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May 31, 2000

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
MAY 31 3 42 PM '00

AOR 2000-15

Federal Election Commission
Office of the General Counsel
999 E Street, N.W.
Washington, D.C. 20463

Re: Advisory Opinion Request

Dear Sirs and Madam:

On behalf of the Credit Union National Association, Inc. ("CUNA"), the New York State Credit Union League, Inc. ("New York League") and the Credit Union Legislative Action Committee ("CULAC"), the separate segregated fund of CUNA, and pursuant to 2 U.S.C. § 437f and 11 C.F.R. § 112.1-112.6, we respectfully request an advisory opinion concerning the application of the Federal Election Campaign Act of 1971, as amended ("Act") to the ability of the New York League to solicit its executive or administrative personnel through payroll deduction for contributions to CULAC.

FACTS

The Federal Election Commission ("FEC" or "Commission") noted in Advisory Opinion 1998-19, that "CUNA is a trade association, incorporated in the State of Wisconsin as a non-profit, non-stock corporation with members." Advisory Opinion 1998-19, Fed. Election Camp. Fin. Guide (CCH) ¶ 6273 (1998). CUNA "has also been recognized as an organization exempt from Federal income tax under section 501(c)(6) of the Internal Revenue Code." *Id.* Further, "CUNA was organized, among other things, to promote and improve business conditions relating to the operation of its State league members and direct credit union members." *Id.* In Advisory Opinion 1998-19, the FEC also recognized that CUNA is a federation of trade associations.¹ The New York League is one of CUNA's 51 state leagues and also is exempt under section 501(c)(6). Certificate of Incorporation and Bylaws enclosed.

¹ In making this determination, the Commission reaffirmed its decision in Advisory Opinion 1991-24 that CUNA was a federation of trade associations. See Advisory Opinion 1991-24, Fed. Election Camp. Fin. Guide (CCH) ¶ 6028 (1991)

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The Commission determined that the "State Leagues of CUNA . . . may be considered as a 'branch, division . . . or local unit' of CUNA under 11 C.F.R. 102.6(b)(1)(iii) and may therefore act as collecting agents in receiving and transmitting contributions for CULAC." *Id.* The relationship between CUNA and state leagues is such that any separate segregated funds ("PACs") established by state leagues have registered with the FEC as affiliated with CULAC. As the FEC noted, eight state leagues PACs affiliated with CULAC are registered with the FEC and are active. *Id.*

CUNA and the New York League now wish to collect contributions to CULAC by payroll deduction from executive or administrative personnel of the New York League.

QUESTION PRESENTED

May the New York league collect contributions to CULAC via payroll deduction from the executive or administrative personnel of the state league?

DISCUSSION

CUNA believes that state leagues may utilize payroll deductions for their own executive or administrative personnel. The Commission does not appear to have specifically addressed this issue in its prior advisory opinions. However, the Commission regulations and prior Commission holdings, including those relating to CUNA, seem to authorize the use of payroll deduction under these circumstances.

According to the Commission regulations:

A trade association may solicit its executive or administrative personnel and their families under the provision of § 114.5(g).

11 C.F.R. § 114.8(i)(2). Section 114.5(g) in turn states that:

A corporation may solicit the executive or administrative personnel of its subsidiaries, branches, divisions, and affiliates and their families.

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Further,

There is no limitation on the method of soliciting voluntary contributions or the method of facilitating the making of voluntary contributions which a trade association may use.

11 C.F.R. § 114.8(e)(3). There is a restriction in the regulations with respect to payroll deductions by member corporations of a trade association. The regulation states that “[t]he member corporation may not use a payroll deduction or checkoff system for executive or administrative personnel contributing to the separate segregated fund of the trade association.” Id. This prohibition does not appear to apply to the state leagues in that they are not merely member corporations of CUNA, they are affiliates.

These above regulations taken in combination with other Commission determinations lead to the conclusion that payroll deduction from state league executive or administrative personnel is a permissible method of facilitating a contribution to CULAC. Two prior findings are of particular importance. First, the Commission has already determined that CUNA and its state leagues constitute a federation of trade associations. Therefore, CUNA and its state leagues are, by definition, affiliated for FEC purposes. Second, the Commission has already determined that the state leagues may act as collecting agents for CULAC because they are a branch, division or local unit of CUNA.

The relationship between CUNA and the state leagues is comparable to that between business parent corporations and their subsidiaries. In that context, the FEC has condoned the use of payroll deduction by affiliated entities. First, the Commission has permitted a parent corporation to administer a payroll deduction plan to collect voluntary contributions from executive or administrative personnel of a wholly-owned subsidiary. Advisory Opinion 1991-19, Fed. Election Camp. Fin. Guide (CCH) ¶ 6024n (1991). Second, the Commission has permitted payroll deduction from U.S. executive or administrative personnel of foreign subsidiaries of a company that had a separate segregated fund. Advisory Opinion 1982-34, Fed. Election Camp. Fin. Guide (CCH) ¶ 5678 (1982). As the FEC once stated, “the Commission has long held that contributor solicitation rights in a corporate context go downstream (parent to subsidiary), upstream (subsidiary to parent), and between subsidiaries of the same parent corporation.” Advisory Opinion 1987-34, Fed. Election Camp. Fin. Guide (CCH) ¶ 5920 (1988) (citations omitted).

