

THE RULES OF THE ASSOCIATION OF FINNISH MUNICIPALITIES

Article 1

Name and registered office

The name of the Association in Finnish is Suomen Kuntaliitto ry and in Swedish Finlands Kommunförbund rf.

The following foreign-language names of the Association can be used: in English, The Association of Finnish Municipalities; in German, Verband der Städte und Gemeinden Finnlands; and in French, Association Finlandaise des Pouvoirs Locaux.

The domicile of the Association is Helsinki.

Article 2

Language

The languages in which the Association operates are Finnish and Swedish. The agendas and minutes of the assembly of members and the Delegation meetings are drawn up in both Finnish and Swedish. The Board shall decide upon the language in which the minutes of meetings and documents of other bodies are to be drawn up.

Article 3

Membership

Finnish municipalities are eligible for membership of the Association. Finnish joint municipal authorities and other entities and foundations with legal capacity in which a municipality or a joint municipal authority exercises control can be the Association's associate members. Associate members do not have the right to vote or the right to nominate candidates to the Association's bodies.

Article 4

Purpose

The purpose of the Association of Finnish Municipalities is to strengthen the vitality and democracy of municipalities and to promote the self-government and well-being of municipal residents. The Association represents its members in both national and international forums. The Association promotes and oversees the interests of its members, provides services to them and is their partner in development.

The Association offers, either itself or through the entities it administers, expert services, consulting and training to meet the increasingly diverse needs of municipalities. The Association can engage in publishing activities.

It is not the Association's purpose to generate profit or other economic benefits for its members or other interested parties, nor is the Association's purpose or the nature of its activities primarily economic in other respects either.

Article 5

Economic activities

The Association can own and control immovable and movable property and shares and securities.

Article 6

Joining the Association

Municipalities, entities and foundations wishing to join the Association as ordinary member or associate member must notify the Association's Board of their wish in writing. The Board decides on the acceptance of new ordinary members and associate members.

New ordinary members and associate members can join the Association either from the beginning of the calendar year, in which case they must pay the membership fee for the entire year, or from the first of July, in which case they must pay half of the annual membership fee.

Article 7

Resignation from the Association

Ordinary members and associate members have the right to resign from the Association by giving a notification of their resignation in accordance with the Associations Act. The resignation will become valid one year after the resignation notification was given. A member who has given notification of resignation shall not have the right of attendance or the right of vote at the Association's assembly of members or have the right to nominate candidates to the Association's bodies.

Article 8

Dismissal from the Association

The Board can dismiss an ordinary member or an associate member from the Association on the grounds referred to in the Associations Act.

Ordinary members or associate members who fail to pay their membership fees by the due date are given a payment reminder. If the payment has not been made within two months after the payment reminder was given to the member in question, the Board can dismiss the said ordinary member or associate member from the Association.

Article 9

Membership fee

Ordinary members and associate members shall pay an annual membership fee to the Association.

In its first ordinary meeting of each year, the Delegation confirms the amount of the membership fee for the following year.

Three quarters of an ordinary member's membership fee are determined on the basis of the number of residents in each individual municipality and one quarter is determined on the basis of the taxable income corresponding to municipal taxation. However, the part of the membership fee which is determined on the basis of the number of residents is reduced by 40% for the number of residents exceeding 20,000. In addition, if the amount of the taxable income per resident under municipal taxation in any given municipality exceeds the average amount of the taxable income per resident under municipal taxation for all member municipalities, that municipality will have the part of the fee determined on the basis of the taxable income under municipal taxation reduced by 25% for the part that exceeds the average amount.

The membership fees of associate members are graded according to the principles defined by the Delegation. The membership fee consists of two parts: a basic fee and a supplementary

component. The amount of the supplementary component is determined in accordance with the nature of the member organisation, based on its population size, pupil numbers, turnover or on some other ground illustrating the scope of its activity. The supplementary component is adjusted with a separately defined coefficient.

Associate members' fees are graded and can differ in amount.

The Association's Board can reduce an ordinary member's or an associate member's membership fee for a limited period, if the ordinary member's or the associate member's ability to pay has been essentially impaired or there is some other well-founded reason for reducing the membership fee.

