

**2003 DRAFTING REQUEST**

**Bill**

Received: **09/12/2003**

Received By: **rmarchan**

Wanted: **As time permits**

Identical to LRB:

For: **Phil Montgomery (608) 266-5840**

By/Representing: **rose**

This file may be shown to any legislator: **NO**

Drafter: **rmarchan**

May Contact:

Addl. Drafters:

Subject: **Bus. Assn. - nonprofits**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Montgomery@legis.state.wi.us**

Carbon copy (CC:) to:

---

**Pre Topic:**

No specific pre topic given

---

**Topic:**

Electronic meetings under ch. 181

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**Instructions:**

See Attached

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**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	rmarchan 09/12/2003	jdyer 10/10/2003		_____			
/1	rmarchan 12/19/2003	jdyer 12/19/2003 jdyer 12/19/2003	jfrantze 10/10/2003	_____	sbasford 10/10/2003		
				_____			
				_____			

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/2			rschluet 12/19/2003	_____	mbarman 12/19/2003		
/3	phurley 02/05/2004	jdyer 02/05/2004	pgreensl 02/05/2004	_____	lemery 02/05/2004	Inorthro 02/11/2004	

FE Sent For:

<END>

↳ Not Needed

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		1/3 2/5 jld	2/15 ps	2/15			

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/2

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12/19/2003 \_\_\_\_\_

mbarman  
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/1		<i>12/19 jld</i> jfrantze 10/10/2003		_____	sbasford 10/10/2003		
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FE Sent For:

*12*  
*19*  
*3*

*CH*

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1?	rmarchan	11/10 jld	10/10	3ullb 10/10			

FE Sent For:

<END>



## Marchant, Robert

---

**From:** Smyrski, Rose  
**Sent:** Wednesday, September 10, 2003 4:14 PM  
**To:** Marchant, Robert  
**Subject:** Reply to your Drafting question on the Fraternal bill

Rob-below is the reply to your question

If you need further input please let me know.

Rose

-----Original Message-----

**From:** Christianson, Peter C. [mailto:PCC@quarles.com]  
**Sent:** Wednesday, September 10, 2003 3:40 PM  
**To:** Smyrski, Rose  
**Cc:** Lund, Daryll  
**Subject:** RE: Drafting question on the Fraternal bill

Yes, the requirement to hear is a problem. One of the goals of the proposal is to permit the use of alternate means of communication, like an internet chat room or an instant messenger service. This is almost better than a conference call, since the ability to hear is irrelevant. Anyone who can read can keep up with 100% of the discussion. It is often possible to save these communications and thereby maintain a complete record of the proceedings. The suggestion -- to permit the use of systems where participants can hear OR read -- is perfect. THANKS!

-----Original Message-----

**From:** Smyrski, Rose [mailto:Rose.Smyrski@legis.state.wi.us]  
**Sent:** Wednesday, September 10, 2003 3:26 PM  
**To:** Christianson, Peter C.  
**Subject:** Drafting question on the Fraternal bill

Pete:

Below is a question the drafter had on the bill --would you take a look at this and comment. Thanks

Rose

>  
>  
> Under s. 181.0820 (3), stats., the board of directors and any  
> committee of a ch. 181 corp. currently has authority to conduct  
> meetings electronically, as long as certain safeguards are met. One  
> safeguard requires all participating directors to be able to hear one  
> another (e.g., a conference call). If that restriction is too limited  
> (it wouldn't allow a meeting to be held in an Internet chat room or  
> via instant messenger, for example), I could draft language to allow  
> meetings where participating directors are able to hear or read the  
> communications of each other director. Is this what Rep. Montgomery  
> is looking for? Is there a particular problem or fact situation that  
> prompted this request?

>  
>

**From:** Smyrski, Rose  
**Sent:** Wednesday, July 16, 2003 4:52 PM  
**To:** Marchant, Robert  
**Subject:** RE: request for drafting  
Rob

Let me check on your question. My understanding is that they wanted to be able to bring statutes into the 21st Century.

