VT COOPERATIVES AND CONGRESSIONAL CANDIDATES GATHER
Vermont Cooperative Summit Hopes to Influence Legislation for Co-ops in Vermont

(Cabot, VT) - October 10, 2006 - A cross section of Vermont-based cooperatives gathered today at the Wyndham Hotel in Burlington to discuss the future of co-ops, the advantages of the cooperative business model, and the changes in Vermont's current cooperative laws that could propel the Green Mountain State to be a leader in this field.

"Cooperatives thrive based on direct membership involvement, shared purpose, democratic principles of organization, ethics, honesty, and community involvement - all values for which Vermonters are famous," says Roberta MacDonald, Sr. Vice President of Marketing for Cabot Creamery.

A candidates forum including U.S. Senate Candidate Rich Tarrant, U.S. Senate Candidate Bernie Sanders, U.S. Senate Candidate Martha Rainville, and U.S. House Candidate Peter Welch provided an opportunity for the candidates to discuss their views of both national and in-state cooperative legislation and how the legislation needs to be adjusted to ensure the strength and viability of cooperatives in Vermont.

Most of Vermont's existing cooperative law was first enacted in 1931 and has been largely unchanged since then. Vermont's co-op law, found in Title 11 VT Statutes, Chapter 7, contains provisions that impose certain obstacles to both cooperative formation as well as to their commercial competitiveness and flexibility (see attached page).

"Co-ops are at a significant disadvantage compared to our counterparts in other states because of Vermont's antiquated co-op legislation," continued MacDonald. "We need to apply the same forward thinking that made our state the leader in captive insurance in order to ensure a similar position of leadership nationally for Vermont in the cooperative business world."

Coinciding with "October is National Co-op Month" the Summit is expected to be instrumental in shaping future Vermont cooperative legislation. The Summit was also aimed at raising awareness of the growing number of co-ops and the successful business model that cooperatives represent in Vermont and across the country. "The Vermont Summit is the first of its kind in the country," Paul Hazen, President and CEO of the National Cooperative Business Association. "We are urging other states to take on the same gathering in October 2008. It is time to feature the cooperative business model to those that lead us and those that want more from their community businesses."

Guest speakers at the Summit included Michael Cook, R.D. Partridge Chair, University of Missouri Dept. of Agriculture, Paul Hazen President and CEO of the National Cooperative Business Association and Charles Snyder, Chairman of the Cooperative Bank of America.

The Vermont Cooperative Summit is sponsored by Cabot Creamery, The Vermont Cooperative Alliance, The Association of Vermont Credit Unions, Rural Development and The Vermont Sustainable Jobs Fund.

National Cooperative Business Association (NCBA) is a national cross-industry membership and trade association representing cooperatives — over 100 million Americans and 47,000 businesses ranging in size from small buying clubs to businesses included in the Fortune 500. NCBA represents cooperatives before Congress and the federal agencies and promotes and supports cooperatives in the U.S. and overseas through training and technical assistance publications and programs.

Vermont Cooperative Law Weaknesses (October 2006)

Most of Vermont's existing cooperative law was first enacted in 1931 and has been largely unchanged since then. Vermont's coop law, found in Title 11 VT Statutes, Chapter 7, contains provisions that impose obstacles to cooperative formation as well as their commercial competitiveness and flexibility. Here are some examples of the limitations faced by Vermont cooperatives that are not found in the laws of other states that have modern coop laws.

**Under current law, Vermont Coops:**
- Are not allowed to permit their boards of directors to amend the coop’s bylaws.
- Are not permitted to have nonmembers or non-stockholders on the Board to add expertise and talent to the Board.
- Are not authorized to keep management separate from board membership if they so choose.
- Are not authorized to issue voting preferred stock if they so choose.
- Do not have a mechanism to merge or consolidate some form of coop with another coop nor do they have the authority to merge with a regular business corporation or an LLC.

**More modern coop laws:**
- Provide greater flexibility in membership voting, dividend and interest payments as well as reserve requirements.
- Permit mail and proxy voting. Mail and proxy voting are commonly used by cooperatives formed in other states to keep up with today’s fast paced world.

Finally, these limitations do not apply to other forms of organization in Vermont. Cooperatives should not be singled out for less favorable treatment as an organization than business corporations, unless it is fundamentally required under federal law.