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SENATE BILL DRS45217-MV-20

Short Title: Nonprofit Electronic Business/Remote Meetings. (Public)

Sponsors: Senators Galey, Perry, and Lazzara (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO AUTHORIZE NONPROFIT CORPORATIONS TO CONDUCT BUSINESS
3 ELECTRONICALLY AND HOLD REMOTE MEETINGS, EXCEPT AS LIMITED BY
4 THE NONPROFIT, TO MAKE CHANGES RELATED TO REMOTE MEETINGS FOR
5 CONDOMINIUM ASSOCIATIONS AND HOMEOWNER ASSOCIATIONS, AND TO
6 MAKE TECHNICAL CHANGES IN THE SURROUNDING LANGUAGE.

7 The General Assembly of North Carolina enacts:

8
9 **PART I. AUTHORIZE NONPROFIT CORPORATIONS TO CONDUCT BUSINESS**
10 **ELECTRONICALLY AND HOLD REMOTE MEETINGS, EXCEPT AS LIMITED BY**
11 **THE NONPROFIT**

12 **SECTION 1.** G.S. 55A-1-70 reads as rewritten:

13 **"§ 55A-1-70. Electronic transactions.**

14 (a) A corporation may conduct a transaction by electronic means, except as limited by its
15 articles of incorporation or bylaws or by action of its board of directors.

16 (b) Prior to conducting an electronic transaction with a person that is a member, delegate,
17 officer, or director of the corporation, the corporation shall obtain agreement from the person to
18 conduct the transaction by electronic means and shall inform the person how to revoke the
19 agreement.

20 (c) For purposes of applying Article 40 of Chapter 66 of the General Statutes to
21 transactions under this Chapter, a corporation ~~may agree that conducts an electronic transaction~~
22 in accordance with this section is deemed to have agreed to conduct a the transaction by electronic
23 means through provision in its articles of incorporation or bylaws or by action of its board of
24 directors means."

25 **SECTION 2.** G.S. 55A-2-07 reads as rewritten:

26 **"§ 55A-2-07. Emergency bylaws.**

27 ...

28 (d) ~~An emergency exists for purposes of this section if a quorum of the corporation's~~
29 ~~directors cannot readily be assembled because of some catastrophic event.~~ a natural or manmade
30 disaster impedes the ability of the corporation's board of directors or members to comply with
31 one or more provisions of the corporation's bylaws."

32 **SECTION 3.** G.S. 55A-7-01 reads as rewritten:

33 **"§ 55A-7-01. Annual and regular meetings.**

34 (a) A corporation having members with the right to vote for directors shall hold a meeting
35 of ~~such the~~ members annually.



1 (b) A corporation with members may hold regular membership meetings at the times
2 stated in or fixed in accordance with the bylaws.

3 (c) ~~Annual-Unless the board of directors determines to hold the meeting solely by means~~
4 ~~of remote communication in accordance with G.S. 55A-7-09(c), annual~~ and regular membership
5 meetings may be held in or out of this State at the place stated in or fixed in accordance with the
6 bylaws. If no place is stated in or fixed in accordance with the bylaws, annual and regular
7 meetings shall be held at the corporation's principal office.

8"

9 **SECTION 4.** G.S. 55A-7-02 reads as rewritten:

10 **"§ 55A-7-02. Special meeting.**

11 (a) A corporation with members shall hold a special meeting of ~~members;~~members in
12 any of the following circumstances:

13 (1) On call of its board of directors or the person or persons authorized to do so
14 by the articles of incorporation or ~~bylaws;~~or bylaws.

15 (2) Within 30 days after the holders of at least ten percent (10%) of all the votes
16 entitled to be cast on any issue proposed to be considered at the proposed
17 special meeting sign, date, and deliver to the corporation's secretary one or
18 more written demands for the meeting describing the purpose or purposes for
19 which it is to be held.

20 ...

21 (c) ~~Special-Unless the board of directors determines to hold the meeting solely by means~~
22 ~~of remote communication in accordance with G.S. 55A-7-09(c), special~~ meetings of members
23 may be held in or out of this State at the place stated in or fixed in accordance with the bylaws.
24 If no place is stated or fixed in accordance with the bylaws, special meetings shall be held at the
25 corporation's principal office.

26"

27 **SECTION 5.** G.S. 55A-7-04 reads as rewritten:

28 **"§ 55A-7-04. Action by written consent.**

29 (a) Action required or permitted by this Chapter to be taken at a meeting of members may
30 be taken without a meeting if the action is taken by all members entitled to vote on the action.
31 The action shall be evidenced by one or more written consents describing the action taken, signed
32 before or after such action by all members entitled to vote ~~thereon,~~on the action, and delivered
33 to the corporation for inclusion in the minutes or filing with the corporate records. ~~To the extent~~
34 ~~the corporation has agreed pursuant to G.S. 55A-1-70, Except as limited by the articles of~~
35 incorporation or bylaws, a member's consent to action taken without a meeting may be in
36 electronic form and delivered by electronic means.

