

Key Roles of Members in Ohio Cooperatives

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Members are the foundation of a cooperative business. As one scholar explained, “[c]ooperatives are organized to serve member needs and are focused on generating member benefits.”¹ A defining feature of the cooperative model is the principle of democratic member control, meaning that members “actively participate in setting [their co-op’s] policies and making decisions.”²

Members have ownership interests and generally have control rights in their cooperative.³ Members generally vote using a democratic system, like a one-member, one-vote structure, and voting control is not tied to investment in the cooperative.

Generally, cooperative laws at the state level set up the legal framework of a cooperative, including the roles and rights of members vis-à-vis their

cooperative, although they vary from state to state. Chapter 1729 of the Ohio Revised Code, also known as the Ohio Cooperative Law, creates the following major roles and rights for members of a cooperative organized under the statute.

The cooperative model allows for various and diverse governance structures and as some might say, “If you’ve seen one cooperative, you’ve seen one cooperative.” Accordingly,

the ways that members engage their cooperative can vary widely. Individual cooperatives may establish additional rights for members via organizational documents like bylaws or engage their members more broadly in governance and decision-making as a matter of policy or practice. This brief overview is meant to share the basic areas where a cooperative’s members have key roles under the Ohio Cooperative Law.



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1. Members incorporate the cooperative.⁴
2. Members approve amendments to the cooperative's articles of incorporation⁵, although there are limited specific instances where the cooperative's board may approve amendments to the articles of incorporation without approval from the membership, such as making a change to the cooperative's principal place of business.⁶
3. Members are entitled to participate in the distribution of the cooperative's net income on the basis of patronage, as provided in the bylaws or other written agreements.⁷
4. Members approve amendments to the cooperative's bylaws, unless the articles or bylaws provide that the board may amend the bylaws by a two-thirds vote, in which case those amendments must be subsequently reported to the membership and are subject to amendment or repeal by the members at any time.⁸
5. Members are entitled to attend annual meetings and special member meetings⁹, and to receive notice of meetings at which the member is entitled to vote, although in some circumstances general public notice may be sufficient.¹⁰
6. Members may demand a special meeting of the cooperative via a petition signed by a qualifying percentage of the members entitled to vote.¹¹
7. Members elect directors for the cooperative.¹² Although, one or more directors may be appointed by the board in some cases.¹³ For example, in the case of outside directors or board vacancies, directors may be appointed or elected by the board, rather than elected by members.¹⁴
8. Members can request the removal of an officer or director upon a filing with the cooperative's secretary along with a petition signed by a qualifying percentage of members.¹⁵ Members are entitled to vote on the removal of a director or officer at a regular or special membership meeting.¹⁶
9. Subject to approval by the board of directors, members may request to examine the books and records of the cooperative, as long as those requests are for a proper purpose, the records are directly related to the person's interest in the cooperative, and the member provides required notice to the cooperative.¹⁷
10. Members approve an agreement of merger or consolidation with another cooperative or entity,¹⁸ a plan of division for the cooperative,¹⁹ or conversion of the cooperative to another domestic corporation.²⁰
11. Members approve a plan of dissolution for the cooperative,²¹ except that directors may adopt a plan of dissolution in specific circumstances like when the cooperative has been adjudged bankrupt.²² Members also approve a plan of disposition for all or substantially all of the assets of the cooperative.²³
12. Members may bring an action for judicial dissolution of the cooperative with a proposal brought by a qualifying percentage of members.²⁴

This information is provided for educational purposes only. It is not legal advice. It is not a substitute for the potential need to consult with a competent attorney licensed to practice law in the appropriate jurisdiction.

References

¹ Zueli, K. & Cropp, R. (2014). "Cooperatives: Principles and practices in the 21st century." *UW Extension*. (p. 4)

² "Cooperative identity, values & principles." (n.d.). *International Cooperative Alliance*. Retrieved from <https://www.ica.coop/en/cooperatives/cooperative-identity>

³ Autrey, C. & Hall, R. (2009). *The Law of Cooperatives*. American Bar Association.

⁴ Ohio Rev. Code §1729.06(A)

⁵ Ohio Rev. Code §1729.08(A)

⁶ Ohio Rev. Code §1729.08(D)(1)-(4)

⁷ Ohio Rev. Code §1729.13(A)

⁸ Ohio Rev. Code §1729.16(A)-(B)

⁹ Ohio Rev. Code §1729.18(B)

¹⁰ Ohio Rev. Code §1729.18(D)

¹¹ Ohio Rev. Code §1729.18(C)

¹² Ohio Rev. Code §1729.22(A)

¹³ Ohio Rev. Code §1729.22(C)

¹⁴ Ohio Rev. Code §1729.22(F); Ohio Rev. Code §1729.22(C)

¹⁵ Ohio Rev. Code §1729.28(A)

¹⁶ Ohio Rev. Code §1729.28(A)-(B)

¹⁷ Ohio Rev. Code §1729.29 (B)

¹⁸ Ohio Rev. Code §1729.35(A); Ohio Rev. Code §1729.36(B)

¹⁹ Ohio Rev. Code §1729.40(C)

²⁰ Ohio Rev. Code §1729.43(B)

²¹ Ohio Rev. Code §1729.55(E)

²² Ohio Rev. Code §1729.55(D)(1)-(5)

²³ Ohio Rev. Code §1729.49(B)

²⁴ Ohio Rev. Code §1729.61(A)