

ASSEMBLY BILL

No. 1211

Introduced by Assembly Member Silva

February 18, 2011

An act to amend Sections 1113, 5211, 5212, 5213, 5222, 5235, 5913, 6010, 6019.1, 6321, 6324, 6615, 6716, 7211, 7212, 7213, 8010, 8019.1, 8324, 8615, 9211, 9212, 9213, 9250, 9640, 12311, 12351, 12352, and 12353 of, and to add Sections 7914, 9634, and 18122 to, the Corporations Code, relating to not-for-profit corporations.

LEGISLATIVE COUNSEL'S DIGEST

AB 1211, as introduced, Silva. Not-for-profit corporations.

(1) Existing law provides for the formation and operations of nonprofit corporations. Existing law provides for establishing a quorum of a board of directors to take action at a meeting and allows the articles of incorporation or bylaws to require the presence of specified directors in order to constitute a quorum. Existing law provides that the death of a director excuses requiring the presence of that director to establish a quorum. Existing law authorizes a board of directors to take action by unanimous written consent in lieu of a meeting without the consent of an interested director, as defined.

This bill would instead provide that nonincumbency of a director excuses requiring the presence of a specified director to establish a quorum. The bill would also revise the definition of an "interested director," as specified.

(2) Existing law excludes interested directors, as defined, from the directors required to consent in order to take action without a meeting.

This bill would also, under specified circumstances, exclude common directors, as defined, from the directors required to consent in order to take action without a meeting.

(3) Existing law provides that a director has only one vote on any action at a meeting and prohibits a director from voting by proxy at a meeting.

This bill would apply those provisions to a unanimous written consent in lieu of a meeting.

(4) Existing law requires all public benefit corporations to obtain a waiver from the Attorney General’s office in order to file dissolution documents with the Secretary of State and requires those corporations to obtain the consent of the Attorney General to a proposed merger, except as specified.

This bill would exempt from these requirements specified public benefit corporations that are not otherwise subject to the supervisory authority of the Attorney General.

(5) Existing law requires certain charitable corporations and unincorporated associations holding property for charitable and certain other purposes to file specified reports with the Attorney General. Existing law requires a corporation to furnish an annual report to its members regarding transactions with interested persons.

This bill would allow a corporation to furnish to its members a copy of a report filed with the Attorney General in lieu of the above annual report when the report to the Attorney General includes the information required in the annual report.

(6) The bill would make other nonsubstantive and conforming changes.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 1113 of the Corporations Code is
- 2 amended to read:
- 3 1113. (a) Any one or more corporations may merge with one
- 4 or more other business entities (Section 174.5). One or more
- 5 domestic corporations (Section 167) not organized under this
- 6 division and one or more foreign corporations (Section 171) may
- 7 be parties to the merger. Notwithstanding the provisions of this

1 section, the merger of any number of corporations with any number
2 of other business entities may be effected only if:

3 (1) In a merger in which a domestic corporation not organized
4 under this division or a domestic other business entity is a party,
5 it is authorized by the laws under which it is organized to effect
6 the merger.

7 (2) In a merger in which a foreign corporation is a party, it is
8 authorized by the laws under which it is organized to effect the
9 merger.

10 (3) In a merger in which a foreign other business entity is a
11 party, it is authorized by the laws under which it is organized to
12 effect the merger.

13 (b) Each corporation and each other party which desires to merge
14 shall approve, and shall be a party to, an agreement of merger.
15 Other persons, including a parent party (Section 1200), may be
16 parties to the agreement of merger. The board of each corporation
17 which desires to merge, and, if required the shareholders, shall
18 approve the agreement of merger. The agreement of merger shall
19 be approved on behalf of each party by those persons required to
20 approve the merger by the laws under which it is organized. The
21 agreement of merger shall state:

22 (1) The terms and conditions of the merger.

23 (2) The name and place of incorporation or organization of each
24 party to the merger and the identity of the surviving party.

25 (3) The amendments, if any, subject to Sections 900 and 907,
26 to the articles of the surviving corporation, if applicable, to be
27 effected by the merger. If any amendment changes the name of
28 the surviving corporation, if applicable, the new name may be,
29 subject to subdivision (b) of Section 201, the same as or similar
30 to the name of a disappearing party to the merger.

31 (4) The manner of converting the shares of each constituent
32 corporation into shares, interests, or other securities of the surviving
33 party. If any shares of any constituent corporation are not to be
34 converted solely into shares, interests or other securities of the
35 surviving party, the agreement of merger shall state (i) the cash,
36 rights, securities, or other property which the holders of those
37 shares are to receive in exchange for the shares, which cash, rights,
38 securities, or other property may be in addition to or in lieu of
39 shares, interests or other securities of the surviving party, or (ii)
40 that the shares are canceled without consideration.

1 (5) Any other details or provisions required by the laws under
2 which any party to the merger is organized, including, if a public
3 benefit corporation or a religious corporation is a party to the
4 merger, Section 6019.1, or, if a mutual benefit corporation is a
5 party to the merger, Section 8019.1, or, if a consumer cooperative
6 corporation is a party to the merger, Section 12540.1, *or if an*
7 *unincorporated association is a party to the merger, Section 18370,*
8 or, if a domestic limited partnership is a party to the merger,
9 Section 15678.2 or 15911.12, or, if a domestic partnership is a
10 party to the merger, Section 16911, or, if a domestic limited
11 liability company is a party to the merger, Section 17551.

12 (6) Any other details or provisions as are desired, including,
13 without limitation, a provision for the payment of cash in lieu of
14 fractional shares or for any other arrangement with respect thereto
15 consistent with the provisions of Section 407.

16 (c) Each share of the same class or series of any constituent
17 corporation (other than the cancellation of shares held by a party
18 to the merger or its parent, or a wholly owned subsidiary of either,
19 in another constituent corporation) shall, unless all shareholders
20 of the class or series consent and except as provided in Section
21 407, be treated equally with respect to any distribution of cash,
22 rights, securities, or other property. Notwithstanding paragraph
23 (4) of subdivision (b), the unredeemable common shares of a
24 constituent corporation may be converted only into unredeemable
25 common shares of a surviving corporation or a parent party
26 (Section 1200) or unredeemable equity securities of a surviving
27 party other than a corporation if another party to the merger or its
28 parent owns, directly or indirectly, prior to the merger shares of
29 that corporation representing more than 50 percent of the voting
30 power of that corporation, unless all of the shareholders of the
31 class consent and except as provided in Section 407.

32 (d) Notwithstanding its prior approval, an agreement of merger
33 may be amended prior to the filing of the agreement of merger or
34 the certificate of merger, as is applicable, if the amendment is
35 approved by the board of each constituent corporation and, if the
36 amendment changes any of the principal terms of the agreement,
37 by the outstanding shares (Section 152), if required by Chapter 12
38 (commencing with Section 1200), in the same manner as the
39 original agreement of merger. If the agreement of merger as so
40 amended and approved is also approved by each of the other parties

1 to the agreement of merger, the agreement of merger as so amended
2 shall then constitute the agreement of merger.

3 (e) The board of a constituent corporation may, in its discretion,
4 abandon a merger, subject to the contractual rights, if any, of third
5 parties, including other parties to the agreement of merger, without
6 further approval by the outstanding shares (Section 152), at any
7 time before the merger is effective.

8 (f) Each constituent corporation shall sign the agreement of
9 merger by its chairperson of the board, president or a vice president
10 and also by its secretary or an assistant secretary acting on behalf
11 of their respective corporations.

12 (g) (1) If the surviving party is a corporation or a foreign
13 corporation, or if a public benefit corporation (Section 5060), a
14 mutual benefit corporation (Section 5059), a religious corporation
15 (Section 5061), or a corporation organized under the Consumer
16 Cooperative Corporation Law (Section 12200) is a party to the
17 merger, after required approvals of the merger by each constituent
18 corporation through approval of the board (Section 151) and any
19 approval of the outstanding shares (Section 152) required by
20 Chapter 12 (commencing with Section 1200) and by the other
21 parties to the merger, the surviving party shall file a copy of the
22 agreement of merger with an officers' certificate of each constituent
23 domestic and foreign corporation attached stating the total number
24 of outstanding shares or membership interests of each class entitled
25 to vote on the merger (and identifying any other person or persons
26 whose approval is required), that the agreement of merger in the
27 form attached or its principal terms, as required, were approved
28 by that corporation by a vote of a number of shares or membership
29 interests of each class that equaled or exceeded the vote required,
30 specifying each class entitled to vote and the percentage vote
31 required of each class and, if applicable, by that other person or
32 persons whose approval is required, or that the merger agreement
33 was entitled to be and was approved by the board alone (as
34 provided in Section 1201, in the case of corporations subject to
35 that section). If equity securities of a parent party (Section 1200)
36 are to be issued in the merger, the officers' certificate of that
37 controlled party shall state either that no vote of the shareholders
38 of the parent party was required or that the required vote was
39 obtained. In lieu of an officers' certificate, a certificate of merger,
40 on a form prescribed by the Secretary of State, shall be filed for

1 each constituent other business entity. The certificate of merger
2 shall be executed and acknowledged by each domestic constituent
3 limited liability company by all managers of the limited liability
4 company (unless a lesser number is specified in its articles of
5 organization or operating agreement) and by each domestic
6 constituent limited partnership by all general partners (unless a
7 lesser number is provided in its certificate of limited partnership
8 or partnership agreement) and by each domestic constituent general
9 partnership by two partners (unless a lesser number is provided in
10 its partnership agreement) and by each foreign constituent limited
11 liability company by one or more managers and by each foreign
12 constituent general partnership or foreign constituent limited
13 partnership by one or more general partners, and by each
14 constituent reciprocal insurer by the chairperson of the board,
15 president, or vice president, and by the secretary or assistant
16 secretary, or, if a constituent reciprocal insurer has not appointed
17 those officers, by the chairperson of the board, president, or vice
18 president, and by the secretary or assistant secretary of the
19 constituent reciprocal insurer's attorney-in-fact, and by each other
20 party to the merger by those persons required or authorized to
21 execute the certificate of merger by the laws under which that party
22 is organized, specifying for that party the provision of law or other
23 basis for the authority of the signing persons. The certificate of
24 merger shall set forth, if a vote of the shareholders, members,
25 partners, or other holders of interests of the constituent other
26 business entity was required, a statement setting forth the total
27 number of outstanding interests of each class entitled to vote on
28 the merger and that the agreement of merger in the form attached
29 or its principal terms, as required, were approved by a vote of the
30 number of interests of each class that equaled or exceeded the vote
31 required, specifying each class entitled to vote and the percentage
32 vote required of each class, and any other information required to
33 be set forth under the laws under which the constituent other
34 business entity is organized, including, if a domestic limited
35 partnership is a party to the merger, subdivision (a) of Section
36 15678.4 or subdivision (a) of Section 15911.14, if a domestic
37 partnership is a party to the merger, subdivision (b) of Section
38 16915, and, if a domestic limited liability company is a party to
39 the merger, subdivision (a) of Section 17552. The certificate of
40 merger for each constituent foreign other business entity, if any,

1 shall also set forth the statutory or other basis under which that
2 foreign other business entity is authorized by the laws under which
3 it is organized to effect the merger. The merger and any amendment
4 of the articles of the surviving corporation, if applicable, contained
5 in the agreement of merger shall be effective upon filing of the
6 agreement of merger with an officer's certificate of each constituent
7 domestic and foreign corporation and a certificate of merger for
8 each constituent other business entity, subject to subdivision (c)
9 of Section 110 and subject to the provisions of subdivision (j), and
10 the several parties thereto shall be one entity. If a domestic
11 reciprocal insurer organized after 1974 to provide medical
12 malpractice insurance is a party to the merger, the agreement of
13 merger or certificate of merger shall not be filed until there has
14 been filed the certificate issued by the Insurance Commissioner
15 approving the merger pursuant to Section 1555 of the Insurance
16 Code. The Secretary of State may certify a copy of the agreement
17 of merger separate from the officers' certificates and certificates
18 of merger attached thereto.