37"

38 **SECTION 6.** G.S. 55A-7-05 reads as rewritten:

39 **"§ 55A-7-05. Notice of meeting.**

40 (a) A corporation shall give notice of meetings of members by any means that is fair and
41 reasonable and consistent with its bylaws.

42 (b) Any notice that conforms to the requirements of subsection (c) is fair and reasonable,
43 but other means of giving notice may also be fair and reasonable when all the circumstances are
44 ~~considered; provided, however, that~~ considered. However, notice of matters referred to in
45 subdivision (c)(2) of this section shall be given as provided in subsection (c) of this section.

46 (c) Notice is fair and reasonable ~~if~~if it conforms to all of the following:

47 (1) The corporation gives notice to all members entitled to vote at the meeting of
48 the ~~place,~~place, if any, date, and time of each annual, regular, and special
49 meeting of members no fewer than 10, or, if notice is mailed by other than
50 first class, registered or certified mail, no fewer than 30, nor more than 60 days
51 before the meeting ~~date;~~date.

1 (2) Notice of an annual or regular meeting includes a description of any matter or
2 matters that shall be approved by the members under G.S. 55A-8-31,
3 55A-8-55, 55A-10-03, 55A-10-21, 55A-11-04, 55A-12-02, or ~~55A-14-02;~~
4 and 55A-14-02.

5 (3) Notice of special meeting includes a description of the matter or matters for
6 which the meeting is called.

7 (c1) If the board of directors has authorized participation by means of remote
8 communication pursuant to G.S. 55A-7-09 for members of any class, the notice to the members
9 of that class shall describe the means of remote communication to be used. For meetings to be
10 held solely by means of remote communication pursuant to G.S. 55A-7-09(c), the notice to all
11 members entitled to vote at the meeting shall describe the means of remote communication to be
12 used.

13 (d) Unless the bylaws require otherwise, if an annual, regular, or special meeting of
14 members is adjourned to a different date, time, or ~~place,~~ place, if any, notice need not be given
15 of the new date, time, or ~~place,~~ place, if any, if the ~~new date, time, or place is~~ following are
16 announced at the meeting before ~~adjournment.~~ adjournment:

17 (1) The new date, time, or place, if any.

18 (2) If the meeting is to be continued solely or partly by means of remote
19 communication, a description of the means of remote communication.

20 If a new record date for the adjourned meeting is or must be fixed under G.S. 55A-7-07,
21 however, notice of the adjourned meeting shall be given under this section to the members of
22 record entitled to vote at the meeting as of the new record date.

23 (e) When giving notice of an annual, regular, or special meeting of members, a
24 corporation shall give notice of a matter a member intends to raise at the meeting ~~if~~ if all of the
25 following apply:

26 (1) ~~Requested~~ The corporation is requested in writing to do so by a person or
27 persons entitled to call a special meeting pursuant to ~~G.S. 55A-7-02;~~
28 and G.S. 55A-7-02.

29 (2) The request is received by the secretary or president of the corporation at least
30 10 days before the corporation gives notice of the meeting."

31 **SECTION 7.** Article 7 of Chapter 55 of the General Statutes is amended by adding
32 a new section to read:

33 **"§ 55A-7-09. Remote participation in meetings; meetings held solely by remote**
34 **participation.**

35 (a) Members of any class may participate in any meeting of members by means of remote
36 communication to the extent the board of directors authorizes the participation for that class.
37 Participation as a member by means of remote communication is subject to any guidelines and
38 procedures the board of directors adopts and the requirements of subsection (b) of this section.

39 (b) Members participating by means of remote communication are deemed present and
40 may vote at the meeting if the corporation has implemented reasonable measures to do all of the
41 following:

42 (1) Verify that each person participating remotely as a member is a member.

43 (2) Provide the members a reasonable opportunity to participate in the meeting
44 and to vote on matters submitted to the members, including an opportunity to
45 communicate and to read or hear the proceedings of the meeting, substantially
46 concurrently with the proceedings.

47 (c) Unless member meetings held solely by means of remote communication are
48 prohibited by the articles of incorporation or the bylaws, the board of directors may, in its sole
49 discretion, determine that any meeting of members shall not be held at any place and shall instead
50 be held solely by means of remote communication, but only if the corporation implements the
51 measures specified in subsection (b) of this section."

1 **SECTION 8.** G.S. 55A-7-20 reads as rewritten:

2 "**§ 55A-7-20. Members' list for meeting.**

3 ...

4 (b) Beginning two business days after notice is given of the meeting for which the list
5 was prepared and continuing through the meeting, the list of members shall be available for
6 inspection by any member for the purpose of communication with other members concerning the
7 meeting. The list shall be available (i) at the corporation's principal office or at a reasonable place
8 identified in the meeting notice in the city where the meeting will be held for inspection by any
9 member for the purpose of communication with other members concerning the meeting, or (ii)
10 on a reasonably accessible electronic network, provided that the information required to gain
11 access to the list is provided with the notice of the meeting. In the event that the corporation
12 determines to make the list available on an electronic network, the corporation may take
13 reasonable steps to ensure that the information is available only to shareholders of the
14 corporation. A member, personally or by or with his-the member's representatives, is entitled on
15 written demand to inspect and, subject to the limitations of G.S. 55A-16-02(c) and
16 G.S. 55A-16-05 and at his-the member's expense, to copy the list at a reasonable time during the
17 period it is available for inspection.

