

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action:	Do Pass as Amended, Be Printed Engrossed, and Be Placed on the Consent Calendar
Vote:	6 - 0 - 1
Yeas:	Clem, Dingfelder, Macpherson, Maurer, Smith P., Roblan
Nays:	0
Exc.:	Boquist
Prepared By:	Beth Patrino, Administrator
Meeting Dates:	5/3

WHAT THE MEASURE DOES: Allows cooperatives other than telecommunication or electric cooperatives to have directors on their governing boards who are not members or representatives of members of the cooperative. Specifies that a majority of the directors must be members or representatives. Requires that a cooperative have specific authority adopted in their bylaws to elect non-member directors.

ISSUES DISCUSSED:

- Need to expand expertise on cooperative boards
- Provisions of the amendment

EFFECT OF COMMITTEE AMENDMENT: Expands authority to all types of cooperatives, except telecommunications and electric.

BACKGROUND: Under ORS 62.115, a cooperative may be formed for any lawful purpose, except banking or insurance. An agricultural cooperative, for example, is a collection of farmers agreeing to produce, process, handle or market their products jointly. Activities of the cooperative could also include purchasing, testing, grading, distributing, or furnishing farm supplies and other business services. Oregon statutes (ORS Chapter 62) govern the formation and management of such cooperatives. Board members are elected by the membership. ORS 62.280 currently requires all directors on cooperative boards to be or to represent (in the case of corporations) members of the cooperative.

The Agricultural Cooperative Council of Oregon seeks to change the membership requirement so that a cooperative has flexibility to bring in expertise not available within its own membership and to address conflict of interest issues related to their boards, if necessary. SB 466A provides this option to all types of cooperatives, except telecommunication and electric, so long as a change to the bylaws is approved and a majority of its directors are members.