

AMENDED IN SENATE MAY 4, 2015  
AMENDED IN SENATE APRIL 6, 2015

**SENATE BILL**

**No. 351**

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**Introduced by Committee on Banking and Financial Institutions  
(Senators Block (Chair), Galgiani, Hall, Hueso, Lara, Morrell,  
and Vidak)**

February 24, 2015

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An act to amend Sections 173, 305, 307, 312, 313, 416, 703, 1102, 5039.5, 5213, 7213, 9213, 12228.5, 12320, 12331, 12353, and 13401.5 of, and to add Section 156.6 to, the Corporations Code, relating to corporations.

LEGISLATIVE COUNSEL'S DIGEST

SB 351, as amended, Committee on Banking and Financial Institutions. Corporations.

(1) The General Corporation Law generally authorizes the formation of general corporations. The Nonprofit Corporation Law authorizes the formation of public benefit corporations, mutual benefit corporations, and religious corporations. The Consumer Cooperative Corporation Law authorizes the formation of consumer cooperatives. Each of these laws require a corporation formed under its provisions to have specific corporate officers, which include, among others, a chair of the board, which is also referred to with gender variations.

This bill would specifically expand the permissible titles relating to a chair of a board. This bill would make nonsubstantive changes relating to bylaws effective during an emergency, as defined.

(2) The Consumer Cooperative Corporation Law authorizes the formation of consumer cooperatives corporations, and specifies the

corporate power of a corporation and its officers formed under its provisions.

This bill would expand the authority of a consumer cooperative corporation to conduct its ordinary business operations in anticipation of, or under the conditions of, an emergency, as defined, to include, among others, the authority to modify the requirements of giving notice to directors of a meeting of the board of directors in any practicable manner. The bill would also authorize a consumer cooperative corporation to enact bylaws effective only during an emergency relating to the management and conduct of its ordinary business affairs, to include, among others, bylaws providing procedures for designating additional or substitute directors.

(3) The Moscone–Knox Professional Corporation Act provides for the organization of a corporation under certain existing law for the purposes of qualifying as a professional corporation under that act and rendering professional services. The act authorizes specified healing arts practitioners to be shareholders, officers, directors, or professional employees of a designated professional corporation, subject to certain limitations relating to ownership of shares.

This bill would add dental assistants, licensed dentists, registered dental hygienists, and registered dental hygienists in extended functions to the list of healing arts practitioners who may be shareholders, officers, or directors of a registered dental hygienist in alternative practice corporation.

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 156.6 is added to the Corporations Code,  
2 to read:  
3 156.6. All references in this division to “chairperson of the  
4 board” shall be deemed to refer to all permissible titles for the  
5 chairperson of the board, as permitted by Section 312.  
6 SEC. 2. Section 173 of the Corporations Code is amended to  
7 read:  
8 173. “Officers’ certificate” means a certificate signed and  
9 verified by the chairperson of the board, the president or any vice  
10 president and by the secretary, the chief financial officer, the  
11 treasurer or any assistant secretary or assistant treasurer.

1 SEC. 3. Section 305 of the Corporations Code is amended to  
2 read:

3 305. (a) Unless otherwise provided in the articles or bylaws  
4 and except for a vacancy created by the removal of a director,  
5 vacancies on the board may be filled by approval of the board  
6 (Section 151) or, if the number of directors then in office is less  
7 than a quorum, by (1) the unanimous written consent of the  
8 directors then in office, (2) the affirmative vote of a majority of  
9 the directors then in office at a meeting held pursuant to notice or  
10 waivers of notice complying with Section 307 or (3) a sole  
11 remaining director. Unless the articles or a bylaw adopted by the  
12 shareholders provide that the board may fill vacancies occurring  
13 in the board by reason of the removal of directors, such vacancies  
14 may be filled only by approval of the shareholders (Section 153).

15 (b) The shareholders may elect a director at any time to fill any  
16 vacancy not filled by the directors. Any such election by written  
17 consent other than to fill a vacancy created by removal, which  
18 requires the unanimous consent of all shares entitled to vote for  
19 the election of directors, requires the consent of a majority of the  
20 outstanding shares entitled to vote.

21 (c) If, after the filling of any vacancy by the directors, the  
22 directors then in office who have been elected by the shareholders  
23 shall constitute less than a majority of the directors then in office,  
24 then both of the following shall be applicable:

25 (1) Any holder or holders of an aggregate of 5 percent or more  
26 of the total number of shares at the time outstanding having the  
27 right to vote for those directors may call a special meeting of  
28 shareholders, or

29 (2) The superior court of the proper county shall, upon  
30 application of such shareholder or shareholders, summarily order  
31 a special meeting of shareholders, to be held to elect the entire  
32 board. The term of office of any director shall terminate upon that  
33 election of a successor.

