

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021**

**HOUSE BILL 320
RATIFIED BILL**

AN ACT TO MODIFY AUTHORIZATION TO CONDUCT MEETINGS BY MEANS OF REMOTE COMMUNICATION FOR CERTAIN ENTITIES, TO AUTHORIZE NONPROFIT CORPORATIONS TO CONDUCT ALL BUSINESS ELECTRONICALLY UNLESS PROHIBITED IN THEIR ARTICLES OF INCORPORATION OR BYLAWS, TO MAKE TECHNICAL CHANGES IN THE SURROUNDING LANGUAGE, AND TO EXEMPT CERTAIN NOT-FOR-PROFIT CORPORATIONS FORMED PRIOR TO JULY 1, 1989, FROM BEING REQUIRED TO HAVE AT LEAST ONE CLASS OF SHARES WITH UNLIMITED VOTING RIGHTS.

The General Assembly of North Carolina enacts:

PART I. AUTHORIZE SHAREHOLDER MEETINGS TO BE HELD SOLELY BY MEANS OF REMOTE COMMUNICATION

SECTION 1.(a) G.S. 55-7-01 reads as rewritten:

"§ 55-7-01. Annual meeting.

(a) A corporation shall hold a meeting of shareholders annually at a time stated in or fixed in accordance with the bylaws.

(b) ~~Annual~~ Unless the board of directors determines to hold the meeting solely by means of remote communication in accordance with G.S. 55-7-09(c), annual shareholders' meetings may be held (i) in or out of this State at the place stated in or fixed in accordance with the ~~bylaws.~~ bylaws, or (ii) if no place is stated in or fixed in accordance with the bylaws, ~~annual meetings shall be held~~ at the corporation's principal office.

...."

SECTION 1.(b) G.S. 55-7-02 reads as rewritten:

"§ 55-7-02. Special meeting.

(a) A corporation shall hold a special meeting of ~~shareholders;~~ shareholders if either of the following applies:

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

...

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

...."

SECTION 1.(c) G.S. 55-7-05 reads as rewritten:

"§ 55-7-05. Notice of meeting.

(a) A corporation shall notify shareholders of the date, time, and ~~place~~ place, if any, of each annual and special shareholders' meeting no fewer than 10 nor more than 60 days before the meeting date. If the board of directors has authorized participation by means of remote communication pursuant to G.S. 55-7-09 for any class or series of shareholders, the notice to



such class or series of shareholders shall describe the means of remote communication to be used. Unless this Chapter or the articles of incorporation require otherwise, the corporation is required to give notice only to shareholders entitled to vote at the meeting.

...

(e) Unless the bylaws require otherwise, if an annual or special shareholders' meeting is adjourned to a different date, time, or place, if any, notice need not be given of the new date, time, or place ~~place, if any, if the new date, time, or place is following~~ are announced at the meeting before ~~adjournment~~ adjournment:

- (1) The new date, time, or place, if any.
- (2) If the meeting is to be continued solely by means of remote communication, a description of the means of remote communication.

If a new record date for the adjourned meeting is or must be fixed under G.S. 55-7-07, however, notice of the adjourned meeting must be given under this section to persons who are shareholders as of the new record date.

(f) After a public corporation has notified shareholders of the date, time, and place of an annual or special shareholders' meeting in accordance with subsection (a) of this section, further notification in accordance with subsection (a) of this section is not required if all of the following apply:

- (1) A governmental order restricting travel or group gatherings applicable to the place of the shareholders' meeting or public corporation's principal office is in effect and is anticipated in good faith by the board of directors to be in effect at the date and time set forth in the initial notification, including by an anticipated extension of an existing order.
- (2) The public corporation's board of directors determines that the shareholders' meeting is instead to be held solely by means of remote communication in accordance with G.S. 55-7-09(c) at the same date and time set forth in the initial notification or at a different date and time.
- (3) The public corporation (i) promptly issues a press release for national dissemination announcing the determination of its board of directors that the shareholders' meeting is to be held solely by means of remote communication and describing the means of remote communication to be used and providing the date and time of the shareholders' meeting to be held solely by means of remote communication and (ii) files the press release with the Securities and Exchange Commission as close to the time the press release is issued as practicable and approximately contemporaneously posts such press release to its corporate website."

