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MAR 26 1985

ALASKA CODE REVISION COMMISSION



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EXECUTIVE SECRETARY
TAMARA BRANDT COOK

MEMORANDUM

TO: Senate Labor and Commerce Committee
✓ Senator Fred Zharoff, Chairman
Senator Richard Eliason, Vice Chairman
Senator Don Bennett
Senator Bill Ray
Senator John Sackett

FROM: Dick Regan, Research Director
Alaska Code Revision Commission

DATE: March 26, 1985

RE: HB 246/SB 199, Alaska Corporation Code

Please note that the House Judiciary Committee is hearing HB 246, a general revision of the state's business corporation laws, at 1:30 p.m., on Friday of this week, March 29th, in Room 124 of the Capitol.

The bill is introduced in both houses. In the Senate it is SB 199 that is before your committee.

Both the bill and the detailed commentary on it in House and Senate Joint Journal Supplement No. 8 run to over 200 pages. Attending the House Judiciary hearing would provide some background and overview of the bill that could simplify your review.

We hope you attend or send a staff member.

Professor Daniel Wm. Fessler has been consultant and draftsman for the code revision commission on the bill. He will be here on Thursday, March 28th. I will be glad to schedule times for legislators to meet with him. Our telephone: 4873.

DR:chw

MAR 18 1985

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MEMORANDUM


EXECUTIVE SECRETARY
TAMARA BRANDT COOK

TO: Senator Fred Zharoff, Chairman
Senate Labor and Commerce Committee

FROM: Dick Regan, Research Director
Alaska Code Revision Commission

DATE: March 18, 1985

RE: SB 197 on recording;
SB 198 on security interests in real property;
SB 199 on corporations



I know Senator Rodey has suggested to you that the Labor and Commerce Committee and the Judiciary Committee might work out an approach to the referenced bills--possibly joint hearings or waiver of the Labor and Commerce referrals. However, I do not know what your response to Senator Rodey has been.

The bills are introduced in both houses. In the House they have a single referral, to Judiciary. Joint House/Senate Journal Supplements numbered 6, 7 and 8 explain the bills and are attached for reference.

The bills have been introduced before, but committees have been unable or unwilling to give them the time they require. Senator Rodey's familiarity with the bills could be useful.

They are technical bills and can be time-consuming. That is especially true of the corporations code SB 199/HB 246. The bill is a hefty one; it seems having the consultant/draftsman to the commission available for questions at a hearing is necessary if the hearing is to be meaningful. This creates scheduling problems that make joint hearings the only practical solution, or so it seems to me.

The House Judiciary Committee chaired by Rep. Mike M. Miller has scheduled the corporations code HB 246 (SB 199) for hearing at 1:30 p.m., on March 29th when the commission's consultant and draftsman, UC Davis law professor Dan Fesler, will be here for a commission meeting. We hope you and Senator Rodey

will consider whether you can work with Rep. Miller toward making that a joint hearing. If there is not a joint hearing with House Judiciary on March 29th, perhaps a Senate committee hearing could be scheduled the following Monday, April 1.

I will be available to your committee or to any joint committee on SB 197 (recording) and SB 198 (security interests in real property) at your convenience. Commissioner Jerry Kurtz who has worked with the security interests bill from its inception would be available most April dates and would be an especially valuable witness on that bill. He has extensive experience representing both plaintiffs and defendants in foreclosures.

I will be happy to discuss these matters with you. Our telephone number in Juneau is 465-4878.

DR:chw

Enclosures

cc: Sen. Pat Rodey

Rep. Mike M. Miller

ALASKA STATE SENATE

PATRICK RODEY
SENATOR

POUCH V
JUNEAU, ALASKA 99811
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(907) 475-3754



MEMORANDUM

TO: Senator Fred Zharoff, Chairman
Senate Labor and Commerce Committee

FROM: Senator Patrick M. Rodey *PR*

DATE: March 7, 1985

RE: SB 197 on recording;
SB 198 on security interests in real property;
SB 199 on corporations

As you know, three bills drafted by the code revision commission are referred to your Labor and Commerce Committee, then to Judiciary. Enclosed are the bill numbers for the bills in both Senate and House, their referrals, and numbers of the journal supplements where commentaries are printed.

I am generally familiar with the bills since I have been a member of the commission as it worked on them. For economy of effort and time on these technical bills, I ask if Labor and Commerce wishes to hold joint hearings on them with the Judiciary Committee or wishes to waive the Labor and Commerce referrals. Given other demands on our respective committees and the commitment of committee time that is required on the bills, it seems joint hearings or waiver would avoid costly duplication of effort.