34 The hearing on any application filed pursuant to this subdivision  
35 shall be held on not less than 10 business days notice to the  
36 corporation. If the corporation intends to oppose the application,  
37 it shall file with the court a notice of opposition not later than five  
38 business days prior to the date set for the hearing. The application  
39 and any notice of opposition shall be supported by appropriate  
40 affidavits and the court's determination shall be made on the basis

1 of the papers in the record; but, for good cause shown, the court  
2 may receive and consider at the hearing additional evidence, oral  
3 or documentary, and additional points and authorities. The hearing  
4 shall take precedence over all other matters not of a similar nature  
5 pending on the date set for the hearing.

6 (d) Any director may resign effective upon giving written notice  
7 to the chairperson of the board, the president, the secretary or the  
8 board of directors of the corporation, unless the notice specifies a  
9 later time for the effectiveness of such resignation. If the  
10 resignation is effective at a future time, a successor may be elected  
11 to take office when the resignation becomes effective.

12 SEC. 4. Section 307 of the Corporations Code is amended to  
13 read:

14 307. (a) Unless otherwise provided in the articles or, subject  
15 to paragraph (5) of subdivision (a) of Section 204, in the bylaws,  
16 all of the following apply:

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

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

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

36 (4) A majority of the directors present, whether or not a quorum  
37 is present, may adjourn any meeting to another time and place. If  
38 the meeting is adjourned for more than 24 hours, notice of an  
39 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 there is no notice,  
6 designated in the bylaws or by resolution of the board.

7 (6) Members of the board may participate in a meeting through  
8 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 participating in  
14 the meeting are able to hear one another. Participation in a meeting  
15 through electronic transmission by and to the corporation (other  
16 than conference telephone and electronic video screen  
17 communication), pursuant to this subdivision constitutes presence  
18 in person at that meeting if both of the following apply:

19 (A) Each member participating in the meeting can communicate  
20 with all of the other members concurrently.

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

25 (7) A majority of the authorized number of directors constitutes  
26 a quorum of the board for the transaction of business. The articles  
27 or bylaws may not provide that a quorum shall be less than  
28 one-third the authorized number of directors or less than two,  
29 whichever is larger, unless the authorized number of directors is  
30 one, in which case one director constitutes a quorum.

31 (8) An act or decision done or made by a majority of the  
32 directors present at a meeting duly held at which a quorum is  
33 present is the act of the board, subject to the provisions of Section  
34 310 and subdivision (e) of Section 317. The articles or bylaws may  
35 not provide that a lesser vote than a majority of the directors present  
36 at a meeting is the act of the board. A meeting at which a quorum  
37 is initially present may continue to transact business  
38 notwithstanding the withdrawal of directors, if any action taken is  
39 approved by at least a majority of the required quorum for that  
40 meeting.

1 (b) An action required or permitted to be taken by the board  
2 may be taken without a meeting, if all members of the board shall  
3 individually or collectively consent in writing to that action and  
4 if the number of members of the board serving at the time  
5 constitutes a quorum. The written consent or consents shall be  
6 filed with the minutes of the proceedings of the board. For purposes  
7 of this subdivision only, “all members of the board” shall include  
8 an “interested director” as described in subdivision (a) of Section  
9 310 or a “common director” as described in subdivision (b) of  
10 Section 310 who abstains in writing from providing consent, where  
11 the disclosures required by Section 310 have been made to the  
12 noninterested or noncommon directors, as applicable, prior to their  
13 execution of the written consent or consents, the specified  
14 disclosures are conspicuously included in the written consent or  
15 consents executed by the noninterested or noncommon directors,  
16 and the noninterested or noncommon directors, as applicable,  
17 approve the action by a vote that is sufficient without counting the  
18 votes of the interested or common directors. If written consent is  
19 provided by the directors in accordance with the immediately  
20 preceding sentence and the disclosures made regarding the action  
21 that is the subject of the consent do not comply with the  
22 requirements of Section 310, the action that is the subject of the  
23 consent shall be deemed approved, but in any suit brought to  
24 challenge the action, the party asserting the validity of the action  
25 shall have the burden of proof in establishing that the action was  
26 just and reasonable to the corporation at the time it was approved.

27 (c) This section applies also to committees of the board and  
28 incorporators and action by those committees and incorporators,  
29 *mutatis mutandis*.

