

Pending Approval of RAPAC Trustees on March 16, 2018

RECOMMENDATION the Executive Committee

FROM:

Legislative & Political Affairs Committee

RECOMMENDATION:

To approve the recommended policy changes to the RAPAC Bylaws, Article V Contributions Section 8 to remove the cap on local associations' reserves allowing for the local association to retain 20% of each dollar invested and sweep 80% of the local associations reserve funds to the state association reserves if not utilized within five years.

BACKGROUND:

Recently the topic of the RAPAC cap has been raised by a few AE's. Currently, RAPAC funds may accumulate until they total twenty-five thousand dollars (\$25,000) for each local associations reserve account. The sentiments expressed by some local association AE's is that the limit of \$25,000 is simply not enough and that they would like to see the cap raised or lifted.

The second concept that has been expressed by some AE's is to establish a "sweeping" of funds if a local association does not draw down on their reserves account.

AAR Staff proposal to address concerns would be as follows:

Lift the cap entirely allowing for the local association to retain 20% of each dollar invested and sweep 80% of a local associations reserve funds to the state association reserves if not utilized within five years.

Reasoning:

By lifting the cap, the local association will be able to retain a portion (20%) of each dollar invested by their member. This should address the concerns by the local associations that state they easily hit the cap, but do not have the necessary funds to participate in all their local jurisdictions.

Current Policy

Article V Contributions

[...]

Section 8

C. Amounts subject to request by any local associations for contributions to local candidates pursuant to paragraphs (A) and (B) of this Section may accumulate until they total twenty-five thousand dollars (\$25,000). After that, no additional amounts may be accumulated except to replace accumulated amounts actually disbursed to or for local candidates designated by such local association.

Recommended Policy Change

Article V Contributions

[...]

Section 8

C. Amounts subject to request by any local associations for contributions to local candidates pursuant to paragraphs (A) and (B) of this Section **MAY CONTINUE** to accumulate **WITHOUT A CAP**. ~~until they total twenty-five thousand dollars (\$25,000). After that, no additional amounts may be accumulated except to replace accumulated amounts actually disbursed to or for local candidates designated by such local association.~~

D. WITH RESPECT TO FUNDS RAISED, IF A LOCAL ASSOCIATION DOES NOT UTILIZE FUNDS IN THEIR RESERVE ACCOUNT WITHIN FIVE YEARS (5), EIGHTY

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PERCENT (80%) OF THE FUNDS WILL BE SWEEP TO BE UTILIZED BY THE STATE ASSOCIATION. TWENTY PERCENT (20%) OF THE FUNDS WILL REMAIN IN THE LOCAL ASSOCIATIONS RESERVES SUBJECT TO REQUESTS FOR CONTRIBUTIONS TO LOCAL CANDIDATES PURSUANT TO PARAGRAPHS (A) AND (B) OF THIS SECTION.

BUDGET IMPACT:

None

MOTION:

TO APPROVE THE RECOMMENDED POLICY CHANGES TO THE RAPAC BYLAWS, ARTICLE V CONTRIBUTIONS SECTION 8 TO REMOVE THE CAP ON LOCAL ASSOCIATIONS RESERVES ALLOWING FOR THE LOCAL ASSOCIATION TO RETAIN 20% OF EACH DOLLAR INVESTED AND SWEEP 80% OF THE LOCAL ASSOCIATIONS RESERVE FUNDS TO THE STATE ASSOCIATION RESERVES IF NOT UTILIZED WITHIN FIVE YEARS.

FOR MORE INFORMATION CONTACT:

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