

**31A-7-307 Committees of directors.**

- (1) If provided by the articles or bylaws of a corporation, the board of directors may, by a resolution adopted by a majority of the full board, designate one or more committees, each consisting of three or more directors, to serve at the pleasure of the board. The board may designate one or more directors as alternate members of any committee to substitute for any absent member at any meeting of the committee. The designation of a committee and delegation of authority to it does not relieve the board or any director of responsibility imposed upon it or him by law.
- (2)
  - (a) Corporations organized and operating under this chapter shall have an audit committee and a nominating committee.
  - (b) A majority of the members of the audit and nominating committees may not be insiders as defined under Subsection 31A-7-303(3).
- (3) When the board is not in session, a committee may exercise the powers of the board in the management of the business and affairs of the corporation to the extent authorized in the resolution or in the articles or bylaws, except final action regarding:
  - (a) compensation or indemnification of any person who is a director, principal officer, or one of the three most highly paid employees, and any benefits or payments requiring shareholder or policyholder approval;
  - (b) approval of any contract required to be approved by the board under Section 31A-7-309 or of any other transaction in which a director has a material interest adverse to the corporation;
  - (c) amendment of the articles or bylaws;
  - (d) corporate reorganization under Part 4, Reorganization;
  - (e) any other decision requiring shareholder or policyholder approval;
  - (f) amendment or repeal of any action previously taken by the full board which by its terms is not subject to amendment or repeal by a committee;
  - (g) dividends or other distributions to shareholders or policyholders, other than in the routine implementation of policy determinations of the full board;
  - (h) selection of principal officers; and
  - (i) filling vacancies on the board or any committee created under Subsection (1) except that the articles or bylaws may provide for temporary appointments to fill vacancies on the board or any committee, the appointments to last no longer than the end of the next board meeting.
- (4) Subsection 31A-5-412(4) applies to the subsequent review provided in corporations organized and operating under this chapter.

Amended by Chapter 90, 2004 General Session