SECTION 1.(d) G.S. 55-7-09 reads as rewritten:

"§ 55-7-09. Remote participation in ~~meetings~~ meetings; meetings held solely by remote participation.

(a) To the extent authorized by a corporation's board of directors, shareholders of any class or series designated by the board of directors may participate in any meeting of shareholders by means of remote communication. Participation by means of remote communication shall be subject to such guidelines and procedures as the board of directors adopts and shall be in conformity with subsection (b) of this section.

(b) Shareholders participating in a shareholders' meeting by means of remote communication ~~shall be~~ are deemed present and may vote at ~~such a~~ the meeting if the corporation has implemented reasonable measures to do all of the following:

- (1) Verify that each person participating remotely is a shareholder.
- (2) Provide each shareholder participating remotely a reasonable opportunity to participate in the meeting and to vote on matters submitted to the shareholders,

including an opportunity to communicate and read or hear the proceedings of the meeting, substantially concurrently with such proceedings.

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

SECTION 1.(e) G.S. 55-7-20 reads as rewritten:

"§ 55-7-20. Shareholders' list for meeting.

(a) After fixing a record date for a meeting, a corporation shall prepare an alphabetical list of the names of all its shareholders who are entitled to notice of a shareholders' meeting. The list ~~must~~ shall be arranged by voting group ~~(and within each voting group group,~~ by class or series of ~~shares)~~ shares within each voting group, and shall show the address of and number of shares held by each shareholder.

(b) The shareholders' list ~~must~~ shall be available for inspection by any shareholder, beginning two business days after notice of the meeting is given for which the list was prepared and continuing through the meeting, (i) at the corporation's principal office or at a place identified in the meeting notice in the city where the meeting will be held, held or (ii) on a reasonably accessible electronic network, provided that the information required to gain access to the list is provided with the notice of the meeting. In the event that the corporation determines to make the list available on an electronic network, the corporation may take reasonable steps to ensure that the information is available only to shareholders of the corporation. A shareholder, personally or by or with his the shareholder's representative, is entitled on written demand to inspect and, subject to the requirements of G.S. 55-16-02(c), to copy the list, during regular business hours and at his the shareholder's expense, during the period it is available for inspection.

(c) ~~The~~ If the meeting is to be held at a place, the corporation shall make the shareholders' list available at the meeting, and any shareholder, personally or by or with his the shareholder's representative, is entitled to inspect the list at any time during the meeting or any adjournment. The ~~If the meeting is to be held at a place, the corporation is not required to make the list available through electronic or other means of remote communication to a shareholder or proxy attending the meeting by remote communication pursuant to G.S. 55-7-09. If the meeting is to be held solely by means of remote communication, then the list shall also be open to inspection during the meeting on a reasonably accessible electronic network, and the information required to access the list shall be provided with the notice of the meeting.~~

(d) If the corporation refuses to allow a shareholder or ~~his the shareholder's~~ representative to inspect the shareholders' list before or at the ~~meeting (or meeting,~~ or copy the list as permitted by subsection ~~(b)), (b),~~ the superior court of the county where a corporation's principal office ~~(or, if none in this State, its registered office)~~ is located, or, if the corporation has no principal office in this State, the superior court of the county where the corporation's registered office is located, on application of the shareholder, after notice is given to the corporation, may summarily order the inspection or copying at the corporation's expense and may postpone the meeting for which the list was prepared until the inspection or copying is complete.

(e) Refusal or failure to prepare or make available the shareholders' list does not affect the validity of action taken at the meeting."

SECTION 1.(f) G.S. 55-10-22 reads as rewritten:

"§ 55-10-22. Bylaw increasing quorum or voting requirement for directors-directors or prohibiting a meeting of shareholders solely by remote participation.

(a) A bylaw that fixes a greater quorum or voting requirement for the board of directors or that prohibits a meeting of shareholders solely by means of remote communication may be amended or ~~repealed; repealed~~ as follows:

- (1) If originally adopted by the shareholders, only by the shareholders, unless amendment or repeal by the board of directors is permitted pursuant to subsection ~~(b)~~(b) of this section.
- (2) If originally adopted by the board of directors, either by the shareholders or by the board of directors.