30 SEC. 5. Section 312 of the Corporations Code is amended to  
31 read:

32 312. (a) A corporation shall have (1) a chairperson of the  
33 board, who may be given the title of ~~chair, chairperson, chairman,~~  
34 ~~chairwoman,~~ chair of the board, chairperson of the board, chairman  
35 of the board, or chairwoman of the board, or a president or both,  
36 (2) a secretary, (3) a chief financial officer, and (4) such other  
37 officers with such titles and duties as shall be stated in the bylaws  
38 or determined by the board and as may be necessary to enable it  
39 to sign instruments and share certificates. The president, or if there  
40 is no president the chairperson of the board, is the general manager

1 and chief executive officer of the corporation, unless otherwise  
2 provided in the articles or bylaws. Any number of offices may be  
3 held by the same person unless the articles or bylaws provide  
4 otherwise.

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

12 SEC. 6. Section 313 of the Corporations Code is amended to  
13 read:

14 313. Subject to the provisions of subdivision (a) of Section  
15 208, any note, mortgage, evidence of indebtedness, contract, share  
16 certificate, initial transaction statement or written statement,  
17 conveyance, or other instrument in writing, and any assignment  
18 or endorsement thereof, executed or entered into between any  
19 corporation and any other person, when signed by the chairperson  
20 of the board, the president or any vice president and the secretary,  
21 any assistant secretary, the chief financial officer or any assistant  
22 treasurer of such corporation, is not invalidated as to the  
23 corporation by any lack of authority of the signing officers in the  
24 absence of actual knowledge on the part of the other person that  
25 the signing officers had no authority to execute the same.

26 SEC. 7. Section 416 of the Corporations Code is amended to  
27 read:

28 416. (a) Every holder of shares in a corporation shall be  
29 entitled to have a certificate signed in the name of the corporation  
30 by the chairperson or vice chairperson of the board or the president  
31 or a vice president and by the chief financial officer or an assistant  
32 treasurer or the secretary or any assistant secretary, certifying the  
33 number of shares and the class or series of shares owned by the  
34 shareholder. Any or all of the signatures on the certificate may be  
35 facsimile. In case any officer, transfer agent or registrar who has  
36 signed or whose facsimile signature has been placed upon a  
37 certificate has ceased to be such officer, transfer agent or registrar  
38 before such certificate is issued, it may be issued by the corporation  
39 with the same effect as if such person were an officer, transfer  
40 agent or registrar at the date of issue.

1 (b) Notwithstanding subdivision (a), a corporation may adopt  
2 a system of issuance, recordation and transfer of its shares by  
3 electronic or other means not involving any issuance of certificates,  
4 including provisions for notice to purchasers in substitution for  
5 the required statements on certificates under Sections 417, 418,  
6 and 1302, and as may be required by the commissioner in  
7 administering the Corporate Securities Law of 1968, which system  
8 (1) has been approved by the United States Securities and Exchange  
9 Commission, (2) is authorized in any statute of the United States,  
10 or (3) is in accordance with Division 8 (commencing with Section  
11 8101) of the Commercial Code. Any system so adopted shall not  
12 become effective as to issued and outstanding certificated securities  
13 until the certificates therefor have been surrendered to the  
14 corporation.

15 SEC. 8. Section 703 of the Corporations Code is amended to  
16 read:

17 703. (a) Shares standing in the name of another corporation,  
18 domestic or foreign, may be voted by an officer, agent, or  
19 proxyholder as the bylaws of the other corporation may prescribe  
20 or, in the absence of such provision, as the board of the other  
21 corporation may determine or, in the absence of that determination,  
22 by the chairperson of the board, president or any vice president of  
23 the other corporation, or by any other person authorized to do so  
24 by the chairperson of the board, president, or any vice president  
25 of the other corporation. Shares which are purported to be voted  
26 or any proxy purported to be executed in the name of a corporation  
27 (whether or not any title of the person signing is indicated) shall  
28 be presumed to be voted or the proxy executed in accordance with  
29 the provisions of this subdivision, unless the contrary is shown.

30 (b) Shares of a corporation owned by its subsidiary shall not be  
31 entitled to vote on any matter.

32 (c) Shares held by the issuing corporation in a fiduciary capacity,  
33 and shares of an issuing corporation held in a fiduciary capacity  
34 by its subsidiary, shall not be entitled to vote on any matter, except  
35 as follows:

36 (1) To the extent that the settlor or beneficial owner possesses  
37 and exercises a right to vote or to give the corporation binding  
38 instructions as to how to vote such shares.

1 (2) Where there are one or more cotrustees who are not affected  
2 by the prohibition of this subdivision, in which case the shares  
3 may be voted by the cotrustees as if it or they are the sole trustee.

4 SEC. 9. Section 1102 of the Corporations Code is amended to  
5 read:

6 1102. Each corporation shall sign the agreement by its  
7 chairperson of the board, president or a vice president and secretary  
8 or an assistant secretary acting on behalf of their respective  
9 corporations.

