

1 IN THE SENATE

BY SENATORS RYAN, COOPER,
GILBERT AND MCNABB

2 SENATE BILL NO. 67

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIRST LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the incorporation and
7 management of non-profit electric and
8 telephone membership cooperatives in
9 Alaska; repealing Sec. 36-3-9, ACLA
10 1949; and setting an effective date."

11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

12 Section 1. SHORT TITLE. This Act shall be known and
13 may be cited as the "Electric and Telephone Cooperative Act".

14 Sec. 2. PURPOSE. Cooperative, non-profit, membership
15 corporations may be organized under this Act for the purpose
16 of supplying electric energy or telephone service and promoting
17 and extending the use thereof.

18 Sec. 3. DEFINITIONS. In this Act:

19 (1) "Cooperative" means any corporation organized
20 under this Act or which becomes subject to this Act in the
21 manner hereinafter provided.

22 (2) "Person" means any natural person, firm,
23 association, corporation, business trust, partnership, federal
24 agency, state or political subdivision or agency thereof, or any
25 body politic.

26 (3) "Telephone service" means any communication
27 service whereby voice communication through the use of electri-
28 city is the principal intended use thereof, and shall include
29 all telephone lines, facilities or systems used in the rendition

1 of such service.

2 Sec. 4. POWERS.

3 (1) An electric or telephone cooperative shall have
4 power:

5 (a) To sue and be sued in its corporate name.

6 (b) To have perpetual existence.

7 (c) To adopt a corporate seal and alter the same.

8 (d) To construct, purchase, lease as lessee, or
9 otherwise acquire, and to equip, maintain, and operate, and
10 to sell, assign, convey, lease as lessor, mortgage, pledge,
11 or otherwise dispose of or encumber, lands, buildings,
12 structures, electric or telephone lines or systems, dams,
13 plants and equipment, and any other real or personal
14 property, tangible or intangible, which shall be deemed
15 necessary, convenient or appropriate to accomplish the
16 purpose for which the cooperative is organized.

17 (e) To purchase, lease as lessee, or otherwise
18 acquire, and to use, and exercise and to sell, assign,
19 convey, mortgage, pledge or otherwise dispose of or encumber,
20 franchises, rights, privileges, licenses and easements.

21 (f) To borrow money and otherwise contract in-
22 debtedness, and to issue notes, bonds, and other evidences
23 of indebtedness, and to secure the payment thereof by mort-
24 gage, pledge, or deed of trust of, or any other encumbrance
25 upon, any or all of its then owned or after-acquired real or
26 personal property, assets, franchises, or revenues.

27 (g) To construct, maintain and operate electric
28 transmission and distribution lines, or telephone lines,
29 along, upon, under and across publicly owned lands

1 and public thoroughfares, including, without limitation, all
2 roads, highways, streets, alleys, bridges and causeways.

3 (h) To exercise the power of eminent domain in
4 the manner provided by law.

5 (i) To become a member of other cooperatives or
6 corporations or to own stock therein.

7 (j) to conduct its business and exercise its
8 powers within or without this State.

9 (k) To adopt, amend and repeal bylaws.

10 (l) To make any and all contracts necessary,
11 convenient or appropriate for the full exercise of the
12 powers herein granted.

13 (m) To do and perform any other acts and things,
14 and to have and exercise any other powers which may be
15 necessary, convenient or appropriate to accomplish the
16 purpose for which the cooperative is organized.

17 (2) An electric cooperative shall have power:

18 (a) To generate, manufacture, purchase, acquire,
19 accumulate and transmit electric energy, and to distribute,
20 sell, supply and dispose of electric energy to its members,
21 to governmental agencies and political subdivisions, and to
22 other persons not in excess of ten per centum of the number
23 of its members; provided, however, that a cooperative which
24 acquires existing electric facilities may continue service
25 to persons, not in excess of forty per centum of the number
26 of its members, who are already receiving service from such
27 facilities without requiring such persons to become members,
28 but such persons may become members upon such terms as may be
29 prescribed in the bylaws.

1 (b) To assist persons to whom electric energy is
2 or will be supplied by the cooperative in wiring their
3 premises and in acquiring and installing electrical and
4 plumbing appliances, equipment, fixtures and apparatus by
5 the financing thereof, or otherwise, and in connection
6 therewith to wire, or cause to be wired, such premises,
7 and to purchase, acquire, lease as lessor or lessee, sell,
8 distribute, install and repair such electric and plumbing
9 appliances, equipment, fixtures and apparatus.

10 (c) To assist persons to whom electric energy is
11 or will be supplied by the cooperative in constructing,
12 equipping, maintaining and operating electric cold storage
13 or processing plants, by the financing thereof or otherwise.

14 (3) A telephone cooperative shall have power:

15 (a) To furnish, improve and expand telephone
16 service to its members, and to other users not in excess
17 of ten per centum of the number of its members; provided,
18 however, that, without regard to said ten per centum
19 limitation, telephone service may be made available by a
20 cooperative through interconnection of facilities to any
21 number of subscribers of other telephone systems, and through
22 pay stations to any number of users; and provided, further,
23 that a cooperative which acquires existing telephone facili-
24 ties may continue service to persons, not in excess of forty
25 per centum of the number of its members, who are already
26 receiving service from such facilities without requiring
27 such persons to become members, but such persons may become
28 members upon such terms as may be prescribed in the bylaws.