19 (2) If the surviving entity is an other business entity, and no
20 public benefit corporation (Section 5060), mutual benefit
21 corporation (Section 5059), religious corporation (Section 5061),
22 or corporation organized under the Consumer Cooperative
23 Corporation Law (Section 12200) is a party to the merger, after
24 required approvals of the merger by each constituent corporation
25 through approval of the board (Section 151) and any approval of
26 the outstanding shares (Section 152) required by Chapter 12
27 (commencing with Section 1200) and by the other parties to the
28 merger, the parties to the merger shall file a certificate of merger
29 in the office of, and on a form prescribed by, the Secretary of State.
30 The certificate of merger shall be executed and acknowledged by
31 each constituent domestic and foreign corporation by its
32 chairperson of the board, president or a vice president and also by
33 its secretary or an assistant secretary and by each domestic
34 constituent limited liability company by all managers of the limited
35 liability company (unless a lesser number is specified in its articles
36 of organization or operating agreement) and by each domestic
37 constituent limited partnership by all general partners (unless a
38 lesser number is provided in its certificate of limited partnership
39 or partnership agreement) and by each domestic constituent general
40 partnership by two partners (unless a lesser number is provided in

1 its partnership agreement) and by each foreign constituent limited
2 liability company by one or more managers and by each foreign
3 constituent general partnership or foreign constituent limited
4 partnership by one or more general partners, and by each
5 constituent reciprocal insurer by the chairperson of the board,
6 president, or vice president, and by the secretary or assistant
7 secretary, or, if a constituent reciprocal insurer has not appointed
8 those officers, by the chairperson of the board, president, or vice
9 president, and by the secretary or assistant secretary of the
10 constituent reciprocal insurer's attorney-in-fact. The certificate of
11 merger shall be signed by each other party to the merger by those
12 persons required or authorized to execute the certificate of merger
13 by the laws under which that party is organized, specifying for
14 that party the provision of law or other basis for the authority of
15 the signing persons. The certificate of merger shall set forth all of
16 the following:

17 (A) The name, place of incorporation or organization, and the
18 Secretary of State's file number, if any, of each party to the merger,
19 separately identifying the disappearing parties and the surviving
20 party.

21 (B) If the approval of the outstanding shares of a constituent
22 corporation was required by Chapter 12 (commencing with Section
23 1200), a statement setting forth the total number of outstanding
24 shares of each class entitled to vote on the merger and that the
25 principal terms of the agreement of merger were approved by a
26 vote of the number of shares of each class entitled to vote and the
27 percentage vote required of each class.

28 (C) The future effective date or time, not more than 90 days
29 subsequent to the date of filing of the merger, if the merger is not
30 to be effective upon the filing of the certificate of merger with the
31 office of the Secretary of State.

32 (D) A statement, by each party to the merger which is a domestic
33 corporation not organized under this division, a foreign corporation,
34 or an other business entity, of the statutory or other basis under
35 which that party is authorized by the laws under which it is
36 organized to effect the merger.

37 (E) Any other information required to be stated in the certificate
38 of merger by the laws under which each party to the merger is
39 organized, including, if a domestic limited liability company is a
40 party to the merger, subdivision (a) of Section 17552, if a domestic

1 partnership is a party to the merger, subdivision (b) of Section
2 16915, and, if a domestic limited partnership is a party to the
3 merger, subdivision (a) of Section 15678.4 or subdivision (a) of
4 Section 15911.14.

5 (F) Any other details or provisions that may be desired.

6 Unless a future effective date or time is provided in a certificate
7 of merger, in which event the merger shall be effective at that
8 future effective date or time, a merger shall be effective upon the
9 filing of the certificate of merger in the office of the Secretary of
10 State and the several parties thereto shall be one entity. The
11 surviving other business entity shall keep a copy of the agreement
12 of merger at its principal place of business which, for purposes of
13 this subdivision, shall be the office referred to in Section 17057 if
14 a domestic limited liability company, at the business address
15 specified in paragraph (5) of subdivision (a) of Section 17552 if
16 a foreign limited liability company, at the office referred to in
17 subdivision (a) of Section 16403 if a domestic general partnership,
18 at the business address specified in subdivision (f) of Section 16911
19 if a foreign partnership, at the office referred to in subdivision (a)
20 of Section 15614 or in subdivision (a) of Section 15901.14 if a
21 domestic limited partnership, or at the business address specified
22 in paragraph (5) of subdivision (a) of Section 15678.4 or paragraph
23 (3) of subdivision (a) of Section 15909.02 if a foreign limited
24 partnership. Upon the request of a holder of equity securities of a
25 party to the merger, a person with authority to do so on behalf of
26 the surviving other business entity shall promptly deliver to that
27 holder, a copy of the agreement of merger. A waiver by that holder
28 of the rights provided in the foregoing sentence shall be
29 unenforceable. If a domestic reciprocal insurer organized after
30 1974 to provide medical malpractice insurance is a party to the
31 merger the agreement of merger or certificate of merger shall not
32 be filed until there has been filed the certificate issued by the
33 Insurance Commissioner approving the merger in accordance with
34 Section 1555 of the Insurance Code.

35 (h) (1) A copy of an agreement of merger certified on or after
36 the effective date by an official having custody thereof has the
37 same force in evidence as the original and, except as against the
38 state, is conclusive evidence of the performance of all conditions
39 precedent to the merger, the existence on the effective date of the
40 surviving party to the merger and the performance of the conditions

1 necessary to the adoption of any amendment to the articles, if
2 applicable, contained in the agreement of merger.

3 (2) For all purposes for a merger in which the surviving entity
4 is a domestic other business entity and the filing of a certificate of
5 merger is required by paragraph (2) of subdivision (g), a copy of
6 the certificate of merger duly certified by the Secretary of State is
7 conclusive evidence of the merger of the constituent corporations,
8 either by themselves or together with the other parties to the
9 merger, into the surviving other business entity.

10 (i) (1) Upon a merger pursuant to this section, the separate
11 existences of the disappearing parties to the merger cease and the
12 surviving party to the merger shall succeed, without other transfer,
13 to all the rights and property of each of the disappearing parties to
14 the merger and shall be subject to all the debts and liabilities of
15 each in the same manner as if the surviving party to the merger
16 had itself incurred them.

17 (2) All rights of creditors and all liens upon the property of each
18 of the constituent corporations and other parties to the merger shall
19 be preserved unimpaired, provided that those liens upon property
20 of a disappearing party shall be limited to the property affected
21 thereby immediately prior to the time the merger is effective.

22 (3) Any action or proceeding pending by or against any
23 disappearing corporation or disappearing party to the merger may
24 be prosecuted to judgment, which shall bind the surviving party,
25 or the surviving party may be proceeded against or substituted in
26 its place.

27 (4) If a limited partnership or a general partnership is a party to
28 the merger, nothing in this section is intended to affect the liability
29 a general partner of a disappearing limited partnership or general
30 partnership may have in connection with the debts and liabilities
31 of the disappearing limited partnership or general partnership
32 existing prior to the time the merger is effective.

33 (j) (1) The merger of domestic corporations with foreign
34 corporations or foreign other business entities in a merger in which
35 one or more other business entities is a party shall comply with
36 subdivision (a) and this subdivision.

37 (2) If the surviving party is a domestic corporation or domestic
38 other business entity, the merger proceedings with respect to that
39 party and any domestic disappearing corporation shall conform to
40 the provisions of this section. If the surviving party is a foreign

1 corporation or foreign other business entity, then, subject to the
2 requirements of subdivision (c), and of Section 407 and Chapter
3 12 (commencing with Section 1200) and Chapter 13 (commencing
4 with Section 1300), and, if applicable, corresponding provisions
5 of the Nonprofit Corporation Law or the Consumer Cooperative
6 Corporation Law, with respect to any domestic constituent
7 corporations, Chapter 13 (commencing with Section 17600) of
8 Title 2.5 with respect to any domestic constituent limited liability
9 companies, Article 6 (commencing with Section 16601) of Chapter
10 5 of Title 2 with respect to any domestic constituent general
11 partnerships, and Article 7.6 (commencing with Section 15679.1)
12 of Chapter 3, and Article 11.5 (commencing with Section
13 15911.20) of Chapter 5.5 of Title 2 with respect to any domestic
14 constituent limited partnerships, the merger proceedings may be
15 in accordance with the laws of the state or place of incorporation
16 or organization of the surviving party.

17 (3) If the surviving party is a domestic corporation or domestic
18 other business entity, the certificate of merger or the agreement of
19 merger with attachments shall be filed as provided in subdivision
20 (g) and thereupon, subject to subdivision (c) of Section 110 or
21 paragraph (2) of subdivision (g), as is applicable, the merger shall
22 be effective as to each domestic constituent corporation and
23 domestic constituent other business entity.

24 (4) If the surviving party is a foreign corporation or foreign
25 other business entity, the merger shall become effective in
26 accordance with the law of the jurisdiction in which the surviving
27 party is organized, but, except as provided in paragraph (5), the
28 merger shall be effective as to any domestic disappearing
29 corporation as of the time of effectiveness in the foreign jurisdiction
30 upon the filing in this state of a copy of the agreement of merger
31 with an officers' certificate of each constituent foreign and
32 domestic corporation and a certificate of merger of each constituent
33 other business entity attached, which officers' certificates and
34 certificates of merger shall conform to the requirements of
35 paragraph (1) of subdivision (g). If one or more domestic other
36 business entities is a disappearing party in a merger pursuant to
37 this subdivision in which a foreign other business entity is the
38 surviving entity, a certificate of merger required by the laws under
39 which that domestic other business entity is organized, including
40 subdivision (a) of Section 15678.4, subdivision (a) of Section

1 15911.14, subdivision (b) of Section 16915, or subdivision (a) of
2 Section 17552, as is applicable, shall also be filed at the same time
3 as the filing of the agreement of merger.

4 (5) If the date of the filing in this state pursuant to this
5 subdivision is more than six months after the time of the
6 effectiveness in the foreign jurisdiction, or if the powers of a
7 domestic disappearing corporation are suspended at the time of
8 effectiveness in the foreign jurisdiction, the merger shall be
9 effective as to the domestic disappearing corporation as of the date
10 of filing in this state.

11 (6) In a merger described in paragraph (3) or (4), each foreign
12 disappearing corporation that is qualified for the transaction of
13 intrastate business shall by virtue of the filing pursuant to this
14 subdivision, subject to subdivision (c) of Section 110, automatically
15 surrender its right to transact intrastate business in this state. The
16 filing of the agreement of merger or certificate of merger, as is
17 applicable, pursuant to this subdivision, by a disappearing foreign
18 other business entity registered for the transaction of intrastate
19 business in this state shall, by virtue of that filing, subject to
20 subdivision (c) of Section 110, automatically cancels the
21 registration for that foreign other business entity, without the
22 necessity of the filing of a certificate of cancellation.

23 SEC. 2. Section 5211 of the Corporations Code is amended to
24 read:

25 5211. (a) Unless otherwise provided in the articles or in the
26 bylaws, all of the following apply:

27 (1) Meetings of the board may be called by the chair of the
28 board or the president or any vice president or the secretary or any
29 two directors.

30 (2) Regular meetings of the board may be held without notice
31 if the time and place of the meetings are fixed by the bylaws or
32 the board. Special meetings of the board shall be held upon four
33 days' notice by first-class mail or 48 hours' notice delivered
34 personally or by telephone, including a voice messaging system
35 or by electronic transmission by the corporation (Section 20). The
36 articles or bylaws may not dispense with notice of a special
37 meeting. A notice, or waiver of notice, need not specify the purpose
38 of any regular or special meeting of the board.

39 (3) Notice of a meeting need not be given to a director who
40 provides a waiver of notice or consent to holding the meeting or

1 an approval of the minutes thereof in writing, whether before or
2 after the meeting, or who attends the meeting without protesting,
3 prior thereto or at its commencement, the lack of notice to that
4 director. These waivers, consents and approvals shall be filed with
5 the corporate records or made a part of the minutes of the meetings.

6 (4) A majority of the directors present, whether or not a quorum
7 is present, may adjourn any meeting to another time and place. If
8 the meeting is adjourned for more than 24 hours, notice of an
9 adjournment to another time or place shall be given prior to the
10 time of the adjourned meeting to the directors who were not present
11 at the time of the adjournment.

12 (5) Meetings of the board may be held at a place within or
13 without the state that has been designated in the notice of the
14 meeting or, if not stated in the notice or there is no notice,
15 designated in the bylaws or by resolution of the board.

16 (6) ~~Members of the board~~ *Directors* may participate in a meeting
17 through use of conference telephone, electronic video screen
18 communication or electronic transmission by and to the corporation
19 (Sections 20 and 21). Participation in a meeting through use of
20 conference telephone or electronic video screen communication
21 pursuant to this subdivision constitutes presence in person at that
22 meeting as long as all ~~members~~ *directors* participating in the
23 meeting are able to hear one another. Participation in a meeting
24 through use of electronic transmission by and to the corporation,
25 other than conference telephone and electronic video screen
26 communication, pursuant to this subdivision constitutes presence
27 in person at that meeting if both of the following apply:

28 (A) Each ~~member~~ *director* participating in the meeting can
29 communicate with all of the other ~~members~~ *directors* concurrently.

30 (B) Each ~~member~~ *director* is provided the means of participating
31 in all matters before the board, including, without limitation, the
32 capacity to propose, or to interpose an objection to, a specific
33 action to be taken by the corporation.

34 (7) A majority of the number of directors authorized in or
35 pursuant to the articles or bylaws constitutes a quorum of the board
36 for the transaction of business. The articles or bylaws may require
37 the presence of one or more specified directors in order to constitute
38 a quorum of the board to transact business, as long as the ~~death of~~
39 a *nonincumbency of the specified* director or the death or
40 nonexistence of the person or persons otherwise authorized to

1 appoint or designate that director does not prevent the corporation
2 from transacting business in the normal course of events. The
3 articles or bylaws may not provide that a quorum shall be less than
4 one-fifth the number of directors authorized in or pursuant to the
5 articles or bylaws, or less than two, whichever is larger, unless the
6 number of directors authorized in or pursuant to the articles or
7 bylaws is one, in which case one director constitutes a quorum.