10 SEC. 10. Section 5039.5 of the Corporations Code is amended  
11 to read:

12 5039.5. All references in this division to “chairman of the  
13 board,” other than in Sections 5213, 7213, and 9213, shall be  
14 deemed to refer to all permissible titles for a chair of the board, as  
15 permitted by Sections 5213, 7213, and 9213.

16 SEC. 11. Section 5213 of the Corporations Code is amended  
17 to read:

18 5213. (a) A corporation shall have (1) a chair of the board,  
19 who may be given the title chair, chairperson, chairman,  
20 chairwoman, chair of the board, chairperson of the board, chairman  
21 of the board, or chairwoman of the board, or a president or both,  
22 (2) a secretary, (3) a treasurer or a chief financial officer or both,  
23 and (4) any other officers with any titles and duties as shall be  
24 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, except that no person serving  
33 as the secretary, the treasurer, or the chief financial officer may  
34 serve concurrently as the president or chair of the board. Any  
35 compensation of the president or chief executive officer and the  
36 chief financial officer or treasurer shall be determined in  
37 accordance with subdivision (g) of Section 12586 of the  
38 Government Code, if applicable.

39 (b) Except as otherwise provided by the articles or bylaws,  
40 officers shall be chosen by the board and serve at the pleasure of

1 the board, subject to the rights, if any, of an officer under any  
2 contract of employment. Any officer may resign at any time upon  
3 written notice to the corporation without prejudice to the rights, if  
4 any, of the corporation under any contract to which the officer is  
5 a party.

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

10 SEC. 12. Section 7213 of the Corporations Code is amended  
11 to read:

12 7213. (a) A corporation shall have (1) a chair of the board,  
13 who may be given the title chair, chairperson, chairman,  
14 chairwoman, chair of the board, chairperson of the board, chairman  
15 of the board, or chairwoman of the board, or a president or both,  
16 (2) a secretary, (3) a treasurer or a chief financial officer or both,  
17 and (4) any other officers with any titles and duties as shall be  
18 stated in the bylaws or determined by the board and as may be  
19 necessary to enable it to sign instruments. The president, or if there  
20 is no president the chair of the board, is the general manager and  
21 chief executive officer of the corporation, unless otherwise  
22 provided in the articles or bylaws. Unless otherwise specified in  
23 the articles or the bylaws, if there is no chief financial officer, the  
24 treasurer is the chief financial officer of the corporation. Any  
25 number of offices may be held by the same person unless the  
26 articles or bylaws provide otherwise. Where a corporation holds  
27 assets in charitable trust, any compensation of the president or  
28 chief executive officer and the chief financial officer or treasurer  
29 shall be determined in accordance with subdivision (g) of Section  
30 12586 of the Government Code, if applicable.

31 (b) Except as otherwise provided by the articles or bylaws,  
32 officers shall be chosen by the board and serve at the pleasure of  
33 the board, subject to the rights, if any, of an officer under any  
34 contract of employment. Any officer may resign at any time upon  
35 written notice to the corporation without prejudice to the rights, if  
36 any, of the corporation under any contract to which the officer is  
37 a party.

38 SEC. 13. Section 9213 of the Corporations Code is amended  
39 to read:

1 9213. (a) A corporation shall have (1) a chair of the board,  
2 who may be given the title chair, chairperson, chairman,  
3 chairwoman, chair of the board, chairperson of the board, chairman  
4 of the board, or chairwoman of the board, or a president or both,  
5 (2) a secretary, (3) a treasurer or a chief financial officer or both  
6 and (4) any other officers with any titles and duties as are stated  
7 in the bylaws or determined by the board and as may be necessary  
8 to enable it to sign instruments. The president, or if there is no  
9 president, the chair of the board, is the general manager and chief  
10 executive officer of the corporation, unless otherwise provided in  
11 the articles or bylaws. Unless otherwise specified in the articles  
12 or the bylaws, if there is no chief financial officer, the treasurer is  
13 the chief financial officer of the corporation. Any number of offices  
14 may be held by the same person unless the articles or bylaws  
15 provide otherwise, except that no person serving as the secretary,  
16 the treasurer, or the chief financial officer may serve concurrently  
17 as the president or chair of the board. Any compensation of the  
18 president or chief executive officer and the chief financial officer  
19 or treasurer shall be determined in accordance with subdivision  
20 (g) of Section 12586 of the Government Code, if applicable.

21 (b) Except as otherwise provided by the articles or bylaws,  
22 officers shall be chosen by the board and serve at the pleasure of  
23 the board, subject to the rights, if any, of an officer under any  
24 contract of employment. Any officer may resign at any time upon  
25 written notice to the corporation without prejudice to the rights, if  
26 any, of the corporation under any contract to which the officer is  
27 a party.