29 (b) To connect and interconnect its telephone

1 lines, facilities or systems with other telephone lines,
2 facilities or systems.

3 (c) To make its facilities available to persons
4 furnishing telephone service within or without this State.

5 Sec. 5. NAME. The name of a cooperative shall include
6 the words "Electric" or "Telephone", as may be appropriate to
7 its purpose, and "Cooperative", and the abbreviation "Inc."
8 The name of a cooperative shall be distinct from the name of any
9 other cooperative or corporation organized under the laws of, or
10 authorized to do business in, this State. This section shall not
11 apply to any corporation which becomes subject to this Act by
12 complying with Section 20 or Section 37 of this Act and which
13 elects to retain a corporate name which does not comply with
14 this section.

15 Sec. 6. INCORPORATORS. Five or more persons, including
16 cooperatives, may organize a cooperative in the manner hereinafter
17 provided.

18 Sec. 7. ARTICLES OF INCORPORATION. Articles of Incorpora-
19 tion of a cooperative shall recite that they are executed pur-
20 suant to this Act and shall state:

- 21 (1) The name of the cooperative.
- 22 (2) The address of its principal office.
- 23 (3) The names and addresses of the incorporators.
- 24 (4) The names and addresses of its directors.

25 The said articles may contain any provisions not inconsistent
26 with this Act deemed necessary or advisable for the conduct of
27 its business. Such articles shall be signed by each incorporator
28 and acknowledged by at least two of the incorporators, or on
29 their behalf, if they are cooperatives. It shall not be

1 necessary to recite in the articles of incorporation of a coop-
2 erative the purpose for which it is organized or any of its
3 corporate powers.

4 Sec. 8. BYLAWS. The board of directors shall adopt the
5 first bylaws of a cooperative to be adopted following an
6 incorporation, conversion, merger or consolidation. Thereafter
7 the members shall adopt, amend or repeal the bylaws by the
8 affirmative vote of a majority of those members voting thereon
9 at a meeting of the members. The bylaws shall set forth the
10 rights and duties of members and directors and may contain other
11 provisions for the regulation and management of the affairs of
12 the cooperative not inconsistent with this Act or with its
13 articles of incorporation.

14 Sec. 9. MEMBERS. Each incorporator of a cooperative shall
15 be a member thereof, but no other person may become a member
16 thereof unless such other person agrees to use electric energy,
17 or telephone service, or other services furnished by the coopera-
18 tive when they are made available through its facilities. Member-
19 ship in a cooperative shall not be transferable, except as pro-
20 vided in the bylaws. The bylaws may prescribe additional quali-
21 fications and limitations in respect of membership.

22 Sec. 10. MEETINGS OF MEMBERS.

23 (1) An annual meeting of the members of a cooperative
24 shall be held at such time and place as shall be provided in the
25 bylaws.

26 (2) Special meetings of the members may be called by
27 a majority of the board of directors or by not less than ten per
28 centum of all members.

29 (3) Except as otherwise provided in this Act, written

1 or printed notice stating the time and place of each meeting of
2 the members and, in the case of a special meeting, the purpose
3 or purposes for which the meeting is called, shall be given to
4 each member, either personally or by mail, not less than twenty
5 days nor more than forty days before the date of the meeting.
6 If mailed, such notice shall be deemed to be given when deposited
7 in the United States mail with postage prepaid addressed to the
8 member at his address as it appears on the records of the coop-
9 erative.

10 (4) Unless the bylaws prescribe the presence of a
11 greater percentage or number of the members for a quorum, a
12 quorum for the transaction of business at all meetings of the
13 members of a cooperative having not more than 1,000 members,
14 shall be five per centum of all members, present in person,
15 and of a cooperative having more than 1,000 members, shall be
16 fifty members, present in person. If less than a quorum is
17 present at any meeting, a majority of those present in person
18 may adjourn the meeting from time to time without further
19 notice.

20 (5) Each member shall be entitled to one vote on
21 each matter submitted to a vote at a meeting of the members.
22 Voting shall be in person, but, if the bylaws so provide,
23 may also be by mail.

24 Sec. 11. WAIVER OF NOTICE. Any person entitled to notice
25 of a meeting may waive such notice in writing either before or
26 after such meeting. If any such person shall attend such meeting,
27 such attendance shall constitute a waiver of notice of such
28 meeting, unless such person participates therein solely to object
29 to the transaction of any business because the meeting has not

1 been legally called or convened.

2 Sec. 12. BOARD OF DIRECTORS.

3 (1) The business of a cooperative shall be managed
4 by a board of not less than five directors, each of whom shall
5 be a member of the cooperative or of another cooperative which
6 is a member thereof. The bylaws shall prescribe the number of
7 directors, their qualifications, other than those prescribed in
8 this Act, the manner of holding meetings of the board of direct-
9 ors and of electing successors to directors who shall resign,
10 die, or otherwise be incapable of acting. The bylaws may also
11 provide for the removal of directors from office and for the
12 election of their successors. Directors shall not receive any
13 salaries for their services as directors and, except in
14 emergencies, shall not receive any salaries for their services
15 in any other capacity without the approval of the members. The
16 bylaws may, however, prescribe a fixed fee for attendance at
17 each meeting of the board of directors and may provide for
18 reimbursement of actual expenses of attendance.

