § 255 is amended to read:

§ 255. DISCHARGE

(a) Upon the termination of the period of probation or the earlier discharge of the probationer in accordance with section 251 of this title, the probationer shall, ~~unless the court has ordered otherwise under subsection (b) of this section or under subsection 7043(1) of Title 13,~~ be relieved of any obligations imposed by the order of the court and shall have satisfied the sentence for the crime.

(b) [Deleted.]

(c) A court hearing shall be held prior to discharging an offender from probation for a sex offense that requires registration pursuant to chapter 167, subchapter 3 of Title 13.

Sec. 42. 28 V.S.A. § 106 is added to read:

§ 106. SYSTEMS APPROACH TO COMMUNITY SUPERVISION OF SEX OFFENDERS

(a) The department of corrections shall establish a comprehensive systems approach to the management of sex offenders, which employs longer and more intensive community supervision of high-risk sex offenders. To accomplish this, the department shall employ probation officers with training in the management of sex offenders sufficient to provide intensive community supervision and may use polygraph tests and prerelease and postincarceration treatment to promote rehabilitation.

(b) The department shall create multidisciplinary case management teams, each involving as appropriate a probation or parole officer with training in supervision of sex offenders, a treatment provider, a victim's advocate, a representative of the department for children and families, and a forensic polygraph examiner. These professionals shall collaborate, prioritizing community safety and the protection of former victims, and shall participate and cooperate in compliance with 13 V.S.A. § 5415 with the local special investigation unit. These teams shall address the specific treatment and supervision needs of a particular offender to enhance protection of the public, to assist that offender in reintegrating safely into the community, to support and protect known victims, and to respond to any new concerns about risk of reoffense.

(c) The department of corrections shall designate and train probation and parole officers in each district office to supervise sex offenders, to provide consistent and intensive case management, and to impose and enforce conditions uniquely suited to aiding the offenders' reintegration into the community. These officers shall not have a caseload of more than 45 offenders, except that a mixed caseload shall be managed pursuant to subdivision 105(d)(5) of this title.

Sec. 43. AUDIT OF DEPARTMENT OF CORRECTIONS' CASELOADS PERTAINING TO SEX OFFENDERS

(a) On or before January 15, 2011, the auditor of accounts shall submit to the house and senate committees on judiciary and the house committee on corrections and institutions an independent audit of the effectiveness of probation and parole's management of current sex offender caseloads.

(b) The audit shall be conducted in consultation with the center for the prevention and treatment of sexual abuse.

Sec. 44. 28 V.S.A. § 204b is added to read:

§ 204b. HIGH-RISK SEX OFFENDERS

A person who is sentenced to an incarcerative sentence for a violation of any of the offenses listed in subsection 204a(a) of this title and who is designated by the department of corrections as high-risk pursuant to 13 V.S.A. § 5411b while serving his or her sentence shall not be eligible for parole, furlough, or any other type of early release until the expiration of 70 percent of his or her maximum sentence.

Sec. 45. 33 V.S.A. § 4913 is amended to read:

§ 4913. SUSPECTED CHILD ABUSE AND NEGLECT; REMEDIAL ACTION

(a) Any physician, surgeon, osteopath, chiropractor, or physician's assistant licensed, certified, or registered under the provisions of Title 26, any resident physician, intern, or any hospital administrator in any hospital in this state, whether or not so registered, and any registered nurse, licensed practical nurse, medical examiner, emergency medical personnel as defined in subdivision 2651(6) of Title 24, dentist, psychologist, pharmacist, any other health care provider, child care worker, school superintendent, school teacher, school librarian, school principal, school guidance counselor, and any other individual who is regularly employed by a school district, or who is contracted and paid by a school district to provide student services for five or more hours per week during the school year, mental health professional, social worker, probation officer, any employee, contractor, and grantee of the agency of human services who have contact with clients, police officer, camp owner, camp administrator, camp counselor, or member of the clergy who has reasonable cause to believe that any child has been abused or neglected shall report or cause a report to be made in accordance with the provisions of section 4914 of this title within 24 hours. As used in this subsection, "camp" includes any residential or nonresidential recreational program.

\* \* \*

Sec. 46. TRAINING IN THE REPORTING OF SUSPECTED CHILD ABUSE; AGENCY OF HUMAN SERVICES

The agency of human services shall develop protocols for determining which of its employees, contractors, and grantees are mandatory reporters for purposes of 33 V.S.A. § 4913. The agency of human services shall train its employees who are mandatory reporters pursuant to 33 V.S.A. § 4913 in the

identification and reporting of suspected child abuse and neglect, including the assessment of risk of harm, and report to the senate and house committees on judiciary, the senate committee on health and welfare, the house committee on human services, and the house committee on corrections and institutions no later than September 15, 2009 regarding its efforts to ensure that its employees are properly trained.

Sec. 47. 28 V.S.A. § 502b is amended to read:

§ 502b. TERMS AND CONDITIONS OF PAROLE

(a) When an inmate is paroled, the parole board shall establish terms and conditions of parole that it deems reasonably necessary to ensure that the inmate will lead a law-abiding life and that will assist the inmate to do so. Such terms and conditions shall be set forth in the parolee's parole agreement. Terms and conditions of parole shall be designed to protect the victim, potential victims, and the public, and to reduce the risk of reoffense. Such conditions may include prohibiting the use of alcohol; prohibiting having contact with minors; prohibiting or limiting the use of a computer or other electronic devices; permitting a probation officer access to all computers or other digital or electronic media, mail covers, subscription services, and credit card statements; and if a probation officer has reasonable grounds to believe the offender has violated a parole condition, permit a probation officer to monitor or examine the offender's activities, communications, and use of any computer or other digital or electronic device, including cell phone, smartphone, digital camera, digital video camera, digital music player or recorder, digital video player or recorder, personal digital assistant, portable electronic storage device, gaming system, or any other contemporary device capable of the storage of digital electronic communication or data storage or access to the Internet or other computer or digital network.

\* \* \*

Sec. 48. Rule 32.1 of the Vermont Rules of Criminal Procedure is amended to read:

RULE 32.1. REVOCATION AND MODIFICATION OF PROBATION

(a) Revocation of Probation.

(1) Preliminary Hearing. Whenever a probationer is held in custody on the ground that he or she has violated a condition of ~~his~~ probation, ~~he~~ the probationer shall be afforded a prompt hearing before a judicial officer in order to determine whether there is probable cause to hold the probationer for a revocation hearing. The probationer shall be given:

(A) notice of the preliminary hearing and its purpose and of the alleged violation of probation;

(B) an opportunity to appear at the hearing and present evidence in his or her own behalf;

(C) upon request, the opportunity to question opposing witnesses ~~against him~~ unless, for good cause, the judicial officer decides that justice does not require the appearance of the witness; and

(D) notice of ~~his~~ the right to be represented by counsel and ~~his~~ the right to assigned counsel if he or she is unable to obtain counsel.

The proceeding shall be taken down by a court reporter or recording equipment. If probable cause is found to exist, the probationers shall be held for a revocation hearing. If probable cause is not found to exist, the proceeding shall be dismissed.

(2) Revocation Hearing. The revocation hearing, unless waived by the probationer, shall be held within a reasonable time in the court in which probation is imposed. The probationer shall be given:

(A) written notice of ~~his~~ the alleged violation of probation;

(B) disclosure of the evidence against him or her;

(C) an opportunity to appear and to present evidence ~~in his own~~ behalf;

(D) the opportunity to question opposing witnesses ~~against him~~; and

(E) written notice of ~~his~~ the right to be represented by counsel and ~~his~~ the right to assigned counsel if he or she is unable to obtain counsel.

(3) Release From Custody.

(A) A probationer held in custody pursuant to a request to revoke probation may be released by a judicial officer pending hearing or appeal. In determining conditions of release, the judicial officer shall consider the factors set forth in 13 V.S.A. § 7554(b). Any denial of or change in the terms of release shall be reviewable in the manner provided in 13 V.S.A. §§ 7554 and 7556 for ~~pre-trial~~ pretrial release.

(B) A probationer who is serving a sentence for a sex offense that requires registration pursuant to chapter 167, subchapter 3 of Title 13 who violates a risk-related condition of probation may be held in custody until the revocation hearing.

(b) Modification of Probation. A hearing and assistance of counsel are required before the terms or conditions of probation can be modified, unless

the relief granted to the probationer upon his or her request or the court's own motion is favorable to ~~him~~ the probationer.

\* \* \* Systemwide \* \* \*

Sec. 49. AUDIT OF THE STATE'S SEXUAL ABUSE RESPONSE SYSTEM

(a) On or before November 15, 2011, and every five years thereafter, the auditor of accounts shall submit to the house and senate committees on judiciary, the house committees on corrections and institutions, on appropriations, on education, and on human services, and the senate committee on health and welfare an independent audit which assesses the status of the state's sexual abuse response system, including prevention, criminal investigations, presentence investigations and sentencing of offenders, supervision and treatment of offenders, victim and family assistance and treatment, and training for those working in the system.

(b) The audit shall be conducted in consultation with the center for the prevention and treatment of sexual abuse.

Sec. 50. 33 V.S.A. § 306 is amended to read:

§ 306. ADMINISTRATIVE PROVISIONS

\* \* \*

(c) The commissioner may publicly disclose the findings or information about any case of child abuse or neglect that has resulted in the fatality or near fatality of a child, including information obtained under chapter 49 of this title, unless the state's attorney or attorney general who is investigating or prosecuting any matter involving the fatality requests the commissioner to withhold disclosure, in which case the commissioner shall not disclose any information until completion of any criminal proceedings involving the fatality or the state's attorney or attorney general consents to disclosure, whichever occurs earlier.

Sec. 51. RESERVED FOR FUTURE USE

Sec. 52. REPORT; DEPARTMENT OF CORRECTIONS

On or before November 15, 2009, the department of corrections shall report to the senate and house committees on judiciary, the senate committee on health and welfare, the house committee on human services, the senate committee on corrections; and the house committee on corrections and institutions regarding the following:

(1) Proposed legislation on protocols for releasing a sex offender from confinement into a home with children. Such protocols shall address:



(A) the notification of the department for children and families by the department of corrections if placement in a home with children is being considered;

(B) how the department for children and families and the department of corrections will work together in a coordinated fashion to determine whether such a placement is appropriate;

(C) the procedure to be followed if the department for children and families determines that risk of harm exists to a child based on the placement of the offender in the home and the proposed residence is not approved; and

(D) the procedure by which the decision to place an offender in a home with a child will be reviewed by the departments to ensure that a risk of harm to a child does not emerge.

(2) Criteria and centralized review of release recommendations made by the department with respect to sex offenders. Decisions to release or recommend release of a sex offender from confinement or discharge from supervision should be done in consultation with a treatment team of individuals with expertise in the field of managing sex offenders, and such decisions and the rationale should be documented in the case record. A decision to release an offender despite treatment team advice to the contrary should be reviewed by the commissioner or a designee. The department should operate under the assumption that sex offenders should be supervised in the community for as long as possible unless overwhelming information indicates otherwise.

(3) A plan to improve training and oversight of department employees who work with sex offenders. Training should include orientation and mentoring for new employees, as well as continuing education for long-term employees.

(4) An update on the implementation of the provisions of this act.

Sec. 52a. 24 V.S.A. § 1940(c) is amended to read:

(c) A specialized investigative unit grants board is created which shall be comprised of the attorney general, the secretary of administration, the executive director of the department of state's attorneys, the commissioner of the department of public safety, a representative of the Vermont sheriffs' association, a representative of the Vermont association of chiefs of police, the executive director of the center for crime victim services, and the executive director of the Vermont League of Cities and Towns, Inc. Specialized investigative units organized and operating under this section for the investigation of sex crimes, child abuse, elder abuse, domestic violence, or crimes against those with physical or developmental disabilities may apply to

the board for a grant or grants covering the costs of salaries and employee benefits to be expended during a given year for the performance of unit duties as well as unit operating costs for rent, utilities, equipment, training, and supplies. Grants under this section shall be approved by a majority of the entire board and shall not exceed 50 percent of the yearly salary and employee benefit costs of the unit. Preference shall be given to grant applications which include the participation of the department of public safety, the department for children and families, sheriffs' departments, community victims' advocacy organizations, and municipalities within the region.

#### Sec. 53. EFFECTIVE DATES

(a) This section and Secs. 1 (legislative intent), 2 (comprehensive statewide approach to the prevention of child sexual abuse), 2a (sexual violence prevention task force), 11–13b (community outreach; center for the prevention and treatment of sexual abuse; sexual exploitation of a minor; listed crime definition; sex offender definition), 16–22 (special investigation units; multidisciplinary teams; DNA), 30 (aggravated sexual assault of a child), 46 (training AHS employees regarding mandatory reporting) and 49–52a (audit; child near fatality; DOC report; special investigation units) of this act shall take effect upon passage.

(b) Secs. 10 (child care facilities), 14–15 (reporting to sex offender registry), 26–29 (depositions; hearsay exceptions; human services board hearings), 33–44 (deferred sentences; juvenile records; probation conditions; discharge from probation audit of DOC sex offender caseloads, high-risk sex offenders), 47 (parole), and 48 (modification of probation) of this act shall take effect July 1, 2009.

(c) Secs. 8 (subscription service) and 45 (mandatory reporting of child abuse and neglect) of this act shall take effect July 1, 2010.

(d) Secs. 23–25 (DNA) of this act shall take effect July 1, 2011.

(e) All other sections of this act shall take effect as explicitly set forth in Secs. 3b (comprehensive health education), 6c (licensing and employment), 7a (volunteers, work study students, and community-based learning), and 9a (information for school employees and the public).

**(Committee vote: 10-0-1)**

**Rep. Acinapura of Brandon**, for the Committee on **Appropriations**, recommends the bill ought to pass in concurrence when amended as recommended by the Committee on **Judiciary**.

**(Committee vote: 8-0-3)**

**Amendment to proposal of amendment of the Committee on Judiciary to be offered by Rep. Lippert of Hinesburg to S. 13**

Moves the proposal of amendment be amended as follows:

First: In Sec. 3a (Transitional provisions), in subdivision (a)(1), after the word “violence” by adding the word “prevention”

Second: In Sec. 6b, 16 V.S.A. § 252(1), in subdivision (A), by striking “requires registration pursuant to subchapter 3 of chapter 167 of Title 13” and inserting in lieu thereof “is an offense listed in 13 V.S.A. § 5401(10) (sex offender definition for registration purposes)”

Third: In Sec. 12, by striking Sec. 12 through  
§ 601. CENTER FOR THE PREVENTION AND TREATMENT OF SEXUAL ABUSE

and inserting in lieu thereof the following:

Sec. 12. 28 V.S.A. § 122 is added to read:

§ 122. CENTER FOR THE PREVENTION AND TREATMENT OF SEXUAL ABUSE

Fourth: In Sec. 28, Rule 804a of the Vermont Rules of Evidence, in subdivision (a)(1), after the words “or the statements are offered in a juvenile proceeding under chapter” by striking “53” and inserting in lieu thereof “52”

**Amendment to be offered by Rep. Crawford of Burke to S. 13**

Moves to amend the proposal of amendment of the Committee on Judiciary as follows:

First: In Sec. 3a, subsection (a), by striking the date “September 1, 2009” and inserting in lieu thereof the date “July 1, 2009”

Second: In Sec. 3a, subsection (b), by striking the date “July 1, 2010” and inserting in lieu thereof the date “October 31, 2009”

Third: In Sec. 3b, subsection (b), by striking the date “July 1, 2011” and inserting in lieu thereof the date “July 1, 2010”

**Amendment to be offered by Rep. Canfield of Fair Haven to S. 13**

Moves to amend the proposal of amendment of the Committee on Judiciary by adding a new Sec. 15 a to read:

Sec. 15a to read:

Sec. 15a. 13 V.S.A. § 5411a is amended to read:

§ 5411a. ELECTRONIC POSTING OF THE SEX OFFENDER REGISTRY

(a) Notwithstanding sections 2056a-2056e of Title 20, the department shall electronically post information on the Internet in accordance with subsection (b) of this section ~~regarding the following sex offenders, upon their release from confinement:~~

~~(1) Sex offenders who have been convicted of a violation of section 3253 of this title (aggravated sexual assault), section 2602 of this title (lewd or lascivious conduct with child) if the offender has been designated as high risk by the department of corrections pursuant to section 5411b of this title, or subdivision 2405(a)(1)(D) of this title if a registrable offense (kidnapping and sexual assault of a child) for all sex offenders who are required to register pursuant to subdivision 5401(10) of this title.~~

~~(2) Sex offenders who have at least one prior conviction for an offense described in subdivision 5401(10) of this subchapter.~~

~~(3) Sex offenders who have failed to comply with sex offender registration requirements and for whose arrest there is an outstanding warrant for such noncompliance. Information on offenders shall remain on the Internet only while the warrant is outstanding.~~

~~(4) Sex offenders who have been designated as sexual predators pursuant to section 5405 of this title.~~

~~(5)(A) Sex offenders who have not complied with sex offender treatment recommended by the department of corrections or who are ineligible for sex offender treatment. The department of corrections shall establish rules for the administration of this subdivision and shall specify what circumstances constitute noncompliance with treatment and criteria for ineligibility to participate in treatment. Offenders subject to this provision shall have the right to appeal the department of corrections' determination in superior court in accordance with Rule 75 of the Vermont Rules of Civil Procedure. This subdivision shall apply prospectively and shall not apply to those sex offenders who did not comply with treatment or were ineligible for treatment prior to March 1, 2005.~~

~~(B) The department of corrections shall notify the department if a sex offender who is compliant with sex offender treatment completes his or her sentence but has not completed sex offender treatment. As long as the offender complies with treatment, the offender shall not be considered noncompliant under this subdivision and shall not be placed on the Internet registry in accordance with this subdivision alone. However, the offender shall submit to the department proof of continuing treatment compliance every three months. Proof of compliance shall be a form provided by the department that the offender's treatment provider shall sign, attesting to the offender's continuing~~

~~compliance with recommended treatment. Failure to submit such proof as required under this subdivision (B) shall result in the offender's placement on the Internet registry in accordance with subdivision (A) of this subdivision (5).~~

~~(6) Sex offenders who have been designated by the department of corrections, pursuant to section 5411b of this title, as high risk.~~

(b) The department shall electronically post the following information on sex offenders designated in subsection (a) of this section:

- (1) the offender's name and any known aliases;
- (2) the offender's date of birth;
- (3) a general physical description of the offender;
- (4) a digital photograph of the offender;
- (5) the offender's ~~town of residence~~ address;
- (6) the date and nature of the offender's conviction;

(7) if the offender is under the supervision of the department of corrections, the name and telephone number of the local department of corrections office in charge of monitoring the sex offender;

(8) whether the offender complied with treatment recommended by the department of corrections;

(9) a statement that there is an outstanding warrant for the offender's arrest, if applicable; and

(10) the reason for which the offender information is accessible under this section.

