

CORPORATIONS

CHAPTER 103

S. B. No. 247
(Delayed Bills Committee)

CAPITAL STOCK INCREASE OR DECREASE

AN ACT

To amend and reenact subsection 1 of section 10-0330 of the North Dakota Revised Code of 1943, relating to the increasing or diminishing of the capital stock of corporations.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. Amendment.) Subsection 1 of section 10-0330 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

1. Notice of the time and place of the meeting stating its object and the amount to which it is proposed to increase or diminish its capital stock must be served on each stockholder by depositing and registering such notice in the post office, postage prepaid, properly directed to each stockholder at his last known post office address as shown by the stock register of such corporation, with a demand for a return receipt, at least fifteen days prior to the time of such meeting. The notice must be given to stockholders whose place of residence is unknown or who are not residents in the state by the publication of such notice in a newspaper published in the county where the principal office of the corporation is situated, once a week for two successive weeks, the first publication to be at least fifteen days prior to such meeting;

Approved March 5, 1955.

CHAPTER 104

H. B. No. 754

(Sticka, Brooks, Nygaard and Gefreh)

REAL ESTATE HOLDINGS OF RELIGIOUS AND CHARITABLE
ASSOCIATIONS

AN ACT

To amend and reenact section 10-0807 of the 1953 Supplement to the North Dakota Revised Code of 1943, relating to real estate holdings of religious and charitable corporations.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. **Amendment.)** Section 10-0807 of the 1953 Supplement to the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

10-0807. Real Estate Holdings of Religious and Charitable Corporations Limited; Excess Property Escheats.) No corporations or association organized for religious or charitable purposes shall acquire or hold real estate in this state of a greater value than five hundred thousand dollars. This provision shall not apply to the property of associations actually used for educational, hospital, charitable or religious purposes. All real estate acquired or held contrary to the provisions of this section shall be forfeited and shall escheat to the estate.

Approved March 10, 1955.

CHAPTER 105

S. B. No. 127

(Duffy and Baeverstad)

DIRECTORS OF MUTUAL AID CORPORATIONS

AN ACT

To amend and reenact subsection 4 of section 10-1206 of the North Dakota Revised Code of 1943, relating to mutual aid corporations.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. **Amendment.)** Subsection 4 of section 10-1206 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

4. The number of directors to be elected, the geographical district from which each shall be elected and may provide for their election by such district and the number of directors constituting a quorum;

Approved February 26, 1955.

CHAPTER 106

S. B. No. 157
(Baeverstad and Duffy)

BY-LAWS OF MUTUAL AID CORPORATIONS

AN ACT

Relating to the amendment of by-laws of mutual aid corporations.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. By-Laws; Amendment.) The by-laws of a mutual aid corporation may be amended by an affirmative vote of a majority of the members voting on such question at any regular meeting or at any special meeting called for that purpose.

Approved March 5, 1955.

CHAPTER 107

S. B. No. 156
(Baeverstad and Duffy)

BY-LAWS OF ELECTRIC COOPERATIVE CORPORATIONS

AN ACT

To amend and reenact section 10-1313, North Dakota Revised Code of 1943, relating to by-laws of electric cooperative corporations.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. Amendment.) Section 10-1313 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

10-1313. By-Laws Made, Amended, or Repealed by Board of Directors.) The power to make, alter, or amend the by-laws

of the corporation shall be vested in the board of directors unless, by the articles of incorporation, such power is reserved to the members of the corporation. When such power is reserved to the members of the corporation such by-laws may be amended by an affirmative vote of a majority of the members voting on such question at any regular meeting or at any special meeting called for that purpose.

Approved March 5, 1955.

CHAPTER 108

S. B. No. 126
(Duffy and Baeverstad)

DIRECTORS OF ELECTRIC COOPERATIVES

AN ACT

To amend and reenact section 10-1319 of the North Dakota Revised Code of 1943, relating to electric cooperative corporations.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. Amendment.) Section 10-1319 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

10-1319. Directors: Election; Qualifications; Compensation; Powers.) The business and affairs of a corporation shall be managed by a board of not less than three directors. The by-laws of the corporation may prescribe the qualifications for directors and may provide for their election by districts established on a geographical basis. The directors, other than those named in the certificate of incorporation to serve until the first annual meeting of the corporation, shall be elected by the members annually or as otherwise provided in the by-laws. The directors shall be members of the corporation or of another corporation which is a member thereof and shall be entitled to such compensation and reimbursement for expenses actually and necessarily incurred by them as may be provided in the by-laws. The board of directors shall exercise all of the powers of the corporation except such as are conferred upon the members by this chapter or by the articles of incorporation or by-laws of the corporation.