19 (2) The directors of a cooperative named in any
20 articles of incorporation, consolidation, merger or conversion,
21 shall hold office until the next annual meeting of the members
22 and until their successors are elected and qualify. At each
23 annual meeting or, in case of failure to hold the annual meeting
24 as specified in the bylaws, at a special meeting called for that
25 purpose, the members shall elect directors to hold office until
26 the next annual meeting of the members, except as otherwise pro-
27 vided in this Act. Each director shall hold office for the term
28 for which he is elected and until his successor is elected and
29 qualifies.

1 (3) Instead of electing all directors annually, the
2 bylaws may provide that directors shall be elected for terms not
3 to exceed three years, or until their successors are elected and
4 qualify, and that the terms of directors shall be staggered so
5 that one-third of such directors, or a number as near thereto as
6 possible, shall be elected at each annual meeting.

7 (4) A majority of the board of directors shall con-
8 stitute a quorum.

9 (5) The board of directors may exercise all of the
10 powers of a cooperative not conferred upon the members by this
11 Act, its articles of incorporation or bylaws.

12 Sec. 13. DISTRICTS. The bylaws may provide for the division
13 of the territory served or to be served by a cooperative into two
14 or more districts for any purpose, including, without limitation,
15 the nomination and election of directors and the election and
16 functioning of district delegates. Such delegates, who shall be
17 members, may nominate and elect directors. The bylaws shall
18 prescribe the boundaries of the districts, or the manner of
19 establishing such boundaries, and the manner of changing such
20 boundaries, and the manner in which such districts shall function.
21 No member at any district meeting and no district delegate at
22 any meeting shall vote by proxy or by mail.

23 Sec. 14. OFFICERS. The officers of a cooperative shall con-
24 sist of a president, vice-president, secretary and treasurer, who
25 shall be elected annually by and from the board of directors.
26 When a person holding any such office ceases to be a director, he
27 shall cease to hold such office. The offices of secretary and of
28 treasurer may be held by the same person. The board of directors
29 may also elect or appoint such other officers, agents, or

1 employees as it deems necessary or advisable and shall prescribe
2 their powers and duties. Any officer may be removed from office
3 and his successor elected in the manner prescribed in the bylaws.

4 Sec. 15. AMENDMENT OF ARTICLES OF INCORPORATION. A coop-
5 erative may amend its articles of incorporation by complying
6 with the following requirements, provided, however, that a change
7 of location of principal office may be effected in the manner set
8 forth in section 16 of this Act: The proposed amendment shall
9 be presented to a meeting of the members, the notice of which
10 shall set forth or have attached thereto the proposed amendment.
11 If the proposed amendment, with any changes, is approved by the
12 affirmative vote of not less than two-thirds of those members
13 voting thereon at such meeting, articles of amendment shall be
14 executed and acknowledged on behalf of the cooperative by its
15 president or vice-president and its seal shall be affixed thereto
16 and attested by its secretary. The articles of amendment shall
17 recite that they are executed pursuant to this Act and shall
18 state:

19 (1) The name of the cooperative.

20 (2) The address of its principal office.

21 (3) The amendment to its articles of incorporation.

22 The president or vice-president executing such articles of amend-
23 ment shall make and annex thereto an affidavit stating that the
24 provisions of this section in respect of the amendment set forth
25 in such articles were duly complied with.

26 Sec. 16. CHANGE OF LOCATION OF PRINCIPAL OFFICE. A coop-
27 erative may, upon authorization of its board of directors or its
28 members, change the location of its principal office by filing a
29 certificate reciting such change of principal office, executed and

1 acknowledged by its president or vice-president under its seal
2 attested by its secretary, in the office of the Commissioner of
3 Revenue.

4 Sec. 17. CONSOLIDATION. Any two or more cooperatives (each
5 of which is hereinafter designated a "consolidating cooperative")
6 may consolidate into a new cooperative (hereinafter designated the
7 "new cooperative") by complying with the following requirements:

8 (1) The proposition for the consolidation of the
9 consolidating cooperatives into the new cooperative and pro-
10 posed articles of consolidation to give effect thereto shall
11 be submitted to a meeting of the members of each consolidating
12 cooperative, the notice of which shall have attached thereto
13 a copy of the proposed articles of consolidation.

14 (2) If the proposed consolidation and the proposed
15 articles of consolidation, with any amendments, are approved
16 by the affirmative vote of not less than two-thirds of those
17 members of each consolidating cooperative voting thereon at
18 each such meeting, articles of consolidation in the form ap-
19 proved shall be executed and acknowledged on behalf of each
20 consolidating cooperative by its president or vice-president
21 and its seal shall be affixed thereto and attested by its
22 secretary. The articles of consolidation shall recite that
23 they are executed pursuant to this Act and shall state:

24 (a) The name of each consolidating cooperative
25 and the address of its principal office.

