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Agricultural Cooperative Formation:

Alaska



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Alaska Stat. §§ 10.15.005 to 10.15.600

Section 10.15.005 – Purpose for Which Cooperatives May be Organized

A cooperative may be organized under this chapter for any lawful purpose, except for the purpose of banking or insurance or the furnishing of electric or telephone or related telecommunications service.

Section 10.15.010 – General Powers

Each cooperative may

- (1) have perpetual succession unless a limited period of duration is stated in its articles;
- (2) sue and be sued, complain and defend, in its corporate name;
- (3) adopt a corporate seal and alter it, and use it by having it or a facsimile of it impressed, affixed, or reproduced;
- (4) buy, take, receive, lease, take by gift, devise or bequest, or otherwise acquire, own, hold, improve, use and otherwise deal in, real or personal property, wherever situated;
- (5) sell, convey, mortgage, pledge, lease, exchange, transfer and otherwise dispose of its property and assets;
- (6) buy, take, receive, subscribe for, or otherwise acquire, own, hold, vote, use, employ, sell, mortgage, lend, pledge, or otherwise dispose of, and otherwise use and deal in, shares or other interests in, or obligations of, other domestic or foreign cooperatives and corporations, partnerships or



individuals, or direct or indirect obligations of the United States or of any other government, state, territory, or its governmental district or municipality or instrumentality;

(7) make contracts and incur liabilities, borrow money at the rates of interest the cooperative determines, issue notes, bonds, certificates of indebtedness and other obligations, issue certificates representing equity interests in its assets, and secure its obligations by mortgage or pledge of its property, franchise and income;

(8) lend money for its corporation purposes, invest and reinvest its funds and take and hold real and personal property as security for the payment of funds loaned or invested;

(9) conduct business and affairs and have offices and exercise its powers in a state, territory, district or possession of the United States, or in a foreign country;

(10) elect or appoint officers and agents, and define their duties and fix their compensation;

(11) make and alter bylaws, consistent with its articles and the laws of the state, for the administration and regulation of its affairs;

(12) donate for the public welfare or for charitable, scientific or educational purposes;

(13) indemnify a director, officer or agent or former director, officer or agent, or a person who may have served at its request as a director or officer of another domestic or foreign cooperative of which it is a member, against expenses necessarily incurred in defense of a proceeding in which that person is a party because that person served as a director, officer or agent, but this paragraph does not apply to proceedings in which the director, officer or agent is adjudged liable for negligence or misconduct in the performance of duty, and indemnification under this paragraph is not exclusive of other rights to which the director, officer or agent may have been entitled;

(14) cease its activities and surrender its franchise;

(15) have and exercise all powers necessary or convenient to carry out the purposes for which the cooperative is organized.

Section 10.15.340 – Filing of Articles

(a) Upon finding that the articles conform to law, the commissioner shall, when all fees prescribed in this chapter have been paid,

(1) stamp on each duplicate original the word “filed” and the date of the filing;



(2) file one duplicate original in the commissioner's office;

(3) issue a certificate of incorporation and affix the other duplicate original to the certificate.

(b) The certificate of incorporation together with the duplicate original affixed to it by the commissioner shall be returned to the incorporators or their representative.

Section 10.15.350 – Contents of Articles of Incorporation; Director Liability

(a) The articles of incorporation must set forth

(1) the name of the cooperative and that it is a cooperative;

(2) the period of duration, which may be perpetual;

(3) the purposes for which the cooperative is organized;

(4) whether the cooperative is organized with or without membership stock, the amount of the membership fee, and the limitations, if any, on transfer of a membership;

(5) the number and par value, if any, of shares of each authorized class of stock, and if more than one class is authorized, the designation, preferences, limitations and relative rights of each class;

(6) which classes of stock, if any, are membership stock, and the limitations upon transfer, if any, applicable to the classes of membership stock;

(7) any limitation of the right to acquire or recall stock;

(8) the basis of distribution of assets in the event of dissolution or liquidation;

(9) the address of its initial registered office and the name of its initial registered agent at that address;

(10) the number of directors, not less than three, constituting the initial board of directors and the names and addresses of the persons who are to serve as directors until the first annual meeting of the members or until their successors are elected and take office;

(11) the name and address of each incorporator.

(b) In addition to the matters required to be set out in the articles of incorporation by (a) of this section, the articles of incorporation may also contain a provision eliminating or limiting the personal liability of a director to the corporation or its members for monetary damages for the



breach of fiduciary duty as a director. The articles of incorporation may not eliminate or limit the liability of a director for

(1) a breach of a director's duty of loyalty to the corporation;

(2) acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;

(3) wilful or negligent conduct involved in the payment of dividends or the redemption of stock from other than lawfully available funds; or

(4) a transaction from which the director derives an improper personal benefit.

(c) The provisions of (b) of this section do not eliminate or limit the liability of a director for an act or omission that occurs before the effective date of the articles of incorporation or of an amendment to the articles of incorporation authorized by (b) of this section.

