

1 **REMOVAL OF DIRECTORS OF NONPROFIT**
2 **CORPORATIONS**

3 2014 GENERAL SESSION

4 STATE OF UTAH

5 **Chief Sponsor: Dixon M. Pitcher**

6 Senate Sponsor: Jerry W. Stevenson

8 **LONG TITLE**

9 **General Description:**

10 This bill modifies the Utah Revised Nonprofit Corporation Act.

11 **Highlighted Provisions:**

12 This bill:

13 ▶ modifies provisions related to the removal of a director of a nonprofit corporation;

14 and

15 ▶ makes technical changes.

16 **Money Appropriated in this Bill:**

17 None

18 **Other Special Clauses:**

19 None

20 **Utah Code Sections Affected:**

21 AMENDS:

22 **16-6a-808**, as last amended by Laws of Utah 2010, Chapter 378

24 *Be it enacted by the Legislature of the state of Utah:*

25 Section 1. Section **16-6a-808** is amended to read:

26 **16-6a-808. Removal of directors.**

27 (1) Directors elected by voting members or directors may be removed as provided in
28 Subsections (1)(a) through (g).

29 (a) The voting members may remove one or more directors elected by them with or

30 without cause unless the bylaws provide that directors may be removed only for cause.

31 (b) If a director is elected by a voting group, only that voting group may participate in
32 the vote to remove that director.

33 (c) ~~[A] Unless otherwise provided in the bylaws, a director may be removed [only if~~
34 ~~the number of votes cast to remove the director would be sufficient to elect the director at a~~
35 ~~meeting to elect directors.];~~

36 (i) when the director is elected by the voting members, only if a majority of the voting
37 members votes to remove the director; or

38 (ii) when the director is elected by a voting group, only if a majority of the voting
39 group votes to remove the director.

40 (d) A director elected by voting members may be removed by the voting members
41 only:

42 (i) at a meeting called for the purpose of removing that director; and

43 (ii) if the meeting notice states that the purpose, or one of the purposes, of the meeting
44 is removal of the director.

45 (e) An entire board of directors may be removed under Subsections (1)(a) through (d).

46 (f) (i) Except as provided in Subsection (1)(f)(ii), a director elected by the board of
47 directors may be removed with or without cause by the vote of a majority of the directors then
48 in office or such greater number as is set forth in the bylaws.

49 (ii) A director elected by the board of directors to fill the vacancy of a director elected
50 by the voting members may be removed without cause by the voting members but not the
51 board of directors.

52 (g) Notwithstanding Subsections (1)(a) through (f), if provided in the bylaws, any
53 director no longer qualified to serve, under standards set forth in the bylaws, may be removed
54 by a vote of a majority of the directors then in office or such greater number as set forth in the
55 bylaws.

56 (h) A director who is removed pursuant to this section may deliver to the division for
57 filing a statement to that effect pursuant to Section [16-6a-1608](#).

- 58 (2) Unless otherwise provided in the bylaws:
- 59 (a) an appointed director may be removed without cause by the person appointing the
- 60 director;
- 61 (b) the person described in Subsection (2)(a) shall remove the director by giving
- 62 written notice of the removal to:
- 63 (i) the director; and
- 64 (ii) the nonprofit corporation; and
- 65 (c) unless the written notice described in Subsection (2)(b) specifies a future effective
- 66 date, a removal is effective when the notice is received by both:
- 67 (i) the director to be removed; and
- 68 (ii) the nonprofit corporation.
- 69 (3) A designated director, as provided in Subsection [16-6a-804\(5\)](#), may be removed by
- 70 an amendment to the bylaws deleting or changing the designation.
- 71 (4) Removal of a director under this section is not affected by Subsection [16-6a-805\(5\)](#).