26 (b) The name of the new cooperative and the
27 address of its principal office.

28 (c) A statement that each consolidating coopera-
29 tive agrees to the consolidation.

1 (d) The names and addresses of the directors of
2 the new cooperative.

3 (e) The terms and conditions of the consolidation
4 and the mode of carrying the same into effect, including
5 the manner in which members of the consolidating coopera-
6 tives may or shall become members of the new cooperative.

7 The said articles of consolidation may contain any provisions
8 not inconsistent with this Act deemed necessary or advisable
9 for the conduct of the business of the new cooperative. The
10 president or vice-president of each consolidating cooperative
11 executing such articles of consolidation shall make and annex
12 thereto an affidavit stating that the provisions of this section
13 in respect of such articles were duly complied with by such
14 cooperative.

15 Sec. 18. MERGER. Any one or more cooperatives (each of
16 which is hereinafter designated a "merging cooperative") may
17 merge into another cooperative (hereinafter designated the "sur-
18 viving cooperative") by complying with the following requirements:

19 (1) The proposition for the merger of the merging
20 cooperatives into the surviving cooperative and proposed
21 articles of merger to give effect thereto shall be submitted
22 to a meeting of the members of each merging cooperative and
23 of the surviving cooperative, the notice of which shall have
24 attached thereto a copy of the proposed articles of merger.

25 (2) If the proposed merger and the proposed articles
26 of merger, with any amendments, are approved by the affirma-
27 tive vote of not less than two-thirds of those members of each
28 cooperative voting thereon at each such meeting, articles of
29 merger in the form approved shall be executed and acknowledged

1 on behalf of each such cooperative by its president or vice-
2 president and its seal shall be affixed thereto by its secretary.
3 The articles of merger shall recite that they are executed
4 pursuant to this Act and shall state:

5 (a) The name of each merging cooperative and the
6 address of its principal office.

7 (b) The name of the surviving cooperative and
8 the address of its principal office.

9 (c) A statement that each merging cooperative and
10 the surviving cooperative agree to the merger.

11 (d) The name and addresses of the directors of the
12 surviving cooperative.

13 (e) The terms and conditions of the merger and the
14 mode of carrying the same into effect, including the manner
15 in which members of the merging cooperatives may or shall
16 become members of the surviving cooperative.

17 The articles of merger may contain any provisions not inconsistent
18 with this Act deemed necessary or advisable for the conduct of
19 the business of the surviving cooperative. The president or vice-
20 president of each cooperative executing such articles of
21 merger shall make and annex thereto an affidavit stating that
22 the provisions of this section in respect of such articles were
23 duly complied with by such cooperative.

24 Sec. 19. EFFECT OF CONSOLIDATION OR MERGER.

25 (1) In the case of a consolidation the existence of
26 the consolidating cooperatives shall cease and the articles of
27 consolidation shall be deemed to be the articles of incorpora-
28 tion of the new cooperative; and in the case of a merger the
29 separate existence of the merging cooperatives shall cease and

1 the articles of incorporation of the surviving cooperative
2 shall be deemed to be amended to the extent, if any, that
3 changes therein are provided for in the articles of merger.

4 (2) All the rights, privileges, immunities and
5 franchises, and all property, real and personal, including
6 without limitation applications for membership, all debts due
7 on whatever account and all other choses in action, of each
8 of the consolidating or merging cooperatives shall be deemed
9 to be transferred to and vested in the new or surviving coop-
10 erative without further act or deed.

11 (3) The new or surviving cooperative shall be re-
12 sponsible and liable for all the liabilities and obligations of
13 each of the consolidating or merging cooperatives and any claim
14 existing or action or proceeding pending by or against any of
15 the consolidating or merging cooperatives may be prosecuted as
16 if the consolidation or merger had not taken place, but the new
17 or surviving cooperative may be substituted in its place.

18 (4) Neither the rights of creditors nor any liens
19 upon the property of any of such cooperatives shall be impaired
20 by such consolidation or merger.

21 Sec. 20. CONVERSION OF EXISTING CORPORATIONS. Any corpora-
22 tion organized under the laws of this State and supplying or
23 having the corporate power to supply electric energy, or to fur-
24 nish telephone service, may be converted into a cooperative by
25 complying with the following requirements and shall thereupon
26 become subject to this Act with the same effect as if originally
27 organized under this Act:

28 (1) The proposition for the conversion of such
29 corporation into a cooperative and proposed articles of

1 conversion to give effect thereto shall be submitted to a meeting
2 of the members or stockholders of such corporation, or in case
3 of a corporation having no members or stockholders, to a meeting
4 of the incorporators of such corporation, the notice of which
5 shall have attached thereto a copy of the proposed articles of
6 conversion.