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The principle inherent in all the above opinions and regulations is that payroll deduction may be utilized within a corporate structure which structure itself would create "affiliation" between and among any separate segregated funds that are established. This is a valid proposition in light of the fact that affiliated PACs may make unlimited transfers between and among themselves. 11 C.F.R. § 110.3(c)(i). In CULAC's case, it may accept unlimited transfers from any state league PAC. Moreover, any state league may use payroll deduction for its own PAC. Accordingly, the use by state leagues of payroll deduction for donations to CULAC would enable a league like the New York League to assist CULAC without having to establish an additional (and affiliated) state league PAC.

Thus, since 1) there is no limitation on the method that CUNA can use to collect contributions from its executive or administrative personnel, 2) CUNA can solicit contributions from the executive or administrative personnel of its affiliates, 3) the state leagues and any of their PACs are affiliated, and 4) the state leagues can act as collecting agents for CUNA, then we believe that state leagues, like the New York League, may use payroll deductions to solicit and collect contributions for CULAC from the executive or administrative personnel of the state leagues.²

Our clients respectfully request an advisory opinion confirming the above.

Sincerely,



Jan Witold Baran

Encls.

² This finding would be consistent with other potentially analogous findings. See, e.g., Advisory Opinion 1982-45, Fed. Election Camp. Fin. Guide (CCH) ¶ 5688 (1982).

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one

CERTIFICATE OF INCORPORATION

of

NEW YORK STATE CREDIT UNION LEAGUE INC.

Pursuant to the Membership Corporation Law

STATE OF NEW YORK
DEPARTMENT OF STATE

FILED JUN 6 - 1938

TAX *Don*
FILING FEE *2.00*

Richard J. Ryan
CLERK

[Signature]
CLERK

369-124-1

Local Albany Service
25 Warren St.
New York, N.Y.

CERTIFICATE OF INCORPORATION

of

NEW YORK STATE CREDIT UNION LEAGUE INC.

pursuant to the Membership Corporations Law.

We, the undersigned, all being of full age,
desiring to form a Membership corporation, pursuant to
Article II of the Membership Corporation Law, do hereby
certify as follows:

1. The name of the proposed corporation is ²⁴
NEW YORK STATE CREDIT UNION LEAGUE INC.

2. The purposes for which it is to be formed
are:

To unite the credit unions in the State of
New York for the furtherance of their mutual
welfare.

To represent its members for their mutual
benefit in every necessary or desirable way
incidental and appertaining to the credit union
movement.

To render services, either directly or
through subsidiary organizations, to its members
for their mutual benefit.

To further the development of the credit
union movement in the State of New York.

367-124-2

To maintain contacts with similar organizations in other states or territories of the United States and to join with them, in the discretion of the board of directors, in membership in and maintenance of a central organization to further the interests of credit unions nationally.

To adopt and maintain the rules and regulations amongst the members of the League for the conduct of the affairs of the League and its constituent members in conformity with the purposes and spirit of the League, as herein set forth, and in conformity with the purposes and spirit of the laws affecting the members.

To make and enter into any contract, agreement or obligation, by or with any person or persons, firm or corporation, for the purpose of acquiring, disposing of and jointly dealing in any of the articles or carrying out any of the objects herein set forth.

To do or perform any one or more of the acts or things herein set forth within the State of New York, or any other State or territory of the United States, incidental to the accomplishment of the objects of this League.

To purchase or otherwise acquire real estate and leaseholds or any interest therein and personal property in connection with the purposes for which this League is formed, and to sell or otherwise dispose of such property.

The enumeration of specific objects or powers shall not be deemed to limit or restrict, in any manner, the general power of the corporation and the enjoyment and exercise thereof, as conferred by the laws of the State of New York.

3. The territory in which it is to operate is the State of New York.

4. The principal office of the corporation is to be located in the Borough of Manhattan, County of New York, City and State of New York.

5. The number of directors shall be not less than ten - - (10) and not more than twenty-five (25).

6. The names and places of residence of the persons to be for directors until the first annual meeting, are as follows:

| <u>NAMES</u> | <u>PLACES OF RESIDENCE</u> |
|-------------------|---|
| CHARLES E. A. W. | 1910 Park place, Brooklyn, New York. |
| JACK DOCKSBALK | 773 Eck Street, Bronx, New York. |
| WILLIAM J. DOLL | 847 - 59th Street, Brooklyn, New York. |
| ALEXANDER CHILK | 1950 Andrews Avenue, Bronx, New York. |
| MAX FRANKEL | 302 Broadway, Monticello, New York. |
| WILLIAM GOLDSTEIN | 861 Macy Place, Bronx, New York. |
| MAX C. HELMAN | 1250 East 27th Street, Brooklyn, New York. |

x-3085-1244

ABRAHAM S. KATZENBERG

809 Adeo Avenue,
Brooklyn, New York.

EDWARD A. MORAN

1160 Park Avenue,
New York City.

ROLF AUGUST

44 Grandway Park North,
New York City.

ISIDORE SIEGAL

2103 - 74th Street,
Brooklyn, New York.

ROBERT A. WARLOCK

94 Eagle Street,
Troy, New York.

LOUIS G. WEILER

14 West Lombard Parkway,
Bronx, New York.

HAROLD P. WILCHESTER

632 Morris Street,
Albany, New York.

WILLIAM RYSD

805 St. Marks Avenue,
Brooklyn, New York.

JOHN J. AMERLING

839 Woodbine Avenue,
Rochester, New York.

MARCEL O. KARRER

845 William Street,
Buffalo, New York.

7. That all the subscribers of this certificate are of full age, at least two-thirds of them are citizens of the United States, at least one of them is a resident of the State of New York, and at least one of the persons named as a director is a citizen of the United States and a resident of the State of New York.

3695-1245

In WITNESS WHEREOF, we have made, signed,
acknowledged and filed this certificate in duplicate.