(b) A bylaw adopted or amended by the shareholders that fixes a greater quorum or voting requirement for the board of directors may provide that it may be amended or repealed only by a specified vote of either the shareholders or the board of directors.

(c) ~~A-The following applies to a~~ bylaw referred to in subsection ~~(a)~~(a) of this section.

- (1) ~~May-It shall~~ not be adopted by the board of directors by a vote less than a majority of the directors then in ~~office, and~~office.
- (2) ~~May-It shall~~ not itself be amended by a quorum or vote of the directors less than the quorum or vote therein prescribed or prescribed by the shareholders pursuant to subsection ~~(b)~~(b) of this section."

SECTION 1.(g) The Revisor of Statutes shall cause to be printed, as annotations to the published General Statutes, all relevant portions of the Official Comments to the Revised Model Business Corporation Act and all explanatory comments of the drafters of this section as the Revisor may deem appropriate.

PART II. AUTHORIZE NONPROFIT MEMBER MEETINGS TO BE HELD BY MEANS OF REMOTE COMMUNICATION; AUTHORIZE NONPROFITS TO CONDUCT ALL BUSINESS ELECTRONICALLY UNLESS PROHIBITED BY THE NONPROFIT

SECTION 2.(a) G.S. 55A-1-40(26) reads as rewritten:

"§ 55A-1-40. Chapter definitions.

In this Chapter unless otherwise specifically provided:

- ...
- (26) "Vote" includes authorization by written ballot and written consent, including through an electronic voting system or electronic ballot and electronic consent."

SECTION 2.(b) G.S. 55A-1-41 reads as rewritten:

"§ 55A-1-41. Notice.

...

(c) Written notice by a domestic or foreign corporation to its member is effective when deposited in the United States mail with postage ~~thereon~~-prepaid and correctly addressed to the member's address shown in the corporation's current record of members. ~~To the extent the corporation pursuant to G.S. 55A-1-70 and the member have agreed, notice~~ Notice by a domestic corporation ~~to its member~~ in the form of an electronic record sent by electronic means to a member who has designated an email address as provided in G.S. 55A-1-70(b) is effective when it is sent as provided in G.S. 66-325. A member may terminate any such agreement at any time on a prospective basis effective upon written notice of termination to the corporation or upon such later date as may be specified in the notice.

(d) Written notice to a domestic or foreign corporation (~~authorized~~ authorized to conduct affairs in this ~~State~~) State may be addressed to its registered agent at its registered office or to the corporation or its secretary at its principal office shown in its articles of incorporation, the Designation of Principal Office Address form, or any Corporation's Statement of Change of Principal Office Address form filed with the Secretary of State.

(e) Except as provided in subsection (c) of this section, written notice is effective at the earliest of the following:

- (1) When ~~received~~received.

- (2) Five days after its deposit in the United States mail, as evidenced by the postmark or otherwise, if mailed with at least first-class postage thereon prepaid and correctly ~~addressed;addressed.~~
- (3) On the date shown on the return receipt, if sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the ~~addressee;addressee.~~
- (4) If mailed with less than first-class postage, 30 days after its deposit in the United States mail, as evidenced by the postmark or otherwise, if mailed with postage thereon prepaid and correctly ~~addressed;addressed.~~
- (5) When delivered to the member's address shown in the corporation's current list of members.

In the case of notice in the form of an electronic record sent by electronic means, the time of receipt shall be determined as provided in G.S. 66-325.

(f) Written notice is correctly addressed to a member of a domestic or foreign corporation if addressed to the member's address shown in the corporation's current list of members. In the case of members who are residents of the same household and who have the same address, the corporation's bylaws may provide that a single notice may be given to ~~such~~the members jointly.
...."

SECTION 2.(c) G.S. 55A-1-70 reads as rewritten:

"§ 55A-1-70. Electronic transactions.

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

(b) Members who wish to communicate and conduct business with a corporation by electronic means shall first designate the email address to be used for communication and business between the member and the corporation and shall provide any other information required by the corporation to facilitate communication and business conducted between the member and the corporation. The corporation shall inform the members on how to designate an email address, of any additional information the corporation requires and how to provide it, and on how to update an email address and other required information previously provided.