The Delegation can impose an additional membership fee, which shall be payable by an ordinary member and an associate member, for a certain purpose. The additional membership fee is determined on the grounds specified in paragraph 3 or 4 above and payable at a time determined by the Board.

The membership fee shall be paid annually by the first of March, unless the Delegation provides otherwise.

Article 10

Services provided to entities established by municipalities

As well as serving its ordinary members and associate members, the Association can provide services to other entities established, owned and administered by municipalities in accordance with the grounds decided by the Board.

Article 11

Power of decision and bodies

The power of decision in the Association is exercised by the assembly of members and the Delegation as stipulated in these rules.

The assembly of members can be called the General Assembly.

The Association has the following bodies:

- 1) the Delegation
- 2) the Board
- 3) the Election Board
- 4) the Election Preparation Committee
- 5) the Advisory Committee for Swedish-speaking Municipalities.

The requirements of section 4 a (1) of the Act on Equality between Women and Men must be complied with when appointing members to the bodies listed in paragraph 3 (2) and (5) above.

The Board can also set up other bodies and advisory committees.

The chairperson of the Board and the Chief Executive Officer have the right to participate in and speak at the meetings held by the bodies of the Association.

Article 12

The General Assembly

The ordinary assembly of members, the Ordinary General Assembly, is held every four years after the municipal elections, in August–November. The Board will determine the place and time of the General Assembly.

If the time of the municipal elections is changed, the time of the General Assembly shall be changed accordingly.

The invitation to the General Assembly shall be submitted to the members in writing no later than three months after the result of the municipal elections has been confirmed.

Each member shall notify, in writing, the names of their nominated Assembly representatives to the Association Board no later than one month before the General Assembly.

The agenda of the General Assembly shall be sent to members no later than two months before the General Assembly to be forwarded to the representatives nominated by the members.

An Extraordinary General Assembly of the Association shall be convened as stipulated in the Associations Act. As regards the invitation to an Extraordinary General Assembly, the above-mentioned stipulations concerning the Ordinary General Assembly shall be applied, with the exception that the invitation shall be submitted two months before the Assembly, the names of the Assembly representatives shall be notified a month before the Assembly and the agenda shall be sent no later than two weeks before the Assembly.

The Board can decide that the General Assembly can also be attended in such a manner that the member can exercise their power of decision in full via telecommunications or other technical means during the Assembly.

Furthermore, the Board can decide that the Ordinary General Assembly and Extraordinary General Assembly will be organised without an onsite location and in such a manner that enables members to exercise their power of decision in real time via telecommunications or other technical means during the assembly.

Article 13

Numbers of votes and representation at the General Assembly

The numbers of votes for the member municipalities at the General Assembly are determined according to the population as follows:

- a municipality with a population of 10,000 at the most, one vote;
- a municipality with a population of 10,001–100,000, two votes;
- a municipality with a population of over 100,000, twenty votes;

Each member municipality can nominate a maximum of three representatives to the General Assembly as follows:

- Municipalities with a population of less than 20,000 can nominate one representative;
 - Municipalities with a population of 20,001–100,000 can nominate up to two representatives;
- and

- Municipalities with a population of over 100,000 residents can nominate up to three representatives.

The population of a municipality refers to the population figure in the Population Information System at the turn of the year preceding the municipal elections as specified in the Act on the Population Information System and the Certification Services of the Digital and Population Data Services Agency (661/2009).

A member municipality can appoint the necessary number of deputies for the ordinary representatives. A deputy representative attends the General Assembly when an ordinary representative is prevented and, in such a case, exercises the number of votes allocated to the representative as a representative of the municipality.

The number of votes of a particular municipality is divided between the municipality representatives as prescribed in the proxy authorised by the municipality to its representatives.

Furthermore, the members of the Delegation and Board of the Association of Finnish Cities and Municipalities, the CEO and Deputy Managing Directors of the Association of Finnish Cities and Municipalities as well as the persons granted this right by the General Assembly have the right to take part in the discussion at the General Assembly.

Article 14

Organisation of the General Assembly

The chairperson of the Delegation opens the meeting, after which the General Assembly elects a chairperson and deputy chairpersons for the General Assembly. The General Assembly appoints the necessary secretaries and elects the necessary number of examiners to review the minutes.

