

# ASSEMBLY, No. 3915

## STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED APRIL 9, 2020

**Sponsored by:**

**Assemblywoman AURA K. DUNN**

**District 25 (Morris and Somerset)**

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**District 25 (Morris and Somerset)**

**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.



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

3

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

6

7 1. N.J.S.15A:5-1 is amended to read as follows:

8 15A:5-1. a. Meetings of members of every corporation organized  
9 under this title may, unless otherwise provided by law, be held at a  
10 place, within or without this State, as may be provided in the bylaws  
11 or as may be fixed by the board pursuant to authority granted by the  
12 bylaws. In the absence of such a provision, all meetings of members  
13 shall be held at the registered office of the corporation. During a  
14 state of emergency declared by the Governor, a meeting of members  
15 may be held by means of remote communication to the extent the  
16 board authorizes and adopts guidelines and procedures governing  
17 such a meeting.

18 b. One or more members may participate in a meeting by means  
19 of remote communication to the extent the board authorizes that  
20 participation. Meetings conducted in part or solely by means of  
21 remote communication in reliance upon this subsection and any  
22 member's remote participation in those meetings shall be subject to  
23 those guidelines and procedures as the board adopts, and shall be in  
24 conformity with subsection c. of this section.

25 c. A member participating in a meeting of members by means of  
26 remote communication in reliance upon subsection a. of this section  
27 shall be deemed present in person and shall be entitled to vote at the  
28 meeting regardless of whether that meeting is held at a designated  
29 place or solely by means of remote communication. In any meeting  
30 conducted in part or solely by means of remote communication in  
31 reliance upon subsection a. of this section, the corporation shall  
32 implement reasonable measures to:

33 (1) verify that each person participating remotely is a member or  
34 a proxy of a member;

35 (2) provide each member participating remotely with a reasonable  
36 opportunity to participate in the meeting, including an opportunity to  
37 vote on matters submitted to the members, and to read or hear the  
38 proceedings of the meeting substantially concurrently with those  
39 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)

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44 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.

Matter underlined thus is new matter.

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

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

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

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21 3. This act shall take effect immediately.

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#### STATEMENT

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

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

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

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

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

6 This bill will give nonprofit corporations greater flexibility in how  
7 they hold their meetings of members. Remote meetings can offer  
8 broader accessibility to members and increase member participation.  
9 It also offers nonprofit corporations a potential cost savings, as the  
10 expense of meetings held solely by means of remote communication  
11 is typically less than the expense of meetings held at a designated  
12 place.