Dated, this 15th day of May, 1936.

CA Charles H. Cat L.S.

William J. Wall L.S.

William H. Wall L.S.

W. H. Wall L.S.

W. H. Wall L.S.

Edward A. Herman L.S.

Robert A. Wagnon L.S.

Louis A. White L.S.

Robert J. Wagnon L.S.

STATE OF NEW YORK }
COUNTY OF NEW YORK }

SS:

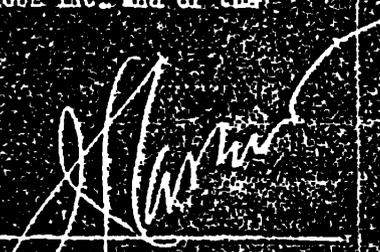
On this 15th day of May, 1936, before me personally came CHARLES H. ANT, WILLIAM J. DOLL, ALEXANDER CHILK, MAX FRANKEL, MAR. C. BELMAN, EDWARD A. NORMAN, ROBERT A. VANDOCK, LOUIS G. WETTER, WILLIAM REID and JOEL J. ALBERING, to me known and known to me to be the individuals described in and who made and signed the foregoing certificate and severally duly acknowledged to me that they made, signed and executed the same for the uses and purposes therein set forth.

Margaret ...
Comm. of Deeds, N. Y. C.
Comm. ex rec 5/15/36.

3698-1247

I hereby approve of the foregoing Certificate
of NEW YORK STATE CREDIT UNION LEAGUE INC. and of the
filing thereof.

Dated, New York, May 28, 1936.



Justice of the Supreme Court
of the State of New York

JOHN F. CAREW

6205-124-92

**BYLAWS
of
NEW YORK STATE CREDIT UNION LEAGUE, INC.**

ARTICLE I

GENERAL

1. **Name.** The name of this organization is New York State Credit Union League, Inc.
2. **Purposes.** Its purposes are:
 - (a) to unite the credit unions in the State of New York for the furtherance of their mutual welfare.
 - (b) to represent its members for their mutual benefit in every necessary or desirable way incidental and appertaining to the credit union movement.
 - (c) to render services, either directly or through subsidiary organizations, to its members for their mutual benefit.
 - (d) to further the development of the credit union movement in the State of New York.
 - (e) to maintain contacts with similar organizations in other states or territories of the United States, and join with them, at the discretion of the board of directors, in membership and in maintenance of a central organization to further the interests of credit unions everywhere.

ARTICLE II

MEMBERSHIP

1. **Admissions.** The membership shall consist of credit unions whose primary fields of membership are comprised of natural persons chartered under the law of the State of New York or chartered under the law of the United States of America, having their official places within the State of New York. Associate membership may be provided to credit unions located in other states, the terms and conditions of which shall be established by the board. New applications shall hold provisional membership immediately if they have:
 - (a) applied in writing for membership.

- (b) agreed in writing to abide by the bylaws of this league and all amendments duly made or to be made to them.
 - (c) paid full fees and dues in accordance with the provisions of these bylaws. Their membership shall become permanent after review by and approval of the board of directors. In the event of disapproval by the board of directors, any dues or fees paid by the credit union shall be returned.
2. **Termination.** The membership of a credit union in this league shall be terminated upon any of the following:
- (a) receipt by the President of a letter of resignation signed by an officer of the resigning credit union. The effective date of this disaffiliation shall occur at the end of the year in which any dues have been paid.
 - (b) any credit union which fails to pay its dues by March 1 shall be deemed terminated from the membership and deprived of all rights at the league and district levels. If a credit union thus terminated should pay current year's dues in full by June 1, it shall be automatically reinstated and be entitled to all rights and privileges. The board of directors may waive or modify unpaid dues of a credit union by a two-thirds vote of those present if requested in writing by the credit union.

ARTICLE III

DISTRICTS

1. **Determination.** The membership of this league shall be grouped into Districts. The names of such districts shall be attached as an addendum to these bylaws, and shall be revised as necessary in accordance with Article III, Districts, Section 6, District directors of these bylaws. These districts are subdivisions of the league and are subject to the bylaws and policies of the league. The board of directors may take such action as is necessary to enforce compliance. The board of directors shall define the geographic boundaries in accordance with the expressed preference of a majority of the credit unions at a duly constituted meeting called for that purpose in each of whose district affiliations are affected by such boundaries. A credit union affiliation in a district shall be determined by the physical location of the credit union headquarters.
2. **District Meetings.** Each district shall hold at least four meetings per year, one of which must be an annual meeting during the month of May and other meetings when called by the President of the district either upon his own initiative or upon vote of the district council or upon written request signed officially for their credit union by the president of one-fourth of the credit unions that are members of the district, at a time and place to be determined by the district council. At each

district meeting, not less than five member credit unions shall constitute a quorum, except that at Metropolitan District meetings, ten member credit unions shall constitute a quorum. At each district meeting each member credit union shall be entitled to cast two votes, which votes may be cast either separately by one delegate for each vote or jointly by a single delegate. District bylaws may require written credentials from credit union delegates. Each delegate shall be a member of the credit union that he represents, and no delegate shall represent more than one credit union. The member credit unions shall be notified at least ten (10) days prior to the district meeting.

3. **District Council.** Each district shall be governed by a council of no less than seven persons, but no more than 25 persons, including the district directors, but in no event an even number. The number of members constituting the council shall be determined by the district by appropriate bylaw provisions. All members of the council shall be elected by a majority vote of the member credit unions of the district voting at the election meeting, or if the district's bylaws provide, by majority vote of the member credit unions voting by mail ballot. All members of the council shall be elected to serve a period not to exceed three years, to be elected by staggered terms pursuant to the bylaws of each district.