7 (2) If the proposition for the conversion of such
8 corporation into a cooperative and the proposed articles of
9 conversion, with any amendments, are approved by the affirma-
10 tive vote of not less than two-thirds of those members of such
11 corporation voting thereon at such meeting, or, if such corpora-
12 tion is a stock corporation, by the affirmative vote of the
13 holders of not less than two-thirds of those shares of the
14 capital stock of such corporation represented at such meeting
15 and voting thereon, or, in the case of a corporation having no
16 members and no shares of its capital stock outstanding, by the
17 affirmative vote of not less than two-thirds of its incorporators,
18 articles of conversion in the form approved shall be executed
19 and acknowledged on behalf of such corporation by its president
20 or vice-president and its seal shall be affixed thereto and
21 attested by its secretary. The articles of conversion shall
22 recite that they are executed pursuant to this Act and shall
23 state:

24 (a) The name of the corporation and the address
25 of its principal office prior to its conversion into a
26 cooperative.

27 (b) The statute or statutes under which it was
28 organized.

29 (c) A statement that such corporation elects to

1 become a cooperative, non-profit, membership corporation
2 subject to this Act.

3 (d) Its name as a cooperative.

4 (e) The address of the principal office of the
5 cooperative.

6 (f) The names and addresses of the directors of
7 the cooperative.

8 (g) The manner in which members, stockholders
9 or incorporators of such corporation may or shall become
10 members of the cooperative.

11 The articles of conversion may contain any provisions not in-
12 consistent with this Act deemed necessary or advisable for the
13 conduct of the business of the cooperative. The president or
14 vice-president executing such articles of conversion shall make
15 and annex thereto an affidavit stating that the provisions of
16 this section were duly complied with in respect of such articles.
17 The articles of conversion shall be deemed to be the articles of
18 incorporation of the cooperative.

19 Sec. 21. DISSOLUTION.

20 (1) A cooperative which has not commenced business may
21 be dissolved by delivering to the Commissioner of Revenue articles
22 of dissolution which shall be executed and acknowledged on behalf
23 of the cooperative by a majority of the incorporators and which
24 shall state:

25 (a) The name of the cooperative.

26 (b) The address of its principal office.

27 (c) That the cooperative has not commenced
28 business.

29 (d) That any sums received by the cooperative,

1 less any part thereof disbursed for expenses of the coopera-
2 tive, have been returned or paid to those entitled thereto.

3 (e) That no debt of the cooperative is unpaid.

4 (f) That a majority of the incorporators elect
5 that the cooperative be dissolved.

6 (2) A cooperative which has commenced business may
7 be dissolved in the following manner: The propositions to
8 dissolve shall be submitted to the members of the cooperative
9 at any annual or special meeting, the notice of which shall
10 set forth such proposition. The members at any such meeting
11 shall approve, by the affirmative vote of not less than a
12 majority of all members of the cooperative, the proposition
13 that the cooperative be dissolved. Upon such approval, a
14 certificate of election to dissolve (hereinafter designated
15 the "certificate"), executed and acknowledged on behalf of
16 the cooperative by its president or vice-president under its
17 seal, attested by its secretary, and stating (1) the name
18 of the cooperative, (2) the address of its principal office,
19 and (3) that the members of the cooperative have duly voted
20 that the cooperative be dissolved, shall, together with an
21 affidavit made by its president or vice-president executing
22 the certificate, stating that the statements in the certificate
23 are true, be submitted to the Commissioner of Revenue for filing.
24 Upon the filing of the certificate and affidavit by the Commissioner
25 of Revenue, the cooperative shall cease to carry on its business
26 except to the extent necessary for the winding up thereof, but
27 its corporate existence shall continue until articles of dissolu-
28 tion have been filed by the Commissioner of Revenue. The board of
29 directors shall immediately cause notice of the dissolution

1 proceedings to be mailed to each known creditor of and claimant
2 against the cooperative and to be published once a week for two
3 successive weeks in a newspaper of general circulation in the
4 city or borough in which the principal office of the cooperative
5 is located. The board of directors shall wind up and settle the
6 affairs of the cooperative, collect sums owing to it, liquidate
7 its property and assets, pay and discharge its debts, obligations
8 and liabilities, other than those to patrons arising by reason of
9 their patronage, and do all other things required to wind up its
10 business, and after paying or discharging or adequately pro-
11 viding for the payment or discharge of all its debts, obligations
12 and liabilities, other than those to patrons arising by reason
13 of their patronage, shall distribute any remaining sums, first,
14 to patrons for the pro rata return of all amounts standing to
15 their credit by reason of their patronage, and second, to members
16 for the pro rata repayment of membership fees. Any sums then
17 remaining shall be distributed among its members and former
18 members in proportion to their patronage, except as such partic-
19 ipation in such distribution may have been legally waived. The
20 board of directors shall thereupon authorize the execution of
21 articles of dissolution, which shall be executed and acknowledged
22 on behalf of the cooperative by its president or vice-president,
23 and its seal shall be affixed thereto and attested by its
24 secretary. The articles of dissolution shall recite that they
25 are executed pursuant to this Act and shall state:

26 (a) The name of the cooperative.

27 (b) The address of its principal office.

28 (c) The date on which the certificate of election

29 to dissolve was filed by the Commissioner of Revenue.

1 (d) That there are no actions or suits against
2 the cooperative.

