Limited Cooperative Association Statutes: An Update

By
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Introduction

Since 2001, new cooperative laws have been adopted in five states -- Wyoming, Tennessee, Iowa, Minnesota, and Wisconsin -- and introduced in the Nebraska state legislature. These laws do not replace existing cooperative statutes. They provide for the establishment of a new type of business entity, the limited cooperative association (LCA), which has characteristics of both the traditional cooperative and the limited liability company (LLC). Because the LCA can be structured in ways that contradict fundamental principles under which cooperatives traditionally have operated, there is concern that these new laws will subvert or dilute the cooperative business model.

Traditionally, a business organized on a cooperative basis subordinates the interests of the capital investor to those of the business user, or patron. Cooperative control is in the hands of its member-patrons, and returns on investment capital are limited. Member-patrons are the primary source of equity capital, and net earnings are allocated on the basis of patronage instead of investment.

The new statutes have been presented as one approach to the problems of modern-day capital formation within the traditional cooperative structure. In contrast to past cooperative laws, the new statutes all specifically allow the distribution of net earnings on the basis of investment contributions as well as on patronage, and do not set limits on investor returns. Investors may have voting rights, and may be eligible for election to the board of directors. The statutes provide varying levels of protection for patron-member interests by setting minimums for patronage-based earnings distributions, and by making special provisions for patron-member voting and patron majority representation on the board of directors.

Besides limited liability for its members, both the LLC and the LCA also offer a choice in tax treatment. The organization may elect to be taxed as either a partnership or as a corporation, although this flexibility may affect the organization’s status as a cooperative for federal tax purposes.
Tracey Kennedy and Donald Frederick, in their article, “Use of LLC-Cooperative Statues: Status of New Business Formation in WY, MN, TN and IA Organized through 2005”, identified 22 cooperatives formed under these new cooperative statues. Since that time, Wisconsin has passed its version of a new cooperative statute, and another 26 cooperatives have formed under the Minnesota, Iowa and Wisconsin statutes. This paper updates that article’s summary description of the cooperatives formed under these new cooperative association laws, and suggests areas for further research.¹

Background

Most cooperatives are incorporated under state cooperative statutes. These statutes are not uniform, and describe cooperative structure and operations with varying levels of specificity. All states have at least one cooperative statute, and many are specific to agricultural producers². To protect the interests of the cooperative patron, some state statutes require the cooperative to operate on a non-profit basis, so that goods or services are provided at cost. Other statutes protect patron interests by requiring that net earnings to be distributed on the basis of patronage.³

Furthermore, many state statutes as well as federal cooperative tax laws set limits on dividends or interest paid on a cooperative’s capital stock.⁴ As a result, cooperatives have limited access to outside sources of capital, and cooperative members must provide significant portions of the equity needed for start-up ventures or expansions.

The challenges posed by equity capital formation have been especially visible in the agricultural sector, where cooperative businesses play a significant role. Changes in agricultural production, marketing, and processing of commodity products have pushed agricultural cooperatives to explore value-added ventures farther along the supply chain as a strategy to maintain member returns.⁵ Some

¹ Filings by LCAs were obtained from the Department of States in Wisconsin, Minnesota, Wyoming, Iowa, and Tennessee in June 2007. Additional information on individual LCAs was obtained from online sources.
³ Ibid., p. 96.
⁴ Ibid., p. 113.
have argued that the focus of the cooperative business has shifted from addressing market failures and supplying inputs to producing profits from product processing.⁶

Meeting the large capital requirements for such ventures is difficult under the traditional cooperative laws. Dividend rate, opportunities for asset appreciation, and voting rights tied to level of investment are criteria that are used by a non-patron investor to evaluate an investment opportunity, but are limited or prohibited by cooperative statutes.⁷ Cooperatives have attempted to address these issues in a variety of ways, including conversions, joint ventures and the use of the limited liability company business structure.

The exploration of alternative business forms set the stage for the development of the LCA.⁸ The first state statute governing this type of business structure was passed in Wyoming in 2001, and was specific to agricultural operations. Since that time, the applicability of this new type of cooperative to other business development situations has been recognized. Later statutes have a broader scope and encompass many business sectors. The specifics in the state statutes vary, but all provide some guidelines on patron voting collectively, voting power of patron-elected board of directors, and allocation of profits to patrons.

