

# HOUSE BILL No. 5954

April 23, 2002, Introduced by Reps. Richner, Ehardt, Pappageorge, O'Neil and Meyer and referred to the Committee on Commerce.

A bill to amend 1972 PA 284, entitled  
"Business corporation act,"  
by amending sections 511 and 611 (MCL 450.1511 and 450.1611),  
section 511 as amended by 1989 PA 121 and section 611 as amended  
by 1997 PA 118.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 511. (1) The shareholders may remove 1 or more direc-  
2       tors with or without cause unless the articles of incorporation  
3       provide that directors may be removed only for cause AND EXCEPT  
4       THAT, FOR A CORPORATION WHOSE BOARD IS CLASSIFIED AS PROVIDED IN  
5       SECTION 506(1), SHAREHOLDERS MAY REMOVE DIRECTORS ONLY FOR CAUSE  
6       UNLESS THE ARTICLES OF INCORPORATION ALLOW REMOVAL WITHOUT  
7       CAUSE. The vote ~~for removal shall be by~~ OF a majority of  
8       shares entitled to vote at an election of directors IS REQUIRED  
9       FOR REMOVAL except that the articles may require a higher vote

1 for removal without cause. This section ~~shall~~ DOES not  
2 invalidate any bylaw adopted before ~~the effective date of the~~  
3 ~~act which added this sentence~~ OCTOBER 1, 1989 insofar as the  
4 bylaw applies to removal without cause.

5 (2) In the case of a corporation having cumulative voting,  
6 if less than the entire board is to be removed, ~~no 1 of the~~  
7 ~~directors may~~ A DIRECTOR MAY NOT be removed if the votes cast  
8 against his or her removal ~~would be~~ ARE sufficient to elect him  
9 or her if then cumulatively voted at an election of the entire  
10 board of directors, or, if there are classes of directors, at an  
11 election of the class of directors of which he or she is a part.

12 (3) If holders of a class or series of stock or of bonds are  
13 entitled by the articles to elect 1 or more directors, this sec-  
14 tion applies, with respect to removal of a director ~~so~~ elected  
15 BY THOSE HOLDERS, to the vote of the holders of the outstanding  
16 shares of that class or series of stock or the holders of those  
17 bonds.

18 Sec. 611. (1) Before the first meeting of the board, the  
19 incorporators may amend the articles of incorporation by comply-  
20 ing with ~~subsection (1) of~~ section ~~631~~ 631(1).

21 (2) Unless the articles of incorporation provide otherwise,  
22 the board may adopt 1 or more of the following amendments to the  
23 corporation's articles of incorporation without shareholder  
24 action:

25 (a) Extend the duration of the corporation if it was incor-  
26 porated at a time when limited duration was required by law.

1 (b) Delete the names and addresses of the initial  
2 directors.

3 (c) Delete the name and address of the initial resident  
4 agent or registered office, if a statement of change is on file  
5 with the administrator.

6 (d) Change each issued and unissued authorized share of an  
7 outstanding class into a greater number of whole shares if the  
8 corporation has only shares of that class outstanding.

9 (e) Change the corporate name by substituting the word  
10 "corporation", "incorporated", "company", "limited", or the  
11 abbreviation "corp.", "inc.", "co.", or "ltd.", for a similar  
12 word or abbreviation in the corporate name, or by adding, delet-  
13 ing, or changing a geographical attribution for the corporate  
14 name.

15 (f) Any other change expressly permitted by this act to be  
16 made without shareholder action.

17 (3) ~~Other amendments of the articles of incorporation,~~  
18 ~~except~~ EXCEPT as PROVIDED IN SUBSECTION (2) OR otherwise pro-  
19 vided in this act, ~~shall be approved~~ AN AMENDMENT TO THE ARTI-  
20 CLES OF INCORPORATION REQUIRES ADOPTION by the shareholders as  
21 provided in this section.

22 (4) IF A CORPORATION HAS SECURITIES REGISTERED UNDER SECTION  
23 12 OF THE SECURITIES EXCHANGE ACT OF 1934, CHAPTER 404, 48  
24 STAT. 892, 15 U.S.C. 78/, AN AMENDMENT TO THE ARTICLES OF INCOR-  
25 PORATION REQUIRES ADOPTION BY BOTH THE BOARD OF DIRECTORS AND THE  
26 SHAREHOLDERS.

1       (5) ~~-(4)-~~ Notice of a meeting setting forth the proposed  
2 amendment or a summary of the changes to be effected by the  
3 proposed amendment shall be given to each shareholder of record  
4 entitled to vote on the proposed amendment within the time and in  
5 the manner provided in this act for giving notice of meetings of  
6 shareholders.

7       (6) ~~-(5)-~~ At the meeting, a vote of shareholders entitled to  
8 vote shall be taken on the proposed amendment. ~~-The-~~ A proposed  
9 amendment ~~-shall be-~~ IS adopted ~~-upon receiving-~~ IF IT RECEIVES  
10 the affirmative vote of a majority of the outstanding shares  
11 entitled to vote on the proposed amendment and, in addition, if  
12 any class or series of shares is entitled to vote on the proposed  
13 amendment as a class, the affirmative vote of a majority of the  
14 outstanding shares of each ~~-such-~~ class or series ENTITLED TO  
15 VOTE. The voting requirements of this section are subject to  
16 greater requirements as prescribed by this act for specific  
17 amendments ~~-, or as -may be provided by-~~ REQUIRED IN the arti-  
18 cles of incorporation.

19       (7) ~~-(6)- Any-~~ THE SHAREHOLDERS MAY ACT ON ANY number of  
20 amendments ~~-may be acted upon at 1-~~ AT A meeting.

21       (8) ~~-(7)-~~ Upon adoption, a certificate of amendment shall be  
22 filed as provided in section 631.