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

SECTION 2.(d) G.S. 55A-2-07 reads as rewritten:

"§ 55A-2-07. Emergency bylaws.

(a) Unless the articles of incorporation provide otherwise, the board of directors of a corporation may adopt, amend, or repeal bylaws to be effective only in an emergency defined in subsection (d) of this section. The emergency bylaws, which are subject to amendment or repeal by the members, may make all provisions necessary for managing the corporation during the emergency, including:

- (1) Procedures for calling a meeting of the board of directors;
- (2) Quorum requirements for the meeting; and
- (3) Designation of additional or substitute directors.

(b) All provisions of the regular bylaws consistent with the emergency bylaws remain effective during the emergency. The emergency bylaws are not effective after the emergency ends.

(c) Corporate action taken in good faith in accordance with the emergency bylaws binds the corporation, and the fact that the action was taken pursuant to emergency bylaws shall not be used to impose liability on a corporate director, officer, employee, or agent.

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

SECTION 2.(e) G.S. 55A-3-03(d) reads as rewritten:

"§ 55A-3-03. Emergency powers.

...

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

SECTION 2.(f) G.S. 55A-7-01 reads as rewritten:

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

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

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

(c) Annual and regular membership meetings may be held (i) in person in or out of this State at the place stated in or fixed in accordance with the ~~bylaws~~bylaws or (ii) by means of remote communication, as provided in G.S. 55A-7-09. If no place is stated in or fixed in accordance with the bylaws, in-person annual and regular meetings shall be held at the corporation's principal office.

...."

SECTION 2.(g) G.S. 55A-7-02 reads as rewritten:

"§ 55A-7-02. Special meeting.

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

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

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

(b) If not otherwise fixed under G.S. 55A-7-03 or G.S. 55A-7-07, the record date for determining members entitled to demand a special meeting is the date the first member signs the demand.

(c) Special meetings of members may be held (i) in person in or out of this State at the place stated in or fixed in accordance with the ~~bylaws~~bylaws or (ii) by means of remote communication as provided in G.S. 55A-7-09. If no place is stated or fixed in accordance with the bylaws, in-person special meetings shall be held at the corporation's principal office.

(d) Only those matters that are within the purpose or purposes described in the meeting notice required by G.S. 55A-7-05 may be acted upon at a special meeting of members."

SECTION 2.(h) G.S. 55A-7-03 reads as rewritten:

"§ 55A-7-03. Court-ordered meeting.

(a) The superior court of the county where a corporation's principal office, or, if there is none in this State, its registered office, is located may, after notice is given to the corporation and upon such further notice and opportunity to be heard, if any, as the court may deem appropriate under the circumstances, summarily order a meeting to be ~~held~~held in any of the following circumstances:

- (1) On application of any member if an annual meeting was not held within 15 months after the corporation's last annual ~~meeting; or meeting.~~
- (2) On application of a member who signed a demand for a special meeting valid under G.S. 55A-7-02, if the corporation has not held the meeting as required by that section.

(b) The court may fix the time and place of the meeting, specify a record date for determining those persons entitled to notice of and to vote at the meeting, prescribe the form and content of the meeting notice, fix the quorum required for specific matters to be considered at the meeting (~~or or~~ direct that the votes represented at the meeting constitute a quorum for action on those ~~matters~~), matters, and enter other orders necessary to accomplish the purpose or purposes of the meeting. The court may order that the meeting be held by means of remote communication as provided in G.S. 55A-7-09.

(c) If the court orders a meeting, it may also order the corporation to pay all or part of the member's ~~costs (including costs, including reasonable attorneys' fees)~~ fees, incurred to obtain the order."

SECTION 2.(i) G.S. 55A-7-04 reads as rewritten:

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

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

...."

SECTION 2.(j) G.S. 55A-7-05 reads as rewritten:

"§ 55A-7-05. Notice of meeting.

...

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

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

(1a) If the meeting will be held by means of remote communication, the notice shall include all the information required by G.S. 55A-7-09.

