

**SENATE BILL NO. 279**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Introduced: 2/22/00

Referred: Labor and Commerce

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to the redemption of shares of certain Alaska corporations."**

2 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

3 \* **Section 1.** AS 10.06.308 is amended to read:

4 **Sec. 10.06.308. Issuance of preferred or special classes of shares.** If  
5 authorized by the articles of incorporation, a corporation may issue preferred or special  
6 classes of shares

7 (1) subject to [THE RIGHT OF THE CORPORATION TO REDEEM  
8 ANY OF THE SHARES AT THE PRICE FIXED BY THE ARTICLES FOR]  
9 redemption **as provided under AS 10.06.325;**

10 (2) entitling the holders to cumulative, noncumulative, or partially  
11 cumulative dividends;

12 (3) having preferences over another class or classes of shares for the  
13 payment of dividends;

14 (4) having preference in the assets of the corporation over another class  
15 of shares upon the voluntary or involuntary liquidation of the corporation;

1 (5) convertible into shares of another class or into shares of a series of  
 2 the same or another class, except a class having prior or superior rights and  
 3 preferences as to dividends or distribution of assets upon liquidation.

4 \* **Sec. 2.** AS 10.06.325(a) is repealed and reenacted to read:

5 (a) A corporation may provide in the articles of incorporation for one or more  
 6 classes or series of

7 (1) common shares that are redeemable, in whole or in part,

8 (A) at the option of the corporation; or

9 (B) to the extent and upon the happening of one or more  
 10 specified events;

11 (2) preferred shares that are redeemable, in whole or in part,

12 (A) at the option of the corporation;

13 (B) to the extent and upon the happening of one or more  
 14 specified events;

15 (C) at the option of the holder; or

16 (D) upon the vote of at least a majority of the outstanding  
 17 shares of the class or series to be redeemed.

18 \* **Sec. 3.** AS 10.06.325(b) is amended to read:

19 (b) **Notwithstanding the other provisions of this section,** [A  
 20 CORPORATION MAY NOT ISSUE REDEEMABLE OR OTHER SHARES THAT  
 21 PURPORT BY THEIR TERMS TO GRANT TO A HOLDER OF THE SHARES THE  
 22 RIGHT TO COMPEL THE CORPORATION TO REDEEM THE SHARES, EXCEPT  
 23 THAT] an open-end investment company registered under the United States Investment  
 24 Company Act of 1940 may, if its articles of incorporation so provide, issue shares that  
 25 are redeemable at the option of the holder at a price approximately equal to the shares'  
 26 proportionate interest in the net assets of the corporation, and a shareholder may  
 27 compel redemption of the shares in accordance with their terms.

28 \* **Sec. 4.** AS 10.06.325 is amended by adding new subsections to read:

29 (d) Except as provided by AS 10.06.385, a redemption of shares shall be made  
 30 at the price, within the time, and upon the terms and conditions stated in the articles.

31 When the articles permit a partial redemption of a class or series of shares, the articles

1 must prescribe the method of selecting the shares to be redeemed. The method of  
2 selection may be

3 (1) pro rata;

4 (2) by lot;

5 (3) at the discretion of, or in a manner approved by, the board; or

6 (4) upon other terms and conditions stated in the articles.

7 (e) Notwithstanding the provisions of AS 10.06.375, a corporation may not  
8 issue redeemable shares unless the shares are redeemable as provided in this section.