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Agricultural Cooperative Formation:

Georgia



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Section 2-10-94 – Powers of Association Generally

Each association incorporated under this article shall have the following powers:

- (1) To engage in any activity in connection with:
 - (A) The marketing, selling, harvesting, preserving, drying, processing, canning, packing, storing, handling, shipping, ginning, or utilizing of any agricultural products produced or delivered to it by its members or the manufacturing or marketing of the by-products thereof;
 - (B) The manufacturing, selling, and supplying to and the purchasing, hiring, or using by its members of supplies, machinery, or equipment;
 - (C) The terracing of lands or the prevention of soil erosion; and
 - (D) The financing of any of the activities enumerated in subparagraphs (A) through (C) of this paragraph;
- (2) To handle and deal in the agricultural products of nonmembers in an amount equal in value to, but not greater in value than, that handled by it for members;
- (3) To borrow money and to make advances to members;
- (4) To act as the agent or representative of any member or nonmembers in any of the activities mentioned in paragraphs (1) through (3) of this Code section;
- (5) To purchase or otherwise acquire, to hold, own, and exercise all rights of ownership in, and to sell, transfer, or pledge shares of the capital stock or bonds of any corporation or association engaged in any related activity, in the handling or marketing of any of the products handled by the association or in the financing of the association;
- (6) To establish reserves and to invest the funds thereof in bonds or such other property as may be provided in the bylaws;
- (7) To buy, hold, and exercise all privileges of ownership over such real or personal property as may be necessary or convenient for the conduct and



operation of any of the business of the association or as may be incidental thereto;

(8) To apply for, establish, register, secure, own, and develop patents, trademarks, and copyrights;

(9) To do everything necessary, suitable, or proper for the accomplishment of any of the purposes or the attainment of any of the objects enumerated in this Code section or conducive to or expedient for the interest or benefit of the association and to contract accordingly; and

(10) To exercise and possess all powers, rights, and privileges necessary or incidental to the purposes for which the association is organized or to the activities in which it is engaged, along with any other rights, powers, and privileges granted by the laws of this state to ordinary corporations, except such as are inconsistent with express provisions of this article.

Section 2-10-84 – Filing of Articles of Incorporation; Contents; Subscription; Verification; Further Proceedings

(a) Persons desiring to be incorporated under this article must prepare and file in the office of the Secretary of State articles of incorporation setting forth:

- (1) The name of the association;
- (2) The purpose for which it is formed;
- (3) The place where its principal business will be transacted;
- (4) The names and addresses of not less than five persons who are to serve as directors for the first term or until the election of their successors;
- (5) If organized without capital stock, whether the property rights and interest of each member shall be equal or unequal; and, if unequal, the articles shall set forth the general rule or rules applicable to all members by which the property rights and interests, respectively, of each member may and shall be determined and fixed; and the association shall have the power to admit new members who shall be entitled to share in the property of the association with the old members, in accordance with such general rule or rules, provided that this provision of the charter shall not be altered, amended, or repealed except by the written consent or the vote of three-fourths of the members;
- (6) If organized with capital stock, the amount of such stock, the number of shares into which it is divided, and the par value thereof; the capital stock may be divided into preferred and common stock; and if so divided, the articles of incorporation must contain a statement of the number of shares of stock to which preference is granted, the number of shares of stock to which no preference is granted, and the nature and extent of the preference and privileges granted to each.

(b) In addition to the foregoing, the articles of incorporation may contain any provision consistent with law with respect to management; regulation; government; financing; indebtedness; membership; the establishment of voting districts and the election of delegates for representative purposes; and the issuance, retirement, and transfer of its stock, if formed with capital stock; any provisions relative to the way or manner in which it shall operate with respect to its members, officers, or directors; and any other provisions



relating to its affairs, provided that nothing so set forth shall be construed as limiting any of the rights or powers otherwise given to such associations.

(c) The articles of incorporation must be subscribed by the incorporators and verified by one of them before an officer authorized by the law of this state to attest deeds and conveyances. The petition shall be filed and further proceedings shall be had in accordance with the general corporation laws for the incorporation of private companies by the Secretary of State as set forth in Title 14.

Section 2-10-86 – Adoption of Bylaws; Authorized Provisions

(a) Each association incorporated under this article, within 30 days after its incorporation, shall adopt for its government and management a code of bylaws not inconsistent with the powers granted by this article. A majority vote of a quorum of the members or stockholders attending a meeting shall be sufficient to adopt or amend the bylaws when notice of the proposed bylaw or bylaws is given prior to the meeting.

(b) Under its bylaws each association may provide for any or all of the following matters:

- (1) The time, place, and manner of calling and conducting its meetings;
- (2) The number of stockholders or members constituting a quorum;
- (3) The right of members or stockholders to vote by proxy, by mail, or by both and the conditions, manner, form, and effects of such votes;
- (4) The number of directors constituting a quorum;
- (5) The qualifications, compensation, duties, and term of office of directors and officers; the time of their election; and the mode and manner of giving notice thereof;
- (6) Penalties for violations of bylaws;
- (7) The amount of entrance, organization, and membership fees, if any; the manner and method of collecting the same; and the purposes for which they may be used;
- (8) The amount which each member or stockholder shall be required to pay annually or from time to time, if at all, to carry on the business of the association; the charge, if any, to be paid by each member or stockholder for services rendered by the association to him or her and the time of payment and manner of collection thereof; and the marketing contract between the association and its members or stockholders, which every member or stockholder may be required to sign;
- (9) The number and qualification of members or stockholders of the association and the conditions precedent to membership or ownership of common stock;
- (10) The method, time, and manner of permitting members to withdraw or the holders of common stock to transfer their stock and the manner of assignment and transfer of the interests of members and of the shares of common stock;
- (11) The conditions upon which and time when the membership of any member shall cease; the automatic suspension of the rights of a



member when he or she ceases to be eligible for membership in the association; and the mode, manner, and effect of the expulsion of a member; and
(12) The manner of determining the value of a member's property interest in the association and provision for its purchase by the association upon the death or withdrawal of a member or stockholder or upon the expulsion of a member or forfeiture of his or her membership, provided that, at the option of the association, such value may be determined by conclusive appraisal by the board of directors.