If necessary, the General Assembly also approves rules of procedure for the meeting that supplement those of the Associations Act and the rules of the Association.

Article 15

Matters to be handled at the Ordinary General Assembly

The Ordinary General Assembly shall

- 1) review the report provided by the Board and approved by the Delegation on the Association's activities after the previous Ordinary General Assembly;
- 2) decide on the Delegation members' fees and remuneration; and
- 3) elect the Delegation members as well as a personal deputy member for each member for the term lasting until the next Ordinary General Assembly.

Article 16

Decision-making at the General Assembly

Decisions at the General Assembly are made, as needed, by majority rule.

The elections are held as specified in these rules and in accordance with the voting and election procedure approved by the Delegation.

Article 17
Election Board

The Delegation appoints the Election Board, whose tasks include providing instructions on the conduct of the election and confirming the list of candidates for the election of the Delegation and confirm the election result. The tasks of the Election Board are specified in detail in the Delegation's voting and elections rules, which the Association refers to as the 'election rules'.

Three to five members are appointed to the Election Board, and they will elect a chairperson for the Election Board from among themselves. The Election Board appoints a secretary and other necessary functionaries.

Article 18
Election Preparation Committee

The Election Preparation Committee shall be appointed by the Delegation. A chairperson and a sufficient number of members are elected to the Election Preparation Committee so that each group represented in the Delegation can propose its own Committee representative and deputy representative.

The task of the Election Preparation Committee is to draft a proposition to the General Assembly regarding the members and their personal deputy members to be elected to the Delegation.

Article 19
Nomination of candidates

The election of Delegation members and deputy members is based on the list of candidates drawn up by the Election Preparation Committee.

A minimum of fifteen (15) municipalities can draw up their own list of candidates concerning the members and deputy members to be elected to the Delegation. The list of candidates drawn up by the municipalities shall be submitted to the Election Board no later than one month before the General Assembly.

The Election Preparation Committee's list of candidates is submitted to the Election Board according to the voting and election rules. The Election Board shall submit the list of candidates to the members as an attachment to the agenda. The Election Board shall submit the potential lists of candidates drawn up by the municipalities to the members no later than two weeks before the General Assembly.

Election

If no consensus is reached in the election of members and deputy members after a discussion, an election will be held between the lists of candidates submitted to and approved by the Election Board. The election will be held as a list voting so that each vote is given to the list of candidates as a whole. The candidates on the list that wins the most votes will be elected.

Article 20

Composition and term of the Delegation

The Delegation shall have 65 members and 65 personal deputy members, who shall be local councillors as defined in the Finnish Local Government Act.

Of the members of the Delegation, 64 shall be elected at the General Assembly organised after municipal elections in the same year.

At the General Assembly, one member and a [personal] deputy member shall be elected from the Åland Islands.

The Delegation members' term begins from the moment at which the Delegation members' election results are confirmed and continues until the result of the new Delegation election has been confirmed.

The Delegation members shall be elected following the principle that the representation of different political parties or other groups in the Delegation shall correspond to the number of votes which these parties or other groups have obtained in the Association's member municipalities in the last national municipal elections, in accordance with the principle of proportional representation. Additionally, one member is elected from the Åland Islands.

The other groups mentioned above shall have an interconnectedness either nationally or regionally, so that the number of votes they have won can be added up when electing the Delegation members. Only registered associations that are members of a nationally or regionally registered association operating in more than one municipality are considered as the aforementioned other groups.

One or more members from each region shall be elected to the Delegation. The election of members should endeavour to ensure as fair and equal a representation of different types and sizes of municipalities as possible. Where appropriate, the stipulations relating to members also apply to deputy members.

Article 21

Duties of the Delegation

The power of decision in the Association is exercised by the Delegation, unless otherwise provided by these rules.

