

SENATE BILL NO. 399

BY SENATORS WHITE, NEVERS AND THOMPSON

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AN ACT

To amend and reenact R.S. 12:403(2) and 407, relative to electric cooperatives; to provide relative to powers and bylaws; to provide for perpetual existence of cooperatives in certain circumstances; to provide relative to adoption, amendment, or repeal of bylaws; to provide certain terms, conditions, and requirements; to provide for the board of directors taking certain actions without authorization of the members of the cooperative; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 12:403(2) and 407 are hereby amended and reenacted to read as follows:

§403. Powers

A cooperative may:

- (1) Sue and be sued, in its corporate name;
- (2) Have ~~existence for a period of not more than ninety-nine years~~ **perpetual existence, unless otherwise provided for in the articles of incorporation of the cooperative;**

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§407. Bylaws

A. The original bylaws of a cooperative shall be adopted by its board of directors. The first bylaws of a new cooperative resulting from a consolidation, or the surviving cooperative resulting from a merger, or the converted corporation resulting from a conversion, as provided in this Part, shall be adopted by the board of directors named in articles of conversion, merger, or consolidation, as the case may be. ~~Thereafter bylaws shall be adopted, amended, or repealed by the members, except the board may amend the bylaws to authorize voting by mail at its meetings of the members unless such meeting concerns the sale, lease, or other disposition or~~

1 ~~encumbrance of all or any substantial portion of the property belonging to the~~
2 ~~cooperative.~~

3 **B. Bylaws may be adopted, amended, or repealed by the members or the**
4 **board of directors. However, only the members may amend the bylaws when**
5 **the amendment concerns the dissolution of the cooperative or the sale, lease, or**
6 **other disposition or encumbrance of all or any substantial portion of property**
7 **belonging to the cooperative. The board of directors shall not adopt any bylaws**
8 **in conflict with the provisions of R.S. 12:414, 418, or 421.**

9 **C.** In the event voting by mail is authorized in the bylaws, the board of
10 directors is authorized to prescribe conditions necessary for voting by mail, including
11 the percentage of members required to constitute a quorum. **However, only the**
12 **members may prescribe conditions in the bylaws for voting by mail or the**
13 **constituting of a quorum when the provisions of the bylaws relate to the**
14 **dissolution of the cooperative or the sale, lease, merger, or other disposition or**
15 **encumbrance of all or any substantial portion of property belonging to the**
16 **cooperative.**

17 **D.** The bylaws shall set forth the rights and duties of members and directors
18 and may contain other provisions for the regulation and management of the affairs
19 of the cooperative not inconsistent with this Part or with its articles of incorporation.
20 Nothing herein or in this Part shall limit the rights of members provided for in R.S.
21 12:417 or any rights otherwise granted in the bylaws and articles of incorporation
22 which may authorize voting by mail or proxy.

23 **E. Nothing herein or in this Part shall limit the right of the board of**
24 **directors of the cooperative, as provided in R.S. 12:421(2), without**
25 **authorization by the members thereof, to authorize the execution and delivery**
26 **of a mortgage or mortgages or a deed of trust or deeds of trust upon, or the**
27 **pledging or encumbering of, any or all of the property, assets, rights, privileges,**
28 **licenses, franchises, or permits of the cooperative, whether acquired, or to be**
29 **acquired, and wherever situated, as well as the revenues and income therefrom,**
30 **all upon such terms and conditions as the board of directors shall determine, to**

1 secure any indebtedness of the cooperative to the United States of America or
2 any agency or instrumentality thereof, or to any bank, insurance company, or
3 other lending institution, any provision of the articles of incorporation or
4 bylaws of a cooperative to the contrary notwithstanding.

PRESIDENT OF THE SENATE

SPEAKER OF THE HOUSE OF REPRESENTATIVES

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____