Section 2-10-87 – Directors to Manage Association; Number; Election or Appointment; Compensation; Marketing or Purchasing Contracts with Association; Vacancies

- (a) The affairs of the association shall be managed by a board of not less than five directors elected by the members or stockholders from their own number.
- (b) The bylaws may provide that the territory in which the association has members shall be divided into districts and that the directors shall be elected according to such districts. In such a case the bylaws shall specify the number of directors to be elected by each district and the manner and method of reapportioning the directors and redistricting the territory covered by the association. The bylaws may provide that primary elections shall be held in each district to elect the directors apportioned to such districts and whether the results of all such elections shall be final or shall be ratified by the next regular meeting of the association.
- (c) The bylaws may provide that one or more directors may be appointed by the Commissioner, the dean of the College of Agricultural and Environmental Sciences of the University of Georgia, or any other public official or commission. The director or directors so appointed need not be members or stockholders of the association but shall have the same powers and rights as other directors.
- (d) An association may provide a fair remuneration to its officers and directors for their services to the association.
- (e) No director, during the term of his or her office, shall be a party to a marketing or purchasing contract with the association the provisions of which differ in any way from the marketing or purchasing contracts generally accorded regular members or holders of common stock of the association in the same trade area, or to any other kind of contract that affects the amount of the association's patronage distributions to the director the terms of which differ from terms generally current in that district.
- (f) When a vacancy on the board of directors occurs other than by expiration of term, the remaining members of the board shall fill the vacancy by a majority vote. If the bylaws provide for an election of directors by district, the person filling the vacancy must live in the district for which the vacancy exists.

Section 2-10-88 – Election of Officers

- (a) The directors shall elect from their number a president and one or more vice-presidents. They shall also elect a secretary and a treasurer, who need not be directors. They may combine the two latter offices and designate the



combined office as secretary-treasurer. The treasurer may be a bank or any depository and, as such, it shall not be considered as an officer but as a function of the board of directors. In such case the secretary shall perform the usual accounting duties of the treasurer, provided that funds shall be deposited only as authorized by the board of directors.

(b) The charter of the association may provide for the election of its officers by the members of the association and from persons other than the directors thereof. Any provision of the nature referred to in the preceding sentence contained in the charter of an association or an amendment thereto as of March 30, 1965, is ratified and confirmed as though placed therein subsequent to March 30, 1965.

Section 2-10-90 – Eligibility as Members or Stockholders

Under the terms and conditions prescribed in its bylaws, an association may admit as members or issue common stock only to persons, associations, or corporations composed solely of persons engaged in the production of the agricultural products to be handled by or through the association, including the lessees and tenants of land used for the production of such products and any lessors and landlords who receive as rent all or part of the crop raised on the leased premises. Any such persons, associations of persons, or corporations may be citizens of or organized under the laws of this state or any other state of the United States. If a member of a nonstock association is other than a natural person, such member may be represented by any individual, associate, officer, or member thereof duly authorized in writing.

Section 2-10-91 – Issuance of Stock or Certificate; Liability of Member; Maximum Amount of Stock Member May Own; Voting; Preferred Stock; Transfer of Stock; Purchase of Own Stock by Association

(a) When a member of an association established without capital stock has paid his membership fee in full, he shall receive a certificate of membership. No association shall issue stock to a member until it has been fully paid for. Promissory notes of the members may be accepted by the association as full or partial payment. The association shall hold the stock as security for the payment of the note, but such retention as security shall not affect the member's right to vote.

(b) Except for debts lawfully contracted between the member and the association, no member shall be liable for the debts of the association in an amount exceeding the sum remaining unpaid on his membership fee or his subscription to the capital stock, including any unpaid balance or any promissory notes given in payment thereof.

(c) No stockholder of a cooperative association shall own more than 20 percent of the common stock of the association; and an association, in its bylaws, may limit the amount of common stock which one member may own to any amount less than 20 percent of the common stock.

(d) No member or stockholder shall be entitled to more than one vote; provided, however, that this prohibition shall not apply to associations composed of producers of any forestry product or products.



(e) Any association organized with stock under this article may issue preferred stock with or without the right to vote. Such stock may be redeemable or retirable by the association on such terms and conditions as may be provided for by the articles of incorporation and printed on the face of the certificate.

(f) The association may, at any time, except when its debts exceed 50 percent of its assets, buy in or purchase its common stock at the book value thereof and pay for it in cash within one year thereafter. Book value shall be conclusively determined by the board of directors.

Section 2-10-105 – License Fee; Tax Exemption

Each association organized under this article shall pay an annual license fee of \$10.00 but shall be exempt from all franchise or license taxes.