28 SEC. 14. Section 12228.5 of the Corporations Code is amended  
29 to read:

30 12228.5. For the purposes of this part, all references to  
31 “chairman of the board,” other than in Section 12353, shall be  
32 deemed to refer to all permissible titles for a chair of the board, as  
33 permitted by Section 12353.

34 SEC. 15. Section 12320 of the Corporations Code is amended  
35 to read:

36 12320. Subject to any limitations contained in the articles or  
37 bylaws and to compliance with other provisions of this part and  
38 any other applicable laws, a corporation, in carrying out its  
39 activities, shall have all of the powers of a natural person,  
40 including, without limitation, the power to:

- 1 (a) Adopt, use, and at will alter a corporate seal, but failure to  
2 affix a seal does not affect the validity of any instrument.
- 3 (b) Adopt, amend, and repeal bylaws.
- 4 (c) Qualify to conduct its activities in any other state, territory,  
5 dependency, or foreign country.
- 6 (d) Issue, purchase, redeem, receive, take or otherwise acquire,  
7 own, sell, lend, exchange, transfer or otherwise dispose of, pledge,  
8 use and otherwise deal in and with its own memberships, bonds,  
9 debentures, notes, and debt securities.
- 10 (e) Pay pensions, and establish and carry out pension, deferred  
11 compensation, saving, thrift and other retirement, incentive and  
12 benefit plans, trusts and provisions for any or all of its directors,  
13 officers, employees, and persons providing services to it or any of  
14 its subsidiary or related or associated corporations, and to  
15 indemnify and purchase and maintain insurance on behalf of any  
16 fiduciary of such plans, trusts, or provisions.
- 17 (f) Issue certificates evidencing membership in accordance with  
18 the provisions of Section 12401 and issue identity cards to identify  
19 those persons eligible to use the corporation's facilities.
- 20 (g) Levy dues, assessments, and membership and transfer fees.
- 21 (h) Make donations for the public welfare or for community  
22 funds, hospital, charitable, educational, scientific, civic, religious,  
23 or similar purposes.
- 24 (i) Assume obligations, enter into contracts, including contracts  
25 of guarantee or suretyship, incur liabilities, borrow or lend money  
26 or otherwise use its credit, and secure any of its obligations,  
27 contracts or liabilities by mortgage, pledge or other encumbrance  
28 of all or any part of its property and income.
- 29 (j) Participate with others in any partnership, joint venture or  
30 other association, transaction or arrangement of any kind whether  
31 or not such participation involves sharing or delegation of control  
32 with or to others.
- 33 (k) Act as trustee under any trust incidental to the principal  
34 objects of the corporation, and receive, hold, administer, exchange,  
35 and expend funds and property subject to such trust.
- 36 (l) Carry on a business at a profit and apply any profit that results  
37 from the business activity to any activity in which it may lawfully  
38 engage.
- 39 (m) (1) In anticipation of or during an emergency, take either  
40 or both of the following actions necessary to conduct the

1 corporation's ordinary business operations and affairs, unless  
2 emergency bylaws provide otherwise pursuant to subdivision (h)  
3 of Section 12331:

4 (A) Modify lines of succession to accommodate the incapacity  
5 of any director, officer, employee, or agent resulting from the  
6 emergency.

7 (B) Relocate the principal office, designate alternative principal  
8 offices or regional offices, or authorize the officers to do so.

9 (2) During an emergency, take either or both of the following  
10 actions necessary to conduct the corporation's ordinary business  
11 operations and affairs, unless emergency bylaws provide otherwise  
12 pursuant to subdivision (h) of Section 12331:

13 (A) Give notice to a director or directors in any practicable  
14 manner under the circumstances, including, but not limited to, by  
15 publication and radio, when notice of a meeting of the board cannot  
16 be given to that director or directors in the manner prescribed by  
17 the bylaws or Section 12351.

18 (B) Deem that one or more officers of the corporation present  
19 at a board meeting is a director, in order of rank and within the  
20 same rank in order of seniority, as necessary to achieve a quorum  
21 for that meeting.

22 (3) In anticipation of or during an emergency, the board may  
23 not take any action that requires the vote of the members or is not  
24 in the corporation's ordinary course of business, unless the required  
25 vote of the members was obtained prior to the emergency.

26 (4) Any actions taken in good faith in anticipation of or during  
27 an emergency under this subdivision bind the corporation and may  
28 not be used to impose liability on a corporate director, officer,  
29 employee, or agent.

30 (5) For purposes of this subdivision, "emergency" means any  
31 of the following events or circumstances as a result of which, and  
32 only so long as, a quorum of the corporation's board of directors  
33 cannot be readily convened for action:

34 (A) A natural catastrophe, including, but not limited to, a  
35 hurricane, tornado, storm, high water, wind-driven water, tidal  
36 wave, tsunami, earthquake, volcanic eruption, landslide, mudslide,  
37 snowstorm, or, regardless of cause, any fire, flood, or explosion.

