

PROPOSED AMENDMENTS TO THE BYLAWS OF EAGLE COMMUNITY CREDIT UNION

1) PROPOSED AMENDMENT TO ART. IV, SEC. 408 TO PERMIT VOTING BY ELECTRONIC BALLOT

SUMMARY:

Under applicable California law, any action that may be taken at any regular or special meeting of members may be taken without a meeting by use of a written ballot. Under current law, a “written” ballot can include not only a paper ballot sent by mail, but an electronic ballot sent by electronic means, such as email, through online banking, or similar methods of electronic transmission. As currently drafted, the Eagle Community Credit Union Bylaws describe this authorization in Art. IV, Sec. 408, but the language is specifically limited to voting by mail ballot. The board believes that there are electronic means available that would offer increased security and cost-effectiveness. On April 14, 2024, the board voted to update this language to allow the credit union to utilize mail or other forms electronic transmission for a written ballot. However, because the right to amend bylaws pertaining to voting by mail is reserved to the members, the board is seeking member approval of the proposed amendments as shown below.

TEXT OF PROPOSED AMENDMENT:

ARTICLE IV. MEETING OF MEMBERS

Section 408. ~~Mail~~ Voting by Written Ballot

- (a) Any matter of business to be voted upon by the members at an annual, special or adjourned meeting of such members, including the election of directors or any committee members required to be elected by the members of the credit union pursuant to these bylaws, may be submitted ~~by mail~~ to all of the members for their written vote without a meeting of the members, ~~upon~~at the motion and approval of a majority of the members of the board, by either: (a) mail; or (b) electronic transmission (as defined in and in accordance with requirements of California Corporations Code sections 20 and 21) including but not limited to electronic mail and internet voting. Any written ballot distributed to all members entitled to vote shall be in accordance with procedures established by the board of directors subject to the provisions of this Section.
- (b) In the event of the submission of any matter to the members of the credit union for their approval or disapproval, including the election of directors and any committee members required to be elected by the members pursuant to these bylaws, such vote shall be valid only if the following are met:

- (1) The number of votes cast equals or exceeds the number of persons constituting a quorum at a regular or special meeting of the members and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting of the members present in person or by proxy.
- (2) Proxy voting shall not be permitted in regard to any matter submitted to the members for their written vote.
- (3) The written ballots shall conform to the form required by the provisions of Section 14821 of the Financial Code and applicable California law.
- (4) The written ballots shall be mailed or electronically transmitted to the address (or email address, as applicable) appearing on the credit union's membership list, provided that if any notice or report addressed to the member at the address of such member appearing on the books of the credit union is returned to the credit union by the United States Postal Service marked to indicate that the United States Postal Service is unable to deliver the notice or report to the member at such address, all future notices or reports shall be deemed to have been duly given without further mailing if the same shall be available for the member upon written demand of the member at the principal office of the corporation for a period of one year from the date of the giving of the notice or report to all other members. If any notice or report sent to the member by electronic transmission is returned as unable to transmit, the notice or report shall be sent via United States Postal Service to the member at the mailing address on file with the Credit Union.
- (5) All solicitations of written ballots by mail or electronic transmission shall indicate the number of responses needed to meet the quorum requirement and with respect to ballots other than for the election of directors, shall state the percentage of approvals necessary to pass the matter submitted to the members.
- (6) The solicitation must specify the time by which, and the address at which, the ballot must be received in order to be counted.
- (7) The board of directors shall prescribe in a written resolution or resolutions any and all procedures necessary to conduct an election or to obtain approval by the members on any matter submitted by mail or electronic transmission to all members entitled to vote.
- (8) The results of an election or the vote to approve or disapprove any matter submitted by written ballot to the members by mail or electronic transmission shall be certified by the chairperson and the secretary of the corporation in the minutes of the board of directors' meeting following the

determination of the results of vote by written ballot submitted to the members by mail or electronic transmission. The certification shall also certify that the written ballot was conducted in conformity with the provisions of applicable law and these bylaws.

- (c) Nothing in this Section shall preclude the board of directors from employing third parties to conduct or assist in conducting a written ballot by mail or electronic transmission in accordance with applicable law, regulations and these bylaws.

2) PROPOSED AMENDMENTS TO ART. VI, SEC. 600 AND ART. XVIII, SEC. 1801 TO PERMIT BOARD TO SET THE NUMBER OF DIRECTORS WITHIN APPROVED RANGE

SUMMARY:

Under applicable law, the right to determine the authorized number of directors on the board belongs to the members of the credit union, and this number is specified in the bylaws. It is also permissible for the members to set the number of authorized directors as a range, with the board to set the exact number within that range from time to time by resolution. As currently drafted, the Eagle Community Credit Union Bylaws establish the number of authorized number of directors as a range from five (5) to thirteen (13). This has been in effect for a number of years. However, the additional language authorizing the board to set the exact number within that range by resolution was omitted. This appears to have been an oversight. On April 14, 2024, the board voted to amend Art. VI, Sec. 600, and Art. XVIII, Sec. 1801 in order to address this oversight and affirm the board's authority to set the exact number of directors within the range by resolution. However, because the right to set the number of directors is reserved to the membership, the board is seeking member member approval of the proposed amendments as shown below.

TEXT OF PROPOSED AMENDMENTS:

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ARTICLE VI. BOARD OF DIRECTORS

Section 600. Number of Members, Qualifications, Compensation

The board of directors shall consist of an odd number of members no less than five (5) nor greater than thirteen (13), elected in accordance with these By-Laws~~bylaws~~, each of whom shall be a member of this credit union in his or her own right and shall be at least eighteen (18) years of age. The exact number of directors shall be set from time to time by resolution of the board of directors, except that no reduction in the number of directors may be made unless corresponding vacancies exist as a result of deaths, resignations, expiration of terms of office, or other actions provided by these bylaws. No member of the board of directors shall serve as a member of the supervisory committee, as a credit manager, or loan officer, nor receive compensation for his or her services as a director.

Any director elected to the office of treasurer or assistant treasurer may be compensated as such. A director may be compensated for actual services performed as an employee of this Credit Union pursuant to Section 14410(c) of the California Financial Code. A director must maintain his or her eligibility to serve throughout his or her tenure.

ARTICLE XVIII. AMENDMENTS TO ARTICLES OF INCORPORATION AND BYLAWS

Section ~~1701~~1801. Bylaws

Subject to the right of the members to amend these bylaws, and except as otherwise stated in these bylaws, amendments to said bylaws, other than an amendment changing the authorized number of directors, or relating to membership voting by mail, may be adopted by the affirmative vote of a majority of the board of directors at any duly held meeting thereof. An amendment changing the authorized number of directors, excluding the right of the board to fix the number of directors within the established range pursuant to Section 600, may be adopted by the written vote of the members, or by such members at any annual, special or adjourned meeting of the members, provided notice of the meeting has been given in accordance with the provisions of Section 403 of these bylaws and provided such notice has contained a copy of the proposed amendment.