If a vacancy should occur on the district council between election dates, then the district council shall select a person to fill such vacancy until the next annual election, at which time the membership shall by majority vote to select the person to fill such vacancy for the balance of the unexpired term, if any. The manner of elections and filling the vacancies shall be determined by the district bylaws. A member of the district council must be a member of an affiliated credit union of a district but not more than one representative of any credit union shall be a member of the district council.

4. **District Officers.** At its first meeting after the annual election meeting, the district council shall choose from among its members a President to preside at meetings of the district and council, a Vice President, a Secretary and/or Treasurer to keep the minutes of all district and district council meetings, to issue notices of all such meetings ten days in advance, to attend to and be in charge of and keep files of the correspondence and accounts of the district, and to be custodian, under such bonds as the council may require, of the funds of the district.
5. **District Council Meetings.** Each district council shall hold at least four regular meetings each year, at a time and place to be fixed previously by the district council. There may be special meetings of district councils at the call of the President or upon written request of two members of the council. A majority of the council shall constitute a quorum.

6. District Directors. Each district shall be represented by at least one (1) director. The basis for representation on the board of directors shall be the amount of league dues contributed by the district as a percentage of the total previous year's league dues received, exclusive of that portion of the dues the league remits to CUNA. This shall be called the district quotient and the president of the league shall compute each district's quotient as of December 31 of each year and certify same to the districts by January 31 of the following year.

To be entitled to a director, a district must maintain a quotient of no less than 2.2 percent. In the event a district fails to maintain said quotient, it will no longer be a district and the district credit unions will be reassigned by the board of directors of the New York State Credit Union League, Inc., in accordance with Article III, Districts, Section 1, Determination, of these bylaws.

Districts will be entitled to an additional director for each quotient of 5.5 percent. To be entitled to additional directors, districts must achieve and maintain the following quotients:

1st additional director - 5.5% quotient and maintain no less than a 5.0% quotient.

2nd additional director - 11% quotient and maintain no less than a 10% quotient.

3rd additional director - 16.5% quotient and maintain no less than a 15% quotient.

4th additional director - 22% quotient and maintain no less than a 20% quotient.

5th additional director - 27.5% quotient and maintain no less than a 25% quotient.

A District Director shall be elected by a majority of the credit unions of the district voting at the election meeting, or if the bylaws of the district provide, by a majority vote of the member credit unions voting by mail ballot pursuant to rules and regulations adopted by the league board. In the event a district is entitled to a lesser number of directors than it has presently serving, the director or directors shall vacate the offices upon the normal expiration of term to which they were elected.

In the event that a district is awarded an additional director as a result of the President's certification of the preceding December 31, the district council shall nominate, elect, and designate said additional director at the first council meeting after receipt of the certification to represent the district until the annual meeting of the district.

A director shall be a member of an affiliated credit union of the district which he/she represents and must have served for at least a one year term on the District Council for that District. The term of office of a director shall be three years. Directors elected at the district's annual meeting shall begin their term at the conclusion of the next annual meeting of the New York State Credit Union League. A director shall automatically be a member of the district council. All districts may provide for an alternate director who shall serve in the place of the district director when necessary. An alternate director shall participate at board meetings with the full rights of a director, however, an alternate director cannot substitute for the district director on committees of the board.

Vacancy. In the event of a vacancy, the district council shall nominate, elect, and designate a district director to serve until the district council can call for an election by the member credit unions pursuant to the time periods and procedures specified in the district bylaws for the election of directors. In no event shall the vacancy remain for more than 90 days from the date of this inception. If not filled within that period of time, the board of directors of the league may fill the vacancy from a member of an affiliated credit union in the district.

7. **Bylaws and Amendments.** Bylaws and proposed amendments thereto of each district shall be submitted to and approved by the board of directors of the league before they become effective. Districts shall provide a current copy of their bylaws for the league's files. The board of directors of the New York State Credit Union League, Inc. shall have the authority to promulgate model bylaws and regulations in respect to district bylaws that are in conformity with Article III, Districts, and tradition, custom and usage.
8. **District Chapters.** The council of each district shall have the right, upon approval of the league board of directors, to subdivide the area of the district into chapters for the purpose of holding meetings of credit union members and officials within the chapter area. The district council may prescribe such rules and regulations as may in its discretion be advisable for the conduct of such meetings, but the council may not delegate any of its powers to any chapter.

ARTICLE IV

ADMINISTRATION

1. **Meetings of Members.** The annual meeting of the member credit unions of the league shall be held between the 1st of May and the 31st of July of each year at such time and place as the board of directors may determine. Special meetings shall be held upon the call of the chairperson within 90 days of the request of the district councils of at least five districts. A special meeting shall be held upon the call of the chairperson along with the vote of the majority of the members of the board of directors.

At least fifteen (15) days before the date of any annual or special meeting, the secretary shall send a notice thereof addressed to each member credit union at its last known post office address. Each member credit union shall be entitled to be represented by the number of delegates based upon the current dues billing for members as hereinafter set forth; by the payment of a credit union for:

- (a) up to 2,000 members - 2 delegates
- (b) 2,001 to 5,000 members - 3 delegates
- (c) 5,001 to 8,000 - 4 delegates
- (d) 8,001 members and over - 5 delegates

but, any member credit union may be represented by any number of alternates who shall have the privilege of the floor but shall have no vote. One delegate may cast the vote in the absence of delegates. Delegates and alternates shall be members of the credit union they represent. Delegates or alternates only shall be permitted to vote and no proxies shall be permitted or allowed. At all annual or special meetings, representatives of 15 member credit unions shall constitute a quorum. Unless otherwise specifically provided, all questions shall be determined by the majority vote.