The concurrent drafting of a proposed uniform cooperative statute by the National Conference of Commissioners for Uniform State Law (NCCUSL) mirrors these developments.⁹ NCCUSL began working on a draft cooperative statute in 2004. As was the case with state LCA statutes, it was not meant to be a replacement for state traditional cooperative laws, but rather to “provide a flexible cooperative act to aid agricultural producers associated for economic development”.¹⁰ Originally entitled “Agriculture and Agricultural Related Cooperative Act”, the statute was limited to agriculture and agricultural-related enterprises. It included governance and dividend/distribution restrictions that more closely followed traditional cooperative law than did the other LCA statutes.

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⁸ Baarda, pg. ii.
⁹ The NCCUSL is a non-profit, non-partisan group that represents both state governments and the legal profession. It works to promote uniformity in state law by developing proposed statutes on issues of interest, which may then be introduced by state bars to their legislatures for consideration.
As the draft statute evolved, so did its scope. The October 2005 working draft is entitled “Uniform Limited Cooperative Association Act” (ULCAA). The draft’s prefatory note drops reference to agricultural producers and describes its purpose as “…another statutory option for organizing cooperatives as a way to encourage economic development”. This and subsequent prefatory notes and memos explore the need for an organizational structure which reflects the legal, historic and functional differences of the cooperative business form, but allows increased equity investment incentives for outside investors.

Existing LLC statutes are flexible enough to be used to establish a cooperative business structure that includes investor members with control and voting rights. However, the ULCAA was developed for use as an “efficient template” for creating this type of business organization\(^\text{11}\), incorporating cooperative principles and practices drawn from a review of existing cooperative statutes. To balance patron and investor member interests, the ULCAA also includes provisions for collective patron voting, voting power of patron-elected board of directors, and sets a minimum allocation of profits to patrons. A final ULCAA was approved and recommended for enactment at the NCCUSL 2007 annual meeting.

The following table compares the key provisions of the state cooperative association statutes, and the NCCUSL statute.