In addition to the other duties specified in these rules, the Delegation shall:

- 1) elect the chairperson and two deputy chairpersons from among the members of the Delegation;
- 2) elect the members and deputy members of the Board and nominate a chairperson and two deputy chairpersons from among the members;
- 3) appoint for a four-year term an accounting firm to serve as the Association's accountant and deputy accountant. The accounting firm shall appoint the principally responsible accountant;
- 4) set up the Election Board and Election Preparation Committee for the election of the Delegation;
- 5) confirm the Association's action plan and budget and the amount of the membership fee;
- 6) confirm the report on the Association's activities and the financial statement and decide whether to release the Board and other accountable persons from liability;

- 7) decide upon the fees and other remuneration for the members of the Board and of other bodies;
- 8) decide upon the sale, transfer or other disposal of property that is significant with respect to the Association's activities;
- 9) approve the voting and election rules and the Delegation's rules of procedure;
- 10) approve any changes made to the Association's rules by a majority of three-quarters of the votes cast; and
- 11) decide upon the dissolution of the Association.

Article 22

Delegation meetings

The chairperson of the Board shall convene the Delegation in November–December after the municipal election. This first meeting of the Delegation shall be an organising meeting, at which the chairperson and two deputy chairpersons of the Delegation and the members of the Board shall be elected and the Election Board and Election Preparation Committee shall be appointed.

Ordinary meetings of the Delegation shall be held twice a year. The spring meeting shall be held between March–July and the autumn meeting shall be held between September–December at a time and place determined by the Board.

Extraordinary Delegation meetings shall be held if the Delegation so decides or if the Board deems them necessary or if at least 10% of the members of the Delegation have requested in writing that the Board convene an extraordinary Delegation meeting to handle a matter specified by them.

The members of the Delegation may also participate in a meeting by post or via telecommunications or some other technical means during or before the meeting, if the Board so decides. The decision may also only apply to some of the matters dealt with at the meeting.

If the Board so decides, a Delegation meeting can be organised without an onsite location in such a manner that enables members to exercise their power of decision in real time via telecommunications or other technical means during the meeting.

The Delegation is quorate when more than half its members are present.

An invitation to a Delegation meeting shall be submitted to the members of the Delegation by letter sent to the addresses supplied by the members or by electronic means no later than 10 days before the meeting. Where possible, the agenda shall be attached to the invitation. If members may participate in a meeting by post or via telecommunications or some other technical means, this shall be stated in the invitation to the meeting. If the members participating in a meeting by post or via telecommunications or some other technical means have a restricted right to speak, this shall also be stated in the invitation.

The right to participate in and speak at the Delegation meetings shall extend to members of the Board, the Association's Chief Executive Officer, Deputy Managing Directors and the Director of Swedish-speaking services as well as to other persons to whom the Delegation has given this right.

More detailed regulations regarding the activities of the Delegation and the proceedings of the Delegation meetings can be given in the rules of procedure, which shall be accepted by the Delegation.

Article 23

Composition of the Board

The Board shall have 15 members and 15 deputy members. The term of office of the members of the Board shall end when the Delegation has appointed the next Board. At least one permanent member and one deputy member of the Board shall represent the Swedish-speaking population.

The members of the Board shall be elected following the principle that the representation of different political parties and other groups on the Board shall correspond to the number of votes which these political parties and other groups have obtained in the Association's member municipalities in the last municipal elections, in accordance with the principle of proportional representation observed in municipal elections. Regional aspects and the representation of municipalities of different sizes shall also be taken into account when appointing members to the Board.

The chairperson of the Board shall also act as the Association's chairperson.

Article 24

Duties of the Board

The Board shall represent the Association and take care of the Association's administration and finances in matters not assigned to the Delegation.

The Board shall:

- 1) prepare the matters to be handled by the Delegation and control the implementation of decisions made by it;
- 2) approve the basis for charges levied for the services provided by the Association in so far as this task has not been assigned to the Delegation or some other body;
- 3) decide upon the rules of procedure of the Board and of the steering committee, the internal rules and the organisational structure of the office;
- 4) decide upon the hiring and dismissal of the Chief Executive Officer, Deputy Managing Directors and the Director of Swedish-speaking services and the division of the areas of responsibility between them;
- 5) appoint an Advisory Committee for Swedish-speaking Municipalities and, as needed, other bodies and advisory committees;
- 6) decide upon the general basis for the pay, pensions and fringe benefits of the personnel;
- 7) decide upon the sale, transfer, other disposal, purchasing, and mortgaging and pledging of shares entitling the control of immovable property, real estate or apartments and of other shares or securities entitling long-term ownership and of property that is not significant with respect to the Association's activities; and
- 8) decide upon borrowing and lending;
- 9) decide upon granting a guarantor's undertaking for the liability of the Association's subsidiaries;

10) decide upon the principles according to which the Association can carry out its investment operations.

