

By: West

H.B. No. 3080

A BILL TO BE ENTITLED

AN ACT

relating to the qualifications of a member of and meetings held by the board of directors of a nonprofit corporation.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section A, Article 2.10, Texas Non-Profit Corporation Act (Article 1396-2.10, Vernon's Texas Civil Statutes), is amended to read as follows:

A. If a corporation has members:

(1) Meetings of members shall be held at such place, either within or without this State, as may be provided in the by-laws. In the absence of any such provision, all meetings shall be held at the registered office of the corporation in this State.

(2) An annual meeting of the members shall be held at such times as may be provided in the by-laws, except that where the by-laws of a corporation provide for more than one regular meeting of members each year, an annual meeting shall not be required, and directors may be elected at such meetings as the by-laws may provide. Failure to hold the annual meeting at the designated time shall not work a dissolution of the corporation. In the event the board of directors fails to call the annual meeting at the designated time, any member may make demand that such meeting be held within a reasonable time, such demand to be made in writing by registered mail directed to any officer of the corporation. If the annual meeting of members is not called within sixty (60) days

1 following such demand, any member may compel the holding of such  
2 annual meeting by legal action directed against said board, and all  
3 of the extraordinary writs of common law and of courts of equity  
4 shall be available to such member to compel the holding of such  
5 annual meeting. Each and every member is hereby declared to have a  
6 justiciable interest sufficient to enable him to institute and  
7 prosecute such legal proceedings.

8 (3) Special meetings of the members may be called by  
9 the president, the board of directors, by members having not less  
10 than one-tenth (1/10) of the votes entitled to be cast at such  
11 meeting, or such other officers or persons as may be provided in the  
12 articles of incorporation or by-laws.

13 (4) A meeting of the members shall be conducted  
14 according to Robert's Rules of Order Newly Revised.

15 SECTION 2. Article 2.14, Texas Non-Profit Corporation Act  
16 (Article 1396-2.14, Vernon's Texas Civil Statutes), is amended by  
17 adding Section G to read as follows:

18 G. In this section, "company" means a corporation,  
19 partnership, limited partnership, registered limited liability  
20 partnership, trust, association, joint stock company, joint  
21 venture, limited liability company, or other form of business  
22 organization other than a sole proprietorship. The following  
23 persons may not simultaneously serve on the board of directors of a  
24 corporation for which an ownership or other vested interest in real  
25 property is required for membership:

26 (1) an individual and the individual's spouse,  
27 regardless of whether the spouses have a separate ownership

1 interest in the real property; or

2 (2) two or more individuals who are serving as an  
3 officer or director of, or a person performing a similar function  
4 for the same company if:

5 (a) the real property is a condominium as defined  
6 by Section 81.002, Property Code, or another type of real property  
7 having a similar ownership structure; and

8 (b) the company is a member of the corporation  
9 and owns more than one unit of the real property.

10 SECTION 3. (a) This Act takes effect September 1, 2003.

11 (b) The change in law made by this Act applies only to the  
12 appointment, designation, or election of a board director to a  
13 nonprofit corporation on or after the effective date of this Act.

14 (c) The change in law made by this Act does not affect the  
15 eligibility of a board director of a nonprofit corporation to  
16 complete the term being served by the director on the effective date  
17 of this Act.