<table>
<thead>
<tr>
<th>CITATION</th>
<th>SCOPE</th>
<th>PATRON VOTES</th>
<th>PATRON ELECTED DIRECTORS</th>
<th>ALLOCATION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>“Wyoming Processing Cooperative law [sic]” (enacted 2001). Wyo. Stat. Annot. §17-10-201.</strong></td>
<td>Formed under a cooperative plan to market or process crops, livestock and other agricultural products and other purposes that are related to the business of the cooperative.</td>
<td>Each patron has one vote but may have more; patron members voted collectively based upon the majority of patron members voting on the issue.</td>
<td>At least one-half of the voting power on general matters allocated to 1 or more directors elected by patron members</td>
<td>Based on contributions unless otherwise provided. Patrons, collectively, shall have not less than 15 percent. Same rule for distributions.</td>
</tr>
<tr>
<td><strong>“Minnesota Cooperative Associations Act” (2003 session laws). Minn. Stat. Annot. §305B.001.</strong></td>
<td>Based on a cooperative plan for any lawful purpose</td>
<td>Patron vote based on block voting; bylaws may not reduce the collective patron vote to less than 15 percent of the total vote</td>
<td>At least one-half of the voting power on general matters shall be allocated to 1 or more directors elected by patron members</td>
<td>Based on contributions unless otherwise provided. Patrons must have 50 percent of profits allocation and distributions in any fiscal year except articles or bylaws may reduce to 15 percent</td>
</tr>
<tr>
<td><strong>“Tennessee Processing Cooperative Law” (effective 2005). Tenn. Code Annot. §43-38-101.</strong></td>
<td>Requires a cooperative plan for ag. processing and marketing</td>
<td>Each patron member has one vote but may have more. “On any matter of the cooperative, the entire patron members voting power shall be voted collectively based upon the vote of the majority of patron members’ voting on the issue.”</td>
<td>At least one director must be elected by patron members; minimum 51 percent of the voting power on general matters must be allocated to directors elected exclusively by patron members.</td>
<td>Based on contributions unless otherwise provided. Patrons must have at least 15 percent of both allocations and distributions.</td>
</tr>
<tr>
<td><strong>“Iowa Cooperative Associations Act” (effective 2005) Iowa Code Annot. Ch. 501A.</strong></td>
<td>Any lawful purpose.</td>
<td>Patron members vote on a collective block vote; bylaws may not reduce patron member vote to less than 15 percent of the total vote</td>
<td>A least one-half of the voting power allocated to the board members elected by patron members, except in certain matters.</td>
<td>Based on contributions unless otherwise provided. Patrons, by majority vote, may authorize lower amount but not less than 30 percent</td>
</tr>
<tr>
<td><strong>“Wisconsin Cooperative Associations Act” (effective 2006) Wisc. Stat. Annot. §193.005 (note that the reviser of statutes captions the chapter, “Unincorporated Cooperative Associations”).</strong></td>
<td>Any lawful purpose, except utilities</td>
<td>Patron members vote on a collective block vote; the articles or bylaws may not reduce the collective patron member vote to less than 51 percent of the total member vote. Unless the articles or bylaws provide otherwise, the collective vote of the patron members approving an issue must be a majority of all members votes</td>
<td>“[A] majority of the directors shall be elected exclusively by patron members, unless otherwise provided in the articles or bylaws.” Also provides for a non-voting financial expert.</td>
<td>Patron members must have 51 percent of both profit allocations and distributions. The patron members, by majority vote, may authorize lower amount but not less than 30 percent</td>
</tr>
<tr>
<td><strong>“Uniform Limited Cooperative Association Act”, NCCUSL, November 27, 2007.</strong></td>
<td>For “any lawful purpose, whether or not for profit, [except] [designated prohibited purposes].”</td>
<td>Each patron member has at least one vote. Requires majority of voting power be held by patron members. Majority of member votes AND majority of patron member votes required for approval, unless more than a majority from either group required by bylaws.</td>
<td>A majority of the board must be elected exclusively by patron members. At least one-third of directors must be patron members. Each director has one vote.</td>
<td>Patron members must be allocated at least 50% of profits. Unless bylaws state otherwise, distributions at discretion of board and (implicitly) are not subject to allocation requirements.</td>
</tr>
</tbody>
</table>

*This is a summary only; exceptions may exist in statutory language or through interpretation.
Conclusions

Of the 22 limited cooperative associations described in the 2005 Kennedy-Frederick article, only 36% were agriculture-related ventures. The 26 LCAs formed since May 2005 continued this trend, with 31% related to agriculture. Because the newer Iowa and Wisconsin statutes are both multi-sectoral, they are being used for a broad range of new cooperative businesses, including both consumer and purchasing cooperatives.

<table>
<thead>
<tr>
<th>State/Scope of Statute</th>
<th>WY Ag/Ag-related</th>
<th>MN Multiple sectors</th>
<th>TN Ag/related</th>
<th>IA Multiple sectors</th>
<th>WI Multiple sectors</th>
<th>TOTAL</th>
<th>% of Total</th>
<th>State/Scope of Statute</th>
<th>WY Ag/Ag-related</th>
<th>MN Multiple sectors</th>
<th>TN Ag/related</th>
<th>IA Multiple sectors</th>
<th>WI Multiple sectors</th>
<th>TOTAL</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ag/Ag-related</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>8</td>
<td>31%</td>
<td>8</td>
<td>36%</td>
<td>Ag/Ag-related</td>
<td>4</td>
<td>3</td>
<td>1</td>
<td>8</td>
<td>31%</td>
<td>8</td>
<td>36%</td>
</tr>
<tr>
<td>Biofuels</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>8%</td>
<td></td>
<td>2</td>
<td>2%</td>
<td>Biofuels</td>
<td>2</td>
<td></td>
<td></td>
<td>2</td>
<td>2%</td>
<td>2</td>
<td>9%</td>
</tr>
<tr>
<td>Consumer housing</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>8%</td>
<td>Consumer housing</td>
<td>0</td>
<td>0%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer retail</td>
<td>3</td>
<td>1</td>
<td>4</td>
<td>15%</td>
<td>Consumer retail</td>
<td>1</td>
<td>5%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing</td>
<td>0</td>
<td>0%</td>
<td></td>
<td>Marketing</td>
<td>3</td>
<td>3</td>
<td>14%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Member services/edu</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>12%</td>
<td>Member services/edu</td>
<td>2</td>
<td>9%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Purchasing</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>12%</td>
<td>Purchasing</td>
<td>6</td>
<td>27%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Worker</td>
<td>1</td>
<td>1</td>
<td>4%</td>
<td>Worker</td>
<td>0</td>
<td>0%</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<td></td>
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<td>Unknown</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>12%</td>
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<tr>
<td>Subtotal</td>
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<td>18</td>
<td>0</td>
<td>4</td>
<td>4</td>
<td>26</td>
<td>100%</td>
<td>Subtotal</td>
<td>4</td>
<td>17</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>22</td>
<td>100%</td>
</tr>
</tbody>
</table>