2. **Board of Directors.** Between annual meetings, the affairs and business of the league shall be managed by a board of directors which shall consist of the district directors. A unanimous vote of the other members of the board, with two-thirds of the board of directors being present and voting, may remove any member of the board for due cause after he has been afforded a hearing. Continued unexcused absence from board meetings shall be a cause for removal. The board of directors shall hold four regular meetings during each year at such time as they may designate. The Chairperson shall call special meetings of the board upon his own initiative or upon written request of five other members of the board. Said special meeting shall be held within fifteen days after the receipt of said request. All meetings of the board shall be held in the State of New York. Half the number of the members of the board shall constitute a quorum.

When a member of the board of directors shall come from a credit union which shall cease to be a member of the league, the place on the board of directors of such representative shall be vacated automatically. A meeting of the board of directors shall be held prior to the opening of the annual meeting. The first order of business will be the seating of any newly elected directors. The next order of business will be the election of officers of the board of directors. The newly elected officers of the board of directors shall assume their office immediately after the conclusion of the annual meeting. Any unfinished business, including committee reports, may be acted upon after the election of officers.

- 2a. **Budget.** The board of directors shall have the sole responsibility of establishing and adopting the league budget at the fourth quarterly board meeting for the ensuing calendar year. In addition, the board shall have the sole responsibility of establishing and adopting a supplemental budget, if any, for the current fiscal year. The board shall establish and adopt the league budget in accordance with Article V, Finances, of the League Bylaws.
3. **Executive Committee.** The officers of the Executive Committee of the New York State Credit Union League, Inc. shall consist of the Chairperson, Vice Chairperson, Secretary, and Treasurer. In addition, the immediate past Chairperson of the league shall serve as the ex-officio member of the Executive Committee. The Executive Committee shall manage the affairs and business of the league between meetings of the board of directors. The Chairperson may call a meeting of the Executive Committee upon his/her own initiative or upon the written request of three members of the Executive Committee. Said meeting is to be held within fifteen days of the receipt of such written request. The Executive Committee shall have the power at its discretion to examine the books and accounts of the New York State Credit Union League, Inc.

The Executive Committee shall make a report of its proceedings at each quarterly and special meeting of the New York State Credit Union League board of directors and shall exercise such other powers and perform such other duties as may be delegated to it by the board of directors of the New York State Credit Union League, Inc. The actions of the Executive Committee shall be subject to review of the board of directors. The board of directors has the right to rescind any actions of the Executive Committee.

4. **Referendum.** The Chairperson may, in his discretion, submit questions to the members of the board of directors for vote by mail referendum. A quorum for such referendum shall be three quarters of the members of the board, and votes received at the office of the league more than 15 days after the mailing of the referendum to the directors shall not be counted.
5. **Duties of Directors.** The board of directors shall have control and general management of the affairs and business of the league. Such directors shall, in all cases, act as a board, properly convened, by a majority, and may adopt such rules and regulations for the conduct of their meetings, meetings of the membership, and the management of the league as they deem proper, not inconsistent with these bylaws and the laws of the State of New York. directors shall act as liaison and contact officers between the district from which they come and the board of directors of the league. directors shall be required to serve as directors or trustees of subsidiaries of the league as dictated by the bylaws of said organizations. The board of directors of the New York State Credit Union League, Inc. shall have the power and the duty to designate a director or alternate to vote the shares of wholly owned corporations and said individual shall cast said vote in accordance with the

direction of the board of directors. The board of directors shall designate proxies to represent the league in the management of corporations in which the league holds stock. The board of directors shall be empowered to employ a president.

6. **Officers of the League.** At the organizational meeting held prior to the annual meeting, the board of directors shall elect from its own members the following officers: Chairperson, Vice Chairperson, Secretary, and Treasurer to serve until the next organizational meeting, provided, however, that no officer shall be elected to the same office for more than two consecutive one-year terms. An individual shall be deemed to have been elected to a full term in office if he/she shall have been elected or succeeded to said office for a period of six months or more.

(a) **Chairperson.** The Chairperson shall preside at all meetings of the board of directors, Executive Committee, and the annual meeting of the member credit unions in accordance with the parliamentary procedure. At each such meeting, he/she shall present a report of the affairs of the league. The Chairperson shall call regular and special meetings of the members of the league, the board of directors, and the Executive Committee in accordance with these bylaws.

The Chairperson shall appoint and remove all members of all committees except where the method of organization of the committee is specifically provided for in these bylaws. Committee chairpersons and members shall assume their duties upon appointment.

The Chairperson shall enforce the observance of the bylaws. The Chairperson may sign and make all contracts and agreements in the name of the league upon approval of the board of directors of the New York State Credit Union League, Inc. The Chairperson may sign all checks together with such officers as may be designated by the board of directors except the travel account checks of employees, which may be signed by the person designated by the board of directors.

The Chairperson has the right and responsibility to designate the person to fill a vacancy in the offices of Secretary or Treasurer until the next meeting of the board of directors at which time the board shall elect a replacement. The Chairperson shall perform all other duties as incidental to the position and office which are required by law.

(b) **Vice Chairperson.** In the absence or inability of the Chairperson to perform his/her duties or exercise his/her powers as set forth in these bylaws or in the acts under which this Corporation is organized, the same shall be performed and exercised by the Vice Chairperson who, when so acting, shall have all the powers and be subject to all responsibilities hereby given to or imposed under such chairperson. In the event of a vacancy due to the death, resignation or other

inability of the Chairperson to serve, the Vice Chairperson will assume the office of the Chairperson until the next annual meeting.

