



**DELBERT HOSEMANN**  
*Secretary of State*

**2010 Business Reform Study Groups**  
**Minutes of the Nonprofit Corporation Laws Study Group, Meeting # 1**  
**June 29, 2010**

The first meeting of the Nonprofit Corporation Laws Study Group (hereinafter the "Study Group") was called to order on Thursday, June 29, 2010 at 11:10 A.M. at the Office of the Secretary of State, 700 North Street, Jackson, Mississippi. A list of the persons in attendance is attached as Exhibit A.

**Welcome and Introduction**

Cheryn Baker, Assistant Secretary of State for the Division of Policy and Research, welcomed everyone to the meeting and thanked Mark McCrary for volunteering to act as chairman in the absence of Chairman Barry Jones. Acting Chairman McCrary welcomed the group and expressed his appreciation to the members for volunteering to participate in the Study Group. Ms. Baker proceeded to give a brief explanation of the purpose and mission of the Secretary of State's Business Reform Study Groups and gave a brief description of the work the groups will be doing in 2010.

**Remarks by Secretary Hosemann**

Secretary of State Delbert Hosemann welcomed the group and stressed the importance of the Business Reform Study Groups to Mississippi's future. He then stated his three major concerns for the Group to address: (1) protecting the public from illegitimate nonprofits and fraudulent solicitations; (2) protecting legitimate nonprofits with cutting-edge laws; and (3) evaluating the incorporation process and clarifying the definition of a nonprofit corporation.

**Overview of Business Services Division**

Tom Riley, Assistant Secretary of State for the Division of Business Services, gave a brief explanation of the status reports that Business Services will be mailing to nonprofit corporations that have been in existence for at least five years via their registered agents in the near future to verify that they are still operating. He also explained the Division's current process for reviewing and approving applications to form a nonprofit corporation, including a review of the corporation's stated purpose. He noted that the purposes stated in many nonprofit corporations' articles of incorporation are overly broad and do not provide a clear explanation of the planned activities of the nonprofit. The current process requires the proposed nonprofit to inform the Division of what it plans to do for a nonprofit activity after it is formed.

## Overview of Business Reform Legislation Adopted Since 2008

Ms. Baker gave a brief overview of the legislation recommended by past study groups that has been adopted into law. Doug Jennings, Senior Attorney for the Division of Policy and Research, gave a brief overview of the charities legislation which was adopted by the Mississippi Legislature in 2009.

### Discussion of Concerns and Outline of Issues

Ms. Baker referred to a handout in the materials which listed the proposed concerns to be addressed by the group and a discussion of the issues that the group will cover. See Exhibit B. The group was in general agreement that the list sufficiently identified the concerns and issues to be addressed. A final list of these matters will be distributed at the next meeting

**Nonprofit Formation Process.** One issue the Study Group will address is the nonprofit formation process. She noted that many nonprofits do not understand that there are additional actions required to be taken after the articles of incorporation are filed to become tax-exempt and that simply filing articles of incorporation with the Secretary of State's Office is not sufficient to comply with all tax laws and charities laws. The members then began discussing steps that the Secretary of State's Office could take to inform those who wish to start a nonprofit corporation of the steps required to become tax-exempt and to register as a charity.

**Revise Definition of Nonprofit Corporation.** Ms. Baker discussed the importance of having a meaningful statutory definition of the term "nonprofit corporation." She next addressed the issue of whether Mississippi should adopt a statutory list of permitted purposes or activities for nonprofit corporations. Ms. Baker suggested that one alternative would be to establish categories of nonprofits such as nonprofit mutual benefit corporations, nonprofit public benefit corporations, and nonprofit religious corporations. She pointed out to the group that it is important that the definition of nonprofit corporations should not limit ability of lawful nonprofits to operate.

**Amendments to the Nonprofit Corporation Act.** Ms. Baker also briefly discussed other amendments which the group will consider recommending for adoption which are covered in more detail in Exhibit B.

### Closing and Reminder of Upcoming Meetings

Ms. Baker reminded the Group of the upcoming meetings and that William H. Clark, Jr., Esq. would be a guest speaker at a future meeting. Next, Ms. Baker announced that sub-groups would soon be formed and the topics to be addressed by these subgroups would be explained at a later date. She also announced that members are invited to sponsor the lunches for future meetings since the Secretary of State's Office would be unable to provide lunch for future meetings.

With no further business the meeting was adjourned at 12:50 P.M.

Respectfully submitted,



Cheryn Baker  
Mississippi Secretary of State  
Assistant Secretary of State  
Division of Policy & Research



## EXHIBIT A

### Minutes of the Nonprofit Corporation Laws Study Group, Meeting # 1 June 29, 2010

#### Members and Guests in Attendance:

1. Ivey L. Allen
2. Douglas R. Boone
3. Thomas A. Byrne, Jr.
4. Julia Daily
5. Marsha Dieckman
6. Jan Elizabeth Eastman
7. Joel Hill
8. Matthew L. Holleman, III
9. Yvonne Galloher Laird
10. Mark Leggett (Guest)
11. Mark McCrary
12. Matthew P. McLaughlin
13. Marty Milstead
14. Caryn Quilter (Guest)
15. Susan A. Riley
16. Chris B. Savell
17. Karen M. Wagner
18. Robert J. Wilson
19. Larry Christian
20. Warren Yoder

#### Members Attending by Telephone:

1. Darrell L. Galey
2. Bettie Ross
3. Deanne Tanksley
4. John B. Turner, Jr.
5. Primus Wheeler
6. William Wilkins
7. Neddie Winters
8. Eric D. Wooten

#### Secretary of State's Staff:

1. Delbert Hosemann, Secretary of State
2. Cory Wilson, Chief of Staff
3. Cheryn Baker, Assistant Secretary of State, Policy and Research
4. Tom Riley, Assistant Secretary of State, Business Services
5. Tanya Webber, Assistant Secretary of State, Securities and Charities
6. Doug Jennings, Senior Attorney, Policy and Research
7. Justin Fitch, Staff Attorney, Elections
8. Pam Weaver, Communications Director
9. Kathy French, Charities Registration Officer, Securities and Charities
10. Richard Lee, Legal Intern, Policy and Research
12. Phillips Strickland, Legal Intern, Policy and Research