TOTAL LCAs

<table>
<thead>
<tr>
<th>State/Scope of Statute</th>
<th>WY Ag/Ag-related</th>
<th>MN Multiple sectors</th>
<th>TN Ag/Ag-related</th>
<th>IA Multiple sectors</th>
<th>WI Multiple sectors</th>
<th>TOTAL</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ag/Ag-related</td>
<td>4</td>
<td>6</td>
<td>3</td>
<td>2</td>
<td>16</td>
<td>33%</td>
<td></td>
</tr>
<tr>
<td>Biofuels</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer housing</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer retail</td>
<td>4</td>
<td>1</td>
<td>5</td>
<td>10%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Member services/edu</td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>Purchasing</td>
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<td>2</td>
<td>9</td>
<td>19%</td>
<td></td>
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<tr>
<td>Worker</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td>Unknown</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6%</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>4</td>
<td>35</td>
<td>4</td>
<td>4</td>
<td>48</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

The Kennedy-Frederick article noted that many of the associations formed under the LCA statutes were likely to operate as traditional cooperatives, and information gathered on several of the newer cooperatives indicate similar operational plans.
Many of these new LCAs do not appear to be the type of capital-intensive agricultural ventures that originally spurred the development of LCA business statutes. Because the statutes are relatively new, familiarity with them may still be developing within the business law community, affecting the frequency of their use in the formation of new cooperative businesses. In addition, the requirements built into the LCA structure to protect patron-member interests may not provide the level of control and the options for exit that would contribute to the attractiveness of an investment opportunity. Whether the LCA structure is sufficiently flexible to accommodate the needs of outside investor-members, while protecting patron-member interests in larger-scale projects, is unclear at this time.

However, a commonality of interests beyond the financial also may exist between investor- and patron-members. Cooperatives are seen as effective tools for addressing local community economic development issues, and for promoting local ownership. Investor-member support and participation in these types of projects may be motivated by community development as well as financial considerations. The LCA structure allows for investor-members to participate in and support community development projects that otherwise might not be able to attract sufficient capital for start-up.

Further research on the individual cooperatives formed under these new statutes would provide a greater understanding of how these LCA statutes are functioning in new business start-up situations. Data on the following topics may be useful to further assess the benefits and challenges posed by the LCA business structure:

- the level of non-patron investor participation in new cooperative ventures;
- the degree to which investor member participation influenced by community economic development concerns;
- how bylaws of individual LCAs define investor-member and patron-member interests;
- whether the adoption of the LCA structure has been driven by considerations of future financial flexibility rather than capital formation considerations present at start-up.

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13 Conversation with Amy Fredregill, Vice President, Minnesota Association of Cooperatives, June 14, 2007.
**Wyoming**

Wyoming adopted the Wyoming Processing Cooperative Law in 2001, the first cooperative law that incorporated features of the limited liability company, allowed non-patron investor members on the board of directors, and provided for the allocation of profit and losses to both investor and patron members. The statute is limited to ventures that market or process agricultural products.

