

# APPENDIX A: PROPOSED BYLAWS (CLEAN VERSION)

## PROPOSED BYLAWS OF CONNECT FIRST CREDIT UNION LTD.

**BOARD APPROVED DRAFT (CLEAN): AUGUST 6, 2020**

## 1. GENERAL

1.1. In these By-laws, unless the context otherwise specifies or requires:

- a. "Act" means the *Credit Union Act (Alberta)*, as from time to time amended, and every statute that may be substituted therefore and, in the case of such substitution, any reference in the Bylaws of the Credit Union to provisions of the *Credit Union Act* shall be read as references to the substituted provisions therefore in the new statute(s);
- b. "Board" means the board of directors of the Credit Union, as further described in Article 8;
- c. "Bylaw" means any Bylaw of the Credit Union, including any special Bylaw in effect, from time to time in force and effect;
- d. "Committee" means any committee of the Board as further described herein and formed in accordance with s. 80-82 of the Act;
- e. "Credit Union" means Connect First Credit Union Ltd.;
- f. "Corporation" means an incorporated body or persons, wherever or however incorporated;
- g. "Designated representative" means an Individual, whether a Member or not, acting in the individual's representative capacity, who has been designated by a Member that is a Corporation, partnership or other unincorporated association to represent its membership interests in a credit union;
- h. "Director" means a member of the Credit Union's board from time to time;
- i. "General Meeting" means either a special general meeting of its members and includes all the regional meetings of a credit union referred to in S. 57 of the Act or annual general meeting held in accordance with S.55 of the Act;
- j. "Immediate Relative" means when an Individual is related to another such as married spouse, common-law spouse, adult independent partner, child, parent, parent in-law, grandparent, grandparent in-law, brother, brother in-law, sister or sister in-law, or any other relationship which may be perceived as creating a conflict of interest;
- k. "Individual" means a natural person;

- l. “Member” means a Person, including a minor, who, whether alone or jointly with others, complies with S. 61 of the Act and otherwise qualifies for membership as described in Article 3 herein and any Person having any rights or obligations relative to the credit union that derive through a member;
- m. “Ordinary Resolution” means a resolution passed by a majority of the votes cast by or on behalf of the parties present at the meeting having the privilege to vote;
- n. “Person” means an Individual, a Corporation, a government, a partnership or other firm or unincorporated association of persons, or a trustee or personal representative of a person;
- o. “Regulations” means the Credit Union Act regulations as amended from time to time in force and effect; and
- p. “Special Resolution” means a resolution passed by a majority of at least 2/3 of the votes validly cast by or on behalf of the parties present at the meeting having the privilege to vote.

1.2. All terms contained in the Bylaws and which are defined in the Act shall have the meanings given to such terms in the Act.

1.3. The singular shall include the plural and the plural shall include the singular; the masculine shall include the feminine and the feminine shall include the masculine and the neutral gender includes bodies corporate and politic.

1.4. These Bylaws are in all respects subordinate to the Act, and shall not be interpreted as permitting any action that is prohibited by the Act. Whenever these Bylaws are more restrictive than the requirements of the Act, the restrictions of these Bylaws shall bind the Credit Union.

## **2. NOTICE**

2.1. Where notice to a Member is given by mail, to the last known address of the Member according to the records of the Credit Union, notice is deemed to have been given after the expiry of ten days from the date the Notice was delivered to the post office for delivery to the Member.

- 2.2. Notice may be provided for any matter, including: membership, special meetings, General Meetings and annual general meetings as set out in the Act and as determined by the Board.
- 2.3. If two or more Individuals are registered as holders of a joint membership in the Credit Union, notice to one of such Individuals shall be sufficient notice to each of them.

**3. MEMBERSHIP**

- 3.1. Membership in the Credit Union shall be open.
- 3.2. Any Person upon completing an application for membership and meeting any requirements as established by the Credit Union for holding an account with the Credit Union, and subscribing and paying for a minimum of one (1) common share of the Credit Union shall meet the requirements of membership and be a Member of the Credit Union.

A Person whose membership has been terminated under clause 3.5 shall not, failing a successful appeal, again be admitted to the membership of the Credit Union except by Ordinary Resolution of the Board.

- 3.3. **Common share requirement**  
No Person shall be eligible for membership in the Credit Union until that Person has fully paid for one common share of the Credit Union.