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

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

(d) Unless the bylaws require otherwise, if an annual, regular, or special meeting of members is adjourned to a different date, time, or place, notice need not be given of the new date, time, or place, if the new date, time, or place is announced at the meeting before adjournment. If the meeting is to be continued by means of remote communication, the announcement shall also include a description of the means of remote communication. If a new record date for the adjourned meeting is or must be fixed under G.S. 55A-7-07, however, notice of the adjourned meeting shall be given under this section to the members of record entitled to vote at the meeting as of the new record date.

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

- (1) ~~Requested~~ The corporation is requested in writing to do so by a person or persons entitled to call a special meeting pursuant to G.S. 55A-7-02; and G.S. 55A-7-02.
- (2) The request is received by the secretary or president of the corporation at least 10 days before the corporation gives notice of the meeting."

SECTION 2.(k) G.S. 55A-7-06 reads as rewritten:

"§ 55A-7-06. Waiver of notice.

...

(b) A member's attendance at a ~~meeting;~~ meeting in person or by means of remote communication waives objection to all of the following:

- (1) ~~Waives objection to lack~~ Lack of notice or defective notice of the meeting, unless the member at the beginning of the meeting objects to holding the meeting or conducting business at the ~~meeting; and~~ meeting.
- (2) ~~Waives objection to consideration~~ Consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the member objects to considering the matter before it is voted ~~upon~~ upon in an in-person meeting."

SECTION 2.(l) G.S. 55A-7-08 reads as rewritten:

"§ 55A-7-08. ~~Action~~ Member action by written ballot, ballot or electronic voting without a meeting.

(a) Unless prohibited or limited by the articles of incorporation or bylaws and without regard to the requirements of G.S. 55A-7-04, any action that may be taken at any annual, regular, or special meeting of members may be taken without a meeting ~~if the corporation delivers a written ballot to every member entitled to vote on the matter. Any requirement that any vote of the members be made by written ballot may be satisfied by a ballot submitted by electronic transmission, including electronic mail, provided that such electronic transmission shall either set forth or be submitted with information from which it can be determined that the electronic transmission was authorized by the member or the member's proxy.~~ by written ballots or electronic voting as follows:

- (1) Written ballots. – The corporation may deliver a written ballot to members entitled to vote on the matter that sets forth each proposed action and provides an opportunity to vote for or against each proposed action. Unless secret balloting is required on the proposed action, the ballot shall contain or request information sufficient to identify the member or the member's proxy submitting the ballot. Written ballots may be submitted to the corporation by any reasonable means specified by the corporation, including email.
- (2) Electronic voting. – For members who have complied with G.S. 55A-1-70, the corporation may provide an electronic ballot or electronic notice that sets forth each proposed action and provides an opportunity and instructions on how to vote for or against each proposed action using the electronic ballot or an electronic voting system.

(b) A written ballot shall:

- (1) ~~Set forth each proposed action; and~~
- (2) ~~Provide an opportunity to vote for or against each proposed action.~~

~~(e)~~(b) All members entitled to vote on the matter shall be given the opportunity to vote on the proposed action by written ballot or electronic voting, or both. The board of directors may determine, in its discretion, whether votes shall be cast by written ballots or by electronic voting, or by both, provided that votes may be cast solely by electronic voting only if all members entitled

to vote on the proposed action have complied with G.S. 55A-1-70(b). Approval by written ballot or electronic voting, or both, pursuant to this section shall be valid only when the number of votes cast by written ballot or electronic voting, or both, equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the same total number of votes were cast.

~~(d)(c)~~ All written ballots or solicitations for votes by written ballot-ballot, all electronic ballots or solicitations for votes by electronic ballot, and all electronic voting notices shall indicate the time by which a written or electronic ballot shall be received by the corporation or by which electronic votes shall be cast in order to be counted. The deadline for the return of written ballots and electronic ballots and for the casting of electronic votes on any proposed action shall be identical.

~~(e)(d)~~ Except as otherwise provided in the articles of incorporation or bylaws, a-written ballot-any written ballot, electronic ballot, or electronic vote that is submitted shall not be revoked."

