



DELBERT HOSEMANN
Secretary of State

**Mississippi Secretary of State
2011 Business Law Reform Study Groups
Minutes of the Second Meeting of the Corporation Laws Study Group
July 6, 2011**

The second meeting of the Corporation Laws Study Group was called to order on Thursday, July 6, 2011 at 11:03 A.M. at the Office of the Secretary of State, 401 Mississippi Street, Jackson, Mississippi. A list of the persons who were present in person or by telephone is attached as Exhibit A.

Welcome and Introduction

Mr. Ryan Pratt, Assistant Secretary of State for the Division of Policy and Research, welcomed the group and introduced all members in attendance. Copies of the minutes from the first meeting were distributed and a motion was made for their approval. The motion was seconded, and the minutes unanimously adopted as read.

Sub-Committee Co-Chairs Report

Ms. Joyce Hall, co-chair of the Corporations Laws Study Group, also welcomed the group and introduced the three sub-committees formed: 1) Proposed Amendments to the Mississippi Business Corporations Act, chaired by Tony Shepherd and Henry Chatham, 2) Corporate Headquarters Incentives, chaired by Mark Hosemann, and 3) Series LLCs, chaired by Patrick McCraney. She encouraged each of the sub committees to gather the research for their respective topic, and then use the full member meetings as a sounding board for proposed ideas. The chairs of each subcommittee were then invited to share with the group the progress they have made so far.

Henry Chatham, chair of the Model Act amendments subcommittee, stated that he and his members are looking into the 2010 amendments to the Model Act, specifically those relating to indemnification and appraisal rights. They may also review how the Model Act suggests administratively dissolving a foreign corporation.

Mark Hosemann, chair of the Corporate Headquarters Incentives subcommittee, shared with the group that he and a representative from the Mississippi Development Authority

(hereafter MDA) discussed two ideas to propose as possible incentives for relocating a corporation in Mississippi. The first is offering personal income tax credits to key decision makers deciding to relocate a corporation's headquarters to the state. He believes Georgia or one of the Carolinas may have a similar program, which he and his group will be looking into prior to the next meeting. The second idea discussed were ways to distinguish Mississippi from other states, specifically Tennessee. Many corporations are drawn to Tennessee due to the lack of state income tax and the size of the Memphis airport. In order to be competitive with the southern region of Tennessee, serviced by the Memphis airport, we may consider looking at ways to make North Mississippi a competitive option. Third, an idea was discussed to offer up front cash incentives to corporations to relocate to Mississippi. Such a program would include a claw back provision to be enforced in the event a corporation fails to meet the required job targets. This will monetize the tax credit and allow for corporations to see an instant incentive, rather than realize the benefits years later. Any incentives decided upon by this group will be carried out by a three step process. First, any ideas will need to be passed in the Legislature. Following its passage, the incentive program will be pitched to corporations by the MDA. Last, the enforcement stage will be carried out by the Department of Revenue. Mr. Hosemann stressed the importance of including each of the respective agencies involved while drafting any possible incentives. Following Mr. Hosemann's proposals, several group members offered other ideas for possible incentives. Mr. Gordon Fellows suggested looking into ways to change or incentivize the inventory tax paid by corporations in Mississippi. Mr. Eddie Adkins mentioned the difficulties he and his business face at the local level, specifically with the County Supervisors, and suggested that any state wide initiative proposed include a reference to local governments, in an effort to streamline communication and effectiveness. Those same group members also discussed researching ways to incentivize those companies who retain in state jobs, rather than just rewarding those who create them. Many corporations in Mississippi are not eligible for any of the tax breaks available by statute, because they have been a staple in the economy for a number of years, merely retaining employees rather than hiring. The importance of retaining those corporations rooted in Mississippi is just as economically important as attracting new business, and the incentives should reflect that need.

Patrick McCraney, chair of the Series LLC subcommittee, asked for feedback on what the group is expecting as the final work product from the Series LLC research. Mr. Pratt answered that an overview of how such a system works in other states and a recommendation on whether or not it would be feasible in Mississippi should suffice. Justin Fitch, of the Secretary of State's Office, mentioned that Series LLC's were looked into several years ago by a similar study group. At that time, it was decided by the group to hold off on proposing Series LLCs to the legislature, but to revisit the idea in a couple of years. Mr. McCraney stated that he and his group have planned to look into the following questions relating to Series LLCs: How do we statutorily create a scheme that recognizes Series LLCs? What are the bankruptcy implications? Are corporations allowed to qualify to do business in Mississippi as a Series LLC. Increased asset protection and ease of filing are the benefits of allowing corporations to establish Series LLCs in Mississippi. The Delaware statute on Series LLCs requires that the Series place an individual on notice that they are only dealing with a certain series within an LLC, as opposed to the flagship corporate entity.

Closing Remarks

Mr. Pratt mentioned the possibility of having speakers come to subsequent group meetings, the first possibility being a representative from the MDA. Also, it was suggested to the group that the August 25th meeting may be cancelled at a later date if the groups would like more time to meet amongst themselves. Mr. Pratt offered the services of his office to assist the subcommittees with any necessary research required for their proposals. There being no other business, the meeting was adjourned at 11:36 A.M.

EXHIBIT A

Minutes of the Corporation Laws Study Group, Meeting # 2

July 6, 2011

Members in Attendance:

1. Eddie Adkins
2. Cheryn Baker
3. Billy Boutwell
4. Henry Chatham
5. Harris Collier
6. Gordon Fellows
7. John Flynt
8. Joyce Hall
9. Clifton Hodge
10. Mark Hosemann
11. Thomas Hudson
12. Patrick McCraney
13. Ryan O'Beirne
14. Tommy Shepherd

Members in Attendance by Telephone:

1. Stephen Corban
2. Jan Craig
3. Albert Delgadillo
4. Dawn Jones
5. Billy Klauser
6. Bill Renick
7. George Simmerman

Secretary of State's Staff:

1. Delbert Hosemann, Secretary of State
2. Ryan Pratt, Assistant Secretary of State, Division of Policy and Research
3. Justin Fitch, Senior Attorney, Division of Policy and Research
4. Martin Hegwood, Senior Policy Counsel
5. Paige Rogers, Legal Intern, Division of Policy and Research
6. Taylor Baronich, Intern, Division of Policy and Research