18 (c) ~~The~~ If the meeting is to be held at a place, the corporation shall make the list of
19 members available at the meeting, and any member, personally or by or with his-the member's
20 representatives, is entitled to inspect the list at any time during the meeting or any adjournment.
21 If the meeting is to be held solely by means of remote communication, then the list shall also be
22 open to inspection during the meeting on a reasonably accessible electronic network, and the
23 information required to access the list shall be provided with the notice of the meeting.

24 (d) If the corporation refuses to allow a member or ~~his-the member's~~ representative to
25 inspect or copy the list of members as permitted in subsections (b) and (c) of this section, the
26 superior court of the county where a corporation's principal ~~office (or, office, or, if there is none~~
27 ~~in this State, its registered office)-office,~~ is located, on application of the member, after notice is
28 given to the corporation and upon such further evidence, notice and opportunity to be heard, if
29 any, as the court may deem appropriate under the circumstances, may summarily order the
30 inspection or copying at the corporation's expense. The court may postpone the meeting for which
31 the list was prepared until the inspection or copying is complete and may order the corporation
32 to pay the member's costs, including reasonable attorneys' fees, incurred to obtain the order.

33 "

34 **SECTION 9.** G.S. 55A-8-21 reads as rewritten:

35 "**§ 55A-8-21. Action without meeting.**

36 (a) Unless the articles of incorporation or bylaws provide otherwise, action required or
37 permitted by this Chapter to be taken at a board of directors' meeting may be taken without a
38 meeting if the action is taken by all members of the board. The action shall be evidenced by one
39 or more written consents signed by each director before or after such action, describing the action
40 taken, and included in the minutes or filed with the corporate records reflecting the action taken.
41 ~~To the extent the corporation has agreed pursuant to G.S. 55A-1-70, Except as limited by the~~
42 articles of incorporation or bylaws, a director's consent to action taken without meeting may be
43 in electronic form and delivered by electronic means.

44 "

45
46 **PART II. CHANGES RELATED TO REMOTE MEETINGS OF CONDOMINIUM**
47 **ASSOCIATIONS AND PLANNED COMMUNITIES**

48 **SECTION 10.** G.S. 47C-3-108 reads as rewritten:

49 "**§ 47C-3-108. Meetings.**

50 (a) A meeting of the association shall be held at least once each year. Special meetings
51 of the association may be called by the president, a majority of the executive board, or by unit

1 owners having twenty percent (20%) or any lower percentage specified in the bylaws of the votes
2 in the association. Not less than 10 nor more than 60 days in advance of any meeting, the secretary
3 or other officer specified in the bylaws shall cause notice to be hand-delivered or sent prepaid by
4 United States mail to the mailing address of each unit or to any other mailing address designated
5 in writing by the unit owner, or sent by electronic means, including by ~~electronic mail over the~~
6 ~~Internet, to an electronic mailing address designated in writing by the unit owner.~~ email, to any
7 unit owner who has agreed pursuant to G.S. 55A-1-70. The notice of any meeting must state the
8 time and place of the meeting and the items on the agenda, including the general nature of any
9 proposed amendment to the declaration or bylaws, any budget changes, and any proposal to
10 remove a director or officer.

11 ...

12 (c) Except as otherwise provided for in the bylaws, meetings of the association and
13 executive ~~board~~ board, other than meetings held by means of remote communication, shall be
14 conducted in accordance with the most recent edition of Robert's Rules of Order Newly Revised."

15 **SECTION 11.** G.S. 47F-3-108 reads as rewritten:

16 "**§ 47F-3-108. Meetings.**

17 (a) A meeting of the association shall be held at least once each year. Special meetings
18 of the association may be called by the president, a majority of the executive board, or by lot
19 owners having ten percent (10%), or any lower percentage specified in the bylaws, of the votes
20 in the association. Not less than 10 nor more than 60 days in advance of any meeting, the secretary
21 or other officer specified in the bylaws shall cause notice to be hand-delivered or sent prepaid by
22 United States mail to the mailing address of each lot or to any other mailing address designated
23 in writing by the lot owner, or sent by electronic means, including by ~~electronic mail over the~~
24 ~~Internet, to an electronic mailing address designated in writing by the lot owner.~~ email, to any lot
25 owner who has agreed pursuant to G.S. 55A-1-70. The notice of any meeting shall state the time
26 and place of the meeting and the items on the agenda, including the general nature of any
27 proposed amendment to the declaration or bylaws, any budget changes, and any proposal to
28 remove a director or officer.

29 ...

30 (c) Except as otherwise provided in the bylaws, meetings of the association and the
31 executive ~~board~~ board, other than meetings held by means of remote communication, shall be
32 conducted in accordance with the most recent edition of Robert's Rules of Order Newly Revised."

33 **PART III. EFFECTIVE DATE AND APPLICABILITY**

34 **SECTION 12.** This act is effective when it becomes law and applies to meetings
35 noticed on or after that date.
36