(c) The department shall have the authority to take necessary steps to obtain digital photographs of offenders whose information is required to be posted on the Internet and to update photographs as necessary. An offender who is requested by the department to report to the department or a local law enforcement agency for the purpose of being photographed for the Internet shall comply with the request within 30 days.

~~(d) An offender's street address shall not be posted electronically.~~ The identity of a victim of an offense that requires registration shall not be released.

\* \* \*

(1) The Internet registry maintained pursuant to this section shall be searchable by either the offender's name or address.

### Special Committee Report

The Committee on Government Operations, to which has been referred the request of Leo Valliere for the House to judge the election and qualifications of its member in house district Washington 3-1 submits the following report:

Matter of Contested Election of Mr. Poirier of Barre City

**Rep. Sweaney of Windsor**, for the Committee on **Government Operations**, respectfully reports that it has considered the matter of qualification and election of Rep. Paul Poirier in District Washington 3-1 and finds that Representative Paul Poirier was duly elected and is qualified to represent Washington District 3-1 as a member of the Vermont House of Representatives.

### NOTICE CALENDAR Favorable with Amendment H. 62

An act relating to an exemption from municipal dog-control ordinances for working farm dogs.

**Rep. Conquest of Newbury**, for the Committee on **Agriculture**, recommends the bill be amended by striking all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. 20 V.S.A. § 3541(9) is added to read:

(9) “Working farm dog” means a dog that is bred or trained to herd or protect livestock or poultry or to protect crops and that is used for those purposes and that is registered as a working farm dog pursuant to subsection 3581(a) of this title.

Sec. 2. 20 V.S.A. §3549 is amended to read:

§ 3549. DOMESTIC PETS OR WOLF-HYBRIDS, REGULATION BY TOWNS

The legislative body of a city or town by ordinance may regulate the keeping, leashing, muzzling, restraint, impoundment, and destruction of domestic pets or wolf-hybrids and their running at large except that a legislative body of a city or town shall not prohibit or regulate the barking or running at large of a working farm dog when it is on the property being farmed by the person who registered the working farm dog, pursuant to subsection 3581(a) of this title, in the following circumstances:

(1) If the working farm dog is barking in order to herd or protect livestock or poultry or to protect crops.

(2) If the working farm dog is running at large in order to herd or protect livestock or poultry or to protect crops.

Sec 3. 20 V.S.A. § 3581(a) is amended to read:

§ 3581. GENERAL REQUIREMENTS

(a) A person who is the owner of a dog or wolf-hybrid more than six months old shall annually on or before April 1 cause it to be registered, numbered, described, and licensed on a form approved by the secretary for one year from that day in the office of the clerk of the municipality wherein the dog or wolf-hybrid is kept. A person who owns a working farm dog and who intends to use that dog on a farm pursuant to the exemptions in section 3549 of this title shall cause the working farm dog to be registered as a working farm dog and shall, in addition to all other fees required by this section, pay \$5.00 for a working farm dog license. The owner of a dog or wolf-hybrid shall cause it to wear a collar, and attach thereto a license tag issued by the municipal clerk. Dog or wolf-hybrid owners shall pay for the license \$4.00 for each neutered dog or wolf-hybrid, and \$8.00 for each unneutered dog or wolf-hybrid. If the license fee for any dog or wolf-hybrid is not paid by April 1, its owner or keeper may thereafter procure a license for that license year by paying a fee of fifty percent in excess of that otherwise required.

**(Committee vote: 11-0-0)**

**H. 109**

An act relating to uniform limited cooperative association act.

**Rep. Dickinson of St. Albans Town**, for the Committee on **Commerce and Economic Development**, recommends the bill be amended by striking all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. Title 11C is added to read:

TITLE 11C. UNIFORM LIMITED COOPERATIVE ASSOCIATIONS

Article 1. General Provisions

§ 101. SHORT TITLE

This title may be cited as the Uniform Limited Cooperative Association Act.

§ 102. DEFINITIONS

For purposes of this title the following words have the following meanings:

(1) “Articles of organization” means the articles of organization of a limited cooperative association required by section 302 of this title. The term includes the articles as amended or restated.

(2) “Board of directors” means the board of directors of a limited cooperative association.

(3) “Bylaws” means the bylaws of a limited cooperative association. The term includes the bylaws as amended or restated.

(4) “Certificate of authority” means a certificate issued by the secretary of state for a foreign cooperative to transact business in this state.

(5) “Contribution,” except as used in subsection 1008(c) of this title, means a benefit that a person provides to a limited cooperative association to become or remain a member or in the person’s capacity as a member.

(6) “Cooperative” means a limited cooperative association or an entity organized under any cooperative law of any jurisdiction.

(7) “Designated office” means the office that a limited cooperative association or a foreign cooperative is required to designate and maintain under subdivision 117(a)(1) of this title.

(8) “Director” means a director of a limited cooperative association.

(9) “Distribution,” except as used in subsection 1007(e) of this title, means a transfer of money or other property from a limited cooperative association to a member because of the member’s financial rights or to a transferee of a member’s financial rights.

(10) “Entity” means a person other than an individual.

(11) “Financial rights” means the right to participate in allocations and distributions as provided in Articles 10 and 12 of this title but does not include rights or obligations under a marketing contract governed by Article 7 of this title.

(12) “Foreign cooperative” means an entity organized in a jurisdiction other than this state under a law similar to this title.

(13) “Governance rights” means the right to participate in governance of a limited cooperative association.

(14) “Investor member” means a member that has made a contribution to a limited cooperative association and:

(A) is not required by the organic rules to conduct patronage with the association in the member’s capacity as an investor member in order to receive the member’s interest; or



(B) is not permitted by the organic rules to conduct patronage with the association in the member's capacity as an investor member in order to receive the member's interest.

(15) "Limited cooperative association" means an association organized under this title.

(16) "Member" means a person that is admitted as a patron member or investor member, or both, in a limited cooperative association. The term does not include a person that has dissociated as a member.

(17) "Member's interest" means the interest of a patron member or investor member under section 601 of this title.

(18) "Members meeting" means an annual members meeting or special meeting of members.

(19) "Organic law" means the statute providing for the creation of an entity or principally governing its internal affairs.

(20) "Organic rules" means the articles of organization and bylaws of a limited cooperative association.

(21) "Organizer" means an individual who signs the initial articles of organization.

(22) "Patron member" means a member that has made a contribution to a limited cooperative association and:

(A) is required by the organic rules to conduct patronage with the association in the member's capacity as a patron member in order to receive the member's interest; or

(B) is permitted by the organic rules to conduct patronage with the association in the member's capacity as a patron member in order to receive the member's interest.

(23) "Patronage" means business transactions between a limited cooperative association and a person which entitle the person to receive financial rights based on the value or quantity of business done between the association and the person.

(24) "Person" means an individual, corporation, business trust, cooperative, estate, trust, partnership, limited partnership, limited liability company, limited cooperative association, joint venture, association, public corporation, government or governmental subdivision, agency, or instrumentality, or any other legal or commercial entity.

(25) “Principal office” means the principal executive office of a limited cooperative association or foreign cooperative, whether or not in this state.

(26) “Record,” used as a noun, means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

(27) “Required information” means the information a limited cooperative association is required to maintain under section 114 of this title.

(28) “Sign” means, with present intent to authenticate or adopt a record:

(A) to execute or adopt a tangible symbol; or

(B) to attach to or logically associate with the record an electronic symbol, sound, or process.

(29) “State” means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States.

(30) “Transfer” includes an assignment, conveyance, deed, bill of sale, lease, mortgage, security interest, encumbrance, gift, and transfer by operation of law.

(31) “Voting group” means any combination of one or more voting members in one or more districts or classes that under the organic rules or this title are entitled to vote and can be counted together collectively on a matter at a members meeting.

(32) “Voting member” means a member that, under the organic law or organic rules, has a right to vote on matters subject to vote by members under the organic law or organic rules.

(33) “Voting power” means the total current power of members to vote on a particular matter for which a vote may or is to be taken.

#### § 103. LIMITED COOPERATIVE ASSOCIATION SUBJECT TO AMENDMENT OR REPEAL

A limited cooperative association governed by this title is subject to any amendment or repeal.

#### § 104. NATURE OF LIMITED COOPERATIVE ASSOCIATION

(a) A limited cooperative association organized under this title is an autonomous, unincorporated association of persons united to meet their mutual interests through a jointly owned enterprise primarily controlled by those persons, which permits combining:

(1) ownership, financing, and receipt of benefits by the members for whose interests the association is formed; and

(2) separate investments in the association by members who may receive returns on their investments and a share of control.

(b) The fact that a limited cooperative association does not have one or more of the characteristics described in subsection (a) of this section does not alone prevent the association from being formed under and governed by this title nor does it alone provide a basis for an action against the association.

#### § 105. PURPOSE AND DURATION OF LIMITED COOPERATIVE ASSOCIATION

(a) A limited cooperative association is an entity distinct from its members.

(b) A limited cooperative association may be organized for any lawful purpose, whether or not for profit.

(c) Unless the articles of organization state a term for a limited cooperative association's existence, the association has perpetual duration.

#### § 106. POWERS

A limited cooperative association may sue and be sued in its own name and do all things necessary or convenient to carry on its activities. An association may maintain an action against a member for harm caused to the association by the member's violation of a duty to the association or of the organic law or organic rules.

#### § 107. GOVERNING LAW

The law of this state governs:

(1) the internal affairs of a limited cooperative association; and

(2) the liability of a member as member and a director as director for the debts, obligations, or other liabilities of a limited cooperative association.

#### § 108. SUPPLEMENTAL PRINCIPLES OF LAW

Unless displaced by particular provisions, the principles of law and equity supplement this title.

#### § 109. REQUIREMENTS OF OTHER LAWS

(a) This title does not alter or amend any law that governs the licensing and regulation of an individual or entity in carrying on a specific business or profession even if that law permits the business or profession to be conducted by a limited cooperative association, a foreign cooperative, or its members.

(b) A limited cooperative association may not conduct an activity that, under law of this state other than this title, may be conducted only by an entity that meets specific requirements for the internal affairs of that entity unless the organic rules of the association conform to those requirements.

(c) If an activity of a limited cooperative association is within the scope of the Uniform Common Interest Ownership Act, the requirements of the Uniform Common Interest Ownership Act apply, even if there is a conflicting provision in this title.

#### § 110. RELATION TO RESTRAINT OF TRADE AND ANTITRUST LAWS

To the extent a limited cooperative association or activities conducted by the association in this state meet the material requirements for other cooperatives entitled to an exemption from or immunity under any provision of the restraint of trade or antitrust laws of this state, the association and its activities are entitled to the exemption or immunity. This section does not create any new exemption or immunity for an association or affect any exemption or immunity provided to a cooperative organized under any other law.

#### § 111. NAME

(a) Use of the term “cooperative” or its abbreviation under this title is not a violation of the provisions restricting the use of the term under section 992 of Title 11.

(b) The name of a limited cooperative association must contain the words “limited cooperative association” or “limited cooperative” or the abbreviation “L.C.A.” or “LCA.” “Limited” may be abbreviated as “Ltd.” “Cooperative” may be abbreviated as “Co-op” or “Coop.” “Association” may be abbreviated as “Assoc.” or “Assn.”

(c) Unless otherwise provided in this title, a limited cooperative association may apply to the secretary of state for authorization to use a name under the procedures and subject to the rules for associations of individuals set forth in Chapter 15 of Title 11.

#### § 112. RESERVATION OF NAME

(a) A person may reserve the exclusive use of the name of a limited cooperative association, including a fictitious name for a foreign cooperative whose name is not available under section 111 of this title, by delivering an application to the secretary of state for filing. The application must set forth the name and address of the applicant and the name proposed to be reserved. If the secretary of state finds that the name applied for is available under

section 111 of this title, the secretary of state shall reserve the name for the applicant's exclusive use for a nonrenewable period of 120 days.

(b) A person that has reserved a name for a limited cooperative association may transfer the reservation to another person by delivering to the secretary of state a signed notice of the transfer which states the name, street address, and, if different, the mailing address of the transferee. If the person is an organizer of the association and the name of the association is the same as the reserved name, the delivery of articles of organization for filing by the secretary of state is a transfer by the person to the association.

### § 113. EFFECT OF ORGANIC RULES

(a) The relations between a limited cooperative association and its members are consensual. Unless required, limited, or prohibited by this title, the organic rules may provide for any matter concerning the relations among the members of the association and between the members and the association, the activities of the association, and the conduct of its activities.

(b) The matters referred to in subdivisions (1) through (12) of this subsection may be varied only in the articles of organization. The articles may:

(1) state a term of existence for the association under subsection 105(c) of this title;

(2) limit or eliminate the acceptance of new or additional members by the initial board of directors under subsection 303(b) of this title;

(3) vary the limitations on the obligations and liability of members for association obligations under section 504 of this title;

(4) require a notice of an annual members meeting to state a purpose of the meeting under subsection 508(b) of this title;

(5) vary the board of directors meeting quorum under subsection 815(a) of this title;

(6) vary the matters the board of directors may consider in making a decision under section 820 of this title;

(7) specify causes of dissolution under subsection 1202(1) of this title;

(8) delegate amendment of the bylaws to the board of directors pursuant to subsection 405(f) of this title;

(9) provide for member approval of asset dispositions under section 1501 of this title; and

(10) subject to section 820 of this title, provide for the elimination or limitation of liability of a director to the association or its members for money damages pursuant to section 818 of this title;

(11) provide for permitting or making obligatory indemnification under subsection 901(a) of this title; and

(12) provide for any matters that may be contained in the organic rules, including those under subsection (c) of this section.

