

No. 1986-140

## AN ACT

HB 2417

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

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

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

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

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

(c) Any corporation which purports to have been incorporated or reincorporated under this act, but which has not complied with all of the require-

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

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

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

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

(2) *Prior to submission for consideration by the members of the corporation, the board of directors shall first give all other corporations incorporated under this act an opportunity to submit competing proposals. Such opportunity shall be in the form of a written notice to such corporations, which notice shall be attached to a copy of the proposal which the corporation has already received. Such corporations shall be given not less than thirty days during which to submit competing proposals, and the actual minimum period within which proposals are to be submitted shall be stated in the written notice given to them.*

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

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

(5) *After such authorization by a vote of the members, the board of directors, in its discretion, may abandon such sale, lease, lease-sale, exchange or other disposition, subject to the rights of third parties under any*

*contracts relating thereto, without further action or approval by the shareholders.*

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

APPROVED—The 9th day of October, A. D. 1986.

DICK THORNBURGH