

Attorneys:

- **Deborah S. Breck**
dbreck@pullcom.com
203.254.5013
- **D. Robert Morris**
rmorris@pullcom.com
203.330.2109
- **Kelly F. O'Donnell**
kodonnell@pullcom.com
203.330.2264
- **Alan S. Parker**
aparker@pullcom.com
860.541.3318
- **Karen P. Wackerman**
kwackerman@pullcom.com
203.330.2278

Nonstock Corporations Alert: Remote Membership Meetings Permitted

May 26, 2020

by Kelly F. O'Donnell

On March 21, 2020, Governor Lamont's Executive Order 7I authorized Connecticut corporations to hold remote shareholder meetings to avoid the risks of gathering shareholders in person during the COVID-19 pandemic.

However, this order did not apply to Connecticut's nonstock corporations, a vehicle typically used for nonprofit organizations. Many nonstock corporations do not expressly permit remote meetings for members and an amendment to allow remote meetings would require an in-person meeting to pass the amendment. Thus, many nonstock corporations were faced with indefinitely delaying membership meetings.

In response, Section 2 of Governor Lamont's Executive Order 7NN, issued May 13, 2020, modifies Section 33-1061 of the Revised Connecticut Nonstock Act to allow the corporation's board of directors to authorize remote meetings of members regardless of whether they are authorized in the corporation's governing documents and further suspends any inconsistent provision of the corporation's governing documents.

Importantly, this does not apply to meetings of boards of directors, however, Section 33-1095 of the Revised Connecticut Nonstock Act already permits remote meetings of boards of directors. Many nonstock corporations do not have members, and instead have a self-perpetuating board of directors. This Executive Order does not apply to those organizations, as the statute adequately permits remote meetings for those organizations. If, however, an organization's governing documents expressly forbid remote meetings of the board of directors, the bylaws would not be overruled by Executive Order NN and the organization would need to rely on emergency bylaws or the specific authorities granted to the executive committee, if any, to operate between meetings.

Nonstock Corporations Alert: Remote Membership Meetings Permitted

Nonstock corporations taking advantage of this Executive Order should remember to first have the board of directors authorize remote meetings of the members and then provide adequate notice of the remote meeting to the members and take reasonable measures to verify members who attend the meeting, ensure an opportunity to participate and vote. The organization may also want to consider using their remote meeting to amend their governing documents to allow for remote membership meetings going forward and following the expiration of the Executive Order. Nonstock corporations which previously held remote membership meetings without authorization of their governing documents should consider holding a properly authorized remote meeting to ratify actions previously taken.

If you have any questions about how your nonstock corporation can take advantage of this Executive Order and implement appropriate guidelines for remote meetings please contact a member of our Exempt Organizations group.

This publication is intended for educational and informational purposes only. Readers are advised to seek appropriate professional consultation before acting on any matters in this update. This report may be considered attorney advertising. To be removed from our mailing list, please email unsubscribe@pullcom.com with "Unsubscribe" in the subject line. Prior results do not guarantee a similar outcome.