38 (B) An attack on this state or nation by an enemy of the United  
39 States of America, or upon receipt by this state of a warning from

1 the federal government indicating that an enemy attack is probable  
2 or imminent.

3 (C) An act of terrorism or other manmade disaster that results  
4 in extraordinary levels of casualties or damage or disruption  
5 severely affecting the infrastructure, environment, economy,  
6 government functions, or population, including, but not limited  
7 to, mass evacuations.

8 (D) A state of emergency proclaimed by a Governor or by the  
9 President of the United States.

10 SEC. 16. Section 12331 of the Corporations Code is amended  
11 to read:

12 12331. (a) The bylaws shall set forth (unless such provision  
13 is contained in the articles, in which case it may only be changed  
14 by an amendment of the articles) the number of directors of the  
15 corporation, or the method of determining the number of directors  
16 of the corporation, or that the number of directors shall be not less  
17 than a stated minimum or more than a stated maximum with the  
18 exact number of directors to be fixed, within the limits specified,  
19 by approval of the board or the members (Sections 12222 and  
20 12224), in the manner provided in the bylaws, subject to  
21 subdivision (e). The number or minimum number of directors shall  
22 not be less than three. Alternate directors may be permitted, in  
23 which event, the bylaws shall specify the manner and times of  
24 their election and the conditions to their service in place of a  
25 director.

26 (b) Once members have been admitted, a bylaw specifying or  
27 changing a fixed number of directors or the maximum or minimum  
28 number or changing from a fixed to a variable board or vice versa  
29 may only be adopted by approval of the members.

30 (c) The bylaws may contain any provision, not in conflict with  
31 law or the articles, for the management of the activities and for  
32 the conduct of the affairs of the corporation, including, but not  
33 limited to:

34 (1) Any provision referred to in subdivision (c) of Section  
35 12313.

36 (2) The time, place and manner of calling, conducting and giving  
37 notice of members', directors', and committee meetings, or of  
38 conducting mail ballots.

1 (3) The qualifications, duties, and compensation of directors;  
2 the time of their election; and the requirements of a quorum for  
3 directors' and committee meetings.

4 (4) The appointment of committees, composed of directors or  
5 nondirectors or both, by the board or any officer and the authority  
6 of these committees.

7 (5) The appointment, duties, compensation, and tenure of  
8 officers.

9 (6) The mode of determination of members of record.

10 (7) The making of reports and financial statements to members.

11 (8) Setting, imposing, and collecting dues, assessments, and  
12 membership and transfer fees.

13 (9) The time and manner of patronage distributions consistent  
14 with this part.

15 (d) The bylaws may provide for eligibility, the manner of  
16 admission, withdrawal, suspension, and expulsion of members,  
17 and the suspension or termination of memberships consistent with  
18 the requirements of Section 12431.

19 (e) The bylaws may require, for any or all corporate actions,  
20 the vote of a larger proportion of, or all of, the members or the  
21 members of any class, unit, or grouping of members or the vote  
22 of a larger proportion of, or all of, the directors, than is otherwise  
23 required by this part. A provision in the bylaws requiring a greater  
24 vote shall not be altered, amended, or repealed except by the greater  
25 vote, unless otherwise provided in the bylaws.

26 (f) The bylaws may contain a provision limiting the number of  
27 members, in total or of any class or series, which the corporation  
28 is authorized to admit.

29 (g) The bylaws may provide for the establishment by the  
30 corporation of a program for the education of its members, officers,  
31 employees, and the general public in the principles and techniques  
32 of cooperation.

33 (h) (1) The bylaws may contain any provision, not in conflict  
34 with the articles, to manage and conduct the ordinary business  
35 affairs of the corporation effective only in an emergency as defined  
36 in Section 12320, including, but not limited to, procedures for  
37 calling a board meeting, quorum requirements for a board meeting,  
38 and designation of additional or substitute directors.

39 (2) During an emergency, the board may not take any action  
40 that requires the vote of the members or otherwise is not in the

1 corporation's ordinary course of business, unless the required vote  
2 of the members was obtained prior to the emergency.

3 (3) All provisions of the regular bylaws consistent with the  
4 emergency bylaws shall remain effective during the emergency,  
5 and the emergency bylaws shall not be effective after the  
6 emergency ends.

7 (4) Corporate action taken in good faith in accordance with the  
8 emergency bylaws binds the corporation, and may not be used to  
9 impose liability on a corporate director, officer, employee, or agent.