The corporations code bill, SB 199, will be a special problem for any committee that holds hearings. Careful committee work requires the participation of the draftsman for the commission, a UC Davis law professor whose schedule must be considered. Possible hearings outside of Juneau are another consideration. Yet another consideration is possible coordination with the House Judiciary Committee on joint hearings.

Please let me know your wishes on these three bills.

PMR:chw
Enclosure

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TAMARA BRANDT COOK

MEMORANDUM

TO: Senator Fred Zharoff, Chairman
Senate Labor and Commerce Committee

FROM: Dick Regan, Research Director
Alaska Code Revision Commission

DATE: March 19, 1985

RE: Treatment of proxies in corporation
code bill, SB 199

I am looking at the section of SB 199 that you read from when we talked this morning (proposed AS 10.05.418). The sentence you were reading continues with the following underlined clause:

A proxy continues in full force and effect until revoked by the person executing it, except as provided in this section.

The sentence that precedes that sentence limits the validity of a proxy to eleven months as the general rule. Subsection (e) then narrowly limits the use of an exception. There is an explanation of the section at pp. 98-99 of the commentary (Joint House and Senate Journal Supplement No. 8).

I'm sure my answer to your question on proxies was misleading. I think that is a good illustration of why the presence of the draftsman of the bill at committee hearings is a practical necessity. Others of us must first admit our limitations and then answer questions about the specific provisions of the bill as best we can. But generally we will not have an authoritative answer until we have researched a question.

The first chance for a hearing with Professor Fessler as a witness is at 1:30 p.m., March 29, assuming your Labor and Commerce Committee (or Senator Rodey's Judiciary Committee if the Labor and Commerce Committee referral is waived) arrange a joint hearing with the House Judiciary Committee on the identical House bill, HB 246 on March 29.

I will be glad to research and respond to any specific questions you may have on SB 199.

As I mentioned, I believe waiver or joint hearings are the practical way to deal with this bill and with the other two code revision commission bills we discussed, SB 197 (recording) and SB 198 (security interests in real property).

DR:chw

cc: Rep. Mike M. Miller
Sen. Patrick M. Rodey

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APR 2 1985

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MINUTES

EXECUTIVE SECRETARY
TAMARA BRANDT COOK

February 8, 1985
Room 205, Assembly Building
Juneau, Alaska
CONTACT: 465-3672

PRESENT: Chairman John W. Abbott (pre-
siding), Jerry Kurtz, Judge Tom
Stewart, Rep. Don Clocksin, Jim
Baldwin, Sen. Pat Rodey, Fred
Brown

ABSENT: Wil Condon

ALSO PRESENT: Dan Fessler, Craig Stowers,
Dick Regan, Tam Cook and
Catherine Walsh

The February 8, 1985 Alaska Code Revision Commission meeting was called to order at 9:15 a.m. Roll call followed.

As the first order of business, Chairman Abbott welcomed aboard new commissioner Rep. Don Clocksin and presented to members a bit of his background.

Without objection the minutes of the November 29-30, 1984 meeting were unanimously approved.

The next item for consideration was the Sunset report. Dick Regan referred to his memorandums on the four different recommendations suggested in the audit. Judge Stewart moved that the commission not seek legislation with respect to contracting powers. After some discussion, an amended motion passed that subsection (c) be rewritten and then the main motion passed unanimously. Don Clocksin moved that the commission express its agreement with the recommendation in the audit report that the Legislative Council appoint the public members of the commission. Pat Rodey seconded the motion and it carried unanimously. There was a consensus to approve the move of the ACRC office to the Legislative Affairs Agency as long as it would be cost effective. The commission also approved the concept regarding noninterruption of terms and appointments. The commission did not agree to the name change recommendation. Dick's response language will be used with some wording changes.

The meeting was then turned over to Professor Fessler for consideration of the Alaska Nonprofit Corporations Code and the decisions to be made with respect to religious corporations, government funded nonprofits, and the very small nonprofit corporations. Professor Fessler recommended the Wyoming statute as the model to start from in drafting sections on religious corporations. The commission agreed to begin with a bare bones model and then add to it. Dan will draft a provision for discussion.

