



SUMMARY OF ILLINOIS NOT FOR PROFIT ACT AMENDMENTS

Public Act 96-649 Effective 1/1/10

The changes relevant to not for profit health care related corporations are as follows:

1. The amendments clarify that when the bylaws or articles of incorporation of an Illinois not for profit corporation permit the delivery of required notices by electronic means, this includes e-mail and facsimile.
2. Written actions by members, directors or committee members may be transmitted or received by electronic means unless prohibited by the articles or bylaws.
3. The concept of action by unanimous written consent by members has been deleted but the Act now permits members to take action (unless prohibited by the articles or bylaws) by ballot, without a meeting, in writing by mail, e-mail or other electronic means. Action taken by this means requires approval by a majority of those members voting (unless a larger number is required by the Act, articles or bylaws) provided the number of votes cast would have constituted a quorum if a meeting had been held. Voting must remain open for at least 5 days except that specified actions require 20 days.
4. The amendments make it clear that unless prohibited by the articles or bylaws, the election of directors, officers or representatives by members may be conducted by electronic means.
5. The amendments establish procedures for a member to examine the books and records of the corporation.
6. The amendments permit a bylaw amendment decreasing the number of directors or eliminating the position of a director elected or appointed by other than the members to shorten the term of an incumbent, provided the amendment is approved by the party with the authority to elect or appoint the director.
7. Currently the Act provides, with respect to director conflict of interest that:
 - a. If a transaction is fair at the time it is approved, the fact that a director is directly or indirectly a party to the transaction is not grounds for invalidating the transaction. "Indirectly" means the director has a material financial interest or is a director, officer or general partner of the party to the transaction.
 - b. The presence of a director who is directly or indirectly a party to the transaction, or a director who is otherwise not disinterested, may be counted in determining whether a quorum is present but may not be counted when taking action on the transaction.

The amendments add that the above provisions do not apply where a director is directly or indirectly a party to a transaction involving a grant or contribution, without consideration, by one organization to another.

Public Act 96-649 may be accessed here
www.ilga.gov/legislation/publicacts/fulltext.asp?Name=096-0649

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