(c) **Secretary.** The Secretary shall cause the minutes of the board of directors and of the annual meeting of member credit unions to be kept in appropriate books. The Secretary shall cause to be given and serve all notices of the League. The Secretary shall be custodian of the records and of the seal and affix the latter when required. The Secretary shall present to the board of directors at their meeting all communications addressed to the Secretary officially by the Chairperson or any officer or director or member of the League. The Secretary shall attend to all correspondence and perform all the duties of the office of Secretary. In the absence or inability of the Chairperson and of the Vice Chairperson, he/she shall perform such duties and exercise such powers as the Chairperson might perform if present. In the event of a vacancy due to death, resignation, or other inability of the Vice Chairperson to serve, the Secretary will assume the office of Vice Chairperson until the next annual meeting.

(d) **Treasurer.** The Treasurer shall be responsible for all funds and securities of the league and deposit all such funds or cause such funds to be deposited in the name of the league in such bank or safe deposit companies as the board of directors may designate. He/she may oversee or cause to be overseen the investments of the league, subject to the investing limitations permitted under the New York State or Federal Law and the policies set by the board of directors. He/she may sign, make and endorse in the name of the league all checks, except travel account checks of employees, drafts, warranties, and order for the payment of money, and pay out and dispose of same and receipt therefore under the direction of the Chairperson of the board of directors. He/she shall render a statement of the condition of the finances of the league at each regular meeting of the board of directors and at such other times as shall be required of him/her, and a full financial report at the annual meeting of the league. He/she shall do and perform all duties pertaining to the office of Treasurer.

He/she shall be bonded in favor of the league in such amount as the board may require. He/she shall be a member of the fiscal committee established by the chairperson. In the absence or inability of the Chairperson, Vice Chairperson and Secretary, he/she shall perform such duties and exercise such power as the Chairperson might perform if present. In the event of a vacancy due to death, resignation, or the inability of the Secretary to serve, the Treasurer will assume the office of the Secretary until the next annual meeting. In the event of a vacancy due to death, resignation, or the inability to serve, the Chairperson shall appoint a director to serve as Treasurer until the next board of directors meeting.

7. **Duties of the President.** The President shall perform all such administrative duties as the Chairperson, Secretary, or Treasurer shall assign him/her and shall in all respects cooperate with each of the said officers in the administration of their

respective duties. He/she shall perform such other duties as shall be assigned or prescribed for him/her by the board of directors from time to time. He/she shall act as the CEO of the office of the league and have the supervision over the personnel of the league, subject to the direction of the Chairperson and the board of directors. The President shall be solely responsible for the employment of all other league personnel. The President shall have the exclusive right to supervise and dismiss all league personnel within limits of league policy. He/she shall render a report of his/her activities at each regular meeting of the board of directors and at the annual meeting of members. He/she shall administer the business affairs of the league in connection with the various services rendered by the league, and shall cause true and accurate accounts to be kept of all such transactions, and shall render a written report of all such activities at each meeting of the board of directors.

He/she shall exhibit at all reasonable times his/her books and accounts to any director or member of the league upon application at the office of the league during business hours. He/she shall be bonded in favor of the league in such amount as the board may require. He/she shall sign travel account checks of employees. He/she shall retain an attorney to serve as General Counsel who will oversee legal and legislative affairs.

8. **Honorary Chairperson.** Any past chairperson of this league shall be eligible for election as an Honorary Chairperson. Election by the board of directors of any Honorary Chairperson shall be made by written ballot. An honorary may have the privilege of the floor at all meetings of this league and of the board of directors. Such election shall be for life unless revoked by a unanimous vote of the board, with two-thirds of the board of directors being present and voting.
9. **Honorary Director.** Any person who has served five years as a member of the board of directors of the league is eligible for designation as an Honorary Director. Election by the board of directors as an Honorary Director shall be made by written ballot. An Honorary Director may have the privilege of the floor at all meetings of the league and of the board of directors. Such elections shall be for life, unless revoked by a unanimous vote of the board with two-thirds of the board of directors being present and voting.
10. **Committees.** The Chairperson shall form and appoint standing and special committees as is deemed necessary. Said committees may include, but are not limited to auditing, finance, convention, legislative, etc. Said committees, along with their charge, shall be attached as an addendum to these bylaws. Said special or standing committees shall have such power and duties as delegated to it by the board of directors. Members of these committees shall be appointed from members of the board and staff as designated.

ARTICLE V

FINANCES

1. **Dues.** Each credit union that is a member of this league shall pay Credit Union National Association (CUNA) dues, and in addition, annual league dues determined in accordance with the formula hereinafter set forth. The figures shall be those as reported in the annual financial and statistical report as rendered to the regulatory agencies immediately prior to the annual meeting of the league or as on such records which is most recent and available to the league.



After the league budget has been established and adopted by the board, an assessment for dues shall be made against each member credit union; the assessment shall be determined in accordance with the following:

- (a) The basis of dues calculations will be assets and members, with the member calculation limited to \$0.10 per member. The asset calculation will be variable to be determined by the league board of directors based on the approved budget.
- (b) Maximum dues in 1992 will be \$7,000 and may be adjusted annually thereafter within the following guidelines:

The annual maximum dues adjustment will be the lesser of:

1. The change in the prior year's consumer price index; or
2. Five percent 5%.

- (c) Utilizing the above formula, cumulative increases in dues will be "capped" at \$9,000 unless otherwise reviewed by the league board of directors and submitted for final approval to the member credit unions.