(c) The matters referred to in subdivisions (1) through (25) of this subsection may be varied only in the organic rules. The organic rules may:

(1) require more information to be maintained under section 114 of this title or provided to members under subsection 505(k) of this title;

(2) provide restrictions on transactions between a member and an association under section 115 of this title;

(3) provide for the percentage and manner of voting on amendments to the organic rules by district, class, or voting group under subsection 404(a) of this title;

(4) provide for the percentage vote required to amend the bylaws concerning the admission of new members under subdivision 405(e)(5) of this title;

(5) provide for terms and conditions to become a member under section 502 of this title;

(6) restrict the manner of conducting members' meetings under subsections 506(c) and 507(e) of this title;

(7) designate the presiding officer of members' meetings under subsections 506(e) and 507(g) of this title;

(8) require a statement of purposes in the annual meeting notice under subsection 508(b) of this title;

(9) increase quorum requirements for members' meetings under section 510 of this title and board of directors meetings under section 815 of this title;

(10) allocate voting power among members, including patron members and investor members, and provide for the manner of member voting and action as permitted by sections 511 through 517 of this title;

(11) authorize investor members and expand or restrict the transferability of members' interests to the extent provided in sections 602 through 604 of this title;

(12) provide for enforcement of a marketing contract under subsection 704(a) of this title;

(13) provide for qualification, election, terms, removal, filling vacancies, and member approval for compensation of directors in accordance with sections 803 through 805, 807, 809, and 810 of this title;

(14) restrict the manner of conducting board meetings and taking action without a meeting under sections 811 and 812 of this title;

(15) provide for frequency, location, notice and waivers of notice for board meetings under sections 813 and 814 of this title;

(16) increase the percentage of votes necessary for board action under subsection 816(b) of this title;

(17) provide for the creation of committees of the board of directors and matters related to the committees in accordance with section 817 of this title;

(18) provide for officers and their appointment, designation, and authority under section 822 of this title;

(19) provide for forms and values of contributions under section 1002 of this title;

(20) provide for remedies for failure to make a contribution under subsection 1003(b) of this title;

(21) provide for the allocation of profits and losses of the association, distributions, and the redemption or repurchase of distributed property other than money in accordance with sections 1004 through 1007 of this title;

(22) specify when a member's dissociation is wrongful and the liability incurred by the dissociating member for damage to the association under subsections 1101(b) and (c) of this title;

(23) provide the personal representative, or other legal representative of, a deceased member or a member adjudged incompetent with additional rights under section 1103 of this title;

(24) increase the percentage of votes required for board of director approval of:

(A) a resolution to dissolve under subdivision 1205(a)(1) of this title;

(B) a proposed amendment to the organic rules under subdivision 402(a)(1) of this title;

(C) a plan of conversion under subsection 1603(a) of this title;

(D) a plan of merger under subsection 1607(a) of this title; and

(E) a proposed disposition of assets under subsection 1503(1) of this title; and

(25) vary the percentage of votes required for members approval of:

(A) a resolution to dissolve under section 1205 of this title;

(B) an amendment to the organic rules under section 405 of this title;

(C) a plan of conversion under section 1603 of this title;

(D) a plan of merger under section 1608 of this title; and

(E) a disposition of assets under section 1504 of this title.

(d) The organic rules must address members' contributions pursuant to section 1001 of this title.

#### § 114. REQUIRED INFORMATION

(a) Subject to subsection (b) of this section, a limited cooperative association shall maintain in a record available at its principal office:

(1) a list containing the name, last known street address and, if different, mailing address, and term of office of each director and officer;

(2) the initial articles of organization and all amendments to and restatements of the articles, together with a signed copy of any power of attorney under which any article, amendment, or restatement has been signed;

(3) the initial bylaws and all amendments to and restatements of the bylaws;

(4) all filed articles of merger and statements of conversion;

(5) all financial statements of the association for the six most recent years;

(6) the six most recent annual reports delivered by the association to the secretary of state;

(7) the minutes of members' meetings for the six most recent years;

(8) evidence of all actions taken by members without a meeting for the six most recent years;

(9) a list containing:

(A) the name, in alphabetical order, and last known street address and, if different, mailing address of each patron member and each investor member; and



(B) if the association has districts or classes of members, information from which each current member in a district or class may be identified;

(10) the federal income tax returns, any state and local income tax returns, and any tax reports of the association for the six most recent years;

(11) accounting records maintained by the association in the ordinary course of its operations for the six most recent years;

(12) the minutes of directors' meetings for the six most recent years;

(13) evidence of all actions taken by directors without a meeting for the six most recent years;

(14) the amount of money contributed and agreed to be contributed by each member;

(15) a description and statement of the agreed value of contributions other than money made and agreed to be made by each member;

(16) the times at which, or events on the happening of which, any additional contribution is to be made by each member;

(17) for each member, a description and statement of the member's interest or information from which the description and statement can be derived; and

(18) all communications concerning the association made in a record to all members, or to all members in a district or class, for the six most recent years.

(b) If a limited cooperative association has existed for less than the period for which records must be maintained under subsection (a) of this section, the period records must be kept is the period of the association's existence.

(c) The organic rules may require that more information be maintained.

#### § 115. BUSINESS TRANSACTIONS OF MEMBER WITH LIMITED COOPERATIVE ASSOCIATION

Subject to sections 818 and 819 of this title and except as otherwise provided in the organic rules or a specific contract relating to a transaction, a member may lend money to and transact other business with a limited cooperative association in the same manner as a person that is not a member.

#### § 116. DUAL CAPACITY

A person may have a patron member's interest and an investor member's interest. When such person acts as a patron member, the person is subject to this title and the organic rules governing patron members. When such person

acts as an investor member, the person is subject to this title and the organic rules governing investor members.

§ 117. DESIGNATED OFFICE AND AGENT FOR SERVICE OF  
PROCESS

(a) A limited cooperative association, or a foreign cooperative that has a certificate of authority under section 1404 of this title, shall designate and continuously maintain in this state:

(1) an office, as its designated office, which need not be a place of the association's or foreign cooperative's activity in this state; and

(2) an agent for service of process at the designated office.

(b) An agent for service of process of a limited cooperative association or foreign cooperative must be an individual who is a resident of this state or an entity that is authorized to do business in this state.

§ 118. CHANGE OF DESIGNATED OFFICE OR AGENT FOR SERVICE  
OF PROCESS

(a) Except as otherwise provided in subsection 207(e) of this title, to change its designated office, its agent for service of process, or the street address or, if different, mailing address of its principal office, a limited cooperative association must deliver to the secretary of state for filing a statement of change containing:

(1) the name of the limited cooperative association;

(2) the street address and, if different, mailing address of its designated office;

(3) if the designated office is to be changed, the street address and, if different, mailing address of the new designated office;

(4) the name of its agent for service of process; and

(5) if the agent for service of process is to be changed, the name of the new agent.

(b) Except as otherwise provided in subsection 207(e) of this title, to change its agent for service of process, the address of its designated office, or the street address or, if different, mailing address of its principal office, a foreign cooperative shall deliver to the secretary of state for filing a statement of change containing:

(1) the name of the foreign cooperative;

(2) the name, street address and, if different, mailing address of its designated office;

(3) if the current agent for service of process or an address of the designated office is to be changed, the new information;

(4) the street address and, if different, the mailing address of its principal office; and

(5) if the street address or, if different, the mailing address of its principal office is to be changed, the street address and, if different, the mailing address of the new principal office.

(c) Except as otherwise provided in section 204 of this title, a statement of change is effective when filed by the secretary of state.

#### § 119. RESIGNATION OF AGENT FOR SERVICE OF PROCESS

(a) To resign as an agent for service of process of a limited cooperative association or foreign cooperative, the agent must deliver to the secretary of state for filing a statement of resignation containing the name of the agent and the name of the association or foreign cooperative.

(b) After receiving a statement of resignation under subsection (a) of this section, the secretary of state shall file it and mail or otherwise provide or deliver a copy to the limited cooperative association or foreign cooperative at its principal office.

(c) An agency for service of process of a limited cooperative association or foreign cooperative terminates on the earlier of:

(1) the 31st day after the secretary of state files a statement of resignation under subsection (b) of this section; or

(2) when a record designating a new agent for service of process is delivered to the secretary of state for filing on behalf of the association or foreign cooperative and becomes effective.

#### § 120. SERVICE OF PROCESS

(a) An agent for service of process appointed by a limited cooperative association or foreign cooperative is an agent of the association or foreign cooperative for service of process, notice, or a demand required or permitted by law to be served upon the association or foreign cooperative.

(b) If a limited cooperative association or foreign cooperative does not appoint or maintain an agent for service of process in this state or the agent for service of process cannot with reasonable diligence be found at the address of the designated office on file with the secretary of state, the secretary of state is

an agent of the association or foreign cooperative upon which process, notice, or a demand may be served.

(c) Service of process, notice, or a demand on the secretary of state as agent of a limited cooperative association or foreign cooperative may be made by delivering to the secretary of state two copies of the process, notice, or demand. The secretary of state shall forward one copy by registered or certified mail, return receipt requested, to the association or foreign cooperative at its principal office.

(d) Service is effected under subsection (c) of this section on the earliest of:

(1) the date the limited cooperative association or foreign cooperative receives the process, notice, or demand;

(2) the date shown on the return receipt, if signed on behalf of the association or foreign cooperative; or

(3) five days after the process, notice, or demand is deposited by the secretary of state for delivery by the United States Postal Service, if postage is prepaid to the address of the principal office on file with the secretary of state.

(e) The secretary of state shall keep a record of each process, notice, and demand served pursuant to this section and record the time of, and the action taken regarding, the service.

(f) This section does not affect the right to serve process, notice, or a demand in any other manner provided by law.

## Article 2. Filing and Annual Reports

### § 201. SIGNING OF RECORDS DELIVERED FOR FILING TO SECRETARY OF STATE

(a) A record delivered to the secretary of state for filing pursuant to this title must be signed as follows:

(1) The initial articles of organization must be signed by at least one organizer.

(2) A statement of cancellation under subsection 302(d) of this title must be signed by at least one organizer.

(3) Except as otherwise provided in subdivision (4) of this subsection, a record signed on behalf of an existing limited cooperative association must be signed by an officer.

(4) A record filed on behalf of a dissolved association must be signed by a person winding up activities under section 1206 of this title or a person appointed under section 1206 to wind up those activities.

(5) Any other record must be signed by the person on whose behalf the record is delivered to the secretary of state.

(b) Any record to be signed under this title may be signed by an authorized agent.

§ 202. SIGNING AND FILING OF RECORDS PURSUANT TO JUDICIAL ORDER

(a) If a person required by this title to sign or deliver a record to the secretary of state for filing does not do so, the superior court of the county of the limited cooperative association's principal office, or the foreign cooperative's registered office, upon petition of an aggrieved person, may order:

(1) the person to sign the record and deliver it to the secretary of state for filing; or

(2) delivery of the unsigned record to the secretary of state for filing.

(b) An aggrieved person under subsection (a) of this section, other than the limited cooperative association or foreign cooperative to which the record pertains, shall make the association or foreign cooperative a party to the action brought to obtain the order.

(c) An unsigned record filed pursuant to this section is effective.

§ 203. DELIVERY TO AND FILING OF RECORDS BY SECRETARY OF STATE; EFFECTIVE TIME AND DATE

(a) A record authorized or required by this title to be delivered to the secretary of state for filing must be captioned to describe the record's purpose, be in a medium and format permitted by the secretary of state, and be delivered to the secretary of state. If the filing fees have been paid, and unless the secretary of state determines that the record does not comply with the filing requirements, the secretary of state shall file the record and send a copy of the filed record and a receipt for the fees to the person on whose behalf the record was filed.

(b) The secretary of state, upon request and payment of the required fee, shall furnish a certified copy of any record filed by the secretary of state under this title to the person making the request.

(c) Except as otherwise provided in sections 118 and 204 of this title, a record delivered to the secretary of state for filing under this title may specify an effective time and a delayed effective date that may include an effective time on that date. Except as otherwise provided in sections 118 and 204 of this title, a record filed by the secretary of state under this title is effective:

(1) if the record does not specify an effective time and does not specify a delayed effective date, on the date and at the time the record is filed as evidenced by the secretary of state's endorsement of the date and time on the record;

(2) if the record specifies an effective time but not a delayed effective date, on the date the record is filed at the time specified in the record;

(3) if the record specifies a delayed effective date but not an effective time, at 12:01 a.m. on the earlier of:

(A) the specified date; or

(B) the 90th day after the record is filed; or

(4) if the record specifies an effective time and a delayed effective date, at the specified time on the earlier of:

(A) the specified date; or

(B) the 90th day after the record is filed.

#### § 204. CORRECTING FILED RECORD

(a) A limited cooperative association or foreign cooperative may deliver to the secretary of state for filing a statement of correction to correct a record previously delivered by the association or foreign cooperative to the secretary of state and filed by the secretary of state if, at the time of filing, the record contained inaccurate information or was defectively signed.

(b) A statement of correction may not state a delayed effective date and must:

(1) describe the record to be corrected, including its filing date, or have attached a copy of the record as filed;

(2) specify the inaccurate information and the reason it is inaccurate or the manner in which the signing was defective; and

(3) correct the inaccurate information or defective signature.

(c) When filed by the secretary of state, a statement of correction is effective:

(1) when filed as to persons relying on the inaccurate information or defective signature before its correction and adversely affected by the correction; and

(2) as to all other persons, retroactively as of the effective date and time of the record the statement corrects.

§ 205. LIABILITY FOR INACCURATE INFORMATION IN FILED

RECORD

If a record delivered to the secretary of state for filing under this title and filed by the secretary of state contains inaccurate information, a person that suffers a loss by reliance on the information may recover damages for the loss from a person that signed the record or caused another to sign it on the person's behalf and knew at the time the record was signed that the information was inaccurate.

§ 206. CERTIFICATE OF GOOD STANDING OR AUTHORIZATION

(a) The secretary of state, upon request and payment of the required fee, shall furnish any person that requests it a certificate of good standing for a limited cooperative association if the records filed in the office of the secretary of state show that the secretary of state has filed the association's articles of organization, that the association is in good standing, and that the secretary of state has not filed a statement of termination.

(b) The secretary of state, upon request and payment of the required fee, shall furnish to any person that requests it a certificate of authority for a foreign cooperative if the records filed in the office of the secretary of state show that the secretary of state has filed the foreign cooperative's certificate of authority, has not revoked nor has reason to revoke the certificate of authority, and has not filed a notice of cancellation.

(c) Subject to any exceptions stated in the certificate, a certificate of good standing or authority issued by the secretary of state establishes conclusively that the limited cooperative association or foreign cooperative is in good standing or is authorized to transact business in this state.

§ 207. ANNUAL REPORT FOR SECRETARY OF STATE

(a) A limited cooperative association or foreign cooperative authorized to transact business in this state shall deliver to the secretary of state for filing an annual report that states:

(1) the name of the association or foreign cooperative;

(2) the street address and, if different, mailing address of the association's or foreign cooperative's designated office and the name of its agent for service of process at the designated office;

(3) the street address and, if different, mailing address of the association's or foreign cooperative's principal office; and

(4) in the case of a foreign cooperative, the state or other jurisdiction under whose law the foreign cooperative is formed and any alternative name adopted under section 1405 of this title.

(b) Information in an annual report must be current as of the date the report is delivered to the secretary of state.

(c) The first annual report must be delivered to the secretary of state between January 1 and April 1 of the year following the calendar year in which the limited cooperative association is formed or the foreign cooperative is authorized to transact business in this state. An annual report shall be delivered to the secretary of state within two and one-half months after the expiration of the limited cooperative association's fiscal year.

(d) If an annual report does not contain the information required by subsection (a) of this section, the secretary of state shall promptly notify the reporting limited cooperative association or foreign cooperative and return the report for correction. If the report is corrected to contain the information required by subsection (a) of this section and delivered to the secretary of state not later than 30 days after the date of the notice from the secretary of state, it is timely delivered.

(e) If a filed annual report contains an address of the designated office, the name of the agent for service of process, or address of the principal office which differs from the information shown in the records of the secretary of state immediately before the filing, the differing information in the annual report is considered a statement of change.

(f) If a limited cooperative association fails to deliver an annual report under this section, the secretary of state may proceed under section 1211 of this title to dissolve the association administratively.

(g) If a foreign cooperative fails to deliver an annual report under this section, the secretary of state may revoke the certificate of authority of the cooperative.

#### § 208. FILING FEES

The filing fees for records filed under this article by the secretary of state are the same as those set forth for a limited liability company under section 3013 of Title 11.

### Article 3. Formation and Initial Articles of Organization of Limited Cooperative Association

#### § 301. ORGANIZERS



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

§ 302. FORMATION OF LIMITED COOPERATIVE ASSOCIATION;  
ARTICLES OF ORGANIZATION

(a) To form a limited cooperative association, an organizer of the association must deliver articles of organization to the secretary of state for filing. The articles must state:

(1) the name of the association;

(2) the purposes for which the association is formed;

(3) 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;

(4) the street address and, if different, mailing address of the initial principal office;

(5) the name and street address and, if different, mailing address of each organizer; and

(6) the term for which the association is to exist if other than perpetual.

(b) Subject to subsection 113(a) of this title, articles of organization may contain any other provisions in addition to those required by subsection (a) of this section.

(c) A limited cooperative association is formed after articles of organization that substantially comply with subsection (a) of this section are delivered to the secretary of state, are filed, and become effective under subsection 203(c) of this title.

(d) If articles of organization filed by the secretary of state provide for a delayed effective date, a limited cooperative association is not formed if, before the articles take effect, an organizer signs and delivers to the secretary of state for filing a statement of cancellation.

§ 303. ORGANIZATION OF LIMITED COOPERATIVE ASSOCIATION

(a) After a limited cooperative association is formed:

(1) 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

(2) 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.

(b) 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.

(c) Initial directors need not be members.

(d) 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.

#### § 304. BYLAWS

(a) Bylaws must be in a record and, if not stated in the articles of organization, must include:

(1) a statement of the capital structure of the limited cooperative association, including:

(A) 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

(B) the rights to share in profits or distributions of the association;

(2) a statement of the method for admission of members;

(3) a statement designating voting and other governance rights, including which members have voting power and any restriction on voting power;

(4) 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;

(5) 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;

(6) a statement concerning:

(A) 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

(B) the manner in which profits and losses are allocated and distributions are made with respect to those persons; and

(7) a statement of the number and terms of directors or the method by which the number and terms are determined.