No new cooperatives have formed under this law since the Kennedy/Frederick article was written, but the status of several of them have changed.

*Cooperatives that were described in the 2005 Kennedy/Frederick article and are active:*

**Mountain States Lamb and Wool Cooperative**
Douglas, WY
Filing Date: 7/2/2001

The cooperative was organized as a separate entity by Mountain States Lamb Cooperative (MSLC) to attract outside equity for value-added ventures in lamb meat and woolens marketing. It was the requests of MSLC for a statute that allowed outside investment in a cooperative that led to the passage of the Wyoming law.

*Cooperatives that were described in the 2005 Kennedy/Frederick article and are inactive:*

**Great Plains Buffalo Company**
Sioux Falls, SD
Filing Date: 12/03/2001

Headquartered in Sioux Falls, South Dakota, this is a producer association for buffalo meat that can be marketed as all-natural.

**MN Valley Co-op Supply**
Montgomery, MN

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14 Plans to operate this cooperative had not been implemented at the time the Kennedy/Frederick article was written. However, currently the cooperative is active and in good standing, having filed its 2007 annual report and paid taxes.

15 At this time the cooperative has not filed an annual report since 2003. According to Jeanie Sawyer, Business Division Director, WY Secretary of State, the cooperative will be administratively dissolved next year assuming no annual report is filed.

16 At this time the cooperative has not filed an annual report since 2004. According to Jeanie Sawyer, Business Division Director, WY Secretary of State, the cooperative will be administratively dissolved next year assuming no annual report is filed.
A full service local farm supply cooperative, it was originally a traditional cooperative that was reorganized after bankruptcy and in response to potential environmental liability issues.

**LM HOLDINGS (LANDMARK SERVICES COOPERATIVE)**\(^1^7\)
Cottage Grove, WI
Filing Date: 9/21/2001

The co-op was formed as a joint venture between two Wisconsin cooperatives to merge their agronomy departments and acquire the agronomy center of a third. However, the two cooperatives subsequently merged using the traditional cooperative structure.

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**MINNESOTA**

Minnesota passed its hybrid cooperative law in 2003. Since that time 32 cooperatives have formed under statute 308B, including one which was formerly organized under 308A, the statute governing traditional cooperative formation.

**ALLIED PHARMACY COOPERATIVE**
Filing Date: 4/26/2006

Allied Pharmacy Cooperative, a customer-owned neighborhood pharmacy, was organized to offer knowledgeable service and affordable prescription and non-prescription products.
It also plans to provide its members advice and support with their pharmacy care choices, and host educational health programs targeted toward supporting the healthy lifestyle of its members.
Any profits earned by Allied Pharmacy Cooperative will be returned to customer-members as discounted prices or annual rebate checks.

**ASSURED PERFORMANCE COOPERATIVE**
Filing Date: 2/29/2006

Assured Performance Network describes itself as two separate entities that work in harmony; 1) a non-profit consumer advocacy organization to set standards and identify which shops are qualified, and 2) a body shop cooperative (co-op) that provides the qualifying shops with financial rewards (rebates) from participating vendors and allows them to work together independently. The network now provides nearly 5,000 collision repair nationwide.

**BENNETT PARK COOPERATIVE**
Filing Date: 3/9/2006

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\(^{17}\) At this time the cooperative has not filed an annual report since 2004. According to Jeanie Sawyer, Business Division Director, WY Secretary of State, the cooperative will be administratively dissolved next year assuming no annual report is filed.
The cooperative has been organized to buy a mobile home park that has been in need of maintenance and improvements for many years, and to provide home ownership for current residents.

**CHURCH HILL COOPERATIVE**
Filing Date: 4/23/2007

This market-rate housing cooperative is part of a redevelopment project of an underused building. Project criteria include community and architectural significance, location, and consistency with sustainable development principles.

**CITRUSOLUTION CARPET CLEANING CO-OP**
Filing Date: 4/18/2007

Citrusolution is a carpet cleaning company headquartered in Georgia, with service locations nationwide.