8 (8) Subject to the provisions of Sections 5212, 5233, 5234,
9 5235, and subdivision (e) of Section 5238, an act or decision done
10 or made by a majority of the directors present at a meeting duly
11 held at which a quorum is present is the act of the board. The
12 articles or bylaws may not provide that a lesser vote than a majority
13 of the directors present at a meeting is the act of the board. A
14 meeting at which a quorum is initially present may continue to
15 transact business notwithstanding the withdrawal of directors, if
16 any action taken is approved by at least a majority of the required
17 quorum for that meeting, or a greater number required by this
18 division, the articles or the bylaws.

19 (b) An action required or permitted to be taken by the board
20 may be taken without a meeting; if all ~~members of the board shall~~
21 *directors* individually or collectively consent in writing to that
22 action *and if, subject to subdivision (a) of Section 5224, the number*
23 *of directors then in office constitutes a quorum.* The written consent
24 or consents shall be filed with the minutes of the proceedings of
25 the board. The action by written consent shall have the same force
26 and effect as a unanimous vote of the directors. For purposes of
27 this subdivision only, “~~all members of the board~~” *directors*” does
28 not include an “interested director” as defined in *subdivision (a)*
29 *of Section 5233 or a “common director” as described in*
30 *subdivision (b) of Section 5234 who abstains in writing from*
31 *providing consent, where (1) the facts described in paragraph (2)*
32 *or (3) of subdivision (d) of Section 5233 are established or the*
33 *provisions of paragraph (1) or (2) of subdivision (a) of Section*
34 *5234 are satisfied, as appropriate, at or prior to execution of the*
35 *written consent or consents; (2) the establishment of those facts*
36 *or satisfaction of those provisions, as applicable, is included in*
37 *the written consent or consents executed by the noninterested or*
38 *noncommon directors or in other records of the corporation; and*
39 *(3) the noninterested or noncommon directors, as applicable,*

1 *approve the action by a vote that is sufficient without counting the*
2 *votes of the interested directors or common directors.*

3 (c) Each director ~~present and voting at a meeting~~ shall have one
4 vote on each matter presented to the board of directors for action
5 ~~at that meeting~~. No director may vote ~~at any meeting~~ by proxy.

6 (d) The provisions of this section apply also to incorporators,
7 to committees of the board, and to action by those incorporators
8 or committees mutatis mutandis.

9 SEC. 3. Section 5212 of the Corporations Code is amended to
10 read:

11 5212. (a) The board may, by resolution adopted by a majority
12 of the number of directors then in office, provided that a quorum
13 is present, create one or more committees, each consisting of two
14 or more directors, to serve at the pleasure of the board.
15 Appointments to such committees shall be by a majority vote of
16 the directors then in office, unless the articles or bylaws require a
17 majority vote of the number of directors authorized in or pursuant
18 to the articles or bylaws. The bylaws may authorize one or more
19 such committees, each consisting of two or more directors, and
20 may provide that a specified officer or officers who are also
21 directors of the corporation shall be a member or members of such
22 committee or committees. The board may appoint one or more
23 directors as alternate members of such committee, who may replace
24 any absent member at any meeting of the committee. Such
25 committee, to the extent provided in the resolution of the board or
26 in the bylaws, shall have all the authority of the board, except with
27 respect to:

28 (1) The approval of any action for which this part also requires
29 approval of the members (Section 5034) or approval of a majority
30 of all members (Section 5033), regardless of whether the
31 corporation has members.

32 (2) The filling of vacancies on the board or in any committee
33 which has the authority of the board.

34 (3) The fixing of compensation of the directors for serving on
35 the board or on any committee.

36 (4) The amendment or repeal of bylaws or the adoption of new
37 bylaws.

38 (5) The amendment or repeal of any resolution of the board
39 which by its express terms is not so amendable or repealable.

1 (6) The appointment of committees of the board or the members
2 thereof.

3 (7) The expenditure of corporate funds to support a nominee
4 for director after there are more people nominated for director than
5 can be elected.

6 (8) The approval of any self-dealing transaction except as
7 provided in paragraph (3) of subdivision (d) of Section 5233.

8 (b) A committee exercising the authority of the board shall not
9 include as members persons who are not directors. However, the
10 board may create other committees that do not exercise the
11 authority of the board and these other committees may include
12 persons ~~who are not~~ *regardless of whether they are* directors.

13 (c) Unless the bylaws otherwise provide, the board may delegate
14 to any committee powers as authorized by Section 5210, but may
15 not delegate the powers set forth in paragraphs (1) to (8), inclusive,
16 of subdivision (a).

17 (d) *The board shall take actions regarding audit committees*
18 *that are required by subdivision (e) of Section 12586 of the*
19 *Government Code, if applicable.*

20 SEC. 4. Section 5213 of the Corporations Code is amended to
21 read:

22 5213. (a) A corporation shall have a chair of ~~its~~ *the* board,
23 who may be given the title chair of the board, chairperson of the
24 board, chairman of the board, or chairwoman of the board, or a
25 president or both, a secretary, a treasurer or a chief financial officer
26 or both, and any other officers with any titles and duties as shall
27 be stated in the bylaws or determined by the board and as may be
28 necessary to enable it to sign instruments. The president, or if there
29 is no president the chair of the board, is the general manager and
30 chief executive officer of the corporation, unless otherwise
31 provided in the articles or bylaws. Unless otherwise specified in
32 the articles or the bylaws, if there is no chief financial officer, the
33 treasurer is the chief financial officer of the corporation. Any
34 number of offices may be held by the same person unless the
35 articles or bylaws provide otherwise, except that *no person serving*
36 *as the secretary, the treasurer, or the chief financial officer may*
37 ~~not~~ *serve concurrently as the president or chair of the board. Any*
38 *compensation of the president or chief executive officer and the*
39 *chief financial officer or treasurer shall be determined in*

1 *accordance with subdivision (g) of Section 12586 of the*
2 *Government Code, if applicable.*

3 (b) Except as otherwise provided by the articles or bylaws,
4 officers shall be chosen by the board and serve at the pleasure of
5 the board, subject to the rights, if any, of an officer under any
6 contract of employment. Any officer may resign at any time upon
7 written notice to the corporation without prejudice to the rights, if
8 any, of the corporation under any contract to which the officer is
9 a party.

10 (c) If the articles or bylaws provide for the election of any
11 officers by the members, the term of office of the elected officer
12 shall be one year unless the articles or bylaws provide for a
13 different term which shall not exceed three years.

14 SEC. 5. Section 5222 of the Corporations Code is amended to
15 read:

16 5222. (a) Subject to subdivisions (b) and (f), any or all directors
17 may be removed without cause if:

18 (1) In a corporation with fewer than 50 members, the removal
19 is approved by a majority of all members (Section 5033).

20 (2) In a corporation with 50 or more members, the removal is
21 approved by the members (Section 5034).

22 (3) In a corporation with no members, the removal is approved
23 by a majority of the directors then in office.

24 (b) Except for a corporation having no members pursuant to
25 Section 5310:

26 (1) In a corporation in which the articles or bylaws authorize
27 members to cumulate their votes pursuant to subdivision (a) of
28 Section 5616, no director may be removed (unless the entire board
29 is removed) if the votes cast against removal, or not consenting in
30 writing to the removal, would be sufficient to elect the director if
31 voted cumulatively at an election at which the same total number
32 of votes were cast (or, if the action is taken by written ballot, all
33 memberships entitled to vote were voted) and the entire number
34 of directors authorized at the time of the director's most recent
35 election were then being elected.

36 (2) If by the provisions of the articles or bylaws the members
37 of any class, voting as a class, are entitled to elect one or more
38 directors, any director so elected may be removed only by the
39 applicable vote of the members of that class.

1 (3) If by the provisions of the articles or bylaws the members
2 within a chapter or other organizational unit, or region or other
3 geographic grouping, voting as such, are entitled to elect one or
4 more directors, any director so elected may be removed only by
5 the applicable vote of the members within the organizational unit
6 or geographic grouping.

7 (c) Any reduction of the authorized number of directors or any
8 amendment reducing the number of classes of directors does not
9 remove any director prior to the expiration of the director's term
10 of office unless the reduction or any amendment also provides for
11 the removal of one or more specified directors.

12 (d) Except as provided in this section and Sections 5221~~and~~,
13 5223, *and* 5227, a director may not be removed prior to the
14 expiration of the director's term of office.

15 (e) If a director removed under this section~~or~~, Section 5221~~or~~,
16 *Section* 5223, *or Section* 5227 was chosen by designation pursuant
17 to subdivision (d) of Section 5220, then:

18 (1) If a different person may be designated pursuant to a
19 governing article or bylaw provision, the new designation shall be
20 made.

21 (2) If the governing article or bylaw provision contains no
22 provision under which a different person may be designated, the
23 governing article or bylaw provision shall be deemed repealed.

24 (f) For the purposes of this subdivision, "designator" means one
25 or more designators. If by the provisions of the articles or bylaws
26 a designator is entitled to designate one or more directors, then:

27 (1) Unless otherwise provided in the articles or bylaws at the
28 time of designation, any director so designated may be removed
29 without cause by the designator of that director.

30 (2) Any director so designated may only be removed under
31 subdivision (a) with the written consent of the designator of that
32 director.

33 (3) Unless otherwise provided in the articles or bylaws, the right
34 to remove shall not apply if any of the following circumstances
35 exist:

36 (A) The designator entitled to that right has died or ceased to
37 exist.

38 (B) If that right is in the capacity of an officer, trustee, or other
39 status, and the office, trust, or status has ceased to exist.

1 SEC. 6. Section 5235 of the Corporations Code is amended to
2 read:

3 5235. (a) The board may fix the compensation of a director,
4 as director or officer, and no obligation, otherwise valid, to pay
5 such compensation shall be voidable merely because the persons
6 receiving the compensation participated in the decision to pay it,
7 unless it was not just and reasonable as to the corporation at the
8 time it was authorized, ratified or approved. *The board shall take*
9 *other actions that are required by subdivision (g) of Section 12586*
10 *of the Government Code, if applicable.*

11 (b) In the absence of fraud, any liability under this section shall
12 be limited to the amount by which the compensation exceeded
13 what was just and reasonable, plus interest from the date of
14 payment.

15 SEC. 7. Section 5913 of the Corporations Code is amended to
16 read:

17 5913. Except for an agreement or transaction subject to Section
18 5914 or 5920, a corporation shall give written notice to the
19 Attorney General 20 days before it sells, leases, conveys,
20 exchanges, transfers or otherwise disposes of all or substantially
21 all of its assets unless the transaction is in the usual and regular
22 course of its activities or unless the Attorney General has given
23 the corporation a written waiver of this section as to the proposed
24 transaction. *This section shall not apply to a public benefit*
25 *corporation that is exempt from the supervisory authority of the*
26 *Attorney General pursuant to Sections 12581 and 12583 of the*
27 *Government Code by virtue of being a committee, as defined in*
28 *Section 82013 of the Government Code, that is required to and*
29 *does file any statement pursuant to the provisions of Article 2*
30 *(commencing with Section 84200) of Chapter 4 of Title 9 of the*
31 *Government Code.*

32 SEC. 8. Section 6010 of the Corporations Code is amended to
33 read:

34 6010. (a) A public benefit corporation may merge with any
35 domestic corporation, foreign corporation (Section 171), or other
36 business entity (Section 5063.5). However, without the prior
37 written consent of the Attorney General, a public benefit
38 corporation may only merge with another public benefit corporation
39 or a religious corporation or a foreign nonprofit corporation ~~the~~
40 ~~articles of which provide that its~~ *or an unincorporated association*

1 *the assets of which* are irrevocably dedicated to charitable,
2 religious, or public purposes. *In addition, a public benefit*
3 *corporation that is exempt from the supervisory authority of the*
4 *Attorney General pursuant to Sections 12581 and 12583 of the*
5 *Government Code by virtue of being a committee, as defined in*
6 *Section 82013 of the Government Code, that is required to and*
7 *does file any statement pursuant to the provisions of Article 2*
8 *(commencing with Section 84200) of Chapter 4 of Title 9 of the*
9 *Government Code, may merge with another public benefit*
10 *corporation similarly exempt without having to obtain the Attorney*
11 *General's consent.*

12 (b) At least 20 days prior to consummation of any merger
13 allowed by subdivision (a), the Attorney General must be provided
14 with a copy of the proposed agreement of merger.

15 (c) Without the prior written consent of the Attorney General,
16 when a merger occurs pursuant to subdivision (a), each member
17 of a constituent corporation may only receive or keep a membership
18 in the surviving corporation for or as a result of the member's
19 membership in the constituent corporation.

