

What is a Quorum?

- a. Definition: The minimum number of members (majority) who must be present for a body to transact business or take a vote (But it can be different based on bylaws)
- b. How many directors must be present to constitute a quorum?
 - i. Unanimous or all shares must be present
 - ii. Mergers require absolute majority of quorum
- c. Once there is a quorum, how many directors are needed to approve a particular proposal to constitute valid board action?
 - i. If a quorum is present when a vote is taken, the affirmative vote of a majority of directors present is the act of the board of directors *unless* the articles of incorporation or bylaws require the vote of a greater number of directors.
- d. Acting informally: Directors can take action without a meeting if before or after the action is taken, all the directors then in office sign a written consent to the action.
- e. X Corp. is negotiating a merger with Y Corp. and needs approval of its Board. Assume that a quorum of the directors cannot be assembled. The following actions would constitute *valid* board action:
 - i. A majority of a quorum of the members of the board's executive committee approves the contract.
 - ii. Each board member files a written consent to the contract.
 - iii. A meeting of the directors is held with some directors being present and the balance participating in the meeting through a conference call.