Approved February 26, 1955.

CHAPTER 109

S. B. No. 103

(Duffy, Klefstad, Fraser and Olson)

COOPERATIVE AND MARKETING ASSOCIATIONS—
ORGANIZATION AND OPERATION

AN ACT

Relating to cooperative associations or corporations, providing for their period of existence, making those heretofore organized under chapter 43 of the North Dakota Session Laws of 1921 be governed by the provisions of chapter 10-15 of the North Dakota Revised Code of 1943, making those heretofore organized under chapter 44 of the North Dakota Session Laws of 1921 be governed by the provisions of chapter 4-07 of the North Dakota Revised Code of 1943, and amending and reenacting sections 4-0710, 4-0713, 10-1504, 10-1508 and 10-1515 of the North Dakota Revised Code of 1943 and section 4-07121 of the 1953 Supplement to the North Dakota Revised Code of 1943, relating to amendment of articles of incorporation of cooperatives, adoption and amendment of their bylaws, voting by mail, calling of their regular and special meetings and quorum at meetings.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1.) Cooperative associations heretofore or hereafter organized under the provisions of chapter 4-07 or chapter 10-15 of the North Dakota Revised Code of 1943 are hereby granted perpetual existence irrespective of the period of existence set forth in these articles of incorporation or amendments thereto. Any such cooperative association may, however, amend its articles of incorporation so as to provide for a limited period of corporate existence.

§ 2.) Cooperative associations heretofore organized under the provisions of chapter 43 of the North Dakota Session Laws of 1921 shall hereafter be governed by and subject to the provisions of chapter 10-15 of the North Dakota Revised Code of 1943, and all cooperative associations heretofore organized under the provisions of chapter 44 of the Session Laws of 1921 shall hereafter be governed by and subject to the provisions of chapter 4-07 of the North Dakota Revised Code of 1943.

§ 3. Amendment.) Section 4-0710 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

4-0710. Amendments to Articles of Incorporation.) The articles of incorporation of any association organized under the provisions of this chapter or which may elect to come

under the provisions hereof may be amended in the following manner:

The board of directors, by a majority vote, may adopt a resolution setting forth the full text of the proposed amendment. Upon such action by the board of the directors a notice containing the full text of the proposed amendment and designating the time and place of the meeting at which such amendment will be acted upon shall be mailed to each member and voting stockholder not less than ten days prior to such meeting date. An association having in excess of two hundred voting stockholders or members may publish such notice in two successive issues of a legal newspaper of general circulation in the area served by such association in lieu of notice by mail; the last publication of such notice shall be not less than ten days prior to such meeting date. If a quorum of the voting stockholders or members is registered as being present or represented by mail vote at such meeting, a majority of the voting stockholders and members so present or represented by mail vote may adopt or reject such proposed amendment. The written assent of a majority of the stockholders and members shall be as effectual to authorize the amendment of the articles of incorporation as if a meeting was called and held as prescribed in this section. Amendments to the articles of incorporation, when adopted, shall be filed in accordance with the general corporation laws of this state.

§ 4. Amendment.) Section 4-07121 of the 1953 Supplement to the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

4-07121. Amendment of By-Laws; Quorum.) The stockholders or members of a cooperative marketing association shall have the power at their annual meeting, or at any special meeting called for that purpose, to amend existing by-laws or to make new by-laws for the management and conduct of the association, notwithstanding any provisions in the by-laws to the contrary. If a quorum of stockholders or members is registered as being present or represented by mail vote at such meeting, a majority of the stockholders or members so present or represented by mail vote may adopt or reject such proposed amendment. The certification and recording of by-laws and amendments thereto, and the effective date of amendments and repeals of by-laws shall be governed by section 10-0506.

§ 5. Amendment.) Section 4-0713 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

4-0713. Regular and Special Meetings; How Called; Quorum.) In its by-laws, each association shall provide for one

or more regular meetings annually. The board of directors may call a special meeting at any time, or ten percent of the members or stockholders may file with the secretary or any other officer of the association a petition stating the specific business to be brought before the association and may demand a special meeting at any time, and such meeting then shall be called by the directors. Notice of each meeting, together with a statement of the purposes thereof, shall be mailed to each stockholder or member at least ten days prior to the meeting. Such notices may be given by publication in two successive issues of a newspaper of general circulation, published at the principal place of business of the association, instead of by mail, in which case the last publication shall be not less than ten days prior to such meeting date.