(b) Subject to subsection 113(c) of this title and the articles of organization, bylaws may contain any other provision for managing and regulating the affairs of the association.

(c) In addition to amendments permitted under Article 4 of this title, the initial board of directors may amend the bylaws by a majority vote of the directors at any time before the admission of members.

Article 4. Amendment of Organic Rules of Limited Cooperative Association  
§ 401. AUTHORITY TO AMEND ORGANIC RULES

(a) A limited cooperative association may amend its organic rules under this article for any lawful purpose. In addition, the initial board of directors may amend the bylaws of an association under section 304 of this title.

(b) Unless the organic rules otherwise provide, a member does not have a vested property right resulting from any provision in the organic rules, including a provision relating to the management, control, capital structure, distribution, entitlement, purpose, or duration of the limited cooperative association.

§ 402. NOTICE AND ACTION ON AMENDMENT OF ORGANIC RULES

(a) Except as provided in subsections 401(a) and 405(f) of this title, the organic rules of a limited cooperative association may be amended only at a members meeting. An amendment may be proposed by either:

(1) a majority of the board of directors, or a greater percentage if required by the organic rules; or

(2) one or more petitions signed by at least 10 percent of the patron members or at least 10 percent of the investor members.

(b) The board of directors shall call a members meeting to consider an amendment proposed pursuant to subsection (a) of this section. The meeting must be held not later than 90 days following the proposal of the amendment by the board or receipt of a petition. The board must mail or otherwise transmit or deliver in a record to each member:

(1) the proposed amendment, or a summary of the proposed amendment and a statement of the manner in which a copy of the amendment in a record may be reasonably obtained by a member;

(2) a recommendation that the members approve the amendment, 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;

(3) a statement of any condition of the board's submission of the amendment to the members; and

(4) notice of the meeting at which the proposed amendment will be considered, which must be given in the same manner as notice for a special meeting of members.

#### § 403. METHOD OF VOTING ON AMENDMENT OF ORGANIC RULES

(a) A substantive change to a proposed amendment of the organic rules may not be made at the members meeting at which a vote on the amendment occurs.

(b) A nonsubstantive change to a proposed amendment of the organic rules may be made at the members meeting at which the vote on the amendment occurs and need not be separately voted upon by the board of directors.

(c) A vote to adopt a nonsubstantive change to a proposed amendment to the organic rules must be by the same percentage of votes required to pass a proposed amendment.

#### § 404. VOTING BY DISTRICT, CLASS, OR VOTING GROUP

(a) This section applies if the organic rules provide for voting by district or class, or if there is one or more identifiable voting groups that a proposed amendment to the organic rules would affect differently from other members with respect to matters identified in subdivisions 405(e)(1) through (5) of this title. Approval of the amendment requires the same percentage of votes of the members of that district, class, or voting group required in sections 405 and 514 of this title.

(b) If a proposed amendment to the organic rules would affect members in two or more districts or classes entitled to vote separately under subsection (a) of this section in the same or a substantially similar way, the districts or classes affected must vote as a single voting group unless the organic rules otherwise provide for separate voting.

#### § 405. APPROVAL OF AMENDMENT

(a) Subject to section 404 of this title and subsections (c) and (d) of this section, an amendment to the articles of organization must be approved by:

(1) at least two-thirds of the voting power of members present at a members meeting called under section 402 of this title; and

(2) 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.

(b) Subject to section 404 of this title and subsections (c), (d), (e) and (f) of this section, an amendment to the bylaws must be approved by:

(1) at least a majority vote of the voting power of all members present at a members meeting called under section 402 of this title, unless the organic rules require a greater percentage; and

(2) if a limited cooperative association has investor members, a majority of the votes cast by patron members, unless the organic rules require a larger affirmative vote by patron members.

(c) The organic rules may require that the percentage of votes under subdivision (a)(1) or (b)(1) of this section be:

(1) a different percentage that is not less than a majority of members voting at the meeting;

(2) measured against the voting power of all members; or

(3) a combination of subdivisions (1) and (2) of this subsection.

(d) Consent in a record by a member must be delivered to a limited cooperative association before delivery of an amendment to the articles of organization or restated articles of organization for filing pursuant to section 407 of this title, if as a result of the amendment the member will have:

(1) personal liability for an obligation of the association; or

(2) an obligation or liability for an additional contribution.

(e) The vote required to amend bylaws must satisfy the requirements of subsection (a) of this section if the proposed amendment modifies:

(1) the equity capital structure of the limited cooperative association, including the rights of the association's members to share in profits or distributions, or the relative rights, preferences, and restrictions granted to or imposed upon one or more districts, classes, or voting groups of similarly situated members;

(2) the transferability of a member's interest;

(3) the manner or method of allocation of profits or losses among members;

(4) the quorum for a meeting and the rights of voting and governance; or

(5) unless otherwise provided in the organic rules, the terms for admission of new members.

(f) Except for the matters described in subsection (e) of this section, the articles of organization may delegate amendment of all or a part of the bylaws to the board of directors without requiring member approval.

(g) If the articles of organization delegate amendment of bylaws to the board of directors, the board shall provide a description of any amendment of the bylaws made by the board to the members in a record not later than 30 days after the amendment, but the description may be provided at the next annual members' meeting if the meeting is held within the 30-day period.

#### § 406. RESTATED ARTICLES OF ORGANIZATION

A limited cooperative association, by the affirmative vote of a majority of the board of directors taken at a meeting for which the purpose is stated in the notice of the meeting, may adopt restated articles of organization that contain the original articles as previously amended. Restated articles may contain amendments if the restated articles are adopted in the same manner and with the same vote as required for amendments to the articles under subsection 405(a) of this title. Upon filing, restated articles supersede the existing articles and all amendments.

#### § 407. AMENDMENT OR RESTATEMENT OF ARTICLES OF ORGANIZATION; FILING

(a) To amend its articles of organization, a limited cooperative association must deliver to the secretary of state for filing an amendment of the articles, or restated articles of organization or articles of conversion or merger pursuant to Article 16 of this title, which contain one or more amendments of the articles of organization, stating:

(1) the name of the association;

(2) the date of filing of the association's initial articles; and

(3) the changes the amendment makes to the articles as most recently amended or restated.

(b) Before the beginning of the initial meeting of the board of directors, an organizer who knows that information in the filed articles of organization was inaccurate when the articles were filed or has become inaccurate due to changed circumstances shall promptly:

(1) cause the articles to be amended; or

(2) if appropriate, deliver an amendment to the secretary of state for filing pursuant to section 203 of this title.

(c) If restated articles of organization are adopted, the restated articles may be delivered to the secretary of state for filing in the same manner as an amendment.

(d) Upon filing, an amendment of the articles of organization or other record containing an amendment of the articles which has been properly adopted by the members is effective as provided in subsection 203(c) of this title.

#### Article 5. Members

##### § 501. MEMBERS

To begin business, a limited cooperative association must have at least two patron members unless the sole member is a cooperative.

##### § 502. BECOMING A MEMBER

A person becomes a member:

(1) as provided in the organic rules;

(2) as the result of a merger or conversion under Article 16 of this title;

or

(3) with the consent of all the members.

##### § 503. NO POWER AS MEMBER TO BIND ASSOCIATION

A member, solely by reason of being a member, may not act for or bind the limited cooperative association.

##### § 504. NO LIABILITY AS MEMBER FOR ASSOCIATION'S

##### OBLIGATIONS

Unless the articles of organization otherwise provide, a debt, obligation, or other liability of a limited cooperative association is solely that of the association and is not the debt, obligation, or liability of a member solely by reason of being a member.

##### § 505. RIGHT OF MEMBER AND FORMER MEMBER TO

##### INFORMATION

(a) Not later than 10 business days after receipt of a demand made in a record, a limited cooperative association shall permit a member to obtain, inspect, and copy in the association's principal office required information listed in subdivisions 114(a)(1) through (8) of this title during regular business hours. A member need not have any particular purpose for seeking the information. The association is not required to provide the same information

listed in subdivisions 114(a)(2) through (8) of this title to the same member more than once during a six-month period.

(b) On demand made in a record received by the limited cooperative association, a member may obtain, inspect, and copy in the association's principal office required information listed in subdivisions 114(a)(9), (10), (12), (13), (16), and (18) of this title during regular business hours, if:

(1) the member seeks the information in good faith and for a proper purpose reasonably related to the member's interest;

(2) the demand includes a description with reasonable particularity of the information sought and the purpose for seeking the information;

(3) the information sought is directly connected to the member's purpose; and

(4) the demand is reasonable.

(c) Not later than 10 business days after receipt of a demand pursuant to subsection (b) of this section, a limited cooperative association shall provide, in a record, the following information to the member that made the demand:

(1) if the association agrees to provide the demanded information:

(A) what information the association will provide in response to the demand; and

(B) a reasonable time and place at which the association will provide the information; or

(2) if the association declines to provide some or all of the demanded information, the association's reasons for declining.

(d) A person dissociated as a member may obtain, inspect, and copy information available to a member under subsection (a) or (b) of this section by delivering a demand in a record to the limited cooperative association in the same manner and subject to the same conditions applicable to a member under subsection (b) of this section if:

(1) the information pertains to the period during which the person was a member in the association; and

(2) the person seeks the information in good faith.

(e) A limited cooperative association shall respond to a demand made pursuant to subsection (d) of this section in the manner provided in subsection (c) of this section.



(f) Not later than 10 business days after receipt by a limited cooperative association of a demand made by a member in a record, but not more often than once in a six-month period, the association shall deliver to the member a record stating the information with respect to the member required by subdivision 114(a)(17) of this title.

(g) A limited cooperative association may impose reasonable restrictions, including nondisclosure restrictions, on the use of information obtained under this section. In a dispute concerning the reasonableness of a restriction under this subsection, the association has the burden of proving reasonableness.

(h) A limited cooperative association may charge a person that makes a demand under this section reasonable costs of copying, limited to the costs of labor and material.

(i) A person that may obtain information under this section may obtain the information through an attorney or other agent. A restriction imposed on the person under subsection (g) of this section or by the organic rules applies to the attorney or other agent.

(j) The rights stated in this section do not extend to a person as transferee.

(k) The organic rules may require a limited cooperative association to provide more information than required by this section and may establish conditions and procedures for providing the information.

#### § 506. ANNUAL MEETING OF MEMBERS

(a) Members shall meet annually at a time provided in the organic rules or set by the board of directors not inconsistent with the organic rules.

(b) An annual members meeting may be held inside or outside this state at the place stated in the organic rules or selected by the board of directors not inconsistent with the organic rules.

(c) Unless the organic rules otherwise provide, members may attend or conduct an annual members meeting through any means of communication if all members attending the meeting can communicate with each other during the meeting.

(d) The board of directors shall report, or cause to be reported, at the association's annual members meeting the association's business and financial condition as of the close of the most recent fiscal year.

(e) Unless the organic rules otherwise provide, the board of directors shall designate the presiding officer of the association's annual members meeting.

(f) Failure to hold an annual members meeting does not affect the validity of any action by the limited cooperative association.

§ 507. SPECIAL MEETING OF MEMBERS

(a) A special meeting of members may be called only:

(1) as provided in the organic rules;

(2) by a majority vote of the board of directors on a proposal stating the purpose of the meeting;

(3) by demand in a record signed by members holding at least 20 percent of the voting power of the persons in any district or class entitled to vote on the matter that is the purpose of the meeting stated in the demand; or

(4) by demand in a record signed by members holding at least 10 percent of the total voting power of all the persons entitled to vote on the matter that is the purpose of the meeting stated in the demand.

(b) A demand under subdivision (a)(3) or (4) of this section must be submitted to the officer of the limited cooperative association charged with keeping its records.

(c) Any voting member may withdraw its demand under subdivision (a)(3) or (4) of this section before receipt by the limited cooperative association of demands sufficient to require a special meeting of members.

(d) A special meeting of members may be held inside or outside this state at the place stated in the organic rules or selected by the board of directors not inconsistent with the organic rules.

(e) Unless the organic rules otherwise provide, members may attend or conduct a special meeting of members through the use of any means of communication if all members attending the meeting can communicate with each other during the meeting.

(f) Only business within the purpose or purposes stated in the notice of a special meeting of members may be conducted at the meeting.

(g) Unless the organic rules otherwise provide, the presiding officer of a special meeting of members shall be designated by the board of directors.

§ 508. NOTICE OF MEMBERS MEETING

(a) A limited cooperative association shall notify each member of the time, date, and place of a members meeting at least 15 and not more than 60 days before the meeting.

(b) Unless the articles of organization otherwise provide, notice of an annual members meeting need not include any purpose of the meeting.

(c) Notice of a special meeting of members must include each purpose of the meeting as contained in the demand under subdivision 507(a)(3) or (4) of this title or as voted upon by the board of directors under subdivision 507(a)(2) of this title.

(d) Notice of a members meeting must be given in a record unless oral notice is reasonable under the circumstances.

#### § 509. WAIVER OF MEMBERS MEETING NOTICE

(a) A member may waive notice of a members meeting before, during, or after the meeting.

(b) A member's participation in a members meeting is a waiver of notice of that meeting unless the member objects to the meeting at the beginning of the meeting or promptly upon the member's arrival at the meeting and does not thereafter vote for or assent to action taken at the meeting.

#### § 510. QUORUM OF MEMBERS

Unless the organic rules otherwise require a greater number of members or percentage of the voting power, the voting member or members present at a members meeting constitute a quorum.

#### § 511. VOTING BY PATRON MEMBERS

Except as provided by subsection 512(a) of this title, each patron member has one vote. The organic rules may allocate voting power among patron members as provided in subsection 512(a) of this title.

#### § 512. DETERMINATION OF VOTING POWER OF PATRON MEMBER

(a) The organic rules may allocate voting power among patron members on the basis of one or a combination of the following:

(1) one member, one vote;

(2) use or patronage;

(3) equity; or

(4) if a patron member is a cooperative, the number of its patron members.

(b) The organic rules may provide for the allocation of patron member voting power by districts or class, or any combination thereof.

#### § 513. VOTING BY INVESTOR MEMBERS

If the organic rules provide for investor members, each investor member has one vote, unless the organic rules otherwise provide. The organic rules

may provide for the allocation of investor member voting power by class, classes, or any combination of classes.

#### § 514. VOTING REQUIREMENTS FOR MEMBERS

If a limited cooperative association has both patron and investor members, the following rules apply:

(1) the total voting power of all patron members may not be less than a majority of the entire voting power entitled to vote.

(2) action on any matter is approved only upon the affirmative vote of at least a majority of:

(A) all members voting at the meeting unless more than a majority is required by Articles 4, 12, 15, and 16 of this title or the organic rules; and

(B) votes cast by patron members unless the organic rules require a larger affirmative vote by patron members.

(3) The organic rules may provide for the percentage of the affirmative votes that must be cast by investor members to approve the matter.

#### § 515. MANNER OF VOTING

(a) Unless the organic rules otherwise provide, voting by a proxy at a members meeting is prohibited. This subsection does not prohibit delegate voting based on district or class.

(b) If voting by a proxy is permitted, a patron member may appoint only another patron member as a proxy and, if investor members are permitted, an investor member may appoint only another investor member as a proxy.

(c) The organic rules may provide for the manner of and provisions governing the appointment of a proxy.

(d) The organic rules may provide for voting on any question by ballot delivered by mail or voting by other means on questions that are subject to vote by members.

#### § 516. ACTION WITHOUT A MEETING

(a) Unless the organic rules require that action be taken only at a members meeting, any action that may be taken by the members may be taken without a meeting if each member entitled to vote on the action consents in a record to the action.

(b) Consent under subsection (a) of this section may be withdrawn by a member in a record at any time before the limited cooperative association receives a consent from each member entitled to vote.

(c) Consent to any action may specify the effective date or time of the action.

§ 517. DISTRICTS AND DELEGATES; CLASSES OF MEMBERS

(a) The organic rules may provide for the formation of geographic districts of patron members and:

(1) for the conduct of patron member meetings by districts and the election of directors at the meetings; or

(2) that districts may elect district delegates to represent and vote for the district at members meetings.

(b) A delegate elected under subdivision (a)(2) of this section has one vote unless voting power is otherwise allocated by the organic rules.

(c) The organic rules may provide for the establishment of classes of members, for the preferences, rights, and limitations of the classes, and:

(1) for the conduct of members meetings by classes and the election of directors at the meetings; or

(2) that classes may elect class delegates to represent and vote for the class in members meetings.

(d) A delegate elected under subdivision (c)(2) of this section has one vote unless voting power is otherwise allocated by the organic rules.