10 SEC. 17. Section 12353 of the Corporations Code is amended  
11 to read:

12 12353. (a) A corporation shall have (1) a chair of the board,  
13 who may be given the title chair, chairperson, chairman,  
14 chairwoman, chair of the board, chairperson of the board, chairman  
15 of the board, or chairwoman of the board, or a president or both,  
16 (2) a secretary, (3) a treasurer or a chief financial officer or both,  
17 and (4) any other officers with any titles and duties as shall be  
18 stated in the bylaws or determined by the board and as may be  
19 necessary to enable it to sign instruments. The president, or if there  
20 is no president the chair of the board, is the chief executive officer  
21 of the corporation, unless otherwise provided in the articles or  
22 bylaws. Unless otherwise specified in the articles or the bylaws,  
23 if there is no chief financial officer, the treasurer is the chief  
24 financial officer of the corporation. Any number of offices may  
25 be held by the same person unless the articles or bylaws provide  
26 otherwise. Either the chair of the board or the president shall be  
27 elected from among those board members elected by the  
28 membership of the corporation.

29 (b) Except as otherwise provided by the articles or bylaws,  
30 officers shall be chosen by the board and serve at the pleasure of  
31 the board, subject to the rights, if any, of an officer under any  
32 contract of employment. Any officer may resign at any time upon  
33 written notice to the corporation without prejudice to the rights, if  
34 any, of the corporation under any contract to which the officer is  
35 a party.

36 SEC. 18. Section 13401.5 of the Corporations Code is amended  
37 to read:

38 13401.5. Notwithstanding subdivision (d) of Section 13401  
39 and any other provision of law, the following licensed persons  
40 may be shareholders, officers, directors, or professional employees

1 of the professional corporations designated in this section so long  
2 as the sum of all shares owned by those licensed persons does not  
3 exceed 49 percent of the total number of shares of the professional  
4 corporation so designated herein, and so long as the number of  
5 those licensed persons owning shares in the professional  
6 corporation so designated herein does not exceed the number of  
7 persons licensed by the governmental agency regulating the  
8 designated professional corporation. This section does not limit  
9 employment by a professional corporation designated in this section  
10 of only those licensed professionals listed under each subdivision.  
11 Any person duly licensed under Division 2 (commencing with  
12 Section 500) of the Business and Professions Code, the  
13 Chiropractic Act, or the Osteopathic Act may be employed to  
14 render professional services by a professional corporation  
15 designated in this section.

- 16 (a) Medical corporation.
  - 17 (1) Licensed doctors of podiatric medicine.
  - 18 (2) Licensed psychologists.
  - 19 (3) Registered nurses.
  - 20 (4) Licensed optometrists.
  - 21 (5) Licensed marriage and family therapists.
  - 22 (6) Licensed clinical social workers.
  - 23 (7) Licensed physician assistants.
  - 24 (8) Licensed chiropractors.
  - 25 (9) Licensed acupuncturists.
  - 26 (10) Naturopathic doctors.
  - 27 (11) Licensed professional clinical counselors.
  - 28 (12) Licensed physical therapists.
- 29 (b) Podiatric medical corporation.
  - 30 (1) Licensed physicians and surgeons.
  - 31 (2) Licensed psychologists.
  - 32 (3) Registered nurses.
  - 33 (4) Licensed optometrists.
  - 34 (5) Licensed chiropractors.
  - 35 (6) Licensed acupuncturists.
  - 36 (7) Naturopathic doctors.
  - 37 (8) Licensed physical therapists.
- 38 (c) Psychological corporation.
  - 39 (1) Licensed physicians and surgeons.
  - 40 (2) Licensed doctors of podiatric medicine.

- 1 (3) Registered nurses.
- 2 (4) Licensed optometrists.
- 3 (5) Licensed marriage and family therapists.
- 4 (6) Licensed clinical social workers.
- 5 (7) Licensed chiropractors.
- 6 (8) Licensed acupuncturists.
- 7 (9) Naturopathic doctors.
- 8 (10) Licensed professional clinical counselors.
- 9 (d) Speech-language pathology corporation.
- 10 (1) Licensed audiologists.
- 11 (e) Audiology corporation.
- 12 (1) Licensed speech-language pathologists.
- 13 (f) Nursing corporation.
- 14 (1) Licensed physicians and surgeons.
- 15 (2) Licensed doctors of podiatric medicine.
- 16 (3) Licensed psychologists.
- 17 (4) Licensed optometrists.
- 18 (5) Licensed marriage and family therapists.
- 19 (6) Licensed clinical social workers.
- 20 (7) Licensed physician assistants.
- 21 (8) Licensed chiropractors.
- 22 (9) Licensed acupuncturists.
- 23 (10) Naturopathic doctors.
- 24 (11) Licensed professional clinical counselors.
- 25 (g) Marriage and family therapist corporation.
- 26 (1) Licensed physicians and surgeons.
- 27 (2) Licensed psychologists.
- 28 (3) Licensed clinical social workers.
- 29 (4) Registered nurses.
- 30 (5) Licensed chiropractors.
- 31 (6) Licensed acupuncturists.
- 32 (7) Naturopathic doctors.
- 33 (8) Licensed professional clinical counselors.
- 34 (h) Licensed clinical social worker corporation.
- 35 (1) Licensed physicians and surgeons.
- 36 (2) Licensed psychologists.
- 37 (3) Licensed marriage and family therapists.
- 38 (4) Registered nurses.
- 39 (5) Licensed chiropractors.
- 40 (6) Licensed acupuncturists.

