Senate Engrossed House Bill

FILED
MICHELE REAGAN
SECRETARY OF STATE

State of Arizona
House of Representatives
Fifty-second Legislature
Second Regular Session
2016

CHAPTER 332

HOUSE BILL 2471

AN ACT

AMENDING SECTIONS 6-531, 6-533 AND 6-537, ARIZONA REVISED STATUTES; AMENDING TITLE 6, CHAPTER 4, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTION 6-543; AMENDING TITLE 6, CHAPTER 4, ARTICLE 6, ARIZONA REVISED STATUTES, BY ADDING SECTION 6-559; AMENDING SECTION 6-577, ARIZONA REVISED STATUTES; RELATING TO CREDIT UNIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 6-531, Arizona Revised Statutes, is amended to read:

6-531. Authority and responsibility of directors; voting

A. The board of directors has the authority and responsibility for directing the business affairs, monies and records of the credit union.

B. EXCEPT AS PROVIDED IN SECTION 6-543, directors may not vote by proxy, absentee ballot or mail ballot but may vote by telephone conference if all directors present can speak to and be heard by the other directors during the telephone conference.

C. THE BOARD OF DIRECTORS SHALL MEET AT LEAST TEN TIMES IN TEN DIFFERENT MONTHS DURING EACH CALENDAR YEAR.

Sec. 2. Section 6-533, Arizona Revised Statutes, is amended to read:

6-533. Compensation of officials

~~An officer, director or committee member, other than an employee, may not be compensated for services, except that reasonable life, health, accident and similar insurance protection is~~ A CREDIT UNION MAY COMPENSATE AN OFFICER, DIRECTOR OR COMMITTEE MEMBER FOR THE OFFICER'S, DIRECTOR'S OR COMMITTEE MEMBER'S SERVICES TO THE CREDIT UNION. PROVIDING REASONABLE LIFE, HEALTH, ACCIDENT AND SIMILAR INSURANCE PROTECTION IS not considered compensation. Directors, officers and committee members may be reimbursed for necessary ~~personal~~ expenses incidental to the performance of official business of the credit union.

Sec. 3. Section 6-537, Arizona Revised Statutes, is amended to read:

6-537. Certain duties of directors; insurance

A. In addition to the duties prescribed in this chapter, the board of directors ~~shall meet at least monthly and~~ shall:

1. Purchase adequate fidelity coverage for the credit union covering the president and other officials and employees handling or having custody of monies or property of the credit union.

2. Authorize the employment and compensation of the president, who may hire other persons as are necessary to carry out the business of the credit union.

3. Approve an operating budget for the credit union.

4. Authorize the conveyance of property.

5. Borrow or lend money to carry on the functions of the credit union.

6. Appoint special committees.

B. The board of directors shall perform other duties as the members from time to time may direct and perform or authorize any action not inconsistent with law or not specifically reserved by the bylaws to the members.

C. The board of directors shall purchase and maintain insurance for the credit union on behalf of a person who is or was a director, officer, employee or agent of the credit union, or who is or was serving at the

request of the credit union as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against the person and incurred by the person in any such capacity or arising out of the person's status as such, whether or not the credit union would have the power to indemnify the person against the liability.

Sec. 4. Title 6, chapter 4, article 5, Arizona Revised Statutes, is amended by adding section 6-543, to read:

6-543. Action without meeting

A. UNLESS THE ARTICLES OF INCORPORATION OR BYLAWS PROVIDE OTHERWISE, ACTION REQUIRED OR ALLOWED TO BE TAKEN AT A BOARD OF DIRECTORS' MEETING MAY BE TAKEN WITHOUT A MEETING BY ELECTRONIC MEANS AS PROVIDED IN THIS SECTION IF NOTICE IS GIVEN TO EACH MEMBER OF THE BOARD. THE NOTICE SHALL STATE THE ACTION TO BE TAKEN AND THE DATE AND TIME BY WHICH A DIRECTOR MUST RESPOND.

B. ACTION MAY BE TAKEN UNDER THIS SECTION ONLY IF, AT THE END OF THE DATE AND TIME STATED IN THE NOTICE, BOTH OF THE FOLLOWING APPLY:

1. THE VOTES THAT ARE RECEIVED BY THE BOARD CHAIRMAN OR BOARD PRESIDENT BY ELECTRONIC MEANS AND THAT ARE IN FAVOR OF THE ACTION EQUAL OR EXCEED THE MINIMUM NUMBER OF VOTES THAT WOULD BE NECESSARY TO TAKE THE ACTION AT A MEETING AT WHICH ALL OF THE DIRECTORS THEN IN OFFICE WERE PRESENT AND VOTED.

2. THE BOARD CHAIRMAN, BOARD PRESIDENT OR BOARD SECRETARY HAS NOT RECEIVED A WRITTEN DEMAND BY A DIRECTOR AS DESCRIBED IN SUBSECTION C OF THIS SECTION.

C. ANY DIRECTOR MAY DEMAND THAT AN ACTION NOT BE TAKEN WITHOUT A MEETING BY DELIVERING A SIGNED COMMUNICATION TO THE BOARD CHAIRMAN, BOARD PRESIDENT OR SECRETARY BEFORE THE DATE GIVEN IN THE NOTICE PRESCRIBED BY SUBSECTION A OF THIS SECTION.