Article 25

Proceedings of the Board

The Board is quorate when more than half its members are present.

The chairperson of the Board shall convene the Board meeting. The chairperson shall convene the Board meeting if at least four members of the Board have requested, in writing, the chairperson to do so to handle a matter specified by them. If the chairperson is prevented or disqualified, the invitation to the meeting may be submitted by the first deputy chairperson and, when the first deputy chairperson is prevented or disqualified, by the second deputy chairperson.

The right to participate in and speak at Board meetings shall extend to the chairperson and deputy chairperson of the Delegation, the Association's Chief Executive Officer, Deputy Managing Directors and the Director of Swedish-speaking services, as well as to the persons to whom the Board has given this right.

A proposal that has been supported by more than half of the members present shall constitute the decision. Disqualified Board members shall be deemed to be absent. The chairperson's vote shall be decisive in the event of a tie.

In an election, the persons receiving the most votes shall have been elected. However, if only one person is to be elected, the person receiving more than half the votes cast shall have been elected. If no candidate receives more than half the votes cast in the first round, an election shall be held between the two candidates who received the most votes. In the event of a tie, the election shall be decided by drawing lots.

Article 26

Presentation of matters at the Board meeting

Matters at the Board meeting are decided on the proposal of the Chief Executive Officer and Deputy Managing Directors, based on the division of responsibilities approved by the Board, unless the Board decides otherwise on an individual matter.

The Chief Executive Officer shall have the right to present a matter that belongs to the area of responsibility of a Deputy Managing Director, if the Chief Executive Officer deems that the nature of the matter requires this. The Chief Executive Officer shall also have the right to transfer the presentation of a matter that belongs to his or her area of responsibility to a Deputy Managing Director.

Article 27

Steering committee

The Board can establish a steering committee from among its members for the purpose of preparing the matters to be handled for the Board and taking care of any other business assigned to it by the Board.

Article 28

Advisory committees

The duties of the advisory committees are specified in their internal rules approved by the Board. Regulations relating to the issues that shall be taken into account when appointing

members to the advisory committees are given in the internal rules of the advisory committees.

Article 29

Chief Executive Officer

The Chief Executive Officer shall:

- 1) manage the Association's office together with Deputy Managing Directors under the supervision of the Board and be responsible for ownership policy for the entities belonging to the Association;
- 2) follow the general development of legislation relating to municipalities and of local government and take the necessary actions required to safeguard the Association's and its members' interests;
- 3) supervise the management of the Association's finances and give instructions relating thereto in so far as this task has not been assigned to some other official; and
- 4) take care of any other business assigned to him or her by the Board or its steering committee.

Article 30

Deputy Managing Director

The duties of the Deputy Managing Directors are to prepare matters and present them at the Board meeting, taking into account the division of the areas of responsibility that has been approved by the Board.

Article 31

Accounts

The Association's accounts shall be closed at the end of the calendar year. The accounts and all other documents relating to the management and finances of the Association shall be ready and submitted for audit by the auditors by 20 April.

Article 32

Initiatives and questions

The Association's ordinary members and associate members and members of the Delegation have the right to make initiatives and ask questions relating to the activities of the Association. Actions undertaken as a result of an initiative or a question must be notified to those who submitted the initiative or the question.

The Board must reply to questions posed by the Association's ordinary members and associate members and Delegation representatives no later than at the first meeting held within three months of the date on which the question was made.

At least once a year, the Board must inform the Delegation of all the initiatives and questions submitted and of the actions taken as a result.

Article 33**Signing for the Association**

Any two of the following officials can together sign for the Association: the chairperson and deputy chairpersons of the Board and the Association's Chief Executive Officer and Deputy Managing Directors. Any one of these officials can also sign for the Association together with some other official of the Association nominated by the Board.

Article 34**Dissolution and termination of the Association**

If the Association should be dissolved or terminated, any funds or assets remaining after all debts have been paid shall be transferred for purposes that promote the ordinary members' joint interests.