# SENATE, No. 2342

# STATE OF NEW JERSEY

# 219th LEGISLATURE

INTRODUCED APRIL 9, 2020

#### **Sponsored by:**

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#### **SYNOPSIS**

Permits nonprofit corporations to allow members to participate in meetings by means of remote communication, and permits nonprofit corporations to hold meetings in part or solely by means of remote communication during state of emergency.

## **CURRENT VERSION OF TEXT**

As introduced.

(Sponsorship Updated As Of: 4/13/2020)

**AN ACT** concerning nonprofit corporations and remote meetings and amending N.J.S.15A:5-1 and N.J.S.15A:5-4.

**BE IT ENACTED** by the Senate and General Assembly of the State of New Jersey:

- 1. N.J.S.15A:5-1 is amended to read as follows:
- 15A:5-1. <u>a.</u> Meetings of members of every corporation organized under this title may, unless otherwise provided by law, be held at a place, within or without this State, as may be provided in the bylaws or as may be fixed by the board pursuant to authority granted by the bylaws. In the absence of such a provision, all meetings of members shall be held at the registered office of the corporation. <u>During a state of emergency declared by the Governor, a meeting of members may be held by means of remote communication to the extent the board authorizes and adopts guidelines and procedures governing such a meeting.</u>
  - b. One or more members may participate in a meeting by means of remote communication to the extent the board authorizes that participation. Meetings conducted in part or solely by means of remote communication in reliance upon this subsection and any member's remote participation in those meetings shall be subject to those guidelines and procedures as the board adopts, and shall be in conformity with subsection c. of this section.
  - c. A member participating in a meeting of members by means of remote communication in reliance upon subsection a. of this section shall be deemed present in person and shall be entitled to vote at the meeting regardless of whether that meeting is held at a designated place or solely by means of remote communication. In any meeting conducted in part or solely by means of remote communication in reliance upon subsection a. of this section, the corporation shall implement reasonable measures to:
- (1) verify that each person participating remotely is a member or a proxy of a member;
- (2) provide each member participating remotely with a reasonable opportunity to participate in the meeting, including an opportunity to vote on matters submitted to the members, and to read or hear the proceedings of the meeting substantially concurrently with those proceedings; and
- 40 (3) record and maintain a record of any votes or other actions 41 taken by remote communication at the meeting.
- 42 (cf: N.J.S. 15A:5-1)

2. N.J.S.15A:5-4 is amended to read as follows:

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

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15A:5-4. a. Except as otherwise provided in this act, written notice of the time, place and purposes of every meeting of members shall be given not less than 10 nor more than 60 days before the date of the meeting, either personally or by mail, to each member of record entitled to vote at the meeting. If the board has authorized participation by members by means of remote communication pursuant to N.J.S.15A:5-1, the notice to members shall describe the means of remote communication to be used.

b. When a meeting is adjourned to another time or place, it shall not be necessary, unless the bylaws otherwise provide, to give notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken and at the adjourned meeting only business shall be transacted as might have been transacted at the original meeting. If after the adjournment, the board fixes a new record date for the adjourned meeting, a notice of the adjourned meeting shall be given to each member of record on the new record date entitled to notice under subsection a. of this section.

(cf: N.J.S.15A:5-4)

3. This act shall take effect immediately.

#### **STATEMENT**

This bill allows members to participate in meetings by means of remote communications and permits nonprofit corporations to hold members' meetings in part or solely by means of remote communication.

Pursuant to current law, meetings of members are required to be held at a physical location and there is no provision for members to participate by means of remote communication. Under the bill, remote communication of members will be permitted during a state of emergency declared by the Governor. A meeting of members may be held solely by means of remote communication to the extent the board authorizes and adopts guidelines and procedures governing such a meeting.

The bill also provides that members participating in a meeting by means of remote communication are deemed to be present in person and are entitled to vote at the meeting, regardless of whether the meeting is held at a designated place or solely by means of remote communication.

This bill is based on N.J.S.14A:5-1 and N.J.S.14A:5-4 of the New Jersey Business Corporation Act which were amended in 2013 to permit participation by shareholders in meetings of shareholders by means of remote communication to the extent that the corporation's board of directors authorizes that participation, and participation shall be subject to such guidelines and procedures as the board

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adopts. N.J.S.14A:5-1 of the New Jersey Business Corporation Act was further amended in 2020 to remove the requirement that a meeting is required to be held at a physical location during a state of emergency declared by the Governor. This bill makes conforming changes to the New Jersey Nonprofit Corporation Act.

This bill will give nonprofit corporations greater flexibility in how they hold their meetings of members. Remote meetings can offer broader accessibility to members and increase member participation.

It also offers nonprofit corporations a potential cost savings, as the expense of meetings held solely by means of remote communication is typically less than the expense of meetings held at a designated place.