20 SEC. 9. Section 6019.1 of the Corporations Code is amended
21 to read:

22 6019.1. (a) Subject to the provisions of Sections 6010 and
23 9640, any one or more corporations may merge with one or more
24 other business entities (Section 5063.5). One or more other
25 domestic corporations and foreign corporations (Section 5053)
26 may be parties to the merger. Notwithstanding the provisions of
27 this section, such a merger may be effected only if:

28 (1) In a merger in which a domestic corporation or domestic
29 other business entity is a party, it is authorized by the laws under
30 which it is organized to effect the merger.

31 (2) In a merger in which a foreign corporation is a party, it is
32 authorized by the laws under which it is organized to effect the
33 merger.

34 (3) In a merger in which a foreign other business entity is a
35 party, it is authorized by the laws under which it is organized to
36 effect the merger.

37 (b) Each corporation and each other party which desires to merge
38 shall approve an agreement of merger. The board and the members
39 (Section 5034) of each corporation which desires to merge, and
40 each other person or persons, if any, whose approval of an

1 amendment of the articles of that corporation is required by the
2 articles or bylaws shall approve the agreement of merger. The
3 agreement of merger shall be approved on behalf of each other
4 party by those persons authorized or required to approve the merger
5 by the laws under which it is organized. The parties desiring to
6 merge shall be parties to the agreement of merger and other
7 persons, including a parent party (Section 5064.5), may be parties
8 to the agreement of merger. The agreement of merger shall state
9 all of the following:

- 10 (1) The terms and conditions of the merger.
- 11 (2) The name and place of incorporation or organization of each
12 party and the identity of the surviving party.
- 13 (3) The amendments, if any, subject to Sections 5810 and 5816,
14 to the articles of the surviving corporation, if applicable, to be
15 effected by the merger. The name of the surviving corporation
16 may be, subject to subdivision (b) of Section 5122 and subdivision
17 (b) of Section 9122, the same as, or similar to, the name of a
18 disappearing party to the merger.
- 19 (4) The manner, if any, of converting the memberships of each
20 of the constituent corporations into shares, memberships, interests,
21 or other securities of the surviving party; and, if any memberships
22 of any of the constituent corporations are not to be converted solely
23 into shares, memberships, interests, or other securities of the
24 surviving party, the cash, rights, securities, or other property which
25 the holders of those memberships are to receive in exchange for
26 the memberships, which cash, rights, securities, or other property
27 may be in addition to, or in lieu of, shares, memberships, interests,
28 or other securities of the surviving corporation or surviving other
29 business entity.
- 30 (5) Any other details or provisions required by the laws under
31 which any party to the merger is organized, including, *if an*
32 *unincorporated association is a party to the merger, Section 18370,*
33 *or if a domestic limited partnership is a party to the merger,*
34 *subdivision (a) of Section 15678.2 or 15911.12, if a domestic*
35 *general partnership is a party to the merger, subdivision (a) of*
36 *Section 16911, or, if a domestic limited liability company is a party*
37 *to the merger, subdivision (a) of Section 17551.*
- 38 (6) Any other details or provisions as are desired.
- 39 (c) Notwithstanding its prior approval, an agreement of merger
40 may be amended prior to the filing of the agreement of merger if

1 the amendment is approved by each constituent corporation in the
2 same manner as the original agreement of merger. If the agreement
3 of merger as so amended and approved is also approved by each
4 of the other parties to the agreement of merger, as so amended it
5 shall then constitute the agreement of merger.

6 (d) The board of a constituent corporation may, in its discretion,
7 abandon a merger, subject to the contractual rights, if any, of third
8 parties, including other parties to the agreement of merger, without
9 further approval by the members (Section 5034) or other persons,
10 at any time before the merger is effective.

11 (e) Each constituent corporation shall sign the agreement of
12 merger by its chairperson of the board, president or a vice president,
13 and also by its secretary or an assistant secretary acting on behalf
14 of their respective corporations.

15 (f) After required approvals of the merger by each constituent
16 corporation and each other party to the merger, the surviving party
17 shall file a copy of the agreement of merger with an officers'
18 certificate of each constituent domestic and foreign corporation
19 attached stating the total number of outstanding shares or
20 membership interests of each class, if any, entitled to vote on the
21 merger (and identifying any other person or persons whose
22 approval is required), that the agreement of merger in the form
23 attached or its principal terms, as required, were approved by that
24 corporation by a vote of a number of shares or membership
25 interests of each class entitled to vote, if any, which equaled or
26 exceeded the vote required, specifying each class entitled to vote
27 and the percentage vote required of each class, and, if applicable,
28 by that other person or persons whose approval is required.

29 If equity securities of a parent party (Section 5064.5) are to be
30 issued in the merger, the officers' certificate or certificate of merger
31 of the controlled party shall state either that no vote of the
32 shareholders of the parent party was required or that the required
33 vote was obtained. The merger and any amendment of the articles
34 of the surviving corporation, if applicable, contained in the
35 agreement of merger shall be effective upon the filing of the
36 agreement of merger, subject to the provisions of subdivision (h).
37 If a domestic reciprocal insurer organized after 1974 to provide
38 medical malpractice insurance is a party to the merger, the
39 agreement of merger or certificate of merger shall not be filed until
40 there has been filed the certificate issued by the Insurance

1 Commissioner approving the merger pursuant to Section 1555 of
2 the Insurance Code.

3 In lieu of an officers' certificate, a certificate of merger, on a
4 form prescribed by the Secretary of State, shall be filed for each
5 constituent other business entity. The certificate of merger shall
6 be executed and acknowledged by each domestic constituent
7 limited liability company by all of the managers of the limited
8 liability company (unless a lesser number is specified in its articles
9 of organization or operating agreement) and by each domestic
10 constituent limited partnership by all general partners (unless a
11 lesser number is provided in its certificate of limited partnership
12 or partnership agreement) and by each domestic constituent general
13 partnership by two partners (unless a lesser number is provided in
14 its partnership agreement) and by each foreign constituent limited
15 liability company by one or more managers and by each foreign
16 constituent general partnership or foreign constituent limited
17 partnership by one or more general partners, and by each
18 constituent reciprocal insurer by the chairperson of the board,
19 president, or vice president, and also by the secretary or assistant
20 secretary, or, if a constituent reciprocal insurer has not appointed
21 such officers, by the chairperson of the board, president, or vice
22 president, and also by the secretary or assistant secretary of the
23 constituent reciprocal insurer's attorney-in-fact, and by each other
24 party to the merger by those persons required or authorized to
25 execute the certificate of merger by the laws under which that party
26 is organized, specifying for such party the provision of law or other
27 basis for the authority of the signing persons.

28 The certificate of merger shall set forth, if a vote of the
29 shareholders, members, partners, or other holders of interests of a
30 constituent other business entity was required, a statement setting
31 forth the total number of outstanding interests of each class entitled
32 to vote on the merger and that the agreement of merger or its
33 principal terms, as required, were approved by a vote of the number
34 of interests of each class which equaled or exceeded the vote
35 required, specifying each class entitled to vote and the percentage
36 vote required of each class, and any other information required to
37 be set forth under the laws under which the constituent other
38 business entity is organized, including, if a domestic limited
39 partnership is a party to the merger, subdivision (a) of Section
40 15678.4 or 15911.14, if a domestic general partnership is a party

1 to the merger, subdivision (b) of Section 16915, and, if a domestic
2 limited liability company is a party to the merger, subdivision (a)
3 of Section 17552. The certificate of merger for each constituent
4 foreign other business entity, if any, shall also set forth the statutory
5 or other basis under which that foreign other business entity is
6 authorized by the laws under which it is organized to effect the
7 merger.

8 The Secretary of State may certify a copy of the agreement of
9 merger separate from the officers' certificates and certificates of
10 merger attached thereto.

11 (g) A copy of an agreement of merger certified on or after the
12 effective date by an official having custody thereof has the same
13 force in evidence as the original and, except as against the state,
14 is conclusive evidence of the performance of all conditions
15 precedent to the merger, the existence on the effective date of the
16 surviving party to the merger, the performance of the conditions
17 necessary to the adoption of any amendment to the articles, if
18 applicable, contained in the agreement of merger, and the merger
19 of the constituent corporations, either by themselves or together
20 with other constituent parties, into the surviving party to the
21 merger.

22 (h) (1) The merger of domestic corporations with foreign
23 corporations or foreign other business entities in a merger in which
24 one or more other business entities is a party shall comply with
25 subdivisions (a) and (f) and this subdivision.

26 (2) Subject to subdivision (c) of Section 5008 and paragraph
27 (3), the merger shall be effective as to each domestic constituent
28 corporation and domestic constituent other business entity upon
29 filing of the agreement of merger with attachments as provided in
30 subdivision (f).

31 (3) If the surviving party is a foreign corporation or foreign
32 other business entity, except as provided in paragraph (4), the
33 merger shall be effective as to any domestic disappearing
34 corporation as of the time of effectiveness in the foreign jurisdiction
35 upon the filing in this state of a copy of the agreement of merger
36 with an officers' certificate of the surviving foreign corporation
37 and of each constituent foreign and domestic corporation and a
38 certificate of merger of each constituent other business entity
39 attached, which officers' certificates and certificates of merger
40 shall conform to the requirements of subdivision (f).

1 If one or more domestic other business entities is a disappearing
2 party in a merger pursuant to this subdivision in which a foreign
3 other business entity is the surviving entity, a certificate of merger
4 required by the laws under which each domestic other business
5 entity is organized, including subdivision (a) of Section 15678.4
6 or 15911.14, subdivision (b) of Section 16915, or subdivision (a)
7 of Section 17552, if applicable, shall also be filed at the same time
8 as the filing of the agreement of merger.

9 (4) If the date of the filing in this state pursuant to this
10 subdivision is more than six months after the time of the
11 effectiveness in the foreign jurisdiction, or if the powers of a
12 domestic disappearing corporation are suspended at the time of
13 effectiveness in the foreign jurisdiction, the merger shall be
14 effective as to the domestic disappearing corporation as of the date
15 of filing in this state.

16 (5) Each foreign disappearing corporation that is qualified for
17 the transaction of intrastate business shall automatically by the
18 filing pursuant to subdivision (f) surrender its right to transact
19 intrastate business as of the date of filing in this state or, if later,
20 the effective date of the merger. With respect to each foreign
21 disappearing other business entity previously registered for the
22 transaction of intrastate business in this state, the filing of the
23 agreement of merger pursuant to subdivision (f) automatically has
24 the effect of a cancellation of registration for that foreign other
25 business entity as of the date of filing in this state or, if later, the
26 effective date of the merger, without the necessity of the filing of
27 a certificate of cancellation.

28 SEC. 10. Section 6321 of the Corporations Code is amended
29 to read:

30 6321. (a) Except as provided in subdivision (c), (d), or (f), the
31 board shall cause an annual report to be sent to the members not
32 later than 120 days after the close of the corporation's fiscal year.
33 Unless otherwise provided by the articles or bylaws and if approved
34 by the board of directors, that report and any accompanying
35 material sent pursuant to this section may be sent by electronic
36 transmission by the corporation (Section 20). That report shall
37 contain in appropriate detail the following:

38 (1) The assets and liabilities, including the trust funds, of the
39 corporation as of the end of the fiscal year.

1 (2) The principal changes in assets and liabilities, including
 2 trust funds, during the fiscal year.

3 (3) The revenue or receipts of the corporation, both unrestricted
 4 and restricted to particular purposes, for the fiscal year.

5 (4) The expenses or disbursements of the corporation, for both
 6 general and restricted purposes, during the fiscal year.

7 (5) Any information required by Section 6322.

8 (b) The report required by subdivision (a) shall be (1)
 9 accompanied by any report thereon of independent accountants,
 10 or, if there is no such report, the certificate of an authorized officer
 11 of the corporation that such statements were prepared without audit
 12 from the books and records of the corporation *or (2) if applicable,*
 13 *prepared and made available in the manner required by paragraph*
 14 *(1) of subdivision (e) of Section 12586 of the Government Code.*

15 (c) Subdivision (a) does not apply to any corporation which
 16 receives less than twenty-five thousand dollars (\$25,000) in gross
 17 revenues or receipts during the fiscal year.

18 (d) Where a corporation has provided, pursuant to Section 5510,
 19 for regular meetings of members less often than annually, then the
 20 report required by subdivision (a) need be made to members only
 21 with the frequency with which regular membership meetings are
 22 required, unless the articles or bylaws require a report more often.

23 (e) Subdivisions (c) and (d) notwithstanding, a report with the
 24 information required by subdivision (a) shall be furnished annually
 25 to *all of the following:*

26 (1) All directors of the corporation; ~~and~~.

27 (2) Any member who requests it in writing.

28 (f) A corporation which in writing solicits contributions from
 29 500 or more persons need not send the report otherwise required
 30 by subdivision (a) if it does all of the following:

31 (i)

32 (1) Includes with any written material used to solicit
 33 contributions a written statement that its latest annual report will
 34 be mailed upon request and that such request may be sent to the
 35 corporation at a name and address which is set forth in the
 36 statement.