-----Original Message-----

**From:** Marchant, Robert  
**Sent:** Wednesday, July 16, 2003 1:31 PM  
**To:** Smyrski, Rose  
**Subject:** RE: request for drafting

Rose--

Under s. 181.0820 (3), stats., the board of directors and any committee of a ch. 181 corp. currently has authority to conduct meetings electronically, as long as certain safeguards are met. One safeguard requires all participating directors to be able to hear one another (e.g., a conference call). If that restriction is too limited (it wouldn't allow a meeting to be held in an Internet chat room or via instant messenger, for example), I could draft language to allow meetings where participating directors are able to hear or read the communications of each other director. Is this what Rep. Montgomery is looking for? Is there a particular problem or fact situation that prompted this request?

Rob

-----Original Message-----

**From:** Smyrski, Rose  
**Sent:** Tuesday, July 15, 2003 2:38 PM  
**To:** Marchant, Robert  
**Subject:** request for drafting

Rob-

Representative Montgomery would like to have drafted legislation that allows associations governed under Chapter 181 to hold electronic meetings, voting and other electronic communications.

Any questions, please give me a call. Thanks Rob

Rose

PS-I am finally going to get around to addressing the drafting questions on "bank name protection" proposal. I will get back to you later this week on it.

**From:** Smyrski, Rose  
**Sent:** Tuesday, July 15, 2003 2:38 PM  
**To:** Marchant, Robert  
**Subject:** request for drafting

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Representative Montgomery would like to have drafted legislation that allows associations governed under Chapter 181 to hold electronic meetings, voting and other electronic communications.

Any questions, please give me a call. Thanks Rob

Rose

PS-I am finally going to get around to addressing the drafting questions on "bank name protection" proposal. I will get back to you later this week on it.



WEP.  
OCT 15

JE  
MNR

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

DN: 9-12

1 AN ACT ...; relating to: meetings of the board of directors of nonstock  
2 corporations.

*Analysis by the Legislative Reference Bureau*

Current law permits the board of directors of a nonstock corporation to conduct meetings through any means of communication by which all participants may simultaneously hear each other; <sup>semicolon</sup> all communications during the meeting are \* immediately transmitted to each participant, <sup>and</sup> and each participant may immediately send messages to all other participants. This bill expands this authority so that such a meeting may be held if all participants may simultaneously hear or read each other's communications. Thus, under this bill, such a meeting could be held via an Internet chat room or instant messaging service.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

3 SECTION 1. 181.0820 (3) (a) 1. <sup>X</sup> of the statutes is amended to read:  
4 181.0820 (3) (a) 1. All participating directors may simultaneously hear <sup>✓</sup> or read  
5 each other other's communications <sup>✓</sup> during the meeting.

History: 1997 a. 79.

## Marchant, Robert

---

**From:** Christianson, Peter C. [PCC@quarles.com]  
**Sent:** Monday, December 01, 2003 4:17 PM  
**To:** robert.marchant@legis.state.wi.us  
**Subject:** Rep. Montgomery's Chapter 181 bill draft request

Rob -

I have been asked to review a bill draft request which Rep. Montgomery submitted. I am sorry that I do not have it in front of me right now so I can't confirm that you are indeed the drafter. It deals with permitting Chapter 181 corporations to use a variety of electronic means to conduct certain meetings.

The bill draft which I reviewed dealt with electronic meetings of the board of directors of a Chapter 181 corporation. It is Rep. Montgomery's intent to also permit regular membership meetings to be held electronically, so that attendees could be present in person, via telephone, or via internet connections (instant messenger, etc.), or any combination of all three at once.

I would be happy to discuss the draft at your convenience. I can be reached at 414-277-5745.



State of Wisconsin  
2003 - 2004 LEGISLATURE

LRB-3272/E 2  
RJM:jld:jf

500W

2003 BILL

Regen  
and members

1 AN ACT to amend 181.0820 (3) (a) 1. of the statutes; relating to: meetings of the  
2 board of directors of nonstock corporations.

*Analysis by the Legislative Reference Bureau*

Current law permits the board of directors of a nonstock corporation to conduct meetings through any means of communication by which all participants may simultaneously hear each other; and all communications during the meeting are immediately transmitted to each participant and each participant may immediately send messages to all other participants. This bill expands this authority so that such a meeting may be held if all participants may simultaneously hear or read each other's communications. Thus, under this bill, such a meeting could be held via an Internet chat room or instant messaging service.