Article 6. Member's Interest in Limited Cooperative Association

§ 601. MEMBER'S INTEREST

A member's interest:

(1) is personal property;

(2) consists of:

(A) governance rights;

(B) financial rights; and

(C) the right or obligation, if any, to do business with the limited cooperative association; and

(3) may be in certificated or uncertificated form.

§ 602. PATRON AND INVESTOR MEMBERS' INTERESTS

(a) Unless the organic rules establish investor members' interests, a member's interest is a patron member's interest.

(b) Unless the organic rules otherwise provide, if a limited cooperative association has investor members, while a person is a member of the association, the person:

(1) if admitted as a patron member, remains a patron member;

(2) if admitted as an investor member, remains an investor member; and

(3) if admitted as a patron member and investor member remains a patron and investor member if not dissociated in one of the capacities.

#### § 603. TRANSFERABILITY OF MEMBER'S INTEREST

(a) The provisions relating to the transferability of a member's interest are subject to Title 9A.

(b) Unless the organic rules otherwise provide, a member's interest other than financial rights is not transferable.

(c) Unless a transfer is restricted or prohibited by the organic rules, a member may transfer its financial rights in the limited cooperative association.

(d) The terms of any restriction on transferability of financial rights must be:

(1) set forth in the organic rules and the member records of the association; and

(2) conspicuously noted on any certificates evidencing a member's interest.

(e) A transferee of a member's financial rights, to the extent the rights are transferred, has the right to share in the allocation of profits or losses and to receive the distributions to the member transferring the interest to the same extent as the transferring member.

(f) A transferee of a member's financial rights does not become a member upon transfer of the rights unless the transferee is admitted as a member by the limited cooperative association.

(g) A limited cooperative association need not give effect to a transfer under this section until the association has notice of the transfer.

(h) A transfer of a member's financial rights in violation of a restriction on transfer contained in the organic rules is ineffective as to a person having notice of the restriction at the time of transfer.

#### § 604. SECURITY INTEREST AND SET-OFF

(a) A member or transferee may create an enforceable security interest in its financial rights in a limited cooperative association.

(b) Unless the organic rules otherwise provide, a member may not create an enforceable security interest in the member's governance rights in a limited cooperative association.

(c) The organic rules may provide that a limited cooperative association has a security interest in the financial rights of a member to secure payment of any indebtedness or other obligation of the member to the association. A security interest provided for in the organic rules is enforceable under, and governed by, Article 9 of Title 9A.

(d) Unless the organic rules otherwise provide, a member may not compel the limited cooperative association to offset financial rights against any indebtedness or obligation owed to the association.

§ 605. CHARGING ORDERS FOR JUDGMENT CREDITOR OF MEMBER OR TRANSFEREE

(a) On application by a judgment creditor of a member or transferee, a court may enter a charging order against the financial rights of the judgment debtor for the unsatisfied amount of the judgment. A charging order issued under this subsection constitutes a lien on the judgment debtor's financial rights and requires the limited cooperative association to pay over to the creditor or receiver, to the extent necessary to satisfy the judgment, any distribution that would otherwise be paid to the judgment debtor.

(b) To the extent necessary to effectuate the collection of distributions pursuant to a charging order under subsection (a) of this section, the court may:

(1) appoint a receiver of the share of the distributions due or to become due to the judgment debtor under the judgment debtor's financial rights, with the power to make all inquiries the judgment debtor might have made; and

(2) make all other orders that the circumstances of the case may require to give effect to the charging order.

(c) Upon a showing that distributions under a charging order will not pay the judgment debt within a reasonable time, the court may foreclose the lien and order the sale of the financial rights. The purchaser at the foreclosure sale obtains only the financial rights that are subject to the charging order, does not thereby become a member, and is subject to section 603 of this title.

(d) At any time before a sale pursuant to a foreclosure, a member or transferee whose financial rights are subject to a charging order under subsection (a) of this section may extinguish the charging order by satisfying the judgment and filing a certified copy of the satisfaction with the court that issued the charging order.

(e) At any time before sale pursuant to a foreclosure, the limited cooperative association or one or more members whose financial rights are not subject to the charging order may pay to the judgment creditor the full amount due under the judgment and succeed to the rights of the judgment creditor, including the charging order. Unless the organic rules otherwise provide, the association may act under this subsection only with the consent of all members whose financial rights are not subject to the charging order.

(f) This title does not deprive any member or transferee of the benefit of any exemption laws applicable to the member's or transferee's financial rights.

(g) This section provides the exclusive remedy by which a judgment creditor of a member or transferee may satisfy the judgment from the member's or transferee's financial rights.

#### Article 7. Marketing Contracts

##### § 701. AUTHORITY

In this article, "marketing contract" means a contract between a limited cooperative association and another person, that need not be a patron member:

(1) requiring the other person to sell, or deliver for sale or marketing on the person's behalf, a specified part of the person's products, commodities, or goods exclusively to or through the association or any facilities furnished by the association; or

(2) authorizing the association to act for the person in any manner with respect to the products, commodities, or goods.

##### § 702. MARKETING CONTRACTS

(a) If a marketing contract provides for the sale of products, commodities, or goods to a limited cooperative association, the sale transfers title to the association upon delivery or at any other specific time expressly provided by the contract.

(b) A marketing contract may:

(1) authorize a limited cooperative association to create an enforceable security interest in the products, commodities, or goods delivered; and

(2) allow the association to sell the products, commodities, or goods delivered and pay the sales price on a pooled or other basis after deducting selling costs, processing costs, overhead, expenses, and other charges.

(c) Some or all of the provisions of a marketing contract between a patron member and a limited cooperative association may be contained in the organic rules.



§ 703. DURATION OF MARKETING CONTRACT

The initial duration of a marketing contract may not exceed 10 years, but the contract may be self-renewing for additional periods not exceeding five years each. Unless the contract provides for another manner or time for termination, either party may terminate the contract by giving notice in a record at least 90 days before the end of the current term.

§ 704. REMEDIES FOR BREACH OF CONTRACT

(a) Damages to be paid to a limited cooperative association for breach or anticipatory repudiation of a marketing contract may be liquidated, but only at an amount or under a formula that is reasonable in light of the actual or anticipated harm caused by the breach or repudiation. A provision that so provides is not a penalty.

(b) Upon a breach of a marketing contract, whether by anticipatory repudiation or otherwise, a limited cooperative association may seek:

- (1) an injunction to prevent further breach; and
- (2) specific performance.

(c) The remedies in this section are in addition to any other remedies available to an association under law other than this title.

Article 8. Directors and Officers

§ 801. BOARD OF DIRECTORS

(a) A limited cooperative association must have a board of directors of at least three individuals, unless the association has fewer than three members. If the association has fewer than three members, the number of directors may not be fewer than the number of members.

(b) The affairs of a limited cooperative association must be managed by, or under the direction of, the board of directors. The board may adopt policies and procedures that do not conflict with the organic rules or this title.

(c) An individual is not an agent for a limited cooperative association solely by being a director.

§ 802. NO LIABILITY AS DIRECTOR FOR LIMITED COOPERATIVE ASSOCIATION'S OBLIGATIONS

A debt, obligation, or other liability of a limited cooperative association is solely that of the association and is not a debt, obligation, or liability of a director solely by reason of being a director. An individual is not personally liable, directly or indirectly, for an obligation of an association solely by reason of being a director.

### § 803. QUALIFICATIONS OF DIRECTORS

(a) Unless the organic rules otherwise provide, and subject to subsection (c) of this section, each director of a limited cooperative association must be an individual who is a member of the association or an individual who is designated by a member that is not an individual for purposes of qualifying and serving as a director. Initial directors need not be members.

(b) Unless the organic rules otherwise provide, a director may be an officer or employee of the limited cooperative association.

(c) If the organic rules provide for nonmember directors, the number of nonmember directors may not exceed:

(1) one, if there are two through four directors;

(2) two, if there are five through eight directors; or

(3) one-third of the total number of directors if there are at least nine directors.

(d) The organic rules may provide qualifications for directors in addition to those in this section.

### § 804. ELECTION OF DIRECTORS AND COMPOSITION OF BOARD

(a) Unless the organic rules require a greater number:

(1) the number of directors that must be patron members may not be fewer than:

(A) one, if there are two or three directors;

(B) two, if there are four or five directors;

(C) three, if there are six through eight directors; or

(D) one-third of the directors if there are at least nine directors; and

(2) a majority of the board of directors must be elected exclusively by patron members.

(b) Unless the organic rules otherwise provide, if a limited cooperative association has investor members, the directors who are not elected exclusively by patron members are elected by the investor members.

(c) Subject to subsection (a) of this section, the organic rules may provide for the election of all or a specified number of directors by one or more districts or classes of members.

(d) Subject to subsection (a) of this section, the organic rules may provide for the nomination or election of directors by districts or classes, directly or by district delegates.

(e) If a class of members consists of a single member, the organic rules may provide for the member to appoint a director or directors.

(f) Unless the organic rules otherwise provide, cumulative voting for directors is prohibited.

(g) Except as otherwise provided by the organic rules, subsection (e) of this section, or sections 303, 516, 517, and 809 of this title, member directors must be elected at an annual members meeting.

#### § 805. TERM OF DIRECTOR

(a) Unless the organic rules otherwise provide, and subject to subsections (c) and (d) of this section and subsection 303(c) of this title, the term of a director expires at the annual members meeting following the director's election or appointment. The term of a director may not exceed three years.

(b) Unless the organic rules otherwise provide, a director may be reelected.

(c) Except as otherwise provided in subsection (d) of this section, a director continues to serve until a successor director is elected or appointed and qualifies or the director is removed, resigns, is adjudged incompetent, or dies.

(d) Unless the organic rules otherwise provide, a director does not serve the remainder of the director's term if the director ceases to qualify to be a director.

#### § 806. RESIGNATION OF DIRECTOR

A director may resign at any time by giving notice in a record to the limited cooperative association. Unless the notice states a later effective date, a resignation is effective when the notice is received by the association.

#### § 807. REMOVAL OF DIRECTOR

Unless the organic rules otherwise provide, the following rules apply:

(1) Members may remove a director with or without cause.

(2) A member or members holding at least 10 percent of the total voting power entitled to be voted in the election of a director may demand removal of the director by one or more signed petitions submitted to the officer of the limited cooperative association charged with keeping its records.

(3) Upon receipt of a petition for removal of a director, an officer of the association or the board of directors shall:

(A) call a special meeting of members to be held not later than 90 days after receipt of the petition by the association; and

(B) mail or otherwise transmit or deliver in a record to the members entitled to vote on the removal, and to the director to be removed, notice of the meeting which complies with section 508 of this title.

(4) A director is removed if the votes in favor of removal are equal to or greater than the votes required to elect the director.

#### § 808. SUSPENSION OF DIRECTOR BY BOARD

(a) A board of directors may suspend a director if, considering the director's course of conduct and the inadequacy of other available remedies, immediate suspension is necessary for the best interests of the association and the director is engaging, or has engaged, in:

- (1) fraudulent conduct with respect to the association or its members;
- (2) gross abuse of the position of director;
- (3) intentional or reckless infliction of harm on the association; or
- (4) any other behavior, act, or omission as provided by the organic rules.

(b) A suspension under subsection (a) is effective for 30 days unless the board of directors calls and gives notice of a special meeting of members for removal of the director before the end of the 30-day period in which case the suspension is effective until adjournment of the meeting or the director is removed.

#### § 809. VACANCY ON BOARD

(a) Unless the organic rules otherwise provide, a vacancy on the board of directors must be filled:

(1) within a reasonable time by majority vote of the remaining directors until the next annual members meeting or a special meeting of members called to fill the vacancy; and

(2) for the unexpired term by members at the next annual members meeting or a special meeting of members called to fill the vacancy.

(b) Unless the organic rules otherwise provide, if a vacating director was elected or appointed by a class of members or a district:

(1) the new director must be of that class or district; and

(2) the selection of the director for the unexpired term must be conducted in the same manner as would the selection for that position without a vacancy.

(c) If a member appointed a vacating director, the organic rules may provide for that member to appoint a director to fill the vacancy.

#### § 810. REMUNERATION OF DIRECTORS

Unless the organic rules otherwise provide, the board of directors may set the remuneration of directors and of nondirector committee members appointed under subsection 817(a) of this title.

#### § 811. MEETINGS

(a) A board of directors shall meet at least annually and may hold meetings inside or outside this state.

(b) Unless the organic rules otherwise provide, a board of directors may permit directors to attend or conduct board meetings through the use of any means of communication, if all directors attending the meeting can communicate with each other during the meeting.

#### § 812. ACTION WITHOUT MEETING

(a) Unless prohibited by the organic rules, any action that may be taken by a board of directors may be taken without a meeting if each director consents in a record to the action.

(b) Consent under subsection (a) of this section may be withdrawn by a director in a record at any time before the limited cooperative association receives consent from all directors.

(c) A record of consent for any action under subsection (a) of this section may specify the effective date or time of the action.

#### § 813. MEETINGS AND NOTICE

(a) Unless the organic rules otherwise provide, a board of directors may establish a time, date, and place for regular board meetings, and notice of the time, date, place, or purpose of those meetings is not required.

(b) Unless the organic rules otherwise provide, notice of the time, date, and place of a special meeting of a board of directors must be given to all directors at least three days before the meeting, the notice must contain a statement of the purpose of the meeting, and the meeting is limited to the matters contained in the statement.

#### § 814. WAIVER OF NOTICE OF MEETING

(a) Unless the organic rules otherwise provide, a director may waive any required notice of a meeting of the board of directors in a record before, during, or after the meeting.

(b) Unless the organic rules otherwise provide, a director's participation in a meeting is a waiver of notice of that meeting unless:

(1) the director objects to the meeting at the beginning of the meeting or promptly upon the director's arrival at the meeting and does not thereafter vote in favor of or otherwise assent to the action taken at the meeting; or

(2) the director promptly objects upon the introduction of any matter for which notice under section 813 of this title has not been given and does not thereafter vote in favor of or otherwise assent to the action taken on the matter.

#### § 815. QUORUM

(a) Unless the articles of organization provide for a greater number, a majority of the total number of directors specified by the organic rules constitutes a quorum for a meeting of the directors.

(b) If a quorum of the board of directors is present at the beginning of a meeting, any action taken by the directors present is valid even if withdrawal of directors originally present results in the number of directors being fewer than the number required for a quorum.

(c) A director present at a meeting but objecting to notice under subdivision 814(b)(1) or (2) of this title does not count toward a quorum.

#### § 816. VOTING

(a) Each director shall have one vote for purposes of decisions made by the board of directors.

(b) Unless the organic rules otherwise provide, the affirmative vote of a majority of directors present at a meeting is required for action by the board of directors.

#### § 817. COMMITTEES

(a) Unless the organic rules otherwise provide, a board of directors may create one or more committees and appoint one or more individuals to serve on a committee.

(b) Unless the organic rules otherwise provide, an individual appointed to serve on a committee of a limited cooperative association need not be a director or member.

(c) An individual who is not a director and is serving on a committee has the same rights, duties, and obligations as a director serving on the committee.

(d) Unless the organic rules otherwise provide, each committee of a limited cooperative association may exercise the powers delegated to it by the board of directors, but a committee may not:

(1) approve allocations or distributions except according to a formula or method prescribed by the board of directors;

(2) approve or propose to members action requiring approval of members; or

(3) fill vacancies on the board of directors or any of its committees.

#### § 818. STANDARDS OF CONDUCT AND LIABILITY

Except as otherwise provided in section 820 of this title:

(1) the discharge of the duties of a director or member of a committee of the board of directors is governed by the law applicable to directors of entities organized under Title 11A; and

(2) the liability of a director or member of a committee of the board of directors is governed by the law applicable to directors of entities organized under Title 11A.

#### § 819. CONFLICT OF INTEREST

(a) The law applicable to conflicts of interest between a director of an entity organized under Title 11A governs conflicts of interest between a limited cooperative association and a director or member of a committee of the board of directors.

(b) A director does not have a conflict of interest under this title or the organic rules solely because the director's conduct relating to the duties of the director may further the director's own interest.

#### § 820. OTHER CONSIDERATIONS OF DIRECTORS

Unless the articles of organization otherwise provide, in considering the best interests of a limited cooperative association, a director of the association in discharging the duties of director, in conjunction with considering the long and short term interest of the association and its patron members, may consider:

(1) the interest of employees, customers, and suppliers of the association;

(2) the interest of the community in which the association operates; and

(3) other cooperative principles and values that may be applied in the context of the decision.

§ 821. RIGHT OF DIRECTOR OR COMMITTEE MEMBER TO  
INFORMATION

A director or a member of a committee appointed under section 817 of this title may obtain, inspect, and copy all information regarding the state of activities and financial condition of the limited cooperative association and other information regarding the activities of the association if the information is reasonably related to the performance of the director's duties as director or the committee member's duties as a member of the committee. Information obtained in accordance with this section may not be used in any manner that would violate any duty of or to the association.

§ 822. APPOINTMENT AND AUTHORITY OF OFFICERS

(a) A limited cooperative association has the officers:

(1) provided in the organic rules; or

(2) established by the board of directors in a manner not inconsistent with the organic rules.

