

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2417 Session of  
1986

INTRODUCED BY D. R. WRIGHT, HAYES, MORRIS, STEWART, RYBAK,  
STEIGHNER, FEE, COLE, AFFLERBACH, BOWLEY, OLASZ, PUNT,  
CARLSON, COY, GEIST, STAIRS, SWEET, BOYES, ROBBINS, SEMMEL,  
CHADWICK, RUDY, SEVENTY, HALUSKA, BOWSER, JOHNSON, DORR,  
DOMBROWSKI, MACKOWSKI, WOZNIAK, NOYE, LIVENGOOD, BROUJOS AND  
TELEK, APRIL 23, 1986

REFERRED TO COMMITTEE ON AGRICULTURE AND RURAL AFFAIRS,  
APRIL 23, 1986

AN ACT

1 Amending the act of June 21, 1937 (P.L.1969, No.389), entitled  
2 "An act relating to nonprofit cooperative corporations  
3 organized to engage in rural electrification, providing for  
4 the organization, consolidation and dissolution of such  
5 corporations; prescribing the qualification for membership  
6 therein; conferring certain rights, powers, duties and  
7 immunities upon them and their officers and members;  
8 prescribing the conditions on which such corporations may  
9 exercise their powers; providing for the inclusion of certain  
10 existing cooperative or nonprofit corporations and  
11 associations within the provisions of this act; conferring  
12 powers, and imposing duties on certain State departments,  
13 commissions and officers; fixing fees; conferring the right  
14 of eminent domain; prohibiting the use of certain terms in  
15 the corporate names of other corporations; exempting such  
16 corporations from excise taxes; imposing on them a license  
17 fee; and exempting such corporations from the jurisdiction of  
18 the Pennsylvania Public Utility Commission, and from the  
19 provisions of the Securities Act," further providing for  
20 dissolution.

21 The General Assembly of the Commonwealth of Pennsylvania  
22 hereby enacts as follows:

23 Section 1. Section 29 of the act of June 21, 1937 (P.L.1969,  
24 No.389), known as the Electric Cooperative Corporation Act, is

1 amended to read:

2 Section 29. Dissolution.--(a) Any corporation may dissolve  
3 by [majority] two-thirds (2/3) vote of all of the members  
4 [present, in person or by proxy, at any regular meeting, or] of  
5 the corporation at any special meeting of its members called for  
6 that purpose. A certificate of dissolution shall be signed by  
7 the president or vice-president, and attested by the secretary,  
8 certifying to such dissolution, and stating that they have been  
9 authorized to execute and file such certificate by votes cast in  
10 person or by proxy by [a majority] two-thirds (2/3) of all of  
11 the members of the corporation. A certificate of dissolution  
12 shall be executed, acknowledged, filed, and recorded in the same  
13 manner as the original articles of incorporation of a  
14 corporation organized under this act, and as soon as the  
15 Secretary of the Commonwealth shall have accepted the  
16 certificate of dissolution for filing and recording and issued a  
17 certificate of dissolution, the corporation shall be deemed to  
18 be dissolved.

19 (b) Such corporation shall, however, continue for the  
20 purpose of paying, satisfying, and discharging any existing  
21 liabilities or obligations, and collecting or liquidating its  
22 assets, and doing all other acts required to adjust and wind up  
23 its business and affairs, and may sue and be sued in its  
24 corporate name. Any assets remaining after all liabilities or  
25 obligations of the corporation have been satisfied or discharged  
26 shall be distributed pro rata among the members of the  
27 corporation at the time of the filing of the certificate of  
28 dissolution.

29 (c) Any corporation which purports to have been incorporated  
30 or reincorporated under this act, but which has not complied

1 with all of the requirements for legal corporate existence, may,  
2 nevertheless, file a certificate of dissolution in the same  
3 manner as a validly existing corporation. The certificate of  
4 dissolution in such case may be authorized by a majority of the  
5 incorporators or directors at a meeting called by any  
6 incorporator upon ten days notice, mailed to the last known post  
7 office address of each incorporator or director, and held at the  
8 principal office of the corporation named in the articles of  
9 incorporation.

10 Section 2. The act is amended by adding a section to read:

11 Section 29.1. Disposition of Property.--A sale, lease,  
12 lease-sale, exchange or other disposition of all or  
13 substantially all of the assets of a corporation, with or  
14 without the goodwill of the corporation, may be made upon such  
15 terms and conditions and for such consideration (which may  
16 consist in whole or in part of money or property, either real or  
17 personal, including, but not limited to, shares, bonds or other  
18 evidences of indebtedness of another corporation, either  
19 domestic or foreign) as shall be authorized only if in  
20 conformity with the following:

21 (1) The board of directors may adopt a resolution  
22 recommending consideration of such sale, lease, lease-sale,  
23 exchange or other disposition, specifying, to the extent that  
24 the board sees fit, any or all of the terms and conditions  
25 thereof and the consideration to be received by the corporation  
26 therefor and directing the submission thereof to a vote at a  
27 special meeting of the members of the corporation called for  
28 that purpose.

29 (2) Prior to submission for consideration by the members of  
30 the corporation, the board of directors shall first give all

1 other corporations incorporated under this act an opportunity to  
2 submit competing proposals. Such opportunity shall be in the  
3 form of a written notice to such corporations, which notice  
4 shall be attached to a copy of the proposal which the  
5 corporation has already received. Such corporations shall be  
6 given not less than thirty (30) days during which to submit  
7 competing proposals, and the actual minimum period within which  
8 proposals are to be submitted shall be stated in the written  
9 notice given to them.

10 (3) Within thirty (30) days after expiration of the notice  
11 period set by the board of directors under clause (2), written  
12 notice shall be given to each member, in the manner provided in  
13 section 15, calling for a special meeting of the members for the  
14 purpose of consideration of the proposed sale, lease, lease-  
15 sale, exchange or other disposition and expressing in detail  
16 each of the proposals. The special meeting shall not be held  
17 sooner than thirty (30) days after the giving of such notice to  
18 the members.

19 (4) At such meeting, the members may authorize such sale,  
20 lease, lease-sale, exchange or other disposition and fix or may  
21 authorize the board of directors to fix any or all of the terms  
22 and conditions thereof, and the consideration to be received by  
23 the corporation therefor. Such authorization shall receive the  
24 affirmative vote of two-thirds (2/3) of all of the members of  
25 the corporation.

26 (5) After such authorization by a vote of the members, the  
27 board of directors, in its discretion, may abandon such sale,  
28 lease, lease-sale, exchange or other disposition, subject to the  
29 rights of third parties under any contracts relating thereto,  
30 without further action or approval by the shareholders.

1 Section 3. This act shall take effect in 60 days.