37 The term “annual report” as used in this subdivision refers to
 38 the report required by subdivision (a).

39 (ii)

1 (2) Promptly mails a copy of its latest annual report to any
2 person who requests a copy thereof; ~~and.~~

3 ~~(iii)~~

4 (3) Causes its annual report to be published not later than 120
5 days after the close of its fiscal year in a newspaper of general
6 circulation in the county in which its principal office is located.

7 SEC. 11. Section 6324 of the Corporations Code is amended
8 to read:

9 6324. (a) Nothing in this part relieves a corporation from the
10 requirements of Article 7 (commencing with Section 12580) of
11 Chapter 6 of Part 2 of Division 3 of the Government Code
12 *including, without limitation, subdivision (a) of Section 12586*. If
13 a report sent to the Attorney General in compliance with the
14 requirements of Article 7 (commencing with Section 12580) of
15 Chapter 6 of Part 2 of Division 3 of the Government Code includes
16 the information required in the annual report, then the corporation
17 may furnish a copy of its report to the Attorney General in lieu of
18 the annual report, whenever it is required to furnish an annual
19 report.

20 (b) A corporation shall furnish any member who so requests a
21 copy of any report filed by the corporation pursuant to Article 7
22 (commencing with Section 12580) of Chapter 6 of Part 2 of
23 Division 3 of the Government Code. The corporation may impose
24 reasonable charges for copying and mailing a report furnished
25 under this subdivision.

26 SEC. 12. Section 6615 of the Corporations Code is amended
27 to read:

28 6615. (a) When a corporation has been completely wound up
29 without court proceedings, a majority of the directors then in office
30 shall sign and verify a certificate of dissolution stating:

31 (1) That the corporation has been completely wound up.

32 (2) That its known debts and liabilities have been actually paid,
33 or adequately provided for, or paid or adequately provided for as
34 far as its assets permitted, or that it has incurred no known debts
35 or liabilities, as the case may be. If there are known debts or
36 liabilities for payment of which adequate provision has been made,
37 the certificate shall state what provision has been made, setting
38 forth the name and address of the corporation, person or
39 governmental agency that has assumed or guaranteed the payment,
40 or the name and address of the depositary with which deposit has

1 been made or other information as may be necessary to enable the
 2 creditor or other person to whom payment is to be made to appear
 3 and claim payment of the debt or liability.

4 (3) That the corporation is dissolved.

5 (4) That ~~a all final franchise tax return, as described by Section~~
 6 ~~23332 of returns required under the Revenue and Taxation Code;~~
 7 ~~has have~~ been or will be filed with the Franchise Tax Board, ~~as~~
 8 ~~required under Part 10.2 (commencing with Section 18401) of~~
 9 ~~Division 2 of the Revenue and Taxation Code.~~

10 (5) *That the corporation, if applicable, is a committee, as defined*
 11 *in Section 82013 of the Government Code, that is required to and*
 12 *does file any statement pursuant to the provisions of Article 2*
 13 *(commencing with Section 84200) of Chapter 4 of Title 9 of the*
 14 *Government Code and is exempt from the supervisory authority*
 15 *of the Attorney General pursuant to Sections 12581 and 12583 of*
 16 *the Government Code and is exempt from and not required to file*
 17 *the attachment specified in subdivision (b).*

18 (b) ~~One~~ *Except as provided in subdivision (c), one of the*
 19 *following documents issued by the Attorney General shall be*
 20 *attached to the certificate of dissolution:*

21 (1) A written waiver of objections to the distribution of the
 22 corporation’s assets pursuant to subdivision (c) of Section 6716.

23 (2) A written confirmation that the corporation has no assets.

24 (c) The certificate of dissolution and attachment described in
 25 subdivision (b) shall be filed with the Secretary of State ~~who~~. *The*
 26 *Secretary of State shall not accept a certificate of dissolution for*
 27 *filing without this attachment unless the attachment is not required*
 28 *as specified in paragraph (5) of subdivision (a).* The corporate
 29 existence shall cease upon the acceptance of the filing of the
 30 certificate of dissolution and, *if required, the attachment, by the*
 31 *Secretary of State, except for the purpose of further winding up if*
 32 *needed. The Secretary of State shall notify the Franchise Tax Board*
 33 *of the dissolution.*

34 SEC. 13. Section 6716 of the Corporations Code is amended
 35 to read:

36 6716. After complying with the provisions of Section 6713:

37 (a) Except as provided in Section 6715, all of a corporation’s
 38 assets shall be disposed of on dissolution in conformity with its
 39 articles or bylaws subject to complying with the provisions of any
 40 trust under which such assets are held.

1 (b) Except as provided in subdivision (c), the disposition
2 required in subdivision (a) shall be made by decree of the superior
3 court of the proper county in proceedings to which the Attorney
4 General is a party. The decree shall be made upon petition therefor
5 by the Attorney General or, upon 30 days' notice to the Attorney
6 General, by any person concerned in the dissolution.

7 (c) The disposition required in subdivision (a) may be made
8 without the decree of the superior court, subject to the rights of
9 persons concerned in the dissolution, if the Attorney General makes
10 a written waiver of objections to the disposition.

11 (d) *Subdivisions (b) and (c) shall not be applicable to any*
12 *corporation as described in paragraph (5) of subdivision (a) of*
13 *Section 6615.*

14 SEC. 14. Section 7211 of the Corporations Code is amended
15 to read:

16 7211. (a) Unless otherwise provided in the articles or in the
17 bylaws, all of the following apply:

18 (1) Meetings of the board may be called by the chair of the
19 board or the president or any vice president or the secretary or any
20 two directors.

21 (2) Regular meetings of the board may be held without notice
22 if the time and place of the meetings are fixed by the bylaws or
23 the board. Special meetings of the board shall be held upon four
24 days' notice by first-class mail or 48 hours' notice delivered
25 personally or by telephone, including a voice messaging system
26 or by electronic transmission by the corporation (Section 20). The
27 articles or bylaws may not dispense with notice of a special
28 meeting. A notice, or waiver of notice, need not specify the purpose
29 of any regular or special meeting of the board.

30 (3) Notice of a meeting need not be given to a director who
31 provided a waiver of notice or consent to holding the meeting or
32 an approval of the minutes thereof in writing, whether before or
33 after the meeting, or who attends the meeting without protesting,
34 prior thereto or at its commencement, the lack of notice to that
35 director. These waivers, consents and approvals shall be filed with
36 the corporate records or made a part of the minutes of the meetings.

37 (4) A majority of the directors present, whether or not a quorum
38 is present, may adjourn any meeting to another time and place. If
39 the meeting is adjourned for more than 24 hours, notice of an
40 adjournment to another time or place shall be given prior to the

1 time of the adjourned meeting to the directors who were not present
2 at the time of the adjournment.

3 (5) Meetings of the board may be held at a place within or
4 without the state that has been designated in the notice of the
5 meeting or, if not stated in the notice or if there is no notice,
6 designated in the bylaws or by resolution of the board.

7 (6) ~~Members of the board~~ *Directors* may participate in a meeting
8 through use of conference telephone, electronic video screen
9 communication, or electronic transmission by and to the
10 corporation (Sections 20 and 21). Participation in a meeting through
11 use of conference telephone or electronic video screen
12 communication pursuant to this subdivision constitutes presence
13 in person at that meeting as long as all ~~members~~ *directors*
14 participating in the meeting are able to hear one another.
15 Participation in a meeting through use of electronic transmission
16 by and to the corporation, other than conference telephone and
17 electronic video screen communication, pursuant to this subdivision
18 constitutes presence in person at that meeting if both of the
19 following apply:

20 (A) Each ~~member~~ *director* participating in the meeting can
21 communicate with all of the other ~~members~~ *directors* concurrently.

22 (B) Each ~~member~~ *director* is provided the means of participating
23 in all matters before the board, including, without limitation, the
24 capacity to propose, or to interpose an objection to, a specific
25 action to be taken by the corporation.

26 (7) A majority of the number of directors authorized in or
27 pursuant to the articles or bylaws constitutes a quorum of the board
28 for the transaction of business. The articles or bylaws may require
29 the presence of one or more specified directors in order to constitute
30 a quorum of the board to transact business, as long as the ~~death of~~
31 *nonincumbency of a specified* director or the death or nonexistence
32 of the person or persons otherwise authorized to appoint or
33 designate that director does not prevent the corporation from
34 transacting business in the normal course of events. The articles
35 or bylaws may not provide that a quorum shall be less than
36 one-fifth the number of directors authorized in or pursuant to the
37 articles or bylaws, or less than two, whichever is larger, unless the
38 number of directors authorized in or pursuant to the articles or
39 bylaws is one, in which case one director constitutes a quorum.

1 (8) Subject to the provisions of Sections 7212, 7233, 7234, and
2 subdivision (e) of Section 7237 and Section 5233, insofar as it is
3 made applicable pursuant to Section 7238, an act or decision done
4 or made by a majority of the directors present at a meeting duly
5 held at which a quorum is present is the act of the board. The
6 articles or bylaws may not provide that a lesser vote than a majority
7 of the directors present at a meeting is the act of the board. A
8 meeting at which a quorum is initially present may continue to
9 transact business notwithstanding the withdrawal of directors, if
10 any action taken is approved by at least a majority of the required
11 quorum for that meeting, or a greater number required by this
12 division, the articles or the bylaws.

13 (b) An action required or permitted to be taken by the board
14 may be taken without a meeting; if all ~~members of the board shall~~
15 *directors* individually or collectively consent in writing to that
16 action *and if, subject to subdivision (a) of Section 7224, the number*
17 *of directors then in office constitutes a quorum.* The written consent
18 or consents shall be filed with the minutes of the proceedings of
19 the board. The action by written consent shall have the same force
20 and effect as a unanimous vote of the directors. For purposes of
21 this subdivision only, “~~all members of the board~~” *directors*” does
22 not include an “interested director” as defined in *subdivision (a)*
23 *of Section 5233, insofar as it is made applicable pursuant to Section*
24 *7238 or described in subdivision (a) of Section 7233, or a*
25 *“common director” as described in subdivision (b) of Section 7233*
26 *who abstains in writing from providing consent, where (1) the*
27 *facts described in paragraph (2) or (3) of subdivision (d) of Section*
28 *5233 are established or the provisions of paragraph (1) or (2) of*
29 *subdivision (a) of Section 7233 or in paragraph (1) or (2) of*
30 *subdivision (b) of Section 7233 are satisfied, as appropriate, at*
31 *or prior to execution of the written consent or consents; (2) the*
32 *establishment of those facts or satisfaction of those provisions, as*
33 *applicable, is included in the written consent or consents executed*
34 *by the noninterested directors or noncommon directors or in other*
35 *records of the corporation; and (3) the noninterested directors or*
36 *noncommon directors, as applicable, approve the action by a vote*
37 *that is sufficient without counting the votes of the interested*
38 *directors or common directors.*

1 (c) Each director ~~present and voting at a meeting~~ shall have one
2 vote on each matter presented to the board of directors for action
3 ~~at that meeting~~. No director may vote ~~at any meeting~~ by proxy.

4 (d) This section applies also to incorporators, to committees of
5 the board, and to action by those incorporators or committees
6 *mutatis mutandis*.

7 SEC. 15. Section 7212 of the Corporations Code is amended
8 to read:

9 7212. (a) The board may, by resolution adopted by a majority
10 of the number of directors then in office, provided that a quorum
11 is present, create one or more committees, each consisting of two
12 or more directors, to serve at the pleasure of the board.
13 Appointments to such committees shall be by a majority vote of
14 the directors then in office, unless the articles or bylaws require a
15 majority vote of the number of directors authorized in or pursuant
16 to the articles or bylaws. The bylaws may authorize one or more
17 such committees, each consisting of two or more directors, and
18 may provide that a specified officer or officers who are also
19 directors of the corporation shall be a member or members of such
20 committee or committees. The board may appoint one or more
21 directors as alternate members of such committee, who may replace
22 any absent member at any meeting of the committee. Such
23 committee, to the extent provided in the resolution of the board or
24 in the bylaws, shall have all the authority of the board, except with
25 respect to:

26 (1) The approval of any action for which this part also requires
27 approval of the members (Section 5034) or approval of a majority
28 of all members (Section 5033), regardless of whether the
29 corporation has members.

30 (2) The filling of vacancies on the board or in any committee
31 which has the authority of the board.

32 (3) The fixing of compensation of the directors for serving on
33 the board or on any committee.

34 (4) The amendment or repeal of bylaws or the adoption of new
35 bylaws.

36 (5) The amendment or repeal of any resolution of the board
37 which by its express terms is not so amendable or repealable.

38 (6) The appointment of committees of the board or the members
39 thereof.

1 (7) The expenditure of corporate funds to support a nominee
2 for director after there are more people nominated for director than
3 can be elected.

4 (8) With respect to any assets held in charitable trust, the
5 approval of any self-dealing transaction except as provided in
6 paragraph (3) of subdivision (d) of Section 5233.

7 (b) A committee exercising the authority of the board shall not
8 include as members persons who are not directors. However, the
9 board may create other committees that do not exercise the
10 authority of the board and these other committees may include
11 persons ~~who are not~~ *regardless of whether they are* directors.