3 (e) That all debts, obligations and liabilities
4 of the cooperative have been paid and discharged or that
5 adequate provision has been made therefor.

6 (f) That the preceding provisions of this sub-
7 section have been duly complied with.

8 The president or vice-president executing the articles of
9 dissolution shall make and annex thereto an affidavit stating
10 that the statements made therein are true.

11 Sec. 22. FILING OF ARTICLES. Articles of incorporation,
12 amendment, consolidation, merger, conversion, or dissolution,
13 when executed and acknowledged and accompanied by such affidavits
14 as may be required by applicable provisions of this Act, shall be
15 presented to the Commissioner of Revenue for filing in the records
16 of his office. If the Commissioner of Revenue shall find that the
17 articles presented conform to the requirements of this Act, he
18 shall, upon the payment of the fees as in this Act provided,
19 file such articles in the records of his office and upon such
20 filing the incorporation, amendment, consolidation, merger, con-
21 version, or dissolution provided for therein shall be in effect.
22 The provisions of this section shall also apply to certificates
23 of election to dissolve and affidavits executed in connection
24 therewith pursuant to sub-section (2) of section 21 of this Act.

25 Sec. 23. NONPROFIT OPERATION. A cooperative shall be oper-
26 ated on a nonprofit basis for the mutual benefit of its members
27 and patrons. The bylaws of a cooperative or its contracts with
28 members and patrons shall contain such provisions relative to the
29 disposition of revenues and receipts as may be necessary and

1 appropriate to establish and maintain its nonprofit and coopera-
2 tive character.

3 Sec. 24. DISPOSITION OF PROPERTY.

4 (1) The board of directors of a cooperative shall
5 have full power and authority, without authorization by the
6 members thereof, to authorize the execution and delivery of a
7 mortgage or mortgages or a deed or deeds of trust of, or the
8 pledging or encumbering of, any or all of the property,
9 assets, rights, privileges, licenses, franchises and permits
10 of the cooperative, whether acquired or to be acquired, and
11 wherever situated, as well as the revenues therefrom, all
12 upon such terms and conditions as the board of directors shall
13 determine, to secure any indebtedness of the cooperative to
14 the United States of America or any agency or instrumentality
15 thereof.

16 (2) A cooperative may not otherwise sell, mortgage,
17 lease or otherwise dispose of or encumber all or a substantial
18 portion of its property unless such sale, mortgage, lease or
19 other disposition or encumbrance is authorized by the affirma-
20 tive vote of not less than a majority of all the members of
21 the cooperative; provided, however, that notwithstanding any
22 other provision of this Act, or any other provision of law,
23 the board of directors may, upon the authorization of a
24 majority of those members of the cooperative present at a
25 meeting of the members thereof, sell, lease or otherwise dis-
26 pose of all or a substantial portion of its property to
27 another cooperative or to the holder or holders of any notes,
28 bonds, or other evidences of indebtedness issued to the
29 United States of America or any agency or instrumentality thereof.

1 Sec. 25. NON-LIABILITY OF MEMBERS FOR DEBTS OF COOPERATIVE.

2 No member shall be liable or responsible for any debts of the
3 cooperative and the property of the members shall not be subject
4 to execution therefor.

5 Sec. 26. RECORDATION OF MORTGAGES--EFFECT THEREOF. Any
6 mortgage, deed of trust or other instrument executed by a coopera-
7 tive, which affects real and personal property and which is re-
8 corded in the real property records in any city, borough or other
9 recording districts in which such property is located or is to be
10 located, shall have the same force and effect as if the mortgage,
11 deed of trust or other instrument were also recorded, filed or
12 indexed as provided by law in the proper office in such city,
13 borough or other recording district as a mortgage of personal
14 property. All after-acquired property of such cooperative de-
15 scribed or referred to as being mortgaged or pledged in any such
16 mortgage, deed of trust or other instrument, shall become subject
17 to the lien thereof immediately upon the acquisition of such
18 property by such cooperative, whether or not such property was in
19 existence at the time of the execution of such mortgage, deed of
20 trust or other instrument. Recordation of any such mortgage, deed
21 of trust or other instrument shall constitute notice and otherwise
22 have the same effect with respect to such after-acquired property
23 as it has under the laws relating to recordation, with respect to
24 property owned by such cooperative at the time of the execution of
25 such mortgage, deed of trust or other instrument and therein de-
26 scribed or referred to as being mortgaged or pledged thereby.
27 The lien upon personal property of any such mortgage, deed of
28 trust or other instrument shall, after recordation thereof,
29 continue in existence and of record for the period of time

1 specified therein without the refiling thereof or the filing of
2 any renewal certificate, affidavit or other supplemental informa-
3 tion required by the laws relating to the renewal, maintenance
4 or extension of liens upon personal property.