Section 10.15.355 – Other Provisions in Articles; Relationship of Articles to Bylaws

It is not necessary to set forth in the articles the corporate powers enumerated in this chapter. The articles may include additional provisions, not inconsistent with law, for the regulation of the internal affairs of the cooperative, including any provision which under this chapter is required or permitted to be set forth in the bylaws. A provision required or permitted in the bylaws has equal force and effect if stated in the articles. Whenever a provision of the articles is inconsistent with a bylaw, the articles control.

Section 10.15.015 – Bylaws

The board of directors shall adopt the initial bylaws of a cooperative. The members of the cooperative may alter, amend or repeal the bylaws or adopt new bylaws. Bylaws may contain provisions for the regulation and management of the affairs of the cooperative not inconsistent with law or the articles.

Section 10.15.140 – Qualifications and Membership of Board of Directors

(a) The board of directors shall manage the business and affairs of a cooperative. Each director shall be a member or a representative of a member who is not a natural person. Unless the bylaws otherwise provide, directors need not be residents of this state. The bylaws may prescribe other qualifications for directors and may provide that directors be from specified state districts.

(b) The board of directors shall consist of at least three members. The number of directors shall be fixed or determined by the bylaws, except that the number constituting the initial board shall be fixed by the articles.

Section 10.15.145 – Initial Board of Directors



Directors constituting the initial board hold office until the first annual meeting of the members and until their successors are elected and take office.

Section 10.15.150 – Elections and Terms of Directors

At the first annual meeting and at subsequent meetings, directors shall be elected by the members in the manner and for the term of office provided in the bylaws, but not to exceed three years. Each director shall enter immediately upon the discharge of the director's duties and, subject to resignation or removal, shall hold office for the term for which elected and until a successor takes office.

Section 10.15.155 – Removal of Directors

A director may be removed upon a majority vote of all members voting in person at a member meeting. Before a vote for removal may be taken, written reasons for removal of the director shall be presented at a meeting of members and the director sought to be removed shall have an opportunity to answer the reasons at that meeting. The written statement of reasons for removal shall be filed with the minutes of the meeting. The bylaws may contain other provisions for the removal of a director consistent with the provisions of this section.

Section 10.15.165 – Meetings of Board of Directors

(a) Regular or special meetings of the board may be held inside or outside the state.

(b) Regular meetings of the board may be held with or without notice as prescribed in the bylaws. Special meetings of the board shall be held upon the notice prescribed in the bylaws. Attendance of a director at a meeting constitutes a waiver of notice of the meeting except where a director attends a meeting for the express purpose of objecting to the transaction of business because the meeting is not lawfully called or convened.

(c) Unless the bylaws provide otherwise, the purpose of a meeting of the board need not be specified in the notice of the meeting.

(d) Unless a greater number is required in the bylaws, a majority of the members of the board determined pursuant to the bylaws or in the absence of a bylaw fixing the number of directors, then of the number stated in the articles constitutes a quorum for the transaction of business. Unless a greater number is required in the bylaws, an act of the majority of the directors present at a meeting at which a quorum is present is the act of the board.

Section 10.15.145 – Officers



(a) The principal officers of a cooperative are a president, one or more vice presidents as prescribed in the bylaws, a secretary and a treasurer. The officers shall be elected annually by the board at the time and in the manner the bylaws provide. The offices of secretary and treasurer may be combined in one person. Each principal officer except the secretary and the treasurer, and one of the vice presidents if the bylaws provide for more than one, shall be a director of the cooperative. The manager of a cooperative may hold the office of vice president if more than one vice president is provided for in the bylaws.

(b) Other officers may be chosen by the board.

(c) Officers have the authority and shall perform the duties the bylaws provide, or as the board determines, not inconsistent with the bylaws. Any officer may be removed by the board whenever in its judgment the best interests of the cooperative will be served by removal. Election or appointment of an officer does not of itself create contract rights.

Section 10.15.020 – Membership

(a) Membership in a cooperative is conditioned on ownership of a share of membership stock or payment of a membership fee as set forth in the articles. However, the bylaws of a cooperative may authorize membership conditioned upon payment of part of the membership fee or payment for part of the membership stock subscribed for and compliance with an agreement to pay the balance.

(b) The bylaws of the cooperative shall set forth the qualifications for membership and method of acceptance of members; however, the bylaws may not deny membership privileges or votes to any owner or holder of a producer's certificate of equity if they own or hold payable or past due certificates of \$2,500 or more.

(c) Bylaws may provide for termination of membership and the conditions and terms of termination.

Section 10.15.045 – Capital Stock

A cooperative, including a cooperative that requires a membership fee rather than the holding of membership stock as a prerequisite of membership, may issue the number of shares of capital stock stated in its articles. The shares may be divided into more than one class with the designations, preferences, limitations and relative rights stated in the articles, except that capital stock has no voting power except as specifically authorized in this chapter.