Following the lunch break, the commission returned to the record for a brief discussion of budget and contract status. Don Clocksin informed members that there will be a 20 percent cut in the LAA budget. The \$15,000 nonprofit contract was explained to members: \$10,000 of ACRC money and \$5,000 from the Department of Law. The for profit contract money is exhausted. There remains in the cooperatives contract a balance of \$30,450. Senator Rodey offered to send a letter to Billy Berrier to justify further work on the ACC. The travel and per diem category of the budget was also discussed. Dick Regan asked whether the money in the cooperatives contract could be carried over to FY 86. Tom Judson of the Department of Law's administrative services section explained that the legislature would have to change the lapse date. Professor Fessler will continue working on the co-op project but will emphasize work on the nonprofit corporation draft through June 30, 1985. Fred Brown moved to add \$4,600 into the travel/per diem category. Without objection the motion passed unanimously. Jerry Kurtz moved to encumber \$6,000 for an ACC contract. The motion passed without objection.

At this point members scheduled the forthcoming meeting. It will be held in Juneau on Friday and Saturday, March 29-30, 1985.

The commission returned to consideration of the ANCC and government funded nonprofit corporations. After some discussion on basic minimal reporting requirements and legal status, the commission chose to adopt Professor Fessler's recommendation number 1 on page 23 of Working Paper #3. Following a brief recess, the commission returned to the record to consider the very small nonprofit organizations with volunteer staff. Craig Stowers discussed with the commission the alternatives provided in Part IV of Working Paper #3 on reporting, finance and quorum requirements. The commission provided informal drafting guidance but deferred formal votes until a draft is before it at its next meeting.

There being no further business to come before the meeting, it was recessed at 4:55 p.m.

Respectfully submitted,

Catherine H. Walsh
Catherine H. Walsh, Secretary
Alaska Code Revision Commission

CHW:s

cc: Members, Alaska Legislative Council

Warren Endicott, Executive Director
Legislative Affairs Agency

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EXECUTIVE SECRETARY
TAMARA BRANDT COOK

MINUTES

February 9, 1985
Room 205, Assembly Building
Juneau, Alaska
CONTACT: 465-3672

PRESENT: Chairman John W. Abbott
(presiding), Fred Brown,
Rep. Don Clocksin, Jim
Baldwin, Judge Tom Stewart

ABSENT: Sen. Pat Rodey, Jerry Kurtz,
Wil Condon

ALSO PRESENT: Prof. Dan Fessler, Craig
Stowers, Forrest Paulson,
Tam Cook, Dick Regan and
Catherine Walsh

The February 9, 1985 Alaska Code Revision Commission meeting was called to order at 9:20 a.m. Roll call followed and a quorum was present.

As the first order of business, the commission began consideration of Working Paper No. 1 on cooperatives. Chairman Abbott welcomed Forrest Paulson, President of the Alaska Commercial Fishing and Agricultural Bank, to the meeting. Mr. Paulson explained to the members that his bank is a cooperative subject to chapter 15. Professor Fessler started going through his working paper. It was noted that for the present we are dealing with a general cooperatives statute excluding electrical and telephone cooperatives. The topics for discussion were members role and impact; qualifications for membership; due process rights; capital stock to nonmembers and antitrust implications; the Clayton Act amendment and the Capper-Volstead Act. Dick Regan was requested to call upon the House Research Agency for assistance with respect to cooperatives issuing capital stock to nonmembers. Other items receiving consideration were proxies, quorum requirements; inspection rights; annual/biennial reports; derivative cause of action; management; director removal; filling unexpired terms; meeting by electronic means and officers.

Following the lunch break, the commission returned to the record to finalize consideration of Professor Fessler's Working Paper No. 1 on cooperatives. Further discussed were distributions; determination of net proceeds; generally accepted accounting principles; organic changes; and conversions of corporations into cooperatives. Dick was requested to research the history of sec: 450 to see if a corporation has ever been converted to a cooperative under the section.

Drafting guidance was given but formal votes were not taken on the sections pending receipt of a draft. Professor Fessler for his part will provide a paste-up draft bill for review at the next meeting.

The next item on the agenda was miscellaneous business. Soliciting for the position of research director was discussed. A draft advertisement will be prepared for circulation in Fairbanks, Anchorage and Juneau. Review of any resumes will be on the forthcoming meeting agenda.

Fiscal notes on the commission's bills were considered. The agenda for March 29-30 was set with consideration of the Administrative Procedure Act on Friday and cooperatives on Saturday.

Jim Baldwin moved to adjourn the meeting at 3:10 p.m., and without objection the motion passed unanimously.

Respectfully submitted,

Catherine H. Walsh
Catherine H. Walsh, Secretary
Alaska Code Revision Commission

CHW:s

cc: Members, Alaska Legislative Council
Warren Endicott, Executive Director
Legislative Affairs Agency