At any regular or special meeting of the members or stockholders, a quorum necessary for the transaction of business shall be at least ten percent of the total number of stockholders or members in the association when the number of stockholders or members does not exceed five hundred, and in associations having a larger number of stockholders or members fifty stockholders present shall constitute a quorum. In determining a quorum at any meeting on a question submitted to a vote by mail, stockholders or members present in person or represented by mail vote shall be counted. The fact of the attendance of a sufficient number of stockholders to constitute a quorum shall be established by a registration of the stockholders or members present and voting by mail at such meeting, which registration shall be verified by the secretary of the association and shall be reported in the minutes of the meeting.

§ 6. Amendment.) Section 10-1504 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

10-1504. Amendments to Articles of Incorporation: Notice; Amendment by Written Assent.) The articles of incorporation of any association organized under the provisions of this chapter or which may elect to come under the provisions hereof may be amended in the following manner:

The board of directors, by a majority vote, may adopt a resolution setting forth the full text of the proposed amendment. Upon such action by the board of directors a notice containing the full text of the proposed amendment and designating the time and place of the meeting at which such amendment will be acted upon shall be mailed to each member and voting stockholder not less than ten days prior to such meeting date. An association having in excess of two hundred

voting stockholders or members may publish such notice in two successive issues of a legal newspaper of general circulation in the area served by such association in lieu of notice by mail; the last publication of such notice shall be not less than ten days prior to such meeting date. If a quorum of the voting stockholders or members is registered as being present or represented by mail vote at such meeting, a majority of the voting stockholders and members so present or represented by mail vote may adopt or reject such proposed amendment. The written assent of a majority of the stockholders and members shall be as effectual to authorize the amendment of the articles of incorporation as if a meeting of the stockholders were called and held as prescribed in this section.

§ 7. Amendment.) Section 10-1508 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

10-1508. By-Laws: Adoption; Amendment; Quorum of Stockholders Required.) A cooperative association shall adopt by-laws in accordance with sections 10-0501, 10-0502, 10-0503, 10-0504, and 10-0505. The stockholders or members of a cooperative association shall have the power at their annual meeting, or at any special meeting called for that purpose, to amend, modify, or change existing by-laws or to make new by-laws for the management and conduct of the association, notwithstanding any provisions in the by-laws to the contrary. If a quorum is registered as being present or represented by mail vote at such meeting, a majority of the stockholders or members so present or represented by mail vote may adopt or reject such proposed amendment. The certification and recording of by-laws and amendments thereto, and the effective date of amendments and repeals of by-laws shall be governed by section 10-0506.

At any regular or special meeting of the stockholders or members of a cooperative association a quorum necessary for the transaction of business shall be at least ten percent of the total number of stockholders or members in the association when the number of stockholders or members does not exceed five hundred, and in associations having a larger number of stockholders or members fifty stockholders or members present shall constitute a quorum. In determining a quorum at any meeting on a question submitted to a vote by mail, stockholders or members present in person or represented by mail vote shall be counted. The fact of the attendance of a sufficient number to constitute a quorum shall be established by a registration of the stockholders or members of the association present and voting by mail at such meeting, which

registration shall be verified by the secretary of the association and shall be reported in the minutes of the meeting.

§ 8. **Amendment.)** Section 10-1515 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

10-1515. Stockholders May Vote by Mail.) Any stockholder or member who is absent from any meeting of a cooperative association may, as herein provided but not otherwise, vote by mail on the ballot herein prescribed upon any motion, resolution, or amendment to be acted upon at such meeting. Such ballot may be in the form prescribed by the board of directors of such association and shall contain the exact text of the proposed motion, resolution or amendment to be acted upon at such meeting and the date of the meeting; and shall also contain spaces opposite the text of such motion, resolution or amendment in which such stockholder or member may indicate his affirmative or negative vote thereon. The vote shall be expressed by marking an "X" in the appropriate space upon such ballot. Such ballot shall be signed by the stockholder or member and when received by the secretary of the association holding the meeting shall be accepted and counted as the vote of such absent stockholder at such meeting.

Approved March 3, 1955.