

**CORPORATE LAWS COMMITTEE  
REPORT PREPARED FOR THE MARCH 9, 2005 COUNCIL MEETING**

**1. Next Scheduled Meeting of the Committee**

The Committee does not hold regular meetings but rather meets when in the process of considering amendments to the Business Corporation Act. Throughout 2004 and early 2005 the Committee met several times while working on the current round of BCA amendments.

**2. Council Approval**

The Committee requests no council action at this meeting.

**3. Membership**

The Committee remains open to participation by any interested parties. The lack of regular meetings tends to limit interaction with Committee members.

**4. Accomplishments Toward Committee Objectives**

The Committee continues to monitor developments in corporate laws throughout the country and to consider changes to the Business Corporation Act. This is an ongoing and continuous process.

**5. Meetings and Programs**

No programs are currently scheduled, though the Committee is open to participation in presentations discussing changes to the Act once passed.

**6. Publications**

The Committee sponsored the Summer 2005 issue of the Michigan Business Law Journal.

**7. Legislative/Judicial/Administrative Developments**

The proposed BCA amendments, constituting HB 5315 through HB 5323, were passed by the Michigan House of Representatives on November 30, 2005 by the Michigan Senate on March 2, 2006. The bills did not include the proposed repeal of Chapter 7B of the Michigan Business Corporation Act.

A Senate committee hearing on the amendment bills was held in February, 2006. Cyril Moscow, committee co-chair, attended the hearing.

As noted in the committee's previous report, HB 5322, which would have amended Section 131 to make filings under the BCA effective when received, was withdrawn in light of the intervening passage of P.A. 217 in November, 2005. P.A. 217 established an expedited filing procedure and fee schedule.

On February 15, 2006, HB 5679 was introduced, sponsored by Reps. Gaffney and Lemmons. This bill would amend the BCA to prohibit a board of directors from amending or repealing bylaws after their initial adoption and to require that all directors be elected for three-year terms. This proposal was not vetted in advance by the committee and we do not know the reason for its introduction. We are seeking additional information.

## **8. Analysis of Applicable Strategic Plan Issues.**

The activity of the Committee is directly related to the Strategic Plan mission of promoting improved legislation and regulation for business and the goal of reviewing Michigan laws affecting business formation, capital raising, corporate governance and related legal matters. The Committee attempts to keep Michigan corporate law current with national trends and competitive with the business law environments of other jurisdictions.

## **9. Miscellaneous**

The Committee will continue to accept ideas for technical and other amendments to the Business Corporation Act, which is amended periodically. Suggestions in this regard may be addressed to either of the committee co-chairs, Cyril Moscow or Justin G. Klimko. The Committee also will consult with the Department of Labor and Economic Growth regarding efforts to further streamline corporate filings and information dissemination.

Any questions regarding this report may be directed to me.

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March 2, 2006