5 No mortgage made by any cooperative organized under this Act
6 to the United States of America, or any agency or instrumentality
7 thereof, to secure any indebtedness incurred under the Rural
8 Electrification Act of 1936, as amended, shall be void as against
9 creditors of the mortgagor and subsequent purchasers and encumbran-
10 cers of the property mortgaged thereby in good faith for value by
11 reason of the fact that such mortgage is not accompanied by an
12 affidavit of the parties thereto, or an affidavit of the agent or
13 attorney in fact of any party thereto, that the same is made in
14 good faith to secure the amount named therein, and without any
15 design to hinder, delay or defraud creditors, nor shall any mort-
16 gage made by any cooperative organized under this Act to the
17 United States of America, or any agency or instrumentality there-
18 of, to secure any indebtedness incurred under the Rural Electri-
19 fication Act of 1936, as amended, be required to set forth the
20 date upon which the indebtedness secured thereby becomes due.

21 Sec. 27. CONSTRUCTION STANDARDS. Construction of electric
22 lines and facilities, or telephone lines and facilities, by a
23 cooperative shall, as a minimum requirement, comply with the
24 standards of the National Electrical Safety Code in effect at
25 the time of such construction.

26 Sec. 28. LIMITATION OF ACTIONS. No action or suit may be
27 brought against a cooperative doing business in this State pur-
28 suant to this Act, or against any agent, servant or employee
29 thereof, by reason of the maintenance of electric transmission

1 or distribution lines, or telephone lines, on any real property
2 after the expiration of a period of two years of continuous
3 maintenance of such lines.

4 Sec. 29. DIRECTORS, OFFICERS OR MEMBERS-NOTARIES. No
5 person who is authorized to take acknowledgments under the laws
6 of this State shall be disqualified from taking acknowledgments
7 of instruments executed in favor of a cooperative or to which
8 it is a party, by reason of being an officer, director or member
9 of such cooperative.

10 Sec. 30. REGISTERED OFFICE AND REGISTERED AGENT. Each
11 cooperative shall have and continuously maintain in Alaska:

12 (1) A registered office which may be, but need not
13 be, the same as the location of the principal office.

14 (2) A registered agent who is an individual resident
15 in Alaska and whose business office is identical with such reg-
16 istered office.

17 Sec. 31. CHANGE OF REGISTERED OFFICE OR REGISTERED AGENT.
18 A cooperative may change its registered office or change its
19 registered agent, or both, upon filing in the office of the
20 Commissioner of Revenue a statement setting forth:

21 (1) The name of the cooperative.

22 (2) The address of its then registered office.

23 (3) If the address of its registered office be
24 changed, the address to which registered office is to be changed.

25 (4) The name of the registered agent.

26 (5) If its registered agent is to be changed, the name
27 of its successor registered agent.

28 (6) That the address of its registered office and the
29 address of the business office and its registered agent, as

1 changed, will be identical.

2 (7) That such change was authorized by resolution
3 duly adopted by its board of directors.

4 Such statement shall be executed by the cooperative by its pres-
5 ident or vice-president, verified by him, and directed to the
6 Commissioner of Revenue. If the Commissioner of Revenue finds
7 that such statement conforms to the provision of this Act, he shall
8 file such statement in his office, and upon such filing, the change
9 of address of the registered office, and the appointment of any
10 registered agent, or both, as the case may be, shall become
11 effective.

12 Any registered agent of a cooperative may resign as such
13 agent upon filing a written notice thereof, executed in dupli-
14 cate, with the Commissioner of Revenue, who shall forthwith mail
15 a copy thereof to the cooperative at its registered office. The
16 appointment of such agent shall terminate upon the expiration
17 of 30 days after receipt of such notice by the Commissioner of
18 Revenue.

19 Sec. 32. SERVICE OF PROCESS ON COOPERATIVE. The registered
20 agent so appointed by a cooperative shall be an agent of such
21 cooperative upon whom any process, notice or demand required or
22 permitted by law to be served upon the cooperative may be served.

23 Whenever a cooperative shall fail to appoint or maintain a
24 registered agent in Alaska, or whenever its registered agent
25 cannot with reasonable diligence be found at the registered
26 office, then the Commissioner of Revenue shall be an agent of
27 such cooperative upon whom any such process, notice, or demand may
28 be served. Service on the Commissioner of Revenue of any such
29 process, notice, or demand shall be made by delivering to and

1 leaving with him, or with any clerk having charge of the cor-
2 poration department of his office, duplicate copies of such
3 process, notice or demand. In the event any such process,
4 notice or demand is served on the Commissioner of Revenue, he shall
5 immediately cause one of the copies thereof to be forwarded by
6 registered mail, addressed to the cooperative at its registered
7 office. Any service so had on the Commissioner of Revenue shall be
8 returnable in not less than thirty days.

9 The Commissioner of Revenue shall keep a record of all
10 processes, notices and demands served upon him under this section,
11 and shall record therein the time of such service and his action
12 with reference thereto.

13 Nothing herein contained shall limit or affect the right to
14 serve any process, notice or demand required or permitted by law
15 to be served upon a cooperative in any other manner now or here-
16 after permitted by law.

17 Sec. 33. FEES. The Commissioner of Revenue shall charge and
18 collect for:

- 19 (1) Filing articles of incorporation, ten dollars.
- 20 (2) Filing articles of amendment, five dollars.
- 21 (3) Filing articles of consolidation or merger, five
22 dollars.
- 23 (4) Filing articles of conversion, ten dollars.
- 24 (5) Filing certificate of election to dissolve, one
25 dollar.
- 26 (6) Filing articles of dissolution, five dollars.
- 27 (7) Filing certificate of change of principal office
28 and designation or change of registered office and registered
29 agent, one dollar.