(b) The organic rules may designate or, if the rules do not designate, the board of directors shall designate, one of the association's officers for preparing all records required by section 114 of this title and for the authentication of records.

(c) Unless the organic rules otherwise provide, the board of directors shall appoint the officers of the limited cooperative association.

(d) Officers of a limited cooperative association shall perform the duties the organic rules prescribe or as authorized by the board of directors not in a manner inconsistent with the organic rules.

(e) The election or appointment of an officer of a limited cooperative association does not of itself create a contract between the association and the officer.

(f) Unless the organic rules otherwise provide, an individual may simultaneously hold more than one office in a limited cooperative association.

§ 823. RESIGNATION AND REMOVAL OF OFFICERS

(a) The board of directors may remove an officer at any time with or without cause.

(b) An officer of a limited cooperative association may resign at any time by giving notice in a record to the association. Unless the notice specifies a later time, the resignation is effective when the notice is given.



## Article 9. Indemnification

### § 901. INDEMNIFICATION

(a) Indemnification of an individual who has incurred liability or is a party, or is threatened to be made a party, to litigation because of the performance of a duty to, or activity on behalf of, a limited cooperative association is governed by Title 11A.

(b) A limited cooperative association may purchase and maintain insurance on behalf of any individual against liability asserted against or incurred by the individual to the same extent and subject to the same conditions as provided by Title 11A.

## Article 10. Contributions, Allocations, and Distributions

### § 1001. MEMBERS' CONTRIBUTIONS

The organic rules must establish the amount, manner, or method of determining any contribution requirements for members or must authorize the board of directors to establish the amount, manner, or other method of determining any contribution requirements for members.

### § 1002. CONTRIBUTION AND VALUATION

(a) Unless the organic rules otherwise provide, the contributions of a member to a limited cooperative association may consist of tangible or intangible property or other benefit to the association, including money, labor or other services performed or to be performed, promissory notes, other agreements to contribute money or property, and contracts to be performed.

(b) The receipt and acceptance of contributions and the valuation of contributions must be reflected in a limited cooperative association's records.

(c) Unless the organic rules otherwise provide, the board of directors shall determine the value of a member's contributions received or to be received and the determination by the board of directors of valuation is conclusive for purposes of determining whether the member's contribution obligation has been met.

### § 1003. CONTRIBUTION AGREEMENTS

(a) Except as otherwise provided in the agreement, the following rules apply to an agreement made by a person before formation of a limited cooperative association to make a contribution to the association:

(1) The agreement is irrevocable for six months after the agreement is signed by the person unless all parties to the agreement consent to the revocation.

(2) If a person does not make a required contribution:

(A) the person is obligated, at the option of the association, once formed, to contribute money equal to the value of that part of the contribution that has not been made, and the obligation may be enforced as a debt to the association; or

(B) the association, once formed, may rescind the agreement if the debt remains unpaid more than 20 days after the association demands payment from the person, and upon rescission the person has no further rights or obligations with respect to the association.

(b) Unless the organic rules or an agreement to make a contribution to a limited cooperative association otherwise provide, if a person does not make a required contribution to an association, the person or the person's estate is obligated, at the option of the association, to contribute money equal to the value of the part of the contribution which has not been made.

#### § 1004. ALLOCATIONS OF PROFITS AND LOSSES

(a) The organic rules may provide for allocating profits of a limited cooperative association among members, among persons that are not members but conduct business with the association, to an unallocated account, or to any combination thereof. Unless the organic rules otherwise provide, losses of the association must be allocated in the same proportion as profits.

(b) Unless the organic rules otherwise provide, all profits and losses of a limited cooperative association must be allocated to patron members.

(c) If a limited cooperative association has investor members, the organic rules may not reduce the allocation to patron members to less than 50 percent of profits. For purposes of this subsection, the following rules apply:

(1) amounts paid or due on contracts for the delivery to the association by patron members of products, goods, or services are not considered amounts allocated to patron members.

(2) amounts paid, due, or allocated to investor members as a stated fixed return on equity are not considered amounts allocated to investor members.

(d) Unless prohibited by the organic rules, in determining the profits for allocation under subsections (a), (b), and (c) of this section, the board of directors may first deduct and set aside a part of the profits to create or accumulate:

(1) an unallocated capital reserve; and

(2) reasonable unallocated reserves for specific purposes, including expansion and replacement of capital assets; education, training, cooperative

development; creation and distribution of information concerning principles of cooperation; and community responsibility.

(e) Subject to subsections (b) and (f) of this section and the organic rules, the board of directors shall allocate the amount remaining after any deduction or setting aside of profits for unallocated reserves under subsection (d) of this section:

(1) to patron members in the ratio of each member's patronage to the total patronage of all patron members during the period for which allocations are to be made; and

(2) to investor members, if any, in the ratio of each investor member's contributions to the total contributions of all investor members.

(f) For purposes of allocation of profits and losses or specific items of profits or losses of a limited cooperative association to members, the organic rules may establish allocation units or methods based on separate classes of members or, for patron members, on class, function, division, district, department, allocation units, pooling arrangements, members' contributions, or other equitable methods.

#### § 1005. DISTRIBUTIONS

(a) Unless the organic rules otherwise provide and subject to section 1007 of this title, the board of directors may authorize, and the limited cooperative association may make, distributions to members.

(b) Unless the organic rules otherwise provide, distributions to members may be made in any form, including money, capital credits, allocated patronage equities, revolving fund certificates, and the limited cooperative association's own or other securities.

#### § 1006. REDEMPTION OR REPURCHASE

Property distributed to a member by a limited cooperative association, other than money, may be redeemed or repurchased as provided in the organic rules but a redemption or repurchase may not be made without authorization by the board of directors. The board may withhold authorization for any reason in its sole discretion. A redemption or repurchase is treated as a distribution for purposes of section 1007 of this title.

#### § 1007. LIMITATIONS ON DISTRIBUTIONS

(a) A limited cooperative association may not make a distribution if, after the distribution:

(1) the association would not be able to pay its debts as they become due in the ordinary course of the association's activities; or

(2) the association's assets would be less than the sum of its total liabilities.

(b) A limited cooperative association may base a determination that a distribution is not prohibited under subsection (a) of this section on financial statements prepared on the basis of accounting practices and principles that are reasonable in the circumstances or on a fair valuation or other method that is reasonable in the circumstances.

(c) Except as otherwise provided in subsection (d) of this section, the effect of a distribution allowed under subsection (b) of this section is measured:

(1) in the case of distribution by purchase, redemption, or other acquisition of financial rights in the limited cooperative association, as of the date money or other property is transferred or debt is incurred by the association; and

(2) in all other cases, as of the date:

(A) the distribution is authorized, if the payment occurs not later than 120 days after that date; or

(B) the payment is made, if payment occurs more than 120 days after the distribution is authorized.

(d) If indebtedness is issued as a distribution, each payment of principal or interest on the indebtedness is treated as a distribution, the effect of which is measured on the date the payment is made.

(e) For purposes of this section, "distribution" does not include reasonable amounts paid to a member in the ordinary course of business as payment or compensation for commodities, goods, past or present services, or reasonable payments made in the ordinary course of business under a bona fide retirement or other benefits program.

#### § 1008. LIABILITY FOR IMPROPER DISTRIBUTIONS; LIMITATION OF ACTION

(a) A director who consents to a distribution that violates section 1007 of this title is personally liable to the limited cooperative association for the amount of the distribution which exceeds the amount that could have been distributed without the violation if it is established that in consenting to the distribution the director failed to comply with section 818 or 819 of this title.

(b) A member or transferee of financial rights which received a distribution knowing that the distribution was made in violation of section 1007 of this title is personally liable to the limited cooperative association to the extent the distribution exceeded the amount that could have been properly paid.

(c) A director against whom an action is commenced under subsection (a) of this section may:

(1) implead in the action any other director who is liable under subsection (a) of this section and compel contribution from the person; and

(2) implead in the action any person that is liable under subsection (b) this section and compel contribution from the person in the amount the person received as described in subsection (b) of this section.

(d) An action under this section is barred if it is commenced later than two years after the distribution.

#### Article 11. Dissociation

##### § 1101. MEMBER'S DISSOCIATION

(a) A person has the power to dissociate as a member at any time, rightfully or wrongfully, by express will.

(b) Unless the organic rules otherwise provide, a member's dissociation from a limited cooperative association is wrongful only if the dissociation:

(1) breaches an express provision of the organic rules; or

(2) occurs before the termination of the limited cooperative association and:

(A) the person is expelled as a member under subdivision (d)(3) or (4) of this section; or

(B) in the case of a person that is not an individual, trust other than a business trust, or estate, the person is expelled or otherwise dissociated as a member because it dissolved or terminated in bad faith.

(c) Unless the organic rules otherwise provide, a person that wrongfully dissociates as a member is liable to the limited cooperative association for damages caused by the dissociation. The liability is in addition to any other debt, obligation, or liability of the person to the association.

(d) A member is dissociated from the limited cooperative association as a member when:

(1) the association receives notice in a record of the member's express will to dissociate as a member, or if the member specifies in the notice an effective date later than the date the association received notice, on that later date;

(2) an event stated in the organic rules as causing the member's dissociation as a member occurs;

- (3) the member is expelled as a member under the organic rules;
- (4) the member is expelled as a member by the board of directors because:
- (A) it is unlawful to carry on the association's activities with the member as a member;
- (B) there has been a transfer of all the member's financial rights in the association, other than:
- (i) a creation or perfection of a security interest; or
- (ii) a charging order in effect under section 605 of this title which has not been foreclosed;
- (C) the member is a limited liability company, association, or partnership, which has been dissolved, and its business is being wound up; or
- (D) the member is a corporation or cooperative and:
- (i) the member filed a certificate of dissolution or the equivalent, or the jurisdiction of formation revoked the association's charter or right to conduct business;
- (ii) the association sends a notice to the member that it will be expelled as a member for a reason described in subdivision (4)(D)(i) of this subsection; and
- (iii) not later than 90 days after the notice was sent under subdivision (4)(D)(ii) of this subsection, the member did not revoke its certificate of dissolution or the equivalent, or the jurisdiction of formation did not reinstate the association's charter or right to conduct business; or
- (E) the member is an individual and is adjudged incompetent;
- (5) in the case of a member who is an individual, the individual dies;
- (6) in the case of a member that is a trust or is acting as a member by virtue of being a trustee of a trust, all the trust's financial rights in the association are distributed;
- (7) in the case of a member that is an estate, the estate's entire financial interest in the association is distributed;
- (8) in the case of a member that is not an individual, partnership, limited liability company, cooperative, corporation, trust, or estate, the member is terminated; or

(9) the association's participation in a merger if, under the plan of merger as approved under Article 16 of this title, the member ceases to be a member.

#### § 1102. EFFECT OF DISSOCIATION AS MEMBER

(a) Upon a member's dissociation:

(1) subject to section 1103 of this title, the person has no further rights as a member; and

(2) subject to section 1103 of this title and Article 16 of this title, any financial rights owned by the person in the person's capacity as a member immediately before dissociation are owned by the person as a transferee.

(b) A person's dissociation as a member does not of itself discharge the person from any debt, obligation, or liability to the limited cooperative association which the person incurred under the organic rules, by contract, or by other means while a member.

#### § 1103. POWER OF ESTATE OF MEMBER

Unless the organic rules provide for greater rights, if a member is dissociated because of death, dies or is expelled by reason of being adjudged incompetent, the member's personal representative or other legal representative may exercise the rights of a transferee of the member's financial rights and, for purposes of settling the estate of a deceased member, may exercise the informational rights of a current member to obtain information under section 505 of this title.

### Article 12. Dissolution

#### § 1201. DISSOLUTION AND WINDING UP

A limited cooperative association is dissolved only as provided in this article and upon dissolution winds up in accordance with this article.

#### § 1202. NONJUDICIAL DISSOLUTION

Except as otherwise provided in sections 1203 and 1211 of this title, a limited cooperative association is dissolved and its activities must be wound up:

(1) upon the occurrence of an event or at a time specified in the articles of organization;

(2) upon the action of the association's organizers, board of directors, or members under section 1204 or 1205 of this title; or

(3) 90 days after the dissociation of a member, which results in the association having one patron member and no other members, unless the association:

(A) has a sole member that is a cooperative; or

(B) not later than the end of the 90-day period, admits at least one member in accordance with the organic rules and has at least two members, at least one of which is a patron member.

#### § 1203. JUDICIAL DISSOLUTION

The superior court may dissolve a limited cooperative association or order any action that under the circumstances is appropriate and equitable:

(1) in a proceeding initiated by the attorney general, if:

(A) the association obtained its articles of organization through fraud;

or

(B) the association has continued to exceed or abuse the authority conferred upon it by law; or

(2) in a proceeding initiated by a member, if:

(A) the directors are deadlocked in the management of the association's affairs, the members are unable to break the deadlock, and irreparable injury to the association is occurring or is threatened because of the deadlock;

(B) the directors or those in control of the association have acted, are acting, or will act in a manner that is illegal, oppressive, or fraudulent;

(C) the members are deadlocked in voting power and have failed to elect successors to directors whose terms have expired for two consecutive periods during which annual members' meetings were held or were to be held;  
or

(D) the assets of the association are being misapplied or wasted.

#### § 1204. VOLUNTARY DISSOLUTION BEFORE COMMENCEMENT OF ACTIVITY

A majority of the organizers or initial directors of a limited cooperative association that has not yet begun business activity or the conduct of its affairs may dissolve the association.

#### § 1205. VOLUNTARY DISSOLUTION BY THE BOARD AND MEMBERS



(a) Except as otherwise provided in section 1204 of this title, for a limited cooperative association to voluntarily dissolve:

(1) a resolution to dissolve must be approved by a majority vote of the board of directors unless a greater percentage is required by the organic rules;

(2) the board of directors must call a members meeting to consider the resolution, to be held not later than 90 days after adoption of the resolution; and

(3) the board of directors must mail or otherwise transmit or deliver to each member in a record that complies with section 508 of this title:

(A) the resolution required by subdivision (1) of this subsection;

(B) a recommendation that the members vote in favor of the resolution or, if the board determines that because of conflict of interest or other special circumstances it should not make a favorable recommendation, the basis of that determination; and

(C) notice of the members meeting, which must be given in the same manner as notice of a special meeting of members.

(b) Subject to subsection (c) of this section, a resolution to dissolve must be approved by:

(1) at least two-thirds of the voting power of members present at a members meeting called under subdivision (a)(2) of this section; and

(2) 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.

(c) The organic rules may require that the percentage of votes under subdivision (b)(1) of this section is:

(1) a different percentage that is not less than a majority of members voting at the meeting; or

(2) measured against the voting power of all members; or

(3) a combination of subdivisions (1) and (2) of this subsection.

#### § 1206. WINDING UP

(a) A limited cooperative association continues after dissolution only for purposes of winding up its activities.

(b) In winding up a limited cooperative association's activities, the board of directors shall cause the association to:

(1) discharge its liabilities, settle and close its activities, and marshal and distribute its assets;

(2) preserve the association or its property as a going concern for no more than a reasonable time;

(3) prosecute and defend actions and proceedings;

(4) transfer association property; and

(5) perform other necessary acts.

(c) After dissolution and upon application of a limited cooperative association, a member, or a holder of financial rights, the superior court may order judicial supervision of the winding up of the association, including the appointment of a person to wind up the association's activities, if:

(1) after a reasonable time, the association has not wound up its activities; or

(2) the applicant establishes other good cause.

(d) If a person is appointed pursuant to subsection (c) of this section to wind up the activities of a limited cooperative association, the association shall promptly deliver to the secretary of state for filing an amendment to the articles of organization to reflect the appointment.

#### § 1207. DISTRIBUTION OF ASSETS IN WINDING UP LIMITED COOPERATIVE ASSOCIATION

(a) In winding up a limited cooperative association's business, the association shall apply its assets to discharge its obligations to creditors, including members that are creditors. The association shall apply any remaining assets to pay in money the net amount distributable to members in accordance with their right to distributions under subsection (b) of this section.

(b) Unless the organic rules otherwise provide, in this subsection "financial interests" means the amounts recorded in the names of members in the records of a limited cooperative association at the time a distribution is made, including amounts paid to become a member, amounts allocated but not distributed to members, and amounts of distributions authorized but not yet paid to members. Unless the organic rules otherwise provide, each member is entitled to a distribution from the association of any remaining assets in the proportion of the member's financial interests to the total financial interests of the members after all other obligations are satisfied.

#### § 1208. KNOWN CLAIMS AGAINST DISSOLVED LIMITED COOPERATIVE ASSOCIATION

(a) Subject to subsection (d) of this section, a dissolved limited cooperative association may dispose of the known claims against it by following the procedure in subsections (b) and (c) of this section.