SECTION 2.(m) Article 7 of Chapter 55A of the General Statutes is amended by adding a new section to read:

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

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

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

- (1) Verify that each person participating remotely as a member is a member.
- (2) Provide the members a reasonable opportunity to participate in the meeting and to vote on matters submitted to the members to the same extent they could participate and vote if present in person, including an opportunity to communicate and to read or hear the proceedings of the meeting, substantially concurrently with the proceedings.

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

(d) In addition to the information required by G.S. 55A-7-05, notice of a meeting held solely by means of remote communication shall include notice that the meeting will be held solely by means of remote communication and sufficient instruction and information on how members may join the meeting remotely."

SECTION 2.(n) G.S. 55A-7-20 reads as rewritten:

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

...

(b) Beginning two business days after notice is given of the meeting for which the list was prepared and continuing through the meeting, the list of members shall be available for inspection by any member for the purpose of communication with other members concerning the meeting. The list shall be available (i) at the corporation's principal office or at a reasonable place identified in the meeting notice in the city where the meeting will be held for inspection by any member for the purpose of communication with other members concerning the meeting, or (ii) on a reasonably accessible electronic network, provided that the information required to gain

access to the list is provided with the notice of the meeting. In the event that the corporation determines to make the list available on an electronic network, the corporation may take reasonable steps to ensure that the information is available only to shareholders of the corporation. A member, personally or by or with his-the member's representatives, is entitled on written demand to inspect and, subject to the limitations of G.S. 55A-16-02(c) and G.S. 55A-16-05 and at his-the member's expense, to copy the list at a reasonable time during the period it is available for inspection.

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

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

...."

SECTION 2.(o) G.S. 55A-7-24 reads as rewritten:

"§ 55A-7-24. Proxies.

(a) Unless the articles of incorporation or bylaws prohibit or limit proxy voting, a member may vote in person or by proxy. A member may appoint one or more proxies to vote or otherwise act for the member by signing an appointment form, either personally or by the member's attorney-in-fact. ~~Without limiting G.S. 55A-1-70, an~~ An appointment in the form of an electronic record submitted by a member who has agreed as provided in G.S. 55A-1-70 that either bears the member's electronic signature or is sent from the member's designated email address and that may be directly reproduced in paper form by an automated process shall be deemed a valid appointment form within the meaning of this section. In addition, if and to the extent permitted by the nonprofit corporation, a member may appoint one or more proxies by any kind of telephonic transmission, even if not accompanied by written communication, under circumstances or together with information from which the nonprofit corporation can reasonably assume that the appointment was made or authorized by the member.

...

(c) An appointment of a proxy is revocable by the member unless the appointment form conspicuously states that it is irrevocable and the appointment is coupled with an interest. An appointment made irrevocable under this subsection shall be revocable when the interest with which it is coupled is extinguished. A transferee for value of an interest subject to an irrevocable appointment may revoke the appointment if ~~he-the transferee~~ did not have actual knowledge of its irrevocability.

...

(e) A revocable appointment of a proxy is revoked by the person appointing the ~~proxy; proxy~~ doing any of the following:

- (1) Attending any meeting and voting in ~~person; or person.~~
- (2) Signing and delivering to the secretary or other officer or agent authorized to tabulate proxy votes either a writing stating that the appointment of the proxy is revoked or a subsequent appointment form.

...."

SECTION 2.(p) G.S. 55A-8-20 reads as rewritten:

"§ 55A-8-20. Regular and special meetings.

(a) The board of directors may hold regular or special meetings in or out of this State.

(b) Unless the articles of incorporation or bylaws provide otherwise, the board of directors may permit any or all directors to participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all directors participating may simultaneously hear and be heard by each other during the meeting. A director participating in a meeting by this means is deemed to be present in person at the meeting."

SECTION 2.(q) G.S. 55A-8-21 reads as rewritten:

"§ 55A-8-21. Action without meeting.

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

...."

PART III. AUTHORIZE INSURANCE POLICYHOLDER MEETINGS TO BE HELD REMOTELY

SECTION 3. G.S. 58-8-10 reads as rewritten:

"§ 58-8-10. Policyholders are members of mutual companies.