D. ACTION TAKEN PURSUANT TO THIS SECTION:

1. HAS THE SAME EFFECT AS ACTION TAKEN AT A MEETING OF THE BOARD OF DIRECTORS AND MAY BE DESCRIBED AS SUCH IN ANY DOCUMENT.

2. SHALL BE INCLUDED IN THE MINUTES FILED AT THE NEXT BOARD OF DIRECTORS' MEETING ALONG WITH A RECORD OF HOW EACH DIRECTOR VOTED ON THE ACTION.

E. ALL COMMUNICATION PURSUANT TO THIS SECTION MAY BE DONE BY ELECTRONIC MEANS AND EACH DIRECTOR'S VOTE MUST BE SIGNED USING AN ELECTRONIC SIGNATURE EMPLOYING A SECURITY PROCEDURE AS DEFINED IN SECTION 44-7002.

Sec. 5. Title 6, chapter 4, article 6, Arizona Revised Statutes, is amended by adding section 6-559, to read:

6-559. Savings promotion accounts

NOTWITHSTANDING ANY OTHER LAW, A CREDIT UNION MAY OFFER A SAVINGS PROMOTION ACCOUNT THAT IS A SAVINGS ACCOUNT OR CERTIFICATE OF DEPOSIT THAT INCLUDES AN INCENTIVE IN WHICH THE SOLE REQUIREMENT TO OBTAIN THE INCENTIVE IS THE DEPOSIT OF A SPECIFIED AMOUNT OF MONEY IN THE ACCOUNT.

Sec. 6. Section 6-577, Arizona Revised Statutes, is amended to read:

6-577. Authorized investments

A. Monies not used in loans to members may be invested in:

1. Securities, obligations or other instruments of or issued by or fully guaranteed as to principal and interest by the United States or any agency or instrumentality of the United States or in any trust or mutual fund established for investing directly or collectively in the same.

2. Securities, obligations or other instruments, whose payment is guaranteed by the general taxing authority of the issuer, of any state of the United States or any political subdivision of A STATE OF the United States, and on approval of the superintendent, the District of Columbia, the Commonwealth of Puerto Rico and the several territories organized by Congress or any political subdivision thereof.

3. Deposits of federally insured financial institutions organized under state or federal law.

4. Loans to or share accounts or deposit accounts of other credit unions or corporate credit unions organized under state or federal law.

5. Deposits in, loans to or shares of any federal reserve bank, federal home loan bank or central liquidity facility established under state or federal law.

6. Shares, obligations or preferred stock issues of any agency or association organized either as a stock company, mutual association or membership corporation, if the membership or stock holdings of such agency or association are primarily confined or restricted to credit unions or organizations of credit unions and the purpose for which such agency or association is organized is to service or otherwise assist credit union operations.

7. Stocks, bonds or other obligations of corporations organized in any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico and the several territories organized by Congress and in securities, obligations or other instruments of any state of the United States or any political subdivision thereof, the District of Columbia, the Commonwealth of Puerto Rico and the several territories organized by Congress, but not in the aggregate to exceed three ~~per cent~~ PERCENT of the credit union's capital and not to exceed one ~~per cent~~ PERCENT of the credit union's capital in any one corporation's stock, bonds and obligations. These investments are limited to the three highest ratings established by one or more national rating services of corporate securities designated by the superintendent.

8. Pools of participation loans with other credit unions, credit union organizations or other financial institutions, not to exceed five ~~per cent~~ PERCENT of the credit union's capital.

9. Other investments as approved by the superintendent.

10. ~~In~~ Fixed assets~~, not to exceed five per cent of the credit union's capital except with the prior written approval of the superintendent~~.

B. Investments authorized under subsection A, paragraph 6 OF THIS SECTION shall not exceed five ~~per cent~~ PERCENT of the credit union's capital, without the prior written approval of the superintendent. The action of a credit union in investing monies in accordance with subsection A, paragraph 6 OF THIS SECTION shall not be deemed a violation of this section if the aggregate investments exceed the limitation of subsection A, paragraph 6 OF THIS SECTION because of a subsequent reduction in the amount of the credit union's capital.

APPROVED BY THE GOVERNOR MAY 18, 2016.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 18, 2016.

Passed the House March 3, 2016

by the following vote: 57 Ayes,

0 Nays, 3 Not Voting

Speaker of the House

☐ Pro Tempore

Chief Clerk of the House

Passed the Senate March 31, 2016

by the following vote: 26 Ayes,

4 Nays, 0 Not Voting

President of the Senate

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

_____ day of _____, 20_____

at _____ o'clock _____M.

Secretary to the Governor

Approved this _____day of

_____

at _____o'clock _____M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this _____ day of _____, 20_____

at _____ o'clock _____M.

Secretary of State

H.B. 2471

HOUSE CONCURS IN SENATE
AMENDMENTS AND FINAL PASSAGE

May 7, 2016,

by the following vote: 54 Ayes,

0 Nays, 6 Not Voting

Speaker of the House

Jim Drake
Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

9th day of May, 2016,

at 9:54 o'clock A. M.

Secretary to the Governor

Approved this 18th day of

May, 2016,

at 8:20 o'clock A M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 18th day of May, 2016,

at 11:05 o'clock A M.

Michele Reagan
Secretary of State

H.B. 2471