- 3.4. **Joint membership**  
Two or more Individuals may apply for joint membership in the Credit Union and each individual shall constitute a Member. Each member in the joint account/membership must have fully subscribed and paid for a minimum of one (1) common share.

- 3.5. **Termination of membership**  
The Board, or its designate, may, for good and sufficient cause, terminate the membership of a Member. Good and sufficient cause includes, but is not limited to, the following:
  - Abusive behaviour to staff or other Members;
  - Financial mismanagement of business with the Credit Union;
  - Fraudulent or illegal actions;
  - Breach of privacy.

3.5.1. Termination of membership appeals

Any Person whose membership has been terminated shall have the right to appeal the decision to the Board, or its designate, in writing within thirty (30) days.

3.6. **Access to member list**

Members, or their agents, shall not have the right to examine the membership list of the Credit Union.

**4. SHAREHOLDING**

4.1. **Limits on shareholdings**

The maximum number of common shares that may be purchased by a Member is limited to \$200,000.

4.2. **Redemption and transfer of common shares**

Where a Member holding common shares wishes to redeem or transfer shares, the Member shall make the request in writing to the Credit Union. Upon approval by the Board, or its designate, and subject to the Act, the Credit Union shall redeem or transfer, after payment of all amounts past due from the Member to the Credit Union, such amount of common shares.

4.3. The Board shall determine:

4.3.1. the method for calculating dividends on common shares;

4.3.2. the manner or method for determining a patronage rebate;

4.3.3. the record date for payment of a dividend on common shares or a patronage rebate;

4.3.4. the rights of Members in arrears on loan payments to receive a dividend on common shares or patronage rebate; and

4.3.5. the method of payment of a dividend on common shares or patronage rebates.

## 5. INVESTMENT SHARES

### 5.1. Establishment of investment shares

The Credit Union shall have a class of special shares pursuant to the Act (“Investment Shares”). The number of Investment Shares which may be issued in a class is unlimited.

#### 5.1.1. Form of investment shares

Investment Shares may be issued only in one or more designated series and each of the designated series must be identified by a sequential letter of the alphabet.

#### 5.1.2. Board resolution for Investment Shares

Before the Credit Union issues Investment Shares in a particular series in compliance with the Act, the Board by Ordinary Resolution must:

- a. authorize the issue of Investment Shares in the series;
- b. specify the issue price of the Investment Shares;
- c. specify the dividend rights attached to the Investment Shares and the method of calculation of the dividends paid on the Investment Shares;
- d. specify whether the right to dividends is cumulative or non-cumulative for the Investment Shares;
- e. specify whether the rates on dividends, the amount or method of calculation shall be subject to change or adjustment in the future;
- f. specify the terms and conditions of any redemption rights of the holders or the Credit Union of Investment Shares; and
- g. specify the terms and conditions of any conversion rights of the holder of Investment Shares requiring the Credit Union to convert the Investment Shares into another series.

#### 5.1.3. Conversion of Investment Shares

The Credit Union may not exchange or convert Investment Shares in a series for common shares that have been issued by the Credit Union.

#### 5.1.4. Investment Share provisions

The Investment Shares have no par value and carry no voting rights.

5.1.5. **Rights of investment shares**

The Investment Shares shall have the rights, privileges, restrictions and conditions that are granted by the Act, the regulations and the Bylaws and the authorizing resolution of the Board.

5.2. The Board shall not pay common share dividends or patronage rebates ahead of investment share dividends, but it does have the discretion to retain earnings for operational purposes ahead of investment share dividends.

**6. MEMBERSHIP MEETINGS**

6.1. **Meeting Chair**

The chairperson of any meeting of the Members shall be the board chair, or in their absence, the 1<sup>st</sup> vice chair, or in the absence of both, some other Individual appointed by the Board.

6.2. **Order of business**

The order of business at the annual general meeting will be:

- Rules of Order;
- Declaration for the quorum;
- Approval of agenda;
- Adoption of minutes of the last meeting;
- Report of the Board and Committees;
- Report of the Chief Executive Officer;
- Presentation of the financial results;
- Declaration of Director election results;
- Adjournment.