**CLAREMONT RENEWABLE ENERGY**
Filing Date: 7/31/2006

Claremont Renewable Energy has a 10-member board of directors that is working on an equity drive to build a 50-million- to 60- million-gallon ethanol plant. CRE has signed a letter of intent with Al-Corn Clean Fuel to provide development and management services. The plan is being presented as an opportunity for farmers to be owners of their own renewable energy plant.

**COOPERATIONWORKS!**
Filing Date: 12/13/2006

CooperationWorks! is a national organization of 18 development centers serving communities in 41 states, and helps its members work together to revitalize communities through effective cooperative enterprise development. CooperationWorks! allows members to maximize resources and expertise in all aspects of cooperative development work, including feasibility analysis, business plan development, training and education.

**CRYSTAL VALLEY COOPERATIVE LSFG**
Filing Date: 7/26/2006

Crystal Valley Coop and LaSalle Farmers Grain Company merged to form Crystal Valley Cooperative LSFG, a full service agricultural supply co-op.

**HARLEM NATURAL FOOD CO-OP ASSOCIATION**
Filing Date: 2/16/2007

The Harlem Natural Food Co-op is member owned and operated, specializing providing fresh, local and organically grown foods and environmentally safe household items at the best affordable quality.
and price in Harlem. It also has a community focus, and works to develop relationships with local farms, businesses, and organizations that support sustainable practices.

**GROSS POINT COOPERATIVE**
Filing Date: 4/9/2007

No information available.

**THE MOSAIC CAFÉ COOPERATIVE**
Filing Date: 2/22/2006

No information available.

**NERSTRAND MARKETING COOPERATIVE**
Filing Date: 5/8/2007

No information available.

**NEXT BIG THING A GROWERS COOPERATIVE**
Filing Date: 7/31/2006

The Next Big Thing is a grower cooperative that formed this summer to bring new fruit varieties to market. The cooperative involves five grower-packer-shippers in Nova Scotia, New York, Minnesota, and Washington State, who represent 45 grower members. The first variety they will manage is a new variety licensed to a Minnesota orchard. Members will sell the apples, primarily within their region, but a marketing committee will set a single price. Fruit packed and sold under the Next Big Thing brand will have to meet certain standards to ensure consistent quality and presentation.

**PEACE PARISH NURSING COOPERATIVE**
Filing Date: 1/5/2007

The cooperative is organized exclusively for charitable and educational purposes, dedicated to increasing parish nursing as a health resource in communities. The cooperative will provide collaboration of administrative and educational services to support parish nursing programs.

**PRAIRE AGRA FUELS, INC.**
Filing Date: 5/8/2007

A producer-owned cooperative, the co-op was organized to operate a new biomass fuel pellet plant in Bird Island, and to ensure a supply of materials that would plant specifications for a quality product. Sunrise Agra Fuels LLC researches and markets the biomass fuel pellets that will be produced by the plant.
SUSTAINABLE LAND DEVELOPMENT INTERNATIONAL
4/26/2007

Sustainable Land Development International is a multi-stakeholder membership organization which will promote profitable land development by creating and using a sustainable development industry best practices.

UFC GRAIN SHARE SYSTEMS
Filing Date: 6/21/2006

A project of United Farmers Cooperative, UFC GrainShares offers its members shares in two new grain storage bins.

URBAN EARTH FLOWER AND GARDEN COOPERATIVE
Filing date: 11/21/2006
Capital stock: Yes
Total: $475,000
5000 Class A Membership stock with par value of $95

The cooperative was formed to operate a member-owned flower and garden store business that is guided by community, environmental and sustainability values.

Cooperatives that were described in the 2005 Kennedy/Frederick article and are active:

AGRICULTURAL LABOR COOPERATIVE OF AMERICA
Filing Date: 12/05/2005

This is a federated cooperative of other cooperatives and producer associations. It provides services to members so that they can have access to legal, farm-skilled labor for crop harvesting.

AVALANCHE CORPORATE TECNOLOGY COOPERATIVE
Filing Date: 2/26/2004

Membership provides a way to share intellectual property among corporate technology consumers, and those that supply it – in-house corporate developers, consulting companies, and hardware and software vendors. Members also participate in forums and develop IP cooperatively. There is an annual membership fee; excess revenues are used for member benefit.