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4 181.0820 (3) (a) 1. All participating directors may simultaneously hear or read  
5 each other other's communications during the meeting.

(END)

The bill also allows a nonstock corporation to conduct regular members' meetings by the same means.

DWS  
1-3

2003-2004 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-3272/2ins  
RJM:.....

INSERT 1-3

~~X~~  
SECTION 1. 181.0701 (5m) of the statutes is created to read:

181.0701 (5m) METHODS OF CONDUCTING REGULAR MEETINGS. (a) Unless the articles of incorporation or bylaws provide otherwise, the board may permit any or all members to participate in a regular meeting by, or to conduct the meeting through the use of, any means of communication by which any of the following occurs:

1. All participating members may simultaneously hear or read each other's communications during the meeting.

2. All communication during the meeting is immediately transmitted to each participating member and each participating member is able to immediately send messages to all other participating members.

(b) If a meeting will be conducted through the use of any means described in par. (a), a statement to that effect shall be included in any notice of the meeting required under s. 181.0705. A member participating in a meeting by any means described in par. (a) is considered to be present in person at the meeting. If requested by a member, the board shall distribute to each member any minutes of the meeting that are required under s. 181.1601 (1).

(end ins)

## Hurley, Peggy

---

**From:** Smyrski, Rose  
**Sent:** Monday, January 26, 2004 11:01 AM  
**To:** Hurley, Peggy  
**Subject:** LRB draft 3272-modifications to Ch 181

Peggy,

I understand you have the fortune or misfortune of taking over some of Rob Marchant's drafting responsibilities. We had a draft started that dealt with modifications to Ch 181 as it relates to Fraternal organizations voting and holding meetings electronically--LRB 3272.

Rep Montgomery would to allow Pete Christianson, Quarles & Brady, to ask you some questions for clarification. If you have any questions on this, please give me a call. Thanks Peggy!

Rose

*Darryl Lund can speak to me @ this.  
220-9406 cell phone*



**2003 BILL**

1 **AN ACT to amend** 181.0820 (3) (a) 1.; and **to create** 181.0701 (5m) of the statutes;  
2 **relating to:** meetings of the board of directors and members of nonstock  
3 corporations.

---

***Analysis by the Legislative Reference Bureau***

Current law permits the board of directors of a nonstock corporation to conduct meetings through any means of communication by which all participants may simultaneously hear each other; and all communications during the meeting are immediately transmitted to each participant and each participant may immediately send messages to all other participants.

This bill expands this authority so that such a meeting may be held if all participants may simultaneously hear *or read* each other's communications. Thus, under this bill, such a meeting could be held via an Internet chat room or instant messaging service. The bill also allows a nonstock corporation to conduct regular members' meetings by the same means.

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**BILL**

1 all members to participate in a regular meeting by, or to conduct the meeting through  
2 the use of, any means of communication by which any of the following occurs:

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4 communications during the meeting.

5 2. All communication during the meeting is immediately transmitted to each  
6 participating member and each participating member is able to immediately send  
7 messages to all other participating members.

8 (b) If a meeting will be conducted through the use of any means described in  
9 par. (a), a statement to that effect shall be included in any notice of the meeting  
10 required under s. 181.0705. A member participating in a meeting by any means  
11 described in par. (a) is considered to be present in person at the meeting. If requested  
12 by a member, the board shall distribute to each member any minutes of the meeting  
13 that are required under s. 181.1601 (1).

14 **SECTION 2.** 181.0820 (3) (a) 1. of the statutes is amended to read:

15 181.0820 (3) (a) 1. All participating directors may simultaneously hear or read  
16 each ~~other~~ other's communications during the meeting.

17 (END)

(d) "Board of directors" means the group of persons vested with the management of the affairs of the corporation irrespective of the name by which such group is designated.

(e) "Bylaws" means the code or codes of rules adopted for the regulation or management of the affairs of the corporation irrespective of the name or names by which such rules are designated.

(f) "Corporation" or "domestic corporation" means a domestic not-for-profit corporation subject to the provisions of this Act, except a foreign corporation.