12 (c) Unless the bylaws otherwise provide, the board may delegate
13 to any committee, appointed pursuant to paragraph (4) of
14 subdivision (c) of Section 7151 or otherwise, powers as authorized
15 by Section 7210, but may not delegate the powers set forth in
16 paragraphs (1) to (8), inclusive, of subdivision (a).

17 SEC. 16. Section 7213 of the Corporations Code is amended
18 to read:

19 7213. (a) A corporation shall have a chair of ~~its~~ *the* board,
20 who may be given the title chair of the board, chairperson of the
21 board, chairman of the board, or chairwoman of the board, or a
22 president or both, a secretary, a treasurer or a chief financial officer
23 *or both*, and any other officers with any titles and duties as shall
24 be stated in the bylaws or determined by the board and as may be
25 necessary to enable it to sign instruments. The president, or if there
26 is no president the chair of the board, is the general manager and
27 chief executive officer of the corporation, unless otherwise
28 provided in the articles or bylaws. Unless otherwise specified in
29 the articles or the bylaws, if there is no chief financial officer, the
30 treasurer is the chief financial officer of the corporation. Any
31 number of offices may be held by the same person unless the
32 articles or bylaws provide otherwise. *Where a corporation holds*
33 *assets in charitable trust, any compensation of the president or*
34 *chief executive officer and the chief financial officer or treasurer*
35 *shall be determined in accordance with subdivision (g) of Section*
36 *12586 of the Government Code, if applicable.*

37 (b) Except as otherwise provided by the articles or bylaws,
38 officers shall be chosen by the board and serve at the pleasure of
39 the board, subject to the rights, if any, of an officer under any
40 contract of employment. Any officer may resign at any time upon

1 written notice to the corporation without prejudice to the rights, if
2 any, of the corporation under any contract to which the officer is
3 a party.

4 SEC. 17. Section 7914 is added to the Corporations Code, to
5 read:

6 7914. The provisions of Article 2 (commencing with Section
7 5914) of Chapter 9 of Part 2 apply to mutual benefit corporations
8 to the extent provided therein.

9 SEC. 18. Section 8010 of the Corporations Code is amended
10 to read:

11 8010. A mutual benefit corporation may merge with any
12 domestic corporation, foreign corporation, foreign business
13 corporation, or other business entity (Section 5063.5). However,
14 a merger with a public benefit corporation, or a religious
15 corporation, *or an unincorporated association, the assets of which*
16 *are irrevocably dedicated to charitable, religious, or public*
17 *purposes*, must have the prior written consent of the Attorney
18 General.

19 SEC. 19. Section 8019.1 of the Corporations Code is amended
20 to read:

21 8019.1. (a) Subject to the provisions of Section 8010, any one
22 or more corporations may merge with one or more other business
23 entities (Section 5063.5). One or more other domestic corporations,
24 foreign corporations (Sections 5053), and foreign business
25 corporations (Section 5052) may be parties to the merger.
26 Notwithstanding the provisions of this section, such a merger may
27 be effected only if:

28 (1) In a merger in which a domestic corporation or domestic
29 other business entity is a party, it is authorized by the laws under
30 which it is organized to effect the merger.

31 (2) In a merger in which a foreign corporation or foreign
32 business corporation is a party, it is authorized by the laws under
33 which it is organized to effect the merger.

34 (3) In a merger in which a foreign other business entity is a
35 party, it is authorized by the laws under which it is organized to
36 effect the merger.

37 (b) Each corporation and each other party which desires to merge
38 shall approve an agreement of merger. The board and the members
39 (Section 5034) of each corporation which desires to merge, and
40 each other person or persons, if any, whose approval of an

1 amendment of the articles of that corporation is required by the
2 articles or bylaws shall approve the agreement of merger. The
3 agreement of merger shall be approved on behalf of each other
4 constituent party by those persons authorized or required to approve
5 the merger by the laws under which it is organized. The parties
6 desiring to merge shall be parties to the agreement of merger and
7 other persons, including a parent party (Section 5064.5), may be
8 parties to the agreement of merger. The agreement of merger shall
9 state all of the following:

10 (1) The terms and conditions of the merger.

11 (2) The name and place of incorporation or organization of each
12 party and the identity of the surviving party.

13 (3) The amendments, if any, subject to Sections 7810 and 7816,
14 to the articles of the surviving corporation, if applicable, to be
15 effected by the merger. The name of the surviving corporation
16 may be, subject to subdivisions (b) and (c) of Section 7122, the
17 same as or similar to the name of a disappearing party to the
18 merger.

19 (4) The manner, if any, of converting the memberships or
20 securities of each of the constituent corporations into shares,
21 memberships, interests, or other securities of the surviving party;
22 and, if any memberships or securities of any of the constituent
23 corporations are not to be converted solely into shares,
24 memberships, interests, or other securities of the surviving party,
25 cash, rights, securities, or other property which the holders of those
26 memberships or securities are to receive in exchange for the
27 memberships or securities, which cash, rights, securities, or other
28 property may be in addition to or in lieu of shares, memberships,
29 interests, or other securities of the surviving party.

30 (5) Any other details or provisions required by the laws under
31 which any party to the merger is organized, including, *if an*
32 *unincorporated association is a party to the merger, Section 18370,*
33 *or if a domestic limited partnership is a party to the merger,*
34 *subdivision (a) of Section 15678.2 or 15911.12, or, if a domestic*
35 *general partnership is a party to the merger, subdivision (a) of*
36 *Section 16911, or, if a domestic limited liability company is a party*
37 *to the merger, subdivision (a) of Section 17551.*

38 (6) Any other details or provisions as are desired.

39 (c) Each membership of the same class of any constituent
40 corporation (other than the cancellation of memberships held by

1 a party to the merger or its parent or a wholly owned subsidiary
2 of either in another constituent corporation) shall be treated equally
3 with respect to any distribution of cash, property, rights, or
4 securities unless (i) all members of the class consent or (ii) the
5 commissioner has approved the terms and conditions of the
6 transaction and the fairness of those terms pursuant to Section
7 25142.

8 (d) Notwithstanding its prior approval, an agreement of merger
9 may be amended prior to the filing of the agreement of merger if
10 the amendment is approved by each constituent corporation in the
11 same manner as the original agreement of merger. If the agreement
12 of merger as so amended and approved is also approved by each
13 of the other parties to the agreement of merger, as so amended it
14 shall then constitute the agreement of merger.

15 (e) The board of a constituent corporation may, in its discretion,
16 abandon a merger, subject to the contractual rights, if any, of third
17 parties, including other parties to the agreement of merger, without
18 further approval by the members (Section 5034) or other persons,
19 at any time before the merger is effective.

20 (f) Each constituent corporation shall sign the agreement of
21 merger by its chairperson of the board, president, or a vice president
22 and also by its secretary or an assistant secretary acting on behalf
23 of their respective corporations.

24 (g) After required approvals of the merger by each constituent
25 corporation and each other party to the merger, the surviving party
26 shall file a copy of the agreement of merger with an officers'
27 certificate of each constituent domestic corporation, foreign
28 corporation, and foreign business corporation attached stating the
29 total number of outstanding shares or membership interests of each
30 class entitled to vote on the merger (and identifying any other
31 person or persons whose approval is required), that the agreement
32 of merger in the form attached or its principal terms, as required,
33 were approved by that corporation by a vote of a number of shares
34 or membership interests of each class which equaled or exceeded
35 the vote required, specifying each class entitled to vote required
36 of each class, and, if applicable, by such other person or persons
37 whose approval is required.

38 If equity securities of a parent party (Section 5064.5) are to be
39 issued in the merger, the officers' certificate or certificate of merger
40 of the controlled party shall state either that no vote of the

1 shareholders of the parent party was required or that the required
2 vote was obtained. The merger and any amendment of the articles
3 of the surviving corporation, if applicable, contained in the
4 agreement of merger shall be effective upon the filing of the
5 agreement of merger, subject to the provisions of subdivision (i).
6 If a domestic reciprocal insurer organized after 1974 to provide
7 medical malpractice insurance is a party to the merger, the
8 agreement of merger or certificate of merger shall not be filed until
9 there has been filed the certificate issued by the Insurance
10 Commissioner approving the merger pursuant to Section 1555 of
11 the Insurance Code.

12 In lieu of an officers' certificate, a certificate of merger, on a
13 form prescribed by the Secretary of State, shall be filed for each
14 constituent other business entity. The certificate of merger shall
15 be executed and acknowledged by each domestic constituent
16 limited liability company by all of the managers of the limited
17 liability company (unless a lesser number is specified in its articles
18 of organization or operating agreement) and by each domestic
19 constituent limited partnership by all general partners (unless a
20 lesser number is provided in its certificate of limited partnership
21 or partnership agreement) and by each domestic constituent general
22 partnership by two partners (unless a lesser number is provided in
23 its partnership agreement) and by each foreign constituent limited
24 liability company by one or more managers and by each foreign
25 constituent general partnership or foreign constituent limited
26 partnership by one or more general partners, and by each
27 constituent reciprocal insurer by the chairperson of the board,
28 president, or vice president, and by the secretary or assistant
29 secretary, or, if a constituent reciprocal insurer has not appointed
30 such officers, by the chairperson of the board, president, or vice
31 president, and by the secretary or assistant secretary of the
32 constituent reciprocal insurer's attorney-in-fact, and by each other
33 party to the merger by those persons required or authorized to
34 execute the certificate of merger by the laws under which that party
35 is organized, specifying for such party the provision of law or other
36 basis for the authority of the signing persons.

37 The certificate of merger shall set forth, if a vote of the
38 shareholders, members, partners, or other holders of interests of a
39 constituent other business entity was required, a statement setting
40 forth the total number of outstanding interests of each class entitled

1 to vote on the merger and that the principal terms of the agreement
2 of merger were approved by a vote of the number of interests of
3 each class which equaled or exceeded the vote required, specifying
4 each class entitled to vote and the percentage vote required of each
5 class, and any other information required to be set forth under the
6 laws under which the constituent other business entity is organized,
7 including, if a domestic limited partnership is a party to the merger,
8 subdivision (a) of Section 15678.4 or 15911.14, if a domestic
9 general partnership is a party to the merger, subdivision (b) of
10 Section 16915 and, if a domestic limited liability company is a
11 party to the merger, subdivision (a) of Section 17552. The
12 certificate of merger for each constituent foreign other business
13 entity, if any, shall also set forth the statutory or other basis under
14 which that foreign other business entity is authorized by the laws
15 under which it is organized to effect the merger.

16 The Secretary of State may certify a copy of the agreement of
17 merger separate from the officers' certificates and certificates of
18 merger attached thereto.

19 (h) A copy of an agreement of merger certified on or after the
20 effective date by an official having custody thereof has the same
21 force in evidence as the original and, except as against the state,
22 is conclusive evidence of the performance of all conditions
23 precedent to the merger, the existence on the effective date of the
24 surviving party to the merger, the performance of the conditions
25 necessary to the adoption of any amendment to the articles, if
26 applicable, contained in the agreement of merger, and of the merger
27 of the constituent corporations, either by themselves or together
28 with other constituent parties, into the surviving party to the
29 merger.

30 (i) (1) The merger of domestic corporations with foreign
31 corporations or foreign other business entities in a merger in which
32 one or more other business entities is a party shall comply with
33 subdivisions (a) and (g) and this subdivision.

34 (2) Subject to subdivision (c) of Section 5008 and paragraph
35 (3), the merger shall be effective as to each domestic constituent
36 corporation and domestic constituent other business entity upon
37 filing of the agreement of merger with attachments as provided in
38 subdivision (g).

39 (3) If the surviving party is a foreign corporation or foreign
40 business corporation or foreign other business entity, except as

1 provided in paragraph (4), the merger shall be effective as to any
2 domestic disappearing corporation as of the time of effectiveness
3 in the foreign jurisdiction upon the filing in this state of a copy of
4 the agreement of merger with an officers' certificate of the
5 surviving foreign corporation or foreign business corporation and
6 of each constituent foreign and domestic corporation and a
7 certificate of merger of each constituent other business entity
8 attached, which officers' certificates and certificates of merger
9 shall conform to the requirements of subdivision (g).

10 If one or more domestic other business entities is a disappearing
11 party in a merger pursuant to this subdivision in which a foreign
12 other business entity is the surviving entity, a certificate of merger
13 required by the laws under which each domestic other business
14 entity is organized, including subdivision (a) of Section 15678.4
15 or 15911.14, subdivision (b) of Section 16915, or subdivision (a)
16 of Section 17522, if applicable, shall also be filed at the same time
17 as the filing of the agreement of merger.

18 (4) If the date of the filing in this state pursuant to this
19 subdivision is more than six months after the time of the
20 effectiveness in the foreign jurisdiction, or if the powers of a
21 domestic disappearing corporation are suspended at the time of
22 effectiveness in the foreign jurisdiction, the merger shall be
23 effective as to the domestic disappearing corporation as of the date
24 of filing in this state.