(b) A dissolved limited cooperative association may notify its known claimants of the dissolution in a record. The notice must:

(1) specify that a claim be in a record;

(2) specify the information required to be included in the claim;

(3) provide an address to which the claim must be sent;

(4) state the deadline for receipt of the claim, which may not be less than 120 days after the date the notice is received by the claimant; and

(5) state that the claim will be barred if not received by the deadline.

(c) A claim against a dissolved limited cooperative association is barred if the requirements of subsection (b) of this section are met, and:

(1) the association is not notified of the claimant's claim, in a record, by the deadline specified in the notice under subdivision (b)(4) of this section;

(2) in the case of a claim that is timely received but rejected by the association, the claimant does not commence an action to enforce the claim against the association within 90 days after receipt of the notice of the rejection; or

(3) if a claim is timely received but is neither accepted nor rejected by the association within 120 days after the deadline for receipt of claims, the claimant does not commence an action to enforce the claim against the association:

(A) after the 120-day period; and

(B) within 90 days after the 120-day period.

(d) This section does not apply to a claim based on an event occurring after the date of dissolution or a liability that is contingent on that date.

#### § 1209. OTHER CLAIMS AGAINST DISSOLVED LIMITED COOPERATIVE ASSOCIATION

(a) A dissolved limited cooperative association may publish notice of its dissolution and request persons having claims against the association to present them in accordance with the notice.

(b) A notice under subsection (a) of this section must:

(1) be published at least once in a newspaper of general circulation in the county in which the dissolved limited cooperative association's principal office is located or, if the association does not have a principal office in this state, in the county in which the association's designated office is or was last located;

(2) describe the information required to be contained in a claim and provide an address to which the claim is to be sent; and

(3) state that a claim against the association is barred unless an action to enforce the claim is commenced not later than three years after publication of the notice.

(c) If a dissolved limited cooperative association publishes a notice in accordance with subsection (b) of this section, the claim of each of the following claimants is barred unless the claimant commences an action to enforce the claim not later than three years after the first publication date of the notice:

(1) a claimant that is entitled to but did not receive notice in a record under section 1208 of this title; and

(2) a claimant whose claim is contingent or based on an event occurring after the effective date of dissolution.

(d) A claim not barred under this section may be enforced:

(1) against a dissolved limited cooperative association, to the extent of its undistributed assets; or

(2) if the association's assets have been distributed in connection with winding up the association's activities against a member or holder of financial rights to the extent of that person's proportionate share of the claim or the association's assets distributed to the person in connection with the winding up, whichever is less. The person's total liability for all claims under this paragraph shall not exceed the total amount of assets distributed to the person as part of the winding up of the association.

#### § 1210. COURT PROCEEDING

(a) Upon application by a dissolved limited cooperative association that has published a notice under section 1209 of this title, the superior court in the county where the association's principal office is located or, if the association does not have a principal office in this state where its designated office in this state is located, may determine the amount and form of security to be provided for payment of claims against the association that are contingent, have not been made known to the association, or are based on an event occurring after the effective date of dissolution but that, based on the facts known to the

association, are reasonably anticipated to arise after the effective date of dissolution.

(b) Not later than 10 days after filing an application under subsection (a) of this section, a dissolved limited cooperative association shall give notice of the proceeding to each known claimant holding a contingent claim.

(c) The court may appoint a representative in a proceeding brought under this section to represent all claimants whose identities are unknown. The dissolved limited cooperative association shall pay reasonable fees and expenses of the representative, including all reasonable attorney's and expert witness fees.

(d) Provision by the dissolved limited cooperative association for security in the amount and the form ordered by the court satisfies the association's obligations with respect to claims that are contingent, have not been made known to the association, or are based on an event occurring after the effective date of dissolution, and the claims may not be enforced against a member that received a distribution.

#### § 1211. ADMINISTRATIVE DISSOLUTION

(a) The secretary of state may dissolve a limited cooperative association administratively if the association does not:

(1) pay, not later than 60 days after the due date, any fee, tax, or penalty due to the secretary of state under this title; or

(2) deliver not later than 60 days after the due date its annual report to the secretary of state.

(b) If the secretary of state determines that a ground exists for dissolving a limited cooperative association administratively, the secretary of state shall file a record of the determination and serve the association with a copy of the record.

(c) If, not later than 60 days after service of a copy of the secretary of state's determination under subsection (b) of this section, the association does not correct each ground for dissolution or demonstrate to the satisfaction of the secretary of state that each uncorrected ground determined by the secretary of state does not exist, the secretary of state shall dissolve the association administratively by preparing and filing a declaration of dissolution which states the grounds for dissolution. The secretary of state shall serve the association with a copy of the declaration.

(d) A limited cooperative association that has been dissolved administratively continues its existence only for purposes of winding up its activities.

(e) The administrative dissolution of a limited cooperative association does not terminate the authority of its agent for service of process.

§ 1212. REINSTATEMENT FOLLOWING ADMINISTRATIVE  
DISSOLUTION

(a) A limited cooperative association that has been dissolved administratively may apply to the secretary of state for reinstatement not later than two years after the effective date of dissolution. The application must be delivered to the secretary of state for filing and state:

(1) the name of the association and the effective date of its administrative dissolution;

(2) that the grounds for dissolution either did not exist or have been eliminated; and

(3) that the association's name satisfies the requirements of section 111 of this title.

(b) If the secretary of state determines that an application contains the information required by subsection (a) of this section and that the information is correct, the secretary of state shall:

(1) prepare a declaration of reinstatement;

(2) file the original of the declaration; and

(3) serve a copy of the declaration on the association.

(c) When reinstatement under this section becomes effective, it relates back to and takes effect as of the effective date of the administrative dissolution, and the limited cooperative association may resume or continue its activities as if the administrative dissolution had not occurred.

§ 1213. DENIAL OF REINSTATEMENT; APPEAL

(a) If the secretary of state denies a limited cooperative association's application for reinstatement following administrative dissolution, the secretary of state shall prepare and file a notice that explains the reason for denial and serve the association with a copy of the notice.

(b) Not later than 30 days after service of a notice of denial of reinstatement by the secretary of state, a limited cooperative association may appeal the denial by petitioning the superior court to set aside the dissolution. The petition must be served on the secretary of state and contain a copy of the secretary of state's declaration of dissolution, the association's application for reinstatement, and the secretary of state's notice of denial.

(c) The court may summarily order the secretary of state to reinstate the dissolved cooperative association or may take other action the court considers appropriate.

#### § 1214. STATEMENT OF DISSOLUTION

(a) A limited cooperative association that has dissolved or is about to dissolve may deliver to the secretary of state for filing a statement of dissolution that states:

- (1) the name of the association;
- (2) the date the association dissolved or will dissolve; and
- (3) any other information the association considers relevant.

(b) A person has notice of a limited cooperative association's dissolution on the later of:

- (1) 90 days after a statement of dissolution is filed; or
- (2) the effective date stated in the statement of dissolution.

#### § 1215. STATEMENT OF TERMINATION

(a) A dissolved limited cooperative association that has completed winding up may deliver to the secretary of state for filing a statement of termination that states:

- (1) the name of the association;
- (2) the date of filing of its initial articles of organization; and
- (3) that the association is terminated.

(b) The filing of a statement of termination does not itself terminate the limited cooperative association.

#### Article 13. Action By Member

#### § 1301. DERIVATIVE ACTION

A member may maintain a derivative action to enforce a right of a limited cooperative association if:

(1) the member demands that the association bring an action to enforce the right; and

(2) any of the following occur:

(A) the association does not, within 90 days after the member makes the demand, agree to bring the action;

(B) the association notifies the member that it has rejected the demand;

(C) irreparable harm to the association would result by waiting 90 days after the member makes the demand; or

(D) the association agrees to bring an action demanded and fails to bring the action within a reasonable time.

#### § 1302. PROPER PLAINTIFF

(a) A derivative action to enforce a right of a limited cooperative association may be maintained only by a person that:

(1) is a member or a dissociated member at the time the action is commenced and:

(A) was a member when the conduct giving rise to the action occurred; or

(B) whose status as a member devolved upon the person by operation of law or the organic rules from a person that was a member at the time of the conduct; and

(2) adequately represents the interests of the association.

(b) If the sole plaintiff in a derivative action dies while the action is pending, the court may permit another member who meets the requirements of subsection (a) of this section to be substituted as plaintiff.

#### § 1303. PLEADING

In a derivative action to enforce a right of a limited cooperative association, the complaint must state:

(1) the date and content of the plaintiff's demand under subdivision 1301(1) of this title and the association's response;

(2) if 90 days have not expired since the demand, how irreparable harm to the association would result by waiting for the expiration of 90 days; and

(3) if the association agreed to bring an action demanded, that the action has not been brought within a reasonable time.

#### § 1304. APPROVAL FOR DISCONTINUANCE OR SETTLEMENT

A derivative action to enforce a right of a limited cooperative association may not be discontinued or settled without the court's approval.

#### § 1305. PROCEEDS AND EXPENSES

(a) Except as otherwise provided in subsection (b) of this section:



(1) any proceeds or other benefits of a derivative action to enforce a right of a limited cooperative association, whether by judgment, compromise, or settlement, belong to the association and not to the plaintiff; and

(2) if the plaintiff in the derivative action receives any proceeds, the plaintiff shall immediately remit them to the association.

(b) If a derivative action to enforce a right of a limited cooperative association is successful in whole or in part, the court may award the plaintiff reasonable expenses, including reasonable attorney's fees and costs, from the recovery of the association.

#### Article 14. Foreign Cooperatives

##### § 1401. GOVERNING LAW

(a) The law of the state or other jurisdiction under which a foreign cooperative is organized governs relations among the members of the foreign cooperative and between the members and the foreign cooperative.

(b) A foreign cooperative may not be denied a certificate of authority because of any difference between the law of the jurisdiction under which the foreign cooperative is organized and the law of this state.

(c) A certificate of authority does not authorize a foreign cooperative to engage in any activity or exercise any power that a limited cooperative association may not engage in or exercise in this state.

##### § 1402. APPLICATION FOR CERTIFICATE OF AUTHORITY

(a) A foreign cooperative may apply for a certificate of authority by delivering an application to the secretary of state for filing. The application must state:

(1) the name of the foreign cooperative and, if the name does not comply with section 111 of this title, an alternative name adopted pursuant to section 1405 of this title;

(2) the name of the state or other jurisdiction under whose law the foreign cooperative is organized;

(3) the street address and, if different, mailing address of the principal office and, if the law of the jurisdiction under which the foreign cooperative is organized requires the foreign cooperative to maintain another office in that jurisdiction, the street address and, if different, mailing address of the required office;

(4) the street address and, if different, mailing address of the foreign cooperative's designated office in this state, and the name of the foreign cooperative's agent for service of process at the designated office; and

(5) the name, street address and, if different, mailing address of each of the foreign cooperative's current directors and officers.

(b) A foreign cooperative shall deliver with a completed application under subsection (a) of this section a certificate of good standing or existence or a similar record signed by the secretary of state or other official having custody of the foreign cooperative's publicly filed records in the state or other jurisdiction under whose law the foreign cooperative is organized.

#### § 1403. ACTIVITIES NOT CONSTITUTING TRANSACTING BUSINESS

(a) Activities of a foreign cooperative which do not constitute transacting business in this state under this article include:

(1) maintaining, defending, and settling an action or proceeding;

(2) holding meetings of the foreign cooperative's members or directors or carrying on any other activity concerning the foreign cooperative's internal affairs;

(3) maintaining accounts in financial institutions;

(4) maintaining offices or agencies for the transfer, exchange, and registration of the foreign cooperative's own securities or maintaining trustees or depositories with respect to those securities;

(5) selling through independent contractors;

(6) soliciting or obtaining orders, whether by mail or electronic means, through employees, agents, or otherwise, if the orders require acceptance outside this state before they become contracts;

(7) creating or acquiring indebtedness, mortgages, or security interests in real or personal property;

(8) securing or collecting debts or enforcing mortgages or other security interests in property securing the debts, and holding, protecting, and maintaining property so acquired;

(9) conducting an isolated transaction that is completed within 30 days and is not one in the course of similar transactions; and

(10) transacting business in interstate commerce.

(b) For purposes of this article, the ownership in this state of income-producing real property or tangible personal property, other than

property excluded under subsection (a) of this section, constitutes transacting business in this state.

(c) This section does not apply in determining the contacts or activities that may subject a foreign cooperative to service of process, taxation, or regulation under the laws of this state other than this title.

#### § 1404. ISSUANCE OF CERTIFICATE OF AUTHORITY

Unless the secretary of state determines that an application for a certificate of authority does not comply with the filing requirements of this title, the secretary of state, upon payment by the foreign cooperative of all filing fees, shall file the application, issue a certificate of authority, and send a copy of the filed certificate, together with a receipt for the fees, to the foreign cooperative or its representative.

#### § 1405. NONCOMPLYING NAME OF FOREIGN COOPERATIVE

(a) A foreign cooperative whose name does not comply with section 111 of this title may not obtain a certificate of authority until it adopts, for the purpose of transacting business in this state, an alternative name that complies with section 111. A foreign cooperative that adopts an alternative name under this subsection and then obtains a certificate of authority with that name need not also comply with chapter 15 of Title 11. After obtaining a certificate of authority with an alternative name, a foreign cooperative's business in this state must be transacted under that name unless the foreign cooperative is authorized under chapter 15 of Title 11 to transact business in this state under another name.

(b) If a foreign cooperative authorized to transact business in this state changes its name to one that does not comply with section 111 of this title, it may not thereafter transact business in this state until it complies with subsection (a) of this section and obtains an amended certificate of authority.

#### § 1406. REVOCATION OF CERTIFICATE OF AUTHORITY

(a) A certificate of authority may be revoked by the secretary of state in the manner provided in subsection (b) of this section if the foreign cooperative does not:

- (1) pay, not later than 60 days after the due date, any fee, tax, or penalty due to the secretary of state under this title;
- (2) deliver, not later than 60 days after the due date, its annual report;
- (3) appoint and maintain an agent for service of process; or

(4) deliver for filing a statement of change not later than 30 days after a change has occurred in the name of the agent or the address of the foreign cooperative's designated office.

(b) To revoke a certificate of authority, the secretary of state must file a notice of revocation and send a copy to the foreign cooperative's registered agent for service of process in this state or, if the foreign cooperative does not appoint and maintain an agent for service of process in this state, to the foreign cooperative's principal office. The notice must state:

(1) the revocation's effective date, which must be at least 60 days after the date the secretary of state sends the copy; and

(2) the foreign cooperative's noncompliance that is the reason for the revocation.

(c) The authority of a foreign cooperative to transact business in this state ceases on the effective date of the notice of revocation unless before that date the foreign cooperative cures each failure to comply stated in the notice. If the foreign cooperative cures the failures, the secretary of state shall so indicate on the filed notice.

#### § 1407. CANCELLATION OF CERTIFICATE OF AUTHORITY; EFFECT OF FAILURE TO HAVE CERTIFICATE

(a) To cancel its certificate of authority, a foreign cooperative must deliver to the secretary of state for filing a notice of cancellation. The certificate is canceled when the notice becomes effective under section 203 of this title.

(b) A foreign cooperative transacting business in this state may not maintain an action or proceeding in this state unless it has a certificate of authority.

(c) The failure of a foreign cooperative to have a certificate of authority does not impair the validity of a contract or act of the foreign cooperative or prevent the foreign cooperative from defending an action or proceeding in this state.

(d) A member of a foreign cooperative is not liable for the obligations of the foreign cooperative solely by reason of the foreign cooperative's having transacted business in this state without a certificate of authority.

(e) If a foreign cooperative transacts business in this state without a certificate of authority or cancels its certificate, it appoints the secretary of state as its agent for service of process for an action arising out of the transaction of business in this state.

#### § 1408. ACTION BY ATTORNEY GENERAL

The attorney general may maintain an action to restrain a foreign cooperative from transacting business in this state in violation of this article.

Article 15. Disposition of Assets

§ 1501. DISPOSITION OF ASSETS NOT REQUIRING MEMBER APPROVAL

Unless the articles of organization otherwise provide, member approval under section 1502 of this title 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.

§ 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 1501 of this title, requires approval of the association's members under sections 1503 and 1504 of this title if the disposition leaves the association without significant continuing business activity.

§ 1503. NOTICE AND ACTION ON DISPOSITION OF ASSETS

For a limited cooperative association to dispose of assets under section 1502 of this title:

(1) a majority of the board of directors, or a greater percentage if required by the organic rules, must approve the proposed disposition; and

(2) the board of directors must 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 must be given in the same manner as notice of a special meeting of members.

#### § 1504. DISPOSITION OF ASSETS

(a) Subject to subsection (b) of this section, a disposition of assets under section 1502 of this title must be approved by:

(1) at least two-thirds of the voting power of members present at a members meeting called under subdivision 1503(2) of this title; and

(2) 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.

(b) The organic rules may require that the percentage of votes under subdivision (a)(1) of this title is:

(1) a different percentage that is not less than a majority of members voting at the meeting;

(2) measured against the voting power of all members; or

(3) a combination of subdivisions (1) and (2) of this subsection.