Notwithstanding the provisions in this Section, the minimum dues shall be \$25.00.

2. **Reserve.** Effective January 1, 1992, and thereafter, two percent (2%) of annual dues income shall be deposited in a reserve for a capitalization fund until, said reserve accumulates to the equivalent of one-quarter (25%) of the current annual dues income. Said reserve fund shall be restricted to emergency and business development purposes of which access to principal shall require the approval of the board of directors of this league. Depletion of principal below the aforementioned amount shall require additional deposits from future dues income to maintain the required level of reserve. Utilization of interest income or said principal shall be within the discretion of management, provided, however, management incorporates the purpose for use of said interest income as part of the league budget approval process required by the league board of directors.

3. **Fiscal Year.** The fiscal year of this league shall be from January 1 through December 31.
4. **Payment of Dues.** Dues shall be due and payable on January 1. The board of directors may set an incentive discount for prompt payment of dues.

If a credit union which has been in existence for more than one year joins the league during the course of the fiscal year, its dues for the balance of the fiscal year shall be prorated from the first day of the month following admission of the credit union into membership. In the event that this is a reaffiliation, any dues owed from a previous membership shall be due and payable unless reduced or waived by the board of directors. All dues shall be waived for one year for a newly chartered credit union.

5. **Expense Limitations.** In no event shall the total annual expenses of the league exceed the total income by more than 5% thereof, except as approved by the board of directors.

ARTICLE VI

AMENDMENTS

1. **Member Amendments** - Amendments to these bylaws may be made by the membership as follows:
 - (a) **Mail Ballot** - A proposed bylaw amendment must be supported by at least thirty (30) member credit unions in order to be submitted for consideration by the membership of the League. A proposed amendment accompanied by a Purpose Statement shall be submitted in writing to the League's executive office at least one hundred and twenty days before the next annual meeting. The executive office shall forward the proposed amendment and Purpose Statement to the committee responsible for bylaw amendments. The committee shall review the proposed amendment and Purpose Statement and then vote on a recommendation to the board. The committee can submit the proposed amendment to the board in one of the following three ways: recommended; not recommended; or without comment. After receiving the result of the committee's vote, the board of directors shall then vote on a recommendation to the membership. The board can vote on the proposed amendment in one of the following three ways: recommended; not recommended; or without comment. The board shall transmit a written copy of the proposed amendment and Purpose Statement, with the result of the board vote, to each member credit union at least ninety (90) days before the date of the annual meeting. Member credit unions opposing the proposed amendment may submit an Opposition Statement to the League's board of

directors. Member credit unions supporting the proposed amendment may submit a Support Statement to the League's board of directors. All Opposition and Support Statements must be received at least sixty (60) days prior to the annual meeting date. The board shall review all Opposition and Support Statements and prepare a Consolidated Opposition and/or Support Statement which reflects the opinions of those credit unions which submitted statements. At least thirty (30) days prior to the annual meeting date, the board shall cause a ballot, Purpose Statement and Consolidated Opposition and/or Support Statements to be mailed to all member credit unions entitled to vote. For purposes of this Article VI only member credit unions which have paid their dues or been granted a dues waiver as of forty-five (45) days prior to the annual meeting date shall be entitled to vote. A proposed amendment receiving a majority vote of the members voting via mail ballot shall be deemed adopted. Voting results will be announced at the annual meeting.

- (b) Amendments adopted shall become effective at the close of the annual meeting at which the amendment was adopted, unless otherwise stated in the amendment.

2. **Board Amendments** - Amendments to these bylaws may be made by the board of directors as follows:

- (a) **Board Action** - An amendment proposed by a director(s) shall be submitted to the committee responsible for bylaw amendments. The committee shall review the proposed amendment and then vote on a recommendation to the board for the proposed amendment. The committee can submit the proposed amendment to the board in one of the following three ways: recommended; not recommended; or without comment. After receiving the result of the committee's vote, the board of directors shall vote to adopt or reject the proposed amendment.

Two thirds (2/3) of the directors present at the meeting must vote in favor of the proposed amendment for such amendment to be adopted. A proposed amendment adopted by the board of directors shall be effective, subject to the provisions of Article VI 2(b) of these bylaws. Amendments adopted by the board of directors under this Article VI 2(a) of these bylaws ("board Amendments") shall be sent to all members within thirty (30) days of adoption by the board of directors.

- (b) **Member Review** - Members may require any board Amendment be submitted to a vote of the membership. Such a membership vote shall occur if the executive office of the league receives, within sixty (60) days from the date a notice of board Amendment is sent to members, resolutions from the board of directors of at least ten (10%) percent of the member credit unions which request such a membership vote. If the

aforesaid resolutions are received within the aforesaid sixty (60) day period, the board Amendment will not be effective unless adopted by a majority of the members voting via mail ballot. If the aforesaid resolutions are received within the aforesaid sixty (60) day period, member credit unions opposing the proposed amendment may submit an Opposition Statement to the League's board of directors. Member credit unions supporting the proposed amendment may submit a Support Statement to the League's board of directors. All Opposition and Support Statements must be received at least sixty (60) days prior to the annual meeting date. The board shall review all Opposition and Support Statements and prepare a Consolidated Opposition and/or Support Statement which reflects the opinions of those credit unions which submitted statements. At least thirty (30) days prior to the annual meeting date, the board shall cause a ballot, and Consolidated Opposition and/or Support Statements to be mailed to all member credit unions entitled to vote. Board amendments requiring a vote shall be included on the ballot containing any member proposed amendments. In the event there are no member proposed amendments, the board shall cause, at least thirty (30) days prior to the annual meeting date, a ballot containing the board Amendment to be mailed to all member credit unions entitled to vote. For purposes of this Article VI only member credit unions which have paid their dues or been granted a dues waiver as of forty-five (45) days prior to the annual meeting date shall be entitled to vote. If the aforesaid resolutions are not received within the aforesaid sixty (60) day period, the relative board Amendment shall be effective upon expiration of the sixty (60) day period or the effective date set forth in the board Amendment whichever is the latest date.