25 (5) Each foreign disappearing corporation that is qualified for
26 the transaction of intrastate business shall automatically by the
27 filing pursuant to subdivision (g) surrender its right to transact
28 intrastate business as of the date of filing in this state or, if later,
29 the effective date of the merger. With respect to each foreign
30 disappearing other business entity previously registered for the
31 transaction of intrastate business in this state, the filing of the
32 agreement of merger pursuant to subdivision (g) automatically has
33 the effect of a cancellation of registration for that foreign other
34 business entity as of the date of filing in this state or, if later, the
35 effective date of the merger, without the necessity of the filing of
36 a certificate of cancellation.

37 SEC. 20. Section 8324 of the Corporations Code is amended
38 to read:

39 8324. (a) Nothing in this part relieves a corporation from the
40 requirements of Article 7 (commencing with Section 12580) of

1 Chapter 6 of Part 2 of Division 3 of the Government Code as to
 2 any assets held in charitable trust *including, without limitation,*
 3 *subdivision (a) of Section 12586. If a report sent to the Attorney*
 4 *General in compliance with the requirements of Article 7*
 5 *(commencing with Section 12580) of Chapter 6 of Part 2 of*
 6 *Division 3 of the Government Code includes the information*
 7 *required in the annual report, then the corporation may furnish a*
 8 *copy of its report to the Attorney General in lieu of the annual*
 9 *report, whenever it is required to furnish an annual report.*

10 (b) A corporation shall furnish any member who so requests a
 11 copy of any report filed by the corporation pursuant to Article 7
 12 (commencing with Section 12580) of Chapter 6 of Part 2 of
 13 Division 3 of the Government Code. The corporation may impose
 14 reasonable charges for copying and mailing a report furnished
 15 under this subdivision.

16 SEC. 21. Section 8615 of the Corporations Code is amended
 17 to read:

18 8615. (a) When a corporation has been completely wound up
 19 without court proceedings therefor, a majority of the directors then
 20 in office shall sign and verify a certificate of dissolution stating:

- 21 (1) That the corporation has been completely wound up.
- 22 (2) That its known debts and liabilities have been actually paid,
 23 or adequately provided for, or paid or adequately provided for as
 24 far as its assets permitted, or that it has incurred no known debts
 25 or liabilities, as the case may be. If there are known debts or
 26 liabilities for payment of which adequate provision has been made,
 27 the certificate shall state what provision has been made, setting
 28 forth the name and address of the corporation, person or
 29 governmental agency that has assumed or guaranteed the payment,
 30 or the name and address of the depository with which deposit has
 31 been made or such other information as may be necessary to enable
 32 the creditor or other person to whom payment is to be made to
 33 appear and claim payment of the debt or liability.
- 34 (3) That its known assets have been distributed to the persons
 35 entitled thereto or that it acquired no known assets, as the case
 36 may be.

- 37 (4) That the corporation is dissolved.
- 38 (5) That ~~a all final franchise tax return, as described by Section~~
 39 ~~23332 of returns required under the Revenue and Taxation Code,~~
 40 ~~has~~ have been or will be filed with the Franchise Tax Board, ~~as~~

1 ~~required under Part 10.2 (commencing with Section 18401) of~~
2 ~~Division 2 of the Revenue and Taxation Code.~~

3 (b) The certificate of dissolution shall be filed and thereupon
4 the corporate existence shall cease, except for the purpose of further
5 winding up if needed. The Secretary of State shall notify the
6 Franchise Tax Board of the dissolution.

7 SEC. 22. Section 9211 of the Corporations Code is amended
8 to read:

9 9211. (a) Unless otherwise provided in the articles or in the
10 bylaws, all of the following apply:

11 (1) Meetings of the board may be called by the chair of the
12 board or the president or any vice president or the secretary or any
13 two directors.

14 (2) Regular meetings of the board may be held without notice
15 if the time and place of the meetings are fixed by the bylaws or
16 the board. Special meetings of the board shall be held upon four
17 days' notice by first-class mail or 48 hours' notice delivered
18 personally or by telephone, including a voice messaging system
19 or by electronic transmission by a corporation (Section 20). The
20 articles or bylaws may not dispense with notice of a special
21 meeting. A notice, or waiver of notice, need not specify the purpose
22 of any regular or special meeting of the board.

23 (3) Notice of a meeting need not be given to a director who
24 provided a waiver of notice or consent to holding the meeting or
25 an approval of the minutes thereof in writing, whether before or
26 after the meeting, or who attends the meeting without protesting,
27 prior thereto or at its commencement, the lack of notice to that
28 director. These waivers, consents and approvals shall be filed with
29 the corporate records or made a part of the minutes of the meetings.

30 (4) A majority of the directors present, whether or not a quorum
31 is present, may adjourn any meeting to another time and place.

32 (5) Meetings of the board may be held at a place within or
33 without the state that has been designated in the notice of the
34 meeting or, if not stated in the notice or there is no notice,
35 designated in the bylaws or by resolution of the board.

36 ~~Members of the board~~ *Directors* may participate in a meeting
37 through use of conference telephone, electronic video screen
38 communication, or electronic transmission by and to the
39 corporation. Participation in a meeting through use of conference
40 telephone or electronic video screen communication pursuant to

1 this subdivision constitutes presence in person at that meeting as
2 long as all ~~members~~ *directors* participating in the meeting are able
3 to hear one another. Participation in a meeting through use of
4 electronic transmission by and to the corporation, other than
5 conference telephone and electronic video screen communication
6 pursuant to this subdivision constitutes presence in person at that
7 meeting, if both of the following apply:

8 (A) Each ~~member~~ *director* participating in the meeting can
9 communicate with all of the other ~~members~~ *directors* concurrently.

10 (B) Each ~~member~~ *director* is provided the means of participating
11 in all matters before the board, including, without limitation, the
12 capacity to propose, or to interpose an objection to, a specific
13 action to be taken by the corporation.

14 (7) A majority of the number of directors authorized in or
15 pursuant to the articles or bylaws constitutes a quorum of the board
16 for the transaction of business.

17 The articles or bylaws may require the presence of one or more
18 specified directors *in order* to constitute a quorum of the board to
19 transact business, as long as the ~~death of nonincumbency of a~~
20 *specified* director or the death or nonexistence of the person or
21 persons otherwise authorized to appoint or designate that director
22 does not prevent the corporation from transacting business in the
23 normal course of events.

24 (8) An act or decision done or made by a majority of the
25 directors present at a meeting duly held at which a quorum is
26 present is the act of the board. The articles or bylaws may not
27 provide that a lesser vote than a majority of the directors present
28 at a meeting is the act of the board. A meeting at which a quorum
29 is initially present may continue to transact business
30 notwithstanding the withdrawal of directors; if any action taken is
31 approved by at least a majority of the required quorum for that
32 meeting, or a greater number ~~as is~~ required by this division, the
33 articles or *the* bylaws.

34 (b) An action required or permitted to be taken by the board
35 may be taken without a meeting; if all ~~members of the board~~
36 *directors* shall individually or collectively consent in writing to
37 that action *and if, subject to subdivision (a) of Section 9224, the*
38 *number of directors then in office constitutes a quorum.* The written
39 consent or consents shall be filed with the minutes of the
40 proceedings of the board. The action by written consent shall have

1 the same force and effect as a unanimous vote of the directors. *For*
2 *purposes of this subdivision only, “all directors” does not include*
3 *an “interested director” as defined in subdivision (a) of Section*
4 *9243 or a “common director” as described in subdivision (a) of*
5 *Section 9244 who abstains in writing from providing consent,*
6 *where (1) the facts described in paragraph (2) or (3) of subdivision*
7 *(d) of Section 9243 are established or the provisions of paragraph*
8 *(1) of subdivision (a) of Section 9244 are satisfied, as appropriate,*
9 *at or prior to execution of the written consent or consents; (2) the*
10 *establishment of those facts or satisfaction of those provisions, as*
11 *applicable, is included in the written consent or consents executed*
12 *by the noninterested or noncommon directors or in other records*
13 *of the corporation; and (3) the noninterested directors or*
14 *noncommon directors, as applicable, approve the action by a vote*
15 *that is sufficient without counting the votes of the interested*
16 *directors or common directors.*

17 (c) Each director ~~present and voting at a meeting~~ shall have one
18 vote on each matter presented to the board of directors for action
19 ~~at that meeting~~. No director may vote ~~at any meeting~~ by proxy.

20 (d) This section applies also to incorporators, to committees of
21 the board, and to action by those incorporators or committees
22 mutatis mutandis.

23 SEC. 23. Section 9212 of the Corporations Code is amended
24 to read:

25 9212. (a) Subject to any provision in the articles or bylaws:
26 (i) the board may, by resolution adopted by a majority of the
27 number of directors then in office, provided that a quorum is
28 present, create one or more committees, each consisting of two or
29 more directors, to serve at the pleasure of the board; and
30 (ii) appointments to such committees shall be by a majority vote
31 of the directors then in office. The bylaws may authorize one or
32 more such committees, each consisting of two or more directors,
33 and may provide that a specified officer or officers who are also
34 directors of the corporation shall be a member or members of such
35 committee or committees. The board may appoint one or more
36 directors as alternate members of such committee, who may replace
37 any absent member at any meeting of the committee. Such
38 committee, to the extent provided in the resolution of the board or
39 in the bylaws, shall have all the authority of the board, except with
40 respect to:

1 (1) The approval of any action for which this part also requires
 2 approval of the members (Section 5034) or approval of a majority
 3 of all members (Section 5033) regardless of whether the
 4 corporation has members.

5 (2) The filling of vacancies on the board or in any committee
 6 which has the authority of the board.

7 (3) The fixing of compensation of the directors for serving on
 8 the board or on any committee.

9 (4) The amendment or repeal of bylaws or the adoption of new
 10 bylaws.

11 (5) The amendment or repeal of any resolution of the board
 12 which by its express terms is not so amendable or repealable.

13 (6) The appointment of committees of the board or the members
 14 thereof.

15 (b) A committee exercising the authority of the board shall not
 16 include as members persons who are not directors. However, the
 17 board may create other committees that do not exercise the
 18 authority of the board and these other committees may include
 19 persons ~~who are not~~ *regardless of whether they are* directors.

20 (c) Unless the bylaws otherwise provide, the board may delegate
 21 to any committee powers as authorized by Section 9210, but may
 22 not delegate the powers set forth in paragraphs (1) to (6), inclusive,
 23 of subdivision (a).

24 (d) *The board shall take the actions regarding audit committees*
 25 *that are required by subdivision (e) of Section 12586 of the*
 26 *Government Code, if applicable.*

27 SEC. 24. Section 9213 of the Corporations Code is amended
 28 to read:

29 9213. (a) A corporation shall have a chair of the board, who
 30 may be given the title chair of the board, *chairperson of the board,*
 31 chairman of the board, or chairwoman of the board, or a president
 32 or both, a secretary, a treasurer or a chief financial officer *or both*
 33 ~~and such any other officers with such any titles and duties as shall~~
 34 ~~be are~~ stated in the bylaws or determined by the board and as may
 35 be necessary to enable it to sign instruments. The president, or if
 36 there is no president, the chair of the board, is the general manager
 37 and chief executive officer of the corporation, unless otherwise
 38 provided in the articles or bylaws. ~~If~~ *Unless otherwise specified*
 39 *in the articles or the bylaws, if* there is no chief financial officer,
 40 the treasurer is the chief financial officer of the corporation ~~unless~~

1 otherwise provided in the articles or bylaws. Any number of offices
2 may be held by the same person unless the articles or bylaws
3 provide otherwise, except that *no person serving as* the secretary,
4 the treasurer, or the chief financial officer may ~~not~~ serve
5 concurrently as the president or chair of the board. *Any*
6 *compensation of the president or chief executive officer and the*
7 *chief financial officer or treasurer shall be determined in*
8 *accordance with subdivision (g) of Section 12586 of the*
9 *Government Code, if applicable.*

10 (b) Except as otherwise provided by the articles or bylaws,
11 officers shall be chosen by the board and serve at the pleasure of
12 the board, subject to the rights, if any, of an officer under any
13 contract of employment. Any officer may resign at any time upon
14 written notice to the corporation without prejudice to the rights, if
15 any, of the corporation under any contract to which the officer is
16 a party.

17 SEC. 25. Section 9250 of the Corporations Code is amended
18 to read:

19 9250. (a) In investing, reinvesting, purchasing, acquiring,
20 exchanging, selling, and managing a corporation's investments,
21 the board shall meet the standards set forth in Section 9241.

22 (b) *Nothing in this section shall be construed to preclude the*
23 *application of the Uniform Prudent Management of Institutional*
24 *Funds Act, Part 7 (commencing with Section 18501) of Division*
25 *9 of the Probate Code, if that act would otherwise be applicable.*
26 *However, nothing in the Uniform Prudent Management of*
27 *Institutional Funds Act alters the status of governing boards, or*
28 *the duties and liabilities of directors, under this part.*

29 SEC. 26. Section 9634 is added to the Corporations Code, to
30 read:

31 9634. The provisions of Article 2 (commencing with Section
32 5914) of Chapter 9 of Part 2 apply to religious corporations to the
33 extent provided therein.