COOPMETRICS
Filing Date: 8/1/2003

Formed by cooperative consultants, the co-op is an information sharing alliance for operating and financial data that allows members to benefit from knowledge and experience of peers. It is a hybrid consumer-worker-LLC organization, with profits refunded to each group proportionally.
BUSHMILLS ETHANOL, INC.
Filing Date: 2/7/2004

The co-op includes both agricultural producers and investors in an ethanol plant. Producer members supplied 62% of the equity funds, while investors, primarily local, provided the remainder.

FOREST MANAGEMENT SYSTEMS
Filing Date: 12/24/2002

The cooperative of 12 independent logging companies is organized to provide timber harvesting services that are environmentally responsible and responsive to landowner needs, and include land management and wildlife enhancement plans, tree planting and logging crews.

ICEBERG TECHNOLOGY GROUP
Filing Date: 2/17/2004

The co-op provides a marketing identity to a group of small, independent technology consulting firms in the Minneapolis area.

INDEPENDENT NATURAL FOOD RETAILERS ASSOCIATION
Filing Date: 9/2/2005

A nationwide cooperative for independent natural food retailers, the cooperative provides joint purchasing programs, a network for sharing best business practices and developing better marketing tools. It also works with suppliers on product development and supply chain management. There are 2 classes of voting stock; class A patron member stock controls at least 85% of the governance rights. Founding members have special limited rights through their stock.

INNOVATIVE HEALTH SOLUTIONS
Filing Date: 10/27/2003

The cooperative was organized by three farm supply cooperatives to offer affordable, quality health insurance to its members.

INTEGRATED MEDIA COOPERATIVE
Filing Date: 3/7/2005

A purchasing cooperative for smaller publishers, it consolidates the buying of paper, printing, shipping and office expenses for its members to provide better pricing to its members.

LIFE SOURCE ALLIANCE
Filing Date: 12/22/2005
The cooperative is being developed by alternative health care providers whose services are not covered by traditional health insurance. It is envisioned as including both providers and clients as members.

ORGANIC FARMERS’ AGENCY FOR RELATIONSHIP MARKETING (OFARM)
Filing Date: 2/1/2005

A marketing agency for organic farmer associations, it coordinates organic producer marketing groups in the upper Midwest and Ontario. OFARM is a producers-only organization that provides information on prices and markets, develops organic markets, strengthens member marketing programs, and promotes sustainable agriculture.

PLANTAVIT COOPERATIVE
Filing Date: 5/28/2004

The co-op was formed to organize farmers who are testing new biotechnologies created by Edenspace Systems Corporations, which develops and markets plants used in soil contamination work, and bioenergy production.

PREMIER DISTRIBUTION COOPERATIVE
Filing Date: 12/22/2004

This purchasing cooperative serves independent businesses in the heating, air conditioning, plumbing and refrigeration markets.

THREE RIVERS MARKET
Filing Date: 12/30/2004

This natural foods grocery in Knoxville, TN converted from a dues-based membership structure to a cooperative ownership structure to meet capital needs for a relocation and expansion effort.

Cooperatives that were described in the 2005 Kennedy/Frederick article and are inactive:

AGDEAVOR RENEWABLE ENERGY
Filing Date: 2/22/2004

The co-op was created by Heartland AgDeavor, a nonprofit corporation that promotes and invests in value-added agricultural business opportunities, to develop an ethanol plant in partnership with producers in Ohio. However, the project was not completed.

BUILDERS ONE
Filing Date: 8/6/2003

The co-op purchases products, equipment and supplies for its licensed builder members.
Owners of independent businesses in the construction and transportation businesses formed the cooperative to purchase and distribute diesel fuel. The project was abandoned.

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TENNESSEE

The Tennessee Processing Cooperative Law (Title 43, Chapter 38) was passed in 2004, and focuses on value-added agricultural processing.¹⁸

The one cooperative that has been formed under this law was included in the Kennedy/Frederick article. It is operated for the benefit of patron producers, to whom membership is limited.

