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ALASKA RURAL ELECTRIC COOPERATIVE ASSOCIATION, INC.

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ANCHORAGE, ALASKA 99503 • (907) 276-3235

February 4, 1986

Representative Richard Shultz
Alaska State Legislature
Pouch V (MS 3100)
Juneau, Alaska 99811

Dear Dick:

Pursuant to your request in our telephone conversation today, I would submit the proposed statutory amendment below. This amendment would permit cooperatives like Alaska Village Electric Cooperative or Middle Kuskokwim Electric Cooperative which are scattered over areas not connected by a road system to continue acting on their bylaws through delegates while requiring cooperatives which are connected by roads to act on their bylaws through a vote of their members as you indicated is your desire.

AS 10:25.070 Bylaws. The board of directors shall adopt the first bylaws of a cooperative to be adopted following an incorporation, conversion, merger or consolidation. Thereafter the [MEMBERS OR] district delegates in cooperatives having three or more districts which are not connected by a road system [SHALL] may adopt, amend or repeal the bylaws by the affirmative vote of a majority of those [MEMBERS OR] district delegates voting on the adoption, amendment or repeal at a meeting of the [MEMBERS OR] district delegates. In all other cooperatives, the members shall adopt, amend or repeal the bylaws by the affirmative vote of a majority of those members voting on the adoption, amendment or repeal at a meeting of the members. The bylaws shall set forth the rights and duties of members, district delegates and directors and may contain other provisions for the regulation and management of the affairs of the cooperative not inconsistent with this chapter or with its articles of incorporation.

Sincerely,

Dave
David Hutchens
Executive Director

DH/cf

HOGGE AND LEKISCH

A PROFESSIONAL CORPORATION

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April 2, 1986

Representative Mike Navarre, Chairman
House Labor and Commerce Committee
House of Representatives
Pouch V
Juneau, AK 99811

Re: House Bill 562

Dear Mr. Chairman:

This letter which is written at the request of this firm's client Copper Valley Electric Association, Inc. (CVEA), will explain the background that led in part to the introduction of House Bill No. 562.

CVEA is divided into two (2) districts: the Copper River Basin and the Valdez Districts. The cooperative uses a delegate system for amending its Bylaws. Pursuant to the existing Bylaws, three out of 18 delegates can call a special meeting. Recently, three delegates attempted to call a special meeting. One of the items on the agenda was a possible move of the headquarters of CVEA from Glennallen to Valdez. No member notice was given. A great deal of concern arose from some of the residents of Glennallen that Glennallen would lose a major employer in the area. CVEA's staff was also concerned because of commitments made by them for housing in Glennallen and family considerations. Further, some CVEA Board members were concerned that it would not be economically wise for the move to be made. Finally, there was a general concern that the members were not even notified of the proposed move.

CVEA has 1755 voting members. Because of the way the delegate system works, ten members, as delegates, could vote to move the headquarters without membership notice or approval or input and consideration by the Board.

The purpose of House Bill 562 is to leave that kind of decisionmaking up to a majority of the members. The advantage to membership voting is that ballot propositions would be placed before the membership, an opportunity would be given for the membership to hear the pros and cons of the propositions, and a considered vote could be made by the membership.

Rep. Mike Navarre, Chairman
House Labor and Commerce Committee
April 2, 1986
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The district delegate method of voting does not seem appropriate when only three out of 1755 members could call for such a proposition and, with the concurrence of seven other delegate members, make such a decision for the cooperative.

The proposed law will still allow basic majority control by the membership for changes; in this manner, all members will have the opportunity to vote and not just a select few delegates.

Very truly yours,

HOGG and LEKISCH
Attorneys for Copper Valley
Electric Association, Inc.


Andrew E. Hogg

ABH/ms/AHVIII126

cc: Copper Valley Electric Association, Inc.
Alaska Rural Electric Cooperatives Association, Inc.



Official Business

Alaska State Legislature

Senate

Committee on Labor & Commerce

Pouch V
State Capitol
Juneau, Alaska 99811

CSHB 562 (L&C) Summary

This measure requires cooperatives which encompass 3 or more districts, and are not connected by the road system, to retain the delegate system of representation. These cooperatives may change bylaws by an affirmative vote of the delegates attending a meeting of the district delegates.

All other cooperatives may change bylaws by an affirmative vote of the majority of those members voting. This provision extends to voting at a meeting of the members or votes cast by mail ballot without a meeting.

CHAIRMAN'S INFORMATION: CSHB 562(L&C)

- 1) BILL TITLE: "An act relating to the adoption of bylaws by cooperatives."
 - a) Introduced: Rep Schultz
 - b) Co-sponsors:

- 2) INTENT: This measure concerns the adoption of bylaws by cooperatives.

FISCAL NOTE: 0

- 3) ADDITIONAL REFERRALS: Rules

- 4) PUBLIC HEARINGS:
 - a) Sponsor:
 - b) Public Witnesses:

- 5) BILL ACTION:
 - a) Hold in committee?
 - b) Assign to sub committee for further review?
 - c) Move from committee?
 - d) Close public hearings?

- 6) COMMITTEE ACTION?
 - a) amendments?
 - b) CS adoption?

STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST
 Bill/Resolution No.: HB 562
 Title: An act relating to the adoption of cooperative bylaws
 Sponsor: Shultz
 Requester: _____
 Date of Request: _____

FISCAL DETAIL
 Agency Affected: Commerce and Economic Dev.
 BRU: APUC
 Components: _____

EXPENDITURES / REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
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FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary.

Prepared by: Carolyn Guess
 Division: Commissioner, APUC

Phone: 276-6222
 Date: April 7, 1986

Approved by Commissioner: *Steven H. Lundberg*
 Agency: Commerce and Economic Development

Date: April 7, 1986

Distribution (by Agency preparing fiscal note):

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