(g) "Delivered," for the purpose of determining if any notice required by this Act is effective, means:

(1) Transferred or presented to someone in person;

(2) Deposited in the United States mail addressed to the person at his, her or its address as it appears on the records of the corporation, with sufficient first-class postage prepaid thereon; ~~or~~

(3) Posted at such place and in such manner or otherwise transmitted to the person's premises as may be authorized and set forth in the articles of incorporation or the bylaws; ~~or-~~

(4) Transmitted by electronic means to the address that appears on the records of the corporation as may be authorized and set forth in the articles of incorporation or the bylaws.

(h) "Foreign corporation" means a not-for-profit corporation as defined and organized under the laws other than the laws of this State, for a purpose or purposes for which a corporation may be organized under this Act.

(i) "Incorporator" means one of the signers of the original articles of incorporation.

(j) "Insolvent" means that a corporation is unable to pay its debts as they become due in the usual course of the conduct of its affairs.

(k) "Member" means a person or any organization, whether not for profit or otherwise, having membership rights in a corporation in accordance with the provisions of its articles of incorporation or bylaws.

(l) "Net assets," for the purpose of determining the authority of a corporation to make distributions, is equal to the difference between the assets of the corporation and the liabilities of the corporation.

(m) "Not-for-profit corporation" means a corporation subject to this Act and organized solely for one or more of the purposes authorized by Section 103.05 of this Act.

(n) "Registered office" means that office maintained by the corporation in this State, the address of which is on file in the office of the Secretary of State, at which any process, notice or demand required or permitted by law may be served upon the registered agent of the corporation.

(o) "Special charter" means the charter granted to a corporation created by special act of the Legislature whether or not the term "charter" or "special charter" is used in such special act.

(p) To the extent permitted in the articles of incorporation or the bylaws of the corporation, actions required to be "written", to be "in writing", to have "written consent", to have "written approval" and the like by or of members, directors, or committee members shall include any communication transmitted or received by electronic

means.

(Source: P.A. 92-33, eff. 7-1-01.)

Section 99. Effective date. This Act takes effect upon becoming law.

Passed in the General Assembly April 25, 2002.

Approved June 26, 2002.

Effective June 26, 2002.

[ [Top](#) ]

**State of Illinois**  
**Public Acts**  
**92<sup>nd</sup> General Assembly**

[\[ Home \]](#) [\[ ILCS \]](#) [\[ Search \]](#) [\[ Bottom \]](#)  
[\[ Other General Assemblies \]](#)

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**Public Act 92-0572**

HB4947 Enrolled

LRB9213347WHcs

AN ACT concerning corporations.

Be it enacted by the People of the State of Illinois, represented in the General Assembly:

Section 5. The General Not For Profit Corporation Act of 1986 is amended by changing Section 101.80 as follows:

(805 ILCS 105/101.80) (from Ch. 32, par. 101.80)

Sec. 101.80. Definitions. As used in this Act, unless the context otherwise requires, the words and phrases defined in this Section shall have the meanings set forth herein.

(a) "Anniversary" means that day each year exactly one or more years after:

(1) The date of filing the articles of incorporation prescribed by Section 102.10 of this Act, in the case of a domestic corporation;

(2) The date of filing the application for authority prescribed by Section 113.15 of this Act in the case of a foreign corporation;

(3) The date of filing the statement of acceptance prescribed by Section 101.75 of this Act, in the case of a corporation electing to accept this Act; or

(4) The date of filing the articles of consolidation prescribed by Section 111.25 of this Act in the case of a consolidation.

(b) "Anniversary month" means the month in which the anniversary of the corporation occurs.

(c) "Articles of incorporation" means the original articles of incorporation including the articles of incorporation of a new corporation set forth in the articles of consolidation or set forth in a statement of election to accept this Act, and all amendments thereto, whether evidenced by articles of amendment, articles of merger or statement of correction affecting articles. Restated articles of incorporation shall supersede the original articles of incorporation and all amendments thereto prior to the effective date of filing the articles of amendment incorporating the restated articles of incorporation. In the case of a corporation created by a Special Act of the Legislature, "Articles of incorporation" means the special charter and any amendments thereto made by Special Act of the Legislature or pursuant to general laws.