- 1 (7) Naturopathic doctors.
- 2 (8) Licensed professional clinical counselors.
- 3 (i) Physician assistants corporation.
- 4 (1) Licensed physicians and surgeons.
- 5 (2) Registered nurses.
- 6 (3) Licensed acupuncturists.
- 7 (4) Naturopathic doctors.
- 8 (j) Optometric corporation.
- 9 (1) Licensed physicians and surgeons.
- 10 (2) Licensed doctors of podiatric medicine.
- 11 (3) Licensed psychologists.
- 12 (4) Registered nurses.
- 13 (5) Licensed chiropractors.
- 14 (6) Licensed acupuncturists.
- 15 (7) Naturopathic doctors.
- 16 (k) Chiropractic corporation.
- 17 (1) Licensed physicians and surgeons.
- 18 (2) Licensed doctors of podiatric medicine.
- 19 (3) Licensed psychologists.
- 20 (4) Registered nurses.
- 21 (5) Licensed optometrists.
- 22 (6) Licensed marriage and family therapists.
- 23 (7) Licensed clinical social workers.
- 24 (8) Licensed acupuncturists.
- 25 (9) Naturopathic doctors.
- 26 (10) Licensed professional clinical counselors.
- 27 (l) Acupuncture corporation.
- 28 (1) Licensed physicians and surgeons.
- 29 (2) Licensed doctors of podiatric medicine.
- 30 (3) Licensed psychologists.
- 31 (4) Registered nurses.
- 32 (5) Licensed optometrists.
- 33 (6) Licensed marriage and family therapists.
- 34 (7) Licensed clinical social workers.
- 35 (8) Licensed physician assistants.
- 36 (9) Licensed chiropractors.
- 37 (10) Naturopathic doctors.
- 38 (11) Licensed professional clinical counselors.
- 39 (m) Naturopathic doctor corporation.
- 40 (1) Licensed physicians and surgeons.

- 1 (2) Licensed psychologists.
- 2 (3) Registered nurses.
- 3 (4) Licensed physician assistants.
- 4 (5) Licensed chiropractors.
- 5 (6) Licensed acupuncturists.
- 6 (7) Licensed physical therapists.
- 7 (8) Licensed doctors of podiatric medicine.
- 8 (9) Licensed marriage and family therapists.
- 9 (10) Licensed clinical social workers.
- 10 (11) Licensed optometrists.
- 11 (12) Licensed professional clinical counselors.
- 12 (n) Dental corporation.
- 13 (1) Licensed physicians and surgeons.
- 14 (2) Dental assistants.
- 15 (3) Registered dental assistants.
- 16 (4) Registered dental assistants in extended functions.
- 17 (5) Registered dental hygienists.
- 18 (6) Registered dental hygienists in extended functions.
- 19 (7) Registered dental hygienists in alternative practice.
- 20 (o) Professional clinical counselor corporation.
- 21 (1) Licensed physicians and surgeons.
- 22 (2) Licensed psychologists.
- 23 (3) Licensed clinical social workers.
- 24 (4) Licensed marriage and family therapists.
- 25 (5) Registered nurses.
- 26 (6) Licensed chiropractors.
- 27 (7) Licensed acupuncturists.
- 28 (8) Naturopathic doctors.
- 29 (p) Physical therapy corporation.
- 30 (1) Licensed physicians and surgeons.
- 31 (2) Licensed doctors of podiatric medicine.
- 32 (3) Licensed acupuncturists.
- 33 (4) Naturopathic doctors.
- 34 (5) Licensed occupational therapists.
- 35 (6) Licensed speech-language therapists.
- 36 (7) Licensed audiologists.
- 37 (8) Registered nurses.
- 38 (9) Licensed psychologists.
- 39 (10) Licensed physician assistants.

- 1 (q) Registered Dental Hygienist in Alternative Practice
- 2 Corporation.
- 3 (1) Dental assistants.
- 4 (2) Licensed dentists.
- 5 (3) Registered dental hygienists.
- 6 (4) Registered dental hygienists in extended functions.

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