- (c) **Annual Meetings** - At each annual meeting, all board Amendments enacted over the prior year which do not require a membership vote under Article VI 2(b) of these bylaws, shall be read into the record of such meeting. The results of all board Amendments which requires a member vote under Article VI 2(b) of these bylaws, shall be announced at such meeting.

3. Weighted Vote.

Each member credit union's ballot vote cast under this Article VI shall be weighted based upon the current dues billing for members as hereinafter set forth; by the payment of a credit union for:

- (a) Up to 2,000 members - 2 votes
- (b) 2,001 to 5,000 members - 3 votes
- (c) 5,001 to 8,000 members - 4 votes
- (d) 8,001 members and over - 5 votes

4. **Definitions.**

For purposes of this Article VI, the following definitions apply:

Purpose Statement - A written statement submitted by the proponents of the bylaw amendments, in the form of a letter or memorandum, which states the purpose/intent of each proposed amendment. The purpose/intent may include financial, efficiency and historical justifications

Opposition Statement - A written statement, in the form of a letter or memorandum, which states the reasons for opposing the proposed amendment. The opposition statement shall be limited to addressing each purpose/intent set forth in the Purpose Statement.

Support Statement - A written statement, in the form of a letter or memorandum, which states the reasons for supporting the proposed amendment. The support statement shall be limited to addressing each purpose/intent set forth in the Purpose Statement.

Consolidated Opposition Statement - A written statement of the League's board of directors, in the form of a letter or memorandum, which reflects and summarizes the opinions of those credit unions which submitted Opposition Statements.

Consolidated Support Statement - A written statement of the League's board of directors, in the form of a letter or memorandum, which reflects and summarizes the opinions of those credit unions which submitted Support Statements.

Attachment A

In accordance with Article III, Districts, Section 1 Determination, the names of the Districts of the New York State Credit Union League, Inc. shall be known as:

the Adirondack District, the Buffalo District, the Capital District, the Catskill-Hudson District, the Finger Lakes District, the Jamestown District, the Long Island District, the Metropolitan District, the Niagara District, the Rochester District, the Southern Tier District, the Syracuse District, the Utica-Rome District, and the Westchester-Rockland District.

AMENDMENTS

Article II, Section 1, "Admissions," amended 6/92 and 6/93

Article III, Section 1, "Determination," amended 6/92 and 6/93

Article III, Section 2, "District Meetings," amended 6/98

Article III, Section 3, "District Council," amended 6/92

Article III, Section 6, "District Directors," Paragraph 5, amended 6/90 and 6/92

Article III, Section 6, "District Directors," Paragraph 6, amended 6/98

Article IV, Section 1, "Meetings of Members," amended 6/93

Article IV, Section 1, "Amendments," amended 6/94

Article IV, Section 2a, "Budget," amended 6/88 and 6/93

Article IV, Section 3, "Executive Committee," amended 6/90 and 6/93

Article IV, Section 4a "Administrative," amended 6/88

Article IV, Section 5, "Duties of Directors," amended 6/92 and 6/93

Article IV, Section 6, "Officers of the League," amended 6/90 and 6/93

Article IV, Section 6a, "Chairperson," amended 6/90

Article IV, Section 6b, "Vice Chairperson," amended 6/93

Article IV, Section 6c, "Second Vice Chairperson," deleted 6/93

Article IV, Section 6d, "Third Vice Chairperson," deleted 6/93

Article IV, Section 6e, "Secretary," amended 6/93

Article IV, Section 6f, "Treasurer," amended 6/90 and 6/93

Article IV, Section 7, "Duties of the President," amended 6/86, 6/90 and 6/93

Article IV, Section 8, "Staff and Office," deleted 6/93

Article IV, Section 11, "National Directors," amended 6/93

Article IV, Section 10, "Administration," amended 6/94

Article IV, Section 10, "Cuna Delegates," deleted 12/12/96

Article IV, Section 12, "Committees," amended 6/86, 6/92 and 6/93

Article IV, Section 12a, "Administrative," amended 6/90 and 6/92, deleted 6/93

Article IV, Section 12b, "Auditing," amended 6/90, deleted 6/93

Article IV, Section 12c, "Convention," deleted 6/93

Article IV, Section 12d, "Credit Union Services," deleted 6/93

Article IV, Section 12e, "Finance," amended 6/90, deleted 6/93

Article IV, Section 12f, "Legal and Legislative," amended 6/90 and 6/92; deleted 6/93

Article IV, Section 13, "Retirement Committee," deleted 6/93

Article IV, Section 14, "Full Family Marketing Committee," amended 6/86; deleted 6/93

Article V, Section 1, "Dues," amended 6/88, 6/91, 6/92 and 6/93

Article V, Section 2, "Reserves," amended 6/91 and 6/92

Article V, Section 4, "Payment of Dues," amended 6/93

Article VI, "Amendments", amended 12/98

Attachment A, "Districts," added 6/92

Attachment A, "Districts," deleted "Falls" from Niagara Falls District, 12/12/96

Bylaw text was amended to reflect sex neutral changes throughout, amended 6/90