## Hurley, Peggy

---

**From:** Daryll Lund [daryll@communitybankers.org]  
**Sent:** Wednesday, January 07, 2004 11:58 AM  
**To:** peggy.hurley@legis.state.wi.us  
**Subject:** FW: LRB 3272/2

Peggy,

As follow up to our conversation I have forwarded a copy of an e-mail I had sent to Rob in December. The memo outlines the changes we are seeking to LRB 3272/2. Please call me with any questions. Thank you.

**Daryll J. Lund, CAE**

President & CEO

Community Bankers of Wisconsin

608-833-4229

e-mail: [daryll@communitybankers.org](mailto:daryll@communitybankers.org)

-----Original Message-----

**From:** Daryll Lund [mailto:daryll@communitybankers.org]  
**Sent:** Wednesday, December 24, 2003 11:06 AM  
**To:** 'robert.marchant@legis.state.wi.us'  
**Subject:** LRB 3272/2

Rob,

As follow up to my telephone message and after discussing this with Rep. Montgomery's office the lead author of LRB 3272/2 I have attached Illinois Public Act 92-0572. A group of trade associations in Wisconsin is seeking the same authority under Chapter 181 of Wisconsin's statutes as Illinois enacted. Voting via e-mail is unclear to many non-profits. Illinois addressed this by including the language attached in the Public Act.

The main issue we are seeking in Wisconsin is the ability of non-profits to conduct voting via e-mail at an annual, regular or special meeting of the membership (181.0708), a regular or special meeting of the Board (181.0820), and an action without meeting (181.0821). In addition 181.0821 the second sentence should include "or bylaws" after articles of incorporation.

Please call me with any questions. Thank you.

**Daryll J. Lund, CAE**

President & CEO

Community Bankers of Wisconsin

608-833-4229

e-mail: [daryll@communitybankers.org](mailto:daryll@communitybankers.org)

Jrm

APJH

2003 BILL

2-504  
Need by 2-6-04

Regen

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profit

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Analysis insert

Sort

**BILL**

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16 each other other's communications during the meeting.

17 (END)

Insert A

Insert B



2003-2004 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-3272/3ins  
PJHjld:rs

1 ANALYSIS INSERT:

Under current law, members of a nonprofit corporation and their representatives may hold a meeting in person or via a telephone conference. Similarly, members of a nonprofit corporation and their representatives may settle issues by a vote held in person or by a written ballot, if certain procedural requirements are met to ensure accountability and fair representation.

This bill allows members of a nonprofit corporation and their representatives to hold meetings and settle issues via electronic communications or electronic ballot if requirements are met that ensure the same level of accountability and fair representation as under current law.

2 INSERT A:

3 SECTION 1. 181.0708 (1m) of the statutes is created to read:

4 181.0708 (1m) DEFINITION. In this section, "written ballot" includes a ballot  
5 transmitted or received by electronic means.

6 SECTION 2. 181.0708 (1) of the statutes is renumbered 181.0708 (1r).

7 INSERT B:

8 SECTION 3. 181.0821 (1m) of the statutes is created to read:

9 181.0821 (1m) DEFINITIONS. In this section:

10 (a) "In writing" or "written" includes a communication that is transmitted or  
11 received by electronic means.

12 (b) "Sign" includes executing an electronic signature.

13 SECTION 4. 181.0821 (1) of the statutes is renumbered 181.0821 (1r) and  
14 amended to read:

15 181.0821 (1r) METHOD. An action required or permitted to be taken at a board  
16 meeting may be taken without a meeting if a consent in writing setting forth the  
17 action is signed by all of the directors then in office. If the articles of incorporation



INS B cont

✓

- 1 or bylaws so provide, an action required or permitted to be taken at a board meeting
- 2 may be taken by written action signed by two-thirds of the directors then in office.

History: 1997 a. 79.

(end ins)

**Northrop, Lori**

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**From:** Mathy, Michael  
**Sent:** Wednesday, February 11, 2004 10:29 AM  
**To:** LRB.Legal  
**Subject:** Draft review: LRB 03-3272/3 Topic: Electronic meetings under ch. 181

It has been requested by <Mathy, Michael> that the following draft be jacketed for the ASSEMBLY:

Draft review: LRB 03-3272/3 Topic: Electronic meetings under ch. 181