(c) 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:

(1) as provided in the contract or the resolution; and

(2) 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.

(d) The voting requirements for districts, classes, or voting groups under section 404 of this title apply to approval of a disposition of assets under this article.

### Article 16. Conversion and Merger

#### § 1601. DEFINITIONS

In this article:

(1) "Constituent entity" means an entity that is a party to a merger.

(2) “Constituent limited cooperative association” means a limited cooperative association that is a party to a merger.

(3) “Converted entity” means the organization into which a converting entity converts pursuant to sections 1602 through 1605 of this title.

(4) “Converting entity” means an entity that converts into another entity pursuant to sections 1602 through 1605 of this title.

(5) “Converting limited cooperative association” means a converting entity that is a limited cooperative association.

(6) “Organizational documents” means articles of incorporation, bylaws, articles of organization, operating agreements, partnership agreements, or other documents serving a similar function in the creation and governance of an entity.

(7) “Personal liability” means personal liability for a debt, liability, or other obligation of an entity imposed, by operation of law or otherwise, on a person that co-owns or has an interest in the entity:

(A) by the entity’s organic law solely because of the person co-owning or having an interest in the entity; or

(B) by the entity’s organizational documents under a provision of the entity’s organic law authorizing those documents to make one or more specified persons liable for all or specified parts of the entity’s debts, liabilities, and other obligations solely because the person co-owns or has an interest in the entity.

(8) “Surviving entity” means an entity into which one or more other entities are merged, whether the entity existed before the merger or is created by the merger.

## § 1602. CONVERSION

(a) An entity that is not a limited cooperative association may convert to a limited cooperative association and a limited cooperative association may convert to an entity that is not a limited cooperative association pursuant to this section, sections 1603 through 1605 of this title, and a plan of conversion, if:

(1) the other entity’s organic law authorizes the conversion;

(2) the conversion is not prohibited by the law of the jurisdiction that enacted the other entity’s organic law; and

(3) the other entity complies with its organic law in effecting the conversion.

(b) A plan of conversion must be in a record and must include:

- (1) the name and form of the entity before conversion;
- (2) the name and form of the entity after conversion;
- (3) the terms and conditions of the conversion, including the manner and basis for converting interests in the converting entity into any combination of money, interests in the converted entity, and other consideration; and
- (4) the organizational documents of the proposed converted entity.

§ 1603. ACTION ON PLAN OF CONVERSION BY CONVERTING LIMITED COOPERATIVE ASSOCIATION

(a) For a limited cooperative association to convert to another entity, a plan of conversion must 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 must 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:

(1) 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;

(2) 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;

(3) a statement of any condition of the board's submission of the plan of conversion to the members; and

(4) notice of the meeting at which the plan of conversion will be considered, which must be given in the same manner as notice of a special meeting of members.

(b) Subject to subsections (c) and (d) of this section, a plan of conversion must be approved by:

(1) at least two-thirds of the voting power of members present at a members meeting called under subsection (a) of this section; and

(2) 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.

(c) The organic rules may require that the percentage of votes under subdivision (b)(1) of this section is:

(1) a different percentage that is not less than a majority of members voting at the meeting;



(2) measured against the voting power of all members; or

(3) a combination of subdivisions (1) and (2) of this subsection.

(d) 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.

(e) Consent in a record to a plan of conversion by a member must 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:

(1) personal liability for an obligation of the association; or

(2) an obligation or liability for an additional contribution.

(f) Subject to subsection (e) of this section 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:

(1) as provided in the plan; and

(2) 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.

(g) The voting requirements for districts, classes, or voting groups under section 404 of this title apply to approval of a conversion under this article.

#### § 1604. FILINGS REQUIRED FOR CONVERSION; EFFECTIVE DATE

(a) After a plan of conversion is approved:

(1) a converting limited cooperative association shall deliver to the secretary of state for filing articles of conversion, which must include:

(A) a statement that the limited cooperative association has been converted into another entity;

(B) the name and form of the converted entity and the jurisdiction of its governing statute;

(C) the date the conversion is effective under the governing statute of the converted entity;

(D) a statement that the conversion was approved as required by this title;

(E) a statement that the conversion was approved as required by the governing statute of the converted entity; and

(F) if the converted entity is an entity organized in a jurisdiction other than this state and is not authorized to transact business in this state, the street address and, if different, mailing address of an office which the secretary of state may use for purposes of section 120 of this title; and

(2) if the converting entity is not a converting limited cooperative association, the converting entity shall deliver to the secretary of state for filing articles of organization, which must include, in addition to the information required by section 302 of this title:

(A) a statement that the association was converted from another entity;

(B) the name and form of the converting entity and the jurisdiction of its governing statute; and

(C) a statement that the conversion was approved in a manner that complied with the converting entity's governing statute.

(b) A conversion becomes effective:

(1) if the converted entity is a limited cooperative association, when the articles of conversion take effect pursuant to subsection 203(c) of this title; or

(2) if the converted entity is not a limited cooperative association, as provided by the governing statute of the converted entity.

#### § 1605. EFFECT OF CONVERSION

(a) An entity that has been converted pursuant to this article is for all purposes the same entity that existed before the conversion and is not a new entity but, after conversion, is organized under the organic law of the converted entity and is subject to that law and other law as it applies to the converted entity.

(b) When a conversion takes effect under this article:

(1) all property owned by the converting entity remains vested in the converted entity;

(2) all debts, liabilities, and other obligations of the converting entity continue as obligations of the converted entity;

(3) an action or proceeding pending by or against the converting entity may be continued as if the conversion had not occurred;

(4) except as prohibited by other law, all the rights, privileges, immunities, powers, and purposes of the converting entity remain vested in the converted entity;

(5) except as otherwise provided in the plan of conversion, the terms and conditions of the plan of conversion take effect; and

(6) except as otherwise provided in the plan of conversion, the conversion does not dissolve a converting limited cooperative association for purposes of Article 12 of this title.

(c) A converted entity that is an entity organized under the laws of a jurisdiction other than this state consents to the jurisdiction of the courts of this state to enforce any obligation owed by the converting limited cooperative association if, before the conversion, the converting limited cooperative association was subject to suit in this state on the obligation. A converted entity that is an entity organized under the laws of a jurisdiction other than this state and not authorized to transact business in this state appoints the secretary of state as its agent for service of process for purposes of enforcing an obligation under this subsection. Service on the secretary of state under this subsection is made in the same manner and with the same consequences as under subsections 120(c) and (d) of this title.

#### § 1606. MERGER

(a) One or more limited cooperative associations may merge with one or more other entities pursuant to this article and a plan of merger if:

(1) the governing statute of each of the other entities authorizes the merger;

(2) the merger is not prohibited by the law of a jurisdiction that enacted any of those governing statutes; and

(3) each of the other entities complies with its governing statute in effecting the merger.

(b) A plan of merger must be in a record and must include:

(1) the name and form of each constituent entity;

(2) the name and form of the surviving entity and, if the surviving entity is to be created by the merger, a statement to that effect;

(3) the terms and conditions of the merger, including the manner and basis for converting the interests in each constituent entity into any combination of money, interests in the surviving entity, and other consideration;

(4) if the surviving entity is to be created by the merger, the surviving entity's organizational documents;

(5) if the surviving entity is not to be created by the merger, any amendments to be made by the merger to the surviving entity's organizational documents; and

(6) if a member of a constituent limited cooperative association will have personal liability with respect to a surviving entity, the identity of the member by descriptive class or other reasonable manner.

#### § 1607. NOTICE AND ACTION ON PLAN OF MERGER BY

##### CONSTITUENT LIMITED COOPERATIVE ASSOCIATION

(a) For a limited cooperative association to merge with another entity, a plan of merger must be approved by a majority vote of the board of directors or a greater percentage if required by the association's organic rules.

(b) The board of directors shall call a members meeting to consider a plan of merger approved by the board, 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:

(1) the plan of merger, 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;

(2) a recommendation that the members approve the plan of merger, 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;

(3) a statement of any condition of the board's submission of the plan of merger to the members; and

(4) notice of the meeting at which the plan of merger will be considered, which must be given in the same manner as notice of a special meeting of members.

#### § 1608. APPROVAL OR ABANDONMENT OF MERGER BY MEMBERS

(a) Subject to subsections (b) and (c) of this section, a plan of merger must be approved by:

(1) at least two-thirds of the voting power of members present at a members meeting called under subsection 1607(b) of this title; and

(2) 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.

(b) The organic rules may provide that the percentage of votes under subdivision (a)(1) of this section is:

(1) a different percentage that is not less than a majority of members voting at the meeting;

(2) measured against the voting power of all members; or

(3) a combination of subdivisions (1) and (2) of this subsection.

(c) The vote required to approve a plan of merger may not be less than the vote required for the members of the limited cooperative association to amend the articles of organization.

(d) Consent in a record to a plan of merger by a member must be delivered to the limited cooperative association before delivery of articles of merger for filing pursuant to section 1609 of this title if as a result of the merger the member will have:

(1) personal liability for an obligation of the association; or

(2) an obligation or liability for an additional contribution.

(e) Subject to subsection (d) of this section and any contractual rights, after a merger is approved, and at any time before the effective date of the merger, a limited cooperative association that is a party to the merger may approve an amendment to the plan of merger or approve abandonment of the planned merger:

(1) as provided in the plan; and

(2) except as prohibited by the plan, with the same affirmative vote of the board of directors and of the members as was required to approve the plan.

(f) The voting requirements for districts, classes, or voting groups under section 404 of this title apply to approval of a merger under this article.

#### § 1609. FILINGS REQUIRED FOR MERGER; EFFECTIVE DATE

(a) After each constituent entity has approved a merger, articles of merger must be signed on behalf of each constituent entity by an authorized representative.

(b) The articles of merger must include:

(1) the name and form of each constituent entity and the jurisdiction of its governing statute;

(2) the name and form of the surviving entity, the jurisdiction of its governing statute, and, if the surviving entity is created by the merger, a statement to that effect;

(3) the date the merger is effective under the governing statute of the surviving entity;

(4) if the surviving entity is to be created by the merger and:

(A) will be a limited cooperative association, the limited cooperative association's articles of organization; or

(B) will be an entity other than a limited cooperative association, the organizational document that creates the entity;

(5) if the surviving entity is not created by the merger, any amendments provided for in the plan of merger to the organizational document that created the entity;

(6) a statement as to each constituent entity that the merger was approved as required by the entity's governing statute;

(7) if the surviving entity is a foreign organization not authorized to transact business in this state, the street address and, if different, mailing address of an office which the secretary of state may use for the purposes of section 120 of this title; and

(8) any additional information required by the governing statute of any constituent entity.

(c) Each limited cooperative association that is a party to a merger shall deliver the articles of merger to the secretary of state for filing.

(d) A merger becomes effective under this article:

(1) if the surviving entity is a limited cooperative association, upon the later of:

(A) compliance with subsection (c) of this section; or

(B) subject to subsection 203(c) of this title, as specified in the articles of merger; or

(2) if the surviving entity is not a limited cooperative association, as provided by the governing statute of the surviving entity.

#### § 1610. EFFECT OF MERGER

(a) When a merger becomes effective:

(1) the surviving entity continues or comes into existence;

(2) each constituent entity that merges into the surviving entity ceases to exist as a separate entity;

(3) all property owned by each constituent entity that ceases to exist vests in the surviving entity;

(4) all debts, liabilities, and other obligations of each constituent entity that ceases to exist continue as obligations of the surviving entity;

(5) an action or proceeding pending by or against any constituent entity that ceases to exist may be continued as if the merger had not occurred;

(6) except as prohibited by law other than this title, all rights, privileges, immunities, powers, and purposes of each constituent entity that ceases to exist vest in the surviving entity;

(7) except as otherwise provided in the plan of merger, the terms and conditions of the plan take effect;

(8) except as otherwise provided in the plan of merger, if a merging limited cooperative association ceases to exist, the merger does not dissolve the association for purposes of Article 12 of this title;

(9) if the surviving entity is created by the merger and:

(A) is a limited cooperative association, the articles of organization become effective; or

(B) is an entity other than a limited cooperative association, the organizational document that creates the entity becomes effective; and

(10) if the surviving entity is not created by the merger, any amendments made by the articles of merger for the organizational documents of the surviving entity become effective.

(b) A surviving entity that is an entity organized under the laws of a jurisdiction other than this state consents to the jurisdiction of the courts of this state to enforce any obligation owed by the constituent entity if, before the merger, the constituent entity was subject to suit in this state on the obligation. A surviving entity that is an entity organized under the laws of a jurisdiction other than this state and not authorized to transact business in this state appoints the secretary of state as its agent for service of process for purposes of enforcing an obligation under this subsection. Service on the secretary of state under this subsection is made in the same manner and with the same consequences as in subsections 120(c) and (d) of this title.

#### § 1611. CONSOLIDATION

(a) Constituent entities that are limited cooperative associations or foreign cooperatives may agree to call a merger a consolidation under this article.

(b) All provisions governing mergers or using the term merger in this title apply equally to mergers that the constituent entities choose to call consolidations under subsection (a) of this section.

§ 1612. ARTICLE NOT EXCLUSIVE

This article does not prohibit a limited cooperative association from being converted or merged under law other than this title.

Article 17. Miscellaneous Provisions

§ 1701. UNIFORMITY OF APPLICATION AND CONSTRUCTION

In applying and construing this uniform act, consideration must be given to the need to promote uniformity of the law with respect to its subject matter among states that enact it.

§ 1702. RELATION TO ELECTRONIC SIGNATURES IN GLOBAL AND NATIONAL COMMERCE ACT

This title modifies, limits, or supersedes the federal Electronic Signatures in Global and National Commerce Act, 15 U.S.C. Section 7001 et seq., but does not modify, limit, or supersede Section 101(c) of that act, 15 U.S.C. Section 7001(c) or authorize electronic delivery of any of the notices described in Section 103(b) of that act, 15 U.S.C. Section 7003(b).

§ 1703. SAVINGS CLAUSE

This title does not affect an action or proceeding commenced, or right accrued, before the effective date.

§ 1704. EFFECTIVE DATE

This title takes effect upon passage.

**(Committee vote: 11-0-0)**

**Favorable**

**H. 3**

An act relating to technical corrections to the public institutions and corrections statutes.

**Rep. Macaig of Williston**, for the Committee on **Corrections and Institutions**, recommends the bill ought to pass.

**( Committee Vote: 11-0-0)**

**H. 95**

An act relating to approval of amendment to the charter of the city of Burlington.



**Rep. Atkins of Winooski**, for the Committee on **Government Operations**, recommends the bill ought to pass.

( **Committee Vote: 11-0-0**)

### **HOUSE DEADLINES**

To All House Members:

During the first year of the biennium, a member may request introduction of a bill drafted in *short* form and submitted to the Legislative Council anytime during the session.

Introduction Deadline - Except with prior consent of the Committee on Rules, all bills drafted in standard form, shall be introduced by February 27, 2009.

During the first year of the biennium Committee bills may be introduced at anytime.

### **House Appropriations Committee Members' amendments to Fiscal Year 2009 Budget Adjustment Bill**

The House Appropriations Committee invites all members of the House who intend to introduce amendments to the FY 2009 budget adjustment bill to meet with the committee on Thursday, February 19, at 8:45 a.m., OR for third reading, Friday, February 20, at 8:45 a.m., in Room 42. If possible, please talk to Theresa Utton-Jerman in Room 40 (ext. 5970) to schedule a time.

### **PUBLIC HEARINGS**

Thursday, February 19, 2009 – Room 11 – 7:00 – 8:00 P. M. – Joint Judicial Retention – Judges: Hon. Geoffrey Crawford, Hon. Brian Grearson, Hon. Mary Teachout and Hon. Howard Van Beuthuysen

Tuesday, February 24, 2009 – Room 11 – 9:00 A.M. – 12 Noon – House Committee on Appropriations – FY 2010 State Budget

Wednesday, February 25, 2009 - Room 11 – 2:30 P.M. – 4:30 P.M. – House Committee on Appropriations – FY 2010 State Budget

### **JOINT ASSEMBLY**

**Thursday, February 19, 2009 – 10:30 A.M. – House Chamber** –Election of a Sergeant at Arms, of an Adjutant and Inspector General, and of three (3) trustees for the University of Vermont, and Vermont and State Agricultural College.

Candidates for the positions of Sergeant at Arms and of Adjutant and Inspector General, and legislative candidates for UVM trustees must notify the Secretary of State **in writing** of their candidacies not later than Thursday, February 12, 2009, by 5:00 P.M., pursuant to the provisions of 2 V.S.A. §12(b). Otherwise their names will not appear on the ballots for these positions.

The following rules shall apply to the conduct of these elections:

First: All nominations for these offices will be presented in alphabetical order prior to voting.

Second: There will be only one nominating speech of not more than three (3) minutes and not more than two seconding speeches of not more than one (1) minute each for each nominee.