



REPUBLICAN CAUCUS STAFF
HOUSE OF REPRESENTATIVES
STATE CAPITOL
DES MOINES, IOWA 50319
515.281.3440
IOWAHOUSEREPUBLICANS.COM

House Republican Staff Analysis

Bill: HF 578/SF325
Committee: Judiciary
Date: 3/21/2011
Member: Rep. Anderson
Staff: Amanda Freel (1-5230)

Summary

This bill requires that all public corporations in Iowa divide their directors into three classes. Each class will serve three year staggered terms designated by the current board.

Summary of Action

- Subcommittee 2/14/2011
 - Committee 3/2/2011 (21-0)
 - Passed House 3/21/11 (96-2)
 - Passed Senate 3/7/11 (40-10)
 - Signed by Governor 3/23/11
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Section-by-Section Analysis

Section I Business Corporation-Definitions

“Public corporation”- has a class of voting stock that is listed on a national securities exchange or is held by more than 2,000 share holders

Section II Business Corporation- Special Meeting

Adds the phrase “public corporation” and strikes description of “corporation”

Section III Business Corporations- Number and Election of Directors

Subsection 2: Directors may be increased or decreased by manners provided in articles of incorporation.

Subsection 3: Notwithstanding Subsection 2, a public corporation shall only increase or decrease the number of directors by a majority vote of the board of directors.

Section IV Business Corporations- Terms of Directors Generally

Terms of all directors expire at the next annual shareholders meeting following their election, unless the terms are staggered under §490.806 or §490.806A(new section).

Section V Business Corporations- Staggered terms for Directors

Except as otherwise provided in §490.806A, a corporations articles of incorporation may provide for staggering the terms of its directors by dividing the number of directors into two or three groups. First group expires at the first annual shareholders meeting after the election; the second group expires at the second annual shareholders meeting after their election.

Section VI 490.806A Public Corporations-Staggered Terms (New Section)

The terms of directors of a public corporation shall be staggered. The group of directors will be broken in to three groups (Class I, II and III).

Class I-shall continue in office until the first annual shareholders meeting after the section.

Class II- shall continue in office until one year following the first annual shareholders meeting.

Class III – shall continue in office until two years following the first annual shareholders meeting.

Each Class shall serve 3 years.

Every public corporation is subject to this unless:

-The board of directors adopts a resolution within 40 days of the act taking effect

-If the articles of incorporations already provide for staggered terms.

-Corporations that become public corporation on or after the effective date of this act.

Section 7 Business Corporations-Vacancy on Board

A public corporation subject to §490.806A will fill a board vacancy by a majority vote of the remaining members (quorum not required)

Section 8 Business Corporations- §490.1005A Public Corporation-Amendment by Board of Directors

The board of directors, whose public corporation is subject to 490.806A subsection 1, shall adopt an amendment to its articles of incorporation.

The Amendment shall state the public corporation is subject to §490.806A(1)

Also, necessary changes to the articles of incorporation required to implement section §490.806A(1)

Section 9- Repeal

This act is repealed on December 31, 2014. But public corporations who have amended their articles of incorporation for staggered terms (pursuant to 490.806A(1)) shall keep them unless the articles are amended again.