6.3. **Matters proposed by Members**

Any matter proposed by Members for consideration at a General Meeting or annual general meeting including a proposed Special Resolution, shall be made by requisition signed by at least 1% of the total membership of the Credit Union in accordance with S.56. (1)(b)(ii) of the Act, stating the proposal or Special Resolution to be considered and deposited at the registered office of the Credit Union. The Directors may refuse to present the proposal or Special Resolution for consideration on one or more of the following grounds:

- a. It clearly appears that the proposal is submitted by the Members for the purpose of enforcing a personal claim or redressing a personal grievance against the Credit Union or its Directors or officers, or primarily for the purpose of promoting causes that are extraneous to the purpose of the Credit Union;

- b. Substantially the same proposal was considered and defeated by the membership within the two (2) years immediately before the date of deposit at the registered office of the Credit Union of the requisition containing the current proposal of the Credit Union.

6.4. **Permitted attendees**

The only Individuals entitled to be present at a meeting of members shall be those entitled to vote, the auditors of the Credit Union, invited Individuals and others who, although not entitled to vote, are entitled or required under any provision of the Act to be present at the meeting.

6.5. **Quorum**

In accordance with S. 59 of the Act, at General Meetings of the Credit Union, one hundred (100) Members shall constitute a quorum. Where a special resolution is to be presented to the membership, quorum shall be one hundred and fifty (150) Members. If no quorum is present, the chairperson shall adjourn the meeting to a date not less than ten (10) or more than forty (40) days thereafter.

6.6. **Attendance via alternate means**

The Directors may, in accordance with S.60.1(1) of the Act, provide a facility where Members or any other persons entitled to be present at a meeting, as described in clause 6.4, may participate in the meeting by means of telephonic, electronic or other means of communication that permit all persons participating in the meeting to communicate adequately with each other during the meeting.

7. **VOTING**

7.1. **Membership voting list**

The membership list of the Credit Union shall be closed at a date determined by the Board in accordance with the Act prior to the annual general meeting. Only those Members appearing on the list at the close of business on that date shall be entitled to vote on any issues before a meeting or in an election.

7.2. **One member one vote**

No Member shall have more than one vote or be counted more than once in the number of Members recorded on the membership list provided.

7.3. **Voting**

Voting at a General Meeting shall be done by show of hands, except where the chair, or a Member, calls for vote by ballot.



7.4. **Majority decision**

At any meeting, unless a poll is called, a declaration by the chair of the meeting that a resolution, special or ordinary, has been carried or defeated by the required majority shall be conclusive evidence of the fact.

7.5. **Scrutineers**

Scrutineers may be appointed by the chair for General Meetings. Scrutineers appointed at a meeting of Members, for the purpose of ascertaining the results of a ballot, shall be entitled to any information and may examine any records of the credit union to determine validity of ballots.

7.6. **Spoiled ballot**

In any General Meeting, or an election, a vote by ballot will be considered spoiled when:

- a. more than the permitted number of candidates or options has been selected on the ballot;
- b. the ballot is irregular by way of being a forgery of an official ballot;
- c. a choice other than a duly nominated candidate or option has been written onto the ballot;
- d. the choice marked is unclear or illegible or is subject to reasonable doubt by reason of erasures, misplaced marks etc.; and
- e. the ballot is marked in a manner by which the voter can be identified.

7.7. **Voting on questions**

Subject to any restrictions in these Bylaws, any Member or Designated Representative properly registered and in person at a General Meeting, may vote on any question at a General Meeting.

7.8. **Joint membership**

In the case of joint membership, voting privileges at a General Meeting will be allowed to a maximum of two Individuals, provided such Individuals do not hold individual memberships and jointly hold at least two (2) common shares.

7.9. **Designated Representative voting rights**

The Credit Union shall recognize an individual as a Designated Representative authorized by a trust agreement or resolution of the directors or governing body of that Member to represent it at meetings of members of the Credit Union or during the election process.

7.10. **Votes of minors**

No voting privileges shall be allowed to a member who has not reached the age of majority.

7.11. A Member’s right to vote is not transferable or assignable.

**8. BOARD OF DIRECTORS**

8.1. **Number of directors**

The Board shall be comprised of no less than nine (9) Individuals and no more than eighteen (18).

8.2. **Director criteria**

In addition to the criteria listed under S.65 of the Act, and criteria specified in the Board governing policies published on the Credit Union’s website, a Member is not eligible to be nominated for election, be appointed as a Director, or hold office as a Director, unless the Member:

- a. has been a Member for at least one (1) year;
- b. is bondable;

A Member is not eligible to be nominated for election, be appointed as a Director, or hold office as a Director if the Member:

- c. is employed in a position, not within the Credit Union, that could be construed as a potential conflict of interest situation, as determined by the Board;
- d. is, or has been in the past 3 years, in violation of the Credit Union’s policies, the Director’s Code of Conduct or Bylaws, as determined by the Board;
- e. is an Immediate Relative of a board member or employee;
- f. has been an employee of the Credit Union in the past ten (10) years; or

g. is in litigation with the Credit Union.