SIGNIA COTTON COOPERATIVE
Memphis, TN

Filing Date: 5/16/05
Capital stock: No

The co-op markets and further processes cotton or other agricultural products, and provides other services that would facilitate production or marketing for patron members.

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IOWA

Chapter 501A was signed into law in 2005. The scope of the law includes agricultural marketing and processing, but is not limited to those purposes. Four cooperatives have been organized under this statute.

QUALITY ORGANIC PRODUCER COOPERATIVE
Decorah, IA

Filing Date: Jun 01, 2000 as 501 Cooperative
Apr 17, 2007 501A Cooperative Conversion
Capital stock: One class -- Common

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¹⁸ The Kennedy/Frederick article states that the statute focuses on value-added agricultural associations, but can be used by any type of business. However, Bob Grunow, Director, Division of Business Services, Secretary of State, State of Tennessee, pointed out that the statute requires the signature of the commissioner of the Department of Agriculture. The commissioner’s approval is based on whether the cooperative provides new or expanded market or product opportunities for agricultural products in Tennessee. See also, NCCUSL drafting committee on ULCAA 2/24/07 memo.
This is a closed cooperative with a 100 member limit. A minimum purchase of one share per family or “authorized farm entity” is required for membership. The articles state that 100,000 shares at $30/each are initially available for purchase.

WOODBURY FARMS COOPERATIVE
Sioux City, IA
Filing date: 1/17/06
Capital stock: No

The co-op promotes the production, sale and use of organic agricultural products within a radius of 100 miles of Woodbury County, Iowa

COMMUNITY MARKET COOPERATIVE
Jefferson, IA
Filing date: 1/19/07
Capital stock: No

The co-op purchases food and other products for sale to the cooperative’s member patrons and non-members. The articles authorize non-patron investment in the cooperative, and specify that the articles can be amended by 66 2/3% of voting rights present.

SVF COOPERATIVE
Davenport, IA
Filing date: 3/06/07
Capital stock: No

The co-op is organized to market agricultural products, supply agricultural products and services to its members, and to carry out other activities that facilitate the marketing and supply of products and services to members.

WISCONSIN

Wisconsin adopted the Unincorporated Cooperative Association Act in spring 2006. Four unincorporated cooperative associations have been organized under statute 19. Cooperatives formed under this statute can operate in any business sector except utilities.

EDELWEISS GRAZIERS COOPERATIVE
Monticello, WI
Filing date: 5/31/06
Capital stock: Class A – par value $1000, 75 shares
Issued to agricultural producer patron members
Class B – par value $1000, 225 shares
Issued to any person, firm or corporation
The cooperative was organized by dairy cow graziers who purchased a cheese factory to process, package and market cheese made from milk produced by dairy cows that are grass-fed.

Class A stock may either be sold or issued in payment of patronage refunds. Each voting member is entitled to one vote regardless of the number of shares owned. Class B stockholders are voting members whose total number of votes is determined by the bylaws.

NORTHEAST WISCONSIN FISH COOPERATIVE
Black Creek, WI
Filing date: 11/29/06
Capital stock: No

The purpose of the cooperative is to grow, market, or process patron members’ aquaculture products. The cooperative will also facilitate those processes by providing products and services to members.

The cooperative was awarded a state government grant to examine cooperative management of marketing, sales and other activities related to farm-raised perch production. A lack of collaboration has created bottlenecks in perch production, and the grant will be used to create standards and systems to better manage the processes in the state.

PHYSICIANS HEALTH COOPERATIVE
Mequon, WI
Filing date: 1/18/07
Capital stock: No

The cooperative has been organized to provide more affordable health care for small businesses and self-employed individuals under a single group health policy or plan.

NEW TOPCO HOLDINGS, COOP.
Skokie, IL
Filing date: 3/5/07
Capital stock: Yes

Topco Associates LLC is a cooperative that includes supermarket retailers, wholesalers, and foodservice companies. The co-op purchases corporate and national brands, perishables, equipment, supplies, and provides quality assurance, packaging, and other services to its member-owners. Economies of scale through the cooperative enable its members to more effectively compete against larger chains.