

## Remote Meetings Rules for Michigan

Nonprofit corporations in Michigan are bound by rules set forth in Public Act 162 of 1982 (MCL 450.2101 - 450.3192) and thus are limited to the kinds of e-meeting technologies they may use to hold a meeting. PA 162 prescribes that all meetings must be synchronous and at a minimum must allow all members to hear each other. **If a nonprofit corporation's bylaws permit, a meeting of shareholders or members may be held using remote technology as long as the meeting meets those criteria.** A telephone or web-conference technology would meet the criteria; however, e-mail would not as it is unlikely to be synchronous. Chat pods could be synchronous but do not allow members to hear one another, therefore, violate the rules set forth under PA 162, and are not allowed to be used for meetings of non-profit corporations.

Source: Eric Walcott, Michigan State University Extension - March 29, 2018

Michigan State University Extension Website

[https://www.canr.msu.edu/news/electronic\\_meetings\\_what\\_kinds\\_of\\_boards\\_can\\_use\\_them](https://www.canr.msu.edu/news/electronic_meetings_what_kinds_of_boards_can_use_them)

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### **Nonprofit Corporations Act amended - P.A. 9 of 2008**

The Nonprofit Corporation Act was amended by Public Act 9 of 2008 , effective February 29, 2008, to add provisions regarding electronic transactions and remote communications.

Existing nonprofit corporation should review the amendments below and determine whether the corporation would like to adopt any of the new permitted procedures. **It will require an amendment to the articles or bylaws to provide for meetings by remote communication. In addition, an amendment to the articles or bylaws will be needed to provide for voting by electronic transmission.** New corporations can include the provisions in their articles and bylaws at the time of formation.

To implement the use of electronic notice and communications will require the corporation obtain shareholder or member authorization of the manner of communication. The board will need to adopt guidelines and procedures for remote communications, participation by remote communication and voting.

Details of the amendments to the Nonprofit Corporation Act below:

#### Electronic Transmission - General Provisions

The amendment defines "electronic transmission" or "electronically transmitted" as any form of communication that meets all of the following:

- It does not involve the physical transmission of paper.
- It creates a record that may be retained and retrieved by the recipient
- It may be directly reproduced in paper form by the recipient through an automated process.

The amendments permit a nonprofit corporation to provide in its articles or bylaws for participation in meetings by conference telephone or remote communication, subject to guidelines and procedures adopted by the board. A shareholder or member not physically present at a meeting of shareholders or members may participate by means of remote communication and is considered present in person and can vote if all of the following are met:

The corporation implements reasonable measures to verify that each person considered present and permitted to vote at the meeting by means of remote communication is a shareholder or member.

The corporation implements reasonable measures to provide each shareholder or member a reasonable opportunity to participate in the meeting and to vote on matters submitted to the shareholders or members, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with the proceedings.

If a shareholder or member votes or takes other action at the meeting by means of remote communication, a record of the vote or other action is maintained by the corporation.

A shareholder or member may be present and vote at an adjourned meeting for the shareholders or members by a means of remote communication if he or she was permitted to be present and vote by that means or remote communication in the original meeting notice.

The amendments provided that when notice is required or permitted by the act to be in writing, electronic transmission is written notice. The amendment permits any notice or communication electronically transmitted to "in a manner authorized by the person."

For communications with the Corporations Division, the amendments permit the agency to provide written notice by electronic transmission if document was originally submitted by electronic transmission.

### Voting

The corporation may provide in its bylaws for voting by electronic transmission. In addition, nonprofit corporations may take action by unanimous written consent, without a meeting, and they may provide in the articles for action by written consent of minimum number of shareholders or members required if voting at a meeting. If a nonprofit corporation provides for voting by electronic transmission, consents may be given by electronic transmission. The date of electronic transmission is considered the date the consent was signed. A consent given by electronic transmission is delivered when reproduced in paper form and the paper form delivered to a corporation's principal office in this state or to an office or agent of the corporation.

The amendments also provide that a nonprofit corporation may provide in its articles for voting for directors "in person, by proxy, or by electronic transmission". If the corporation wishes to permit voting for directors by electronic transmission they may authorize it in the articles.

### Meetings

The amendments permit the board of director or a committee of the board to participate in a meeting by conference telephone or remote communication. Action may be taken by written consent without a meeting of all members of the board then in office or of the committee consent to the action in writing or by electronic transmission.

**Source:** <https://Michigan.gov/lara>