Furthermore, Members seeking election to the Board shall demonstrate commitment to:

- Cooperative values;
- Principles of good governance;
- Fiscal and legal responsibility; and
- Ethical integrity.

**8.3. Director disqualification**

Where a Director no longer meets the criteria to be a Director under clause 8.2, they shall immediately submit their resignation to the Board. If the Director fails to resign, the Board may remove the Director. Where the Board, by passing a Special Resolution, determines that a Director is failing to meet the qualification under clause 8.2, the Board may suspend for a period of up to two (2) years or remove the Director. The Board decision is considered final.

**8.4. Director ceases to hold office**

In accordance with the Act, the Credit Union will create Board governing policies highlighting situations where Directors will cease to hold office. These policies will be made available to Members through the Credit Union's website. A Director ceases to hold office when the Director:

- a. resigns or dies;
- b. is removed by Ordinary Resolution of the Members at a membership meeting or as part of an amalgamation agreement;
- c. becomes disqualified subject to clause 8.2;
- d. the Director's term expires;
- e. their service reaches the service limit under clause 8.6; and/or
- f. fails to attend three (3) consecutive regularly scheduled Board or Committee meetings without the approval of the Board; or fails to attend two (2) Board or Committee meetings in a row without prior approval from the chair; fails to attend a minimum of 75% of all Board and Committee meetings.

8.5. **Term of office**

A Director duly elected by the Members, shall hold a term of office which shall not exceed the third annual general meeting following the annual general meeting at which they are elected. If a Director is appointed under clause 9.7, the annual general meeting following their appointment shall be considered their first annual general meeting.

8.6. **Service limit**

Duly elected Directors are eligible to serve for a maximum of 12 years. Once a Director reaches their service limit, they are ineligible to seek re-election to the Credit Union Board.

8.7. **Director remuneration**

The Board shall receive remuneration in recognition of their time to prepare for and attend meetings in relation to their duties with the Credit Union. Honorariums and remuneration may be paid based on rates of remuneration per month, per meeting, rate per day or rate per portion of a day, and the rate of remuneration may differ for Directors and Committee members and by the type of meeting attended. The Board shall establish the rates on the basis provided herein, but in no event shall the aggregate amount of remuneration exceed 1.0% of total Credit Union operating expenses. The amount of remuneration received shall be disclosed annually to the Members in accordance with the Act.

9. **DIRECTOR ELECTIONS**

9.1. **Director elections**

The Board shall determine the procedures to be followed in the election of qualified nominees to the Board.

9.2. **Election of board members**

The Members shall elect directors at, or before, each annual general meeting of the Members.

The Board may determine that elections be conducted by any one or combination of the following methods:

- a. in-branch voting;
- b. mail-in ballot; and/or
- c. any secure electronic means.

9.3. **Acclamation**

If the number of qualified Individuals nominated for the office for which the director election is held is equal to, or lesser than, the number of offices to be filled, the Individuals so nominated will be declared elected.

9.4. **Tie breaking**

In the event of a tie vote arising from the director election process held prior to the annual general meeting, a re-vote will be held at the annual general meeting. In the event of a tie vote at the annual general meeting a coin toss by the chair of the meeting will be used to determine the winner.

9.5. **Election of officers**

At the first meeting of the Board, which shall be within thirty (30) days following the annual general meeting of the Credit Union, the Board shall elect from its own members, a chairperson of the Board, a vice chairperson and other officers as they consider necessary. Elections for officers shall be by secret ballot.

9.6. **Mid-term vacancies**

In accordance with s. 64(1) of the Act, when a vacancy occurs on the Board, the Board may appoint a replacement within ninety (90) days, except where the period of time until the next annual general meeting is less than ninety (90) days, to serve until the next annual general meeting of the Credit Union, or leave the position vacant.

9.7. **Directors appointed by the board of directors**

If the Board determines that it must appoint additional Directors to the Board, beyond those who may be appointed under clause 9.6, the Board may appoint additional Directors, but the terms of each such appointment may not exceed beyond the annual general meeting next following the appointment. Additionally, the total number of Directors shall not exceed the maximum number of directors as stated