34 SEC. 27. Section 9640 of the Corporations Code is amended
35 to read:

36 9640. (a) The provisions of Chapter 10 (commencing with
37 Section 6010) of Part 2 apply to religious corporations except
38 subdivision (a) of Section 6010 and Sections 6011 and 6012.

39 (b) A corporation may merge with any domestic corporation,
40 foreign corporation, or other business entity (Section 5063.5).

1 However, without the prior written consent of the Attorney
2 General, a religious corporation may only merge with another
3 religious corporation or with a public benefit corporation or a
4 foreign nonprofit corporation ~~the articles of which provide that its~~
5 *or an unincorporated association, the assets of which* are
6 irrevocably dedicated to charitable, religious, or public purposes.

7 (c) The principal terms of the merger shall be approved by the
8 members (Section 5034) of each class of each constituent
9 corporation and by each other person or persons whose approval
10 of an amendment of the articles is required by the articles or
11 bylaws; and the approval by the members (Section 5034) or any
12 other person or persons required by this section may be given
13 before or after the approval by the board.

14 (d) The board of each corporation that desires to merge shall
15 approve an agreement of merger. The constituent corporations
16 shall be parties to the agreement of merger and other persons may
17 be parties to the agreement of merger. The agreement shall state
18 all of the following:

19 (1) The terms and conditions of the merger.

20 (2) The amendments, subject to Sections 5810 and 5816, to the
21 articles of the surviving corporation to be effected by the merger,
22 if any. If any amendment changes the name of the surviving
23 corporation, the new name may be the same as or similar to the
24 name of a disappearing corporation, subject to subdivision (b) of
25 Section 9122.

26 (3) The amendments to the bylaws of the surviving corporation
27 to be effected by the merger, if any.

28 (4) The name and place of incorporation of each constituent
29 corporation and which of the constituent corporations is the
30 surviving corporation.

31 (5) The manner, if any, of converting memberships of the
32 constituent corporations into memberships of the surviving
33 corporation.

34 (6) Any other details or provisions as are desired, if any.

35 SEC. 28. Section 12311 of the Corporations Code is amended
36 to read:

37 12311. (a) The names of all corporations formed under this
38 part shall include “cooperative.” No corporation shall be formed
39 under this part unless there is affixed or prefixed to its name some
40 word or abbreviation which will indicate that it is a corporation,

1 as distinguished from a natural person, a firm, or an unincorporated
2 association.

3 (b) No person shall adopt or use the word “cooperative” or any
4 abbreviation or derivation thereof, or any word similar thereto, as
5 part of the name or designation under which it does business in
6 this state, unless incorporated as provided in this part or unless
7 incorporated as a nonprofit cooperative association under Chapter
8 1 (commencing with Section 54001) of Division 20 of the Food
9 and Agricultural Code, as a stock cooperative, as defined in Section
10 11003.2 of the Business and Professions Code, as a limited-equity
11 housing cooperative, as defined in Section ~~33007.5~~ 817 of the
12 ~~Health and Safety~~ Civil Code, as a credit union or organization
13 owned for the mutual benefit of credit unions, or under some other
14 law of this state enabling it to do so. However, the foregoing
15 prohibition shall be inapplicable to any credit union or organization
16 owned for the mutual benefit of credit unions, any housing
17 cooperative, the financing of which is insured, guaranteed, or
18 provided, in whole or in part, by a public or statutorily chartered
19 entity pursuant to a program created for housing cooperatives, a
20 nonprofit corporation, a majority of whose membership is
21 composed of cooperative corporations, or an academic institution
22 that serves cooperative corporations.

23 (c) A domestic or foreign corporation or association which did
24 business in this state under a name or designation including the
25 word “cooperative” prior to September 19, 1939, and which
26 conducts business on a cooperative basis substantially as set forth
27 in this part, may continue to do business under that name or
28 designation.

29 (d) Any person, firm, individual, partnership, trust, domestic
30 corporation, foreign corporation, or association which did business
31 in this state under a name or designation including the word
32 “cooperative” prior to September 19, 1939, but which does not
33 conduct business on a cooperative basis as contemplated by Section
34 12201 of this part, may continue to do business under that name
35 or designation if the words “not organized under the law relating
36 to cooperative corporations” are always placed immediately after
37 the name or designation wherever it is used.

38 (e) Any foreign corporation, organized under and complying
39 with the cooperative law of the state or other jurisdiction of its
40 creation, may use the term “cooperative” in this state if it has

1 complied with the laws of this state applicable to foreign
2 corporations, insofar as those laws are applicable to it, and if it is
3 doing business on a cooperative basis as contemplated by Section
4 12201.

5 SEC. 29. Section 12351 of the Corporations Code is amended
6 to read:

7 12351. (a) Unless otherwise provided in the articles or in the
8 bylaws:

9 (1) Meetings of the board may be called by the chair of the
10 board or the president or any vice president or the secretary or any
11 two directors.

12 (2) Regular meetings of the board may be held without notice
13 if the time and place of the meetings are fixed by the bylaws or
14 the board. Special meetings of the board shall be held upon four
15 days' notice by first-class mail or 48 hours' notice delivered
16 personally or by telephone, including a voice messaging system
17 or by electronic transmission by the corporation (Section 20). The
18 articles or bylaws may not dispense with notice of a special
19 meeting. A notice, or waiver of notice, need not specify the purpose
20 of any regular or special meeting of the board.

21 (3) Notice of a meeting need not be given to any director who
22 provides a waiver of notice or consent to holding the meeting or
23 an approval of the minutes thereof in writing, whether before or
24 after the meeting, or who attends the meeting without protesting,
25 prior thereto or at its commencement, the lack of notice to that
26 director. All waivers, consents, and approvals shall be filed with
27 the corporate records or made a part of the minutes of the meetings.

28 (4) A majority of the directors present, whether or not a quorum
29 is present, may adjourn any meeting to another time and place. If
30 the meeting is adjourned for more than 24 hours, notice of any
31 adjournment to another time or place shall be given prior to the
32 time of the adjourned meeting to the directors who were not present
33 at the time of the adjournment.

34 (5) Meetings of the ~~board~~ *directors* may be held at any place
35 within or without the state which has been designated in the notice
36 of the meeting or, if not stated in the notice or if there is no notice,
37 designated in the bylaws or by resolution of the board.

38 (6) ~~Members of the board~~ *Directors* may participate in a meeting
39 through use of conference telephone, electronic video screen
40 communication, or electronic transmission by and to the

1 corporation (Sections 20 and 21). Participation in a meeting through
2 use of conference telephone or electronic video screen
3 communication pursuant to this subdivision constitutes presence
4 in person at that meeting as long as all ~~members~~ *directors*
5 participating in the meeting are able to hear one another.
6 Participation in a meeting through use of electronic transmission
7 by and to the corporation, other than conference telephone and
8 electronic video screen communication pursuant to this subdivision
9 constitutes presence in person at that meeting if both of the
10 following apply:

11 (A) Each ~~member~~ *director* participating in the meeting can
12 communicate with all of the other ~~members~~ *directors* concurrently.

13 (B) Each ~~member~~ *director* is provided the means of participating
14 in all matters before the board, including, without limitation, the
15 capacity to propose, or to interpose an objection to, a specific
16 action to be taken by the corporation.

17 (7) A majority of the number of directors authorized in or
18 pursuant to the articles or bylaws constitutes a quorum of the board
19 for the transaction of business. The articles or bylaws may require
20 the presence of one or more specified directors to constitute a
21 quorum of the board to transact business, as long as the ~~death~~
22 *nonincumbency* of a *specified* director or the death or nonexistence
23 of the person or persons otherwise authorized to appoint or
24 designate a director does not prevent the corporation from
25 transacting business in the normal course of events. The articles
26 or bylaws may not provide that a quorum shall be less than
27 one-fifth the number of directors authorized in or pursuant to the
28 articles or bylaws, or less than two, whichever is larger.

29 (8) Subject to the provisions of Sections 12352, 12373, 12374,
30 and subdivision (e) of Section 12377, every act or decision done
31 or made by a majority of the directors present at a meeting duly
32 held at which a quorum is present is the act of the board. The
33 articles or bylaws may not provide that a lesser vote than a majority
34 of the directors present at a meeting is the act of the board. A
35 meeting at which a quorum is initially present may continue to
36 transact business notwithstanding the withdrawal of directors, if
37 any action taken is approved by at least a majority of the required
38 quorum for the meeting, or a greater number as is required by this
39 division, the articles or bylaws.

1 (b) Any action required or permitted to be taken by the board
2 may be taken without a meeting, if all ~~members of the board~~
3 *directors* shall individually or collectively consent in writing to
4 that action. Such written consent or consents shall be filed with
5 the minutes of the proceedings of the board.

6 The action by written consent shall have the same force and
7 effect as a unanimous vote of the directors.

8 (c) Each director ~~present and voting at a meeting~~ shall have one
9 vote on each matter presented to the board of directors for action
10 ~~at that meeting~~. No director may vote ~~at any meeting~~ by proxy.

11 SEC. 30. Section 12352 of the Corporations Code is amended
12 to read:

13 12352. (a) The board may, by resolution adopted by a majority
14 of the number of directors then in office, provided that a quorum
15 is present, create one or more committees, each consisting of two
16 or more directors, to serve at the pleasure of the board.
17 Appointments to such committees shall be by a majority vote of
18 the directors then in office, unless the articles or bylaws require a
19 majority vote of the number of directors authorized in *or pursuant*
20 *to* the articles or bylaws. The bylaws may authorize one or more
21 such committees, each consisting of two or more directors, and
22 may provide that a specified officer or officers who are also
23 directors of the corporation shall be a member or members of such
24 committee or committees. The board may appoint one or more
25 directors as alternate members of such committee, who may replace
26 any absent member at any meeting of the committee. Such
27 committee, to the extent provided in the resolution of the board or
28 in the bylaws, shall have all the authority of the board, except with
29 respect to:

30 (1) The approval of any action for which this part also requires
31 approval of the members (Section 12224) or approval of a majority
32 of all members (Section 12223) regardless of whether the
33 corporation has members.

34 (2) The filling of vacancies on the board or in any committee
35 which has the authority of the board.

36 (3) The fixing of compensation of the directors for serving on
37 the board or on any committee.

38 (4) The amendment or repeal of bylaws or the adoption of new
39 bylaws.

1 (5) The amendment or repeal of any resolution of the board
2 which by its express terms is not so amendable or repealable.

3 (6) The appointment of committees of the board or the members
4 thereof.

5 (7) The expenditure of corporate funds to support a nominee
6 for director after there are more people nominated for director than
7 can be elected.

8 (b) A committee exercising the authority of the board shall not
9 include as members persons who are not directors. ~~The~~ *However,*
10 *the* board may create other committees that do not exercise the
11 authority of the board and these other committees may include
12 persons ~~who are not~~ *regardless of whether they are* directors.

13 (c) Unless the bylaws otherwise provide, the board may delegate
14 to any committee, appointed pursuant to paragraph (4) of
15 subdivision (c) of Section 12331 or otherwise, powers as authorized
16 by Section 12350, but may not delegate the powers set forth in
17 paragraphs (1) through (7) of subdivision (a) of this section.

18 SEC. 31. Section 12353 of the Corporations Code is amended
19 to read:

20 12353. (a) A corporation shall have a chair of the board, who
21 may be given the title chair of the board, chairperson of the board,
22 chairman of the board, or chairwoman of the board, or a president
23 or both, a secretary, a treasurer or a chief financial officer; or both,
24 and any other officers with any titles and duties as shall be stated
25 in the bylaws or determined by the board and as may be necessary
26 to enable it to sign instruments. The president, or if there is no
27 president the chair of the board, is the chief executive officer of
28 the corporation, unless otherwise provided in the articles or bylaws.
29 ~~If~~ *Unless otherwise specified in the articles or the bylaws, if* there
30 is no chief financial officer, the treasurer is the chief financial
31 officer of the corporation, ~~unless otherwise provided for in the~~
32 ~~articles or bylaws.~~ Any number of offices may be held by the same
33 person unless the articles or bylaws provide otherwise. Either the
34 chair of the board or the president shall be elected from among
35 those board members elected by the membership of the corporation.

36 (b) Except as otherwise provided by the articles or bylaws,
37 officers shall be chosen by the board and serve at the pleasure of
38 the board, subject to the rights, if any, of an officer under any
39 contract of employment. Any officer may resign at any time upon
40 written notice to the corporation without prejudice to the rights, if

1 any, of the corporation under any contract to which the officer is
2 a party.

3 SEC. 32. Section 18122 is added to the Corporations Code, to
4 read:

5 18122. An unincorporated association holding property for
6 charitable purposes shall comply with the Supervision of Trustees
7 and Fundraisers for Charitable Purposes Act, Article 7
8 (commencing with Section 12580) of Chapter 6 of Part 2 of
9 Division 3 of Title 2 of the Government Code, if applicable.

O