(a) Every person insured by a mutual insurance company is a member while that person's policy is in force, entitled to one vote for each policy that person holds, and ~~must~~shall be notified of the (i) time and (ii) place of or method of remote communication, or both, for holding the company's meetings by a written notice or by an imprint upon the back of each policy, receipt, or certificate of renewal, as follows:

(1) If the meetings are to be held at a place, as follows: The insured is hereby notified that by virtue of this policy the insured is a member of the _____ insurance company, and that the annual meetings of the company are held at its home office on the _____ day of _____, in each year, at _____ o'clock.

(2) If the meetings are to be held solely by remote communication, as follows: The insured is hereby notified that by virtue of this policy the insured is a member of the _____ insurance company, and that the annual meetings of the company are held by means of remote communication, which can be accessed by _____ on the _____ day of _____, in each year, at _____ o'clock.

(3) If the meetings are to be held at a place and by remote communication, as follows: The insured is hereby notified that by virtue of this policy the insured is a member of the _____ insurance company, and that the annual meetings of the company are held at its home office and by means of remote communication, which can be accessed by _____ on the _____ day of _____, in each year, at _____ o'clock.

(b) The blanks in subsection (a) of this section shall be duly filled in print and are a sufficient notice. A corporation that becomes a member of a mutual insurance company may authorize any person to represent the corporation; and this representative has all the rights of an individual member. A person holding property in trust may insure it in a mutual insurance company, and as trustee assume the liability and be entitled to the rights of a member; but is not

personally liable upon the contract of insurance. Members may vote by proxies, dated and executed within one year after receipt, and returned and recorded on the books of the company three days or more before the meeting at which they are to be used.

(c) Participation by means of remote communication shall be subject to such guidelines and procedures as the board of directors adopts and shall be in conformity with subsection (d) of this section.

(d) Members participating in meetings by means of remote communication shall be deemed (i) present and (ii) voting in person at the meeting if the mutual insurance company has implemented reasonable measures to do all of the following:

- (1) Verify that each person participating remotely is a member.
- (2) Provide each member participating remotely a reasonable opportunity to participate in the meeting and to vote on matters submitted to the members, including an opportunity to communicate and read or hear the proceedings of the meeting, substantially concurrently with the proceedings.

(e) The board of directors may, in its sole discretion, determine that any meeting of members shall not be held at any place and shall instead be held solely by means of remote communication, but only if the mutual insurance company implements the measures specified in subsection (d) of this section."

PART IV. EXEMPT CERTAIN NOT-FOR-PROFIT CORPORATIONS FORMED PRIOR TO JULY 1, 1989, FROM BEING REQUIRED TO HAVE AT LEAST ONE CLASS OF SHARES WITH UNLIMITED VOTING RIGHTS

SECTION 4. G.S. 55-6-01(c) reads as rewritten:

"§ 55-6-01. Authorized shares.

...

- (c) The articles of incorporation must authorize
- (1) One or more classes of shares that together have unlimited voting rights, provided, however, that this subdivision shall not apply to articles of incorporation of not-for-profit corporations formed for religious, charitable, nonprofit, social, or literary purposes prior to July 1, 1989, and
 - (2) One or more classes of shares (which may be the same class or classes as those with voting rights) that together are entitled to receive the net assets of the corporation upon dissolution."

PART V. SEVERABILITY CLAUSE

SECTION 5. If any section or provision of this act is declared unconstitutional or invalid by the courts, it does not affect the validity of this act as a whole or any part other than the part so declared to be unconstitutional or invalid.

PART VI. EFFECTIVE DATE AND APPLICABILITY

SECTION 6. This act is effective when it becomes law. Sections 1, 2, and 3 of this act apply to meetings noticed on or after that date. Remote shareholder, policyholder, and member meetings noticed before the effective date of this act as a result of the state of emergency declared by Executive Order No. 116 on March 10, 2020, and complying with any subsequent executive orders authorizing remote shareholder, policy holder, or member meetings shall be deemed in compliance with this act. Section 4 of this act applies to not-for-profit corporations formed prior to July 1, 1989, existing as of the effective date of this act.

In the General Assembly read three times and ratified this the 16th day of September, 2021.

s/ Carl Ford
Presiding Officer of the Senate

s/ Donna McDowell White
Presiding Officer of the House of Representatives

Roy Cooper
Governor

Approved _____m. this _____ day of _____, 2021