1 Sec. 34. TAXATION OF COOPERATIVES. Cooperatives under this
2 Act shall make application for a business license and pay the
3 initial license fee as provided by the Alaska Business License Act
4 as amended. On or before the 1st day of April, 1961, and on or
5 before the 1st day of April of each year thereafter, each such
6 cooperative shall pay to the State of Alaska, in lieu of all state
7 and local ad valorem, income and excise taxes which may be assessed
8 or levied on or after the 1st day of January, 1960, a percentage
9 of its gross revenue earned during the preceding calendar year, to
10 be computed as follows:

11 (1) Cooperatives which have furnished electric energy
12 and power, or telephone service, to consumers for less than five
13 years as of December 31 of such preceding calendar year, one
14 percentum of gross revenue.

15 (2) Cooperatives which have furnished electric energy
16 and power, or telephone service, to consumers for five years or
17 longer as of December 31 of such preceding calendar year, two
18 percentum of gross revenue.

19 For the purpose of computing gross revenue hereunder, an
20 electric cooperative shall include only that revenue which has
21 been derived from "distributed energy"; i.e., electric energy
22 which it distributes to its consumers, and shall not include
23 therein any revenue derived from the sale or transmission of
24 electric energy and power to, or on behalf of, another distrib-
25 utor. Gross revenue of a telephone cooperative shall include all
26 revenues earned from local and toll services.

27 The proceeds of the gross revenue tax herein provided, less
28 the amount duly determined to have been expended by the State in
29 its collection, shall be refunded to the several local taxing

1 authorities by action of the legislature, in the proportion that
2 such revenue was earned within the geographical areas of such
3 taxing authorities; provided, that taxes collected on gross revenue
4 earned outside any local taxing authority shall be retained by the
5 State and covered into its general fund.

6 Nothing herein shall be interpreted to relieve or exempt
7 any cooperative from the obligation to pay any state or local
8 taxes duly and legally assessed or levied on or before the 31st
9 day of December, 1959.

10 Sec. 35. CONNECTION AND INTERCONNECTION OF FACILITIES. Any
11 telephone cooperative organized or doing business under this Act
12 (such cooperative being designated in this section as "applic-
13 cant") shall have the right to require any person furnishing
14 telephone service to the public in this State (such person being
15 designated in this section as "company") to interconnect the
16 company's lines, facilities or systems with, or otherwise make
17 available such lines, facilities or systems to, the applicant's
18 telephone lines, facilities or systems, in order to provide a
19 continuous line of communication for the applicant's subscribers.
20 In the event the company and the applicant shall be unable to
21 agree upon the terms and conditions of such interconnection,
22 including compensation therefor, the District Court for Alaska,
23 or its successor in jurisdiction under the laws of this State,
24 shall, upon petition of the parties, or either of them, establish
25 such terms and conditions, which shall be reasonable and non-
26 discriminatory.

27 Sec. 36. CONSTRUCTION OF ACT. This Act is complete in it-
28 self and shall be controlling. The provisions of any other law
29 of this State relating to the organization of a corporation,

1 except as provided in this Act, shall not apply to a cooperative
2 organized under this Act. The enumeration of any object,
3 purpose, power, manner, method or thing shall not be deemed to
4 exclude like or similar objects, purposes, powers, manners,
5 methods or things.

6 Sec. 37. ACT EXTENDED TO EXISTING COOPERATIVES. The pro-
7 visions of this Act shall apply to all non-profit cooperatives
8 organized under any other law of Alaska for the purpose of
9 supplying electric energy and power, or telephone service, to
10 its members, or for the purpose of promoting and extending the
11 use thereof, and such cooperatives shall become subject to this
12 Act with the same effect as if originally organized under this
13 Act.

14 Sec. 38. DEFECTIVELY ORGANIZED COOPERATIVES. In the
15 event any cooperative has filed defective articles of incorpor-
16 ation, or has failed to do all things necessary to perfect its
17 corporate organization, it may, nevertheless, file corrected
18 articles of incorporation, or amend the original articles, and
19 do and perform all acts and things necessary in the premises for
20 the correction of such defects. The action so taken shall be
21 valid and binding upon all persons concerned, and the capacity
22 of such cooperative to file corrected articles of incorporation
23 or amendments to the original articles, or to do and perform all
24 acts and things necessary in the premises, shall not be ques-
25 tioned.

26 Sec. 39. SEPARABILITY OF PROVISIONS. If any provision of
27 this Act, or the application of such provision to any person or
28 circumstances is held invalid, the remainder of the Act and the
29 application of such provision to other persons or circumstances

1 shall not be affected thereby.

2 Sec. 40. REPEALER. Sec. 36-3-9, ACLA 1949, is hereby
3 repealed.

4 Sec. 41. EFFECTIVE DATE. This Act shall take effect
5 immediately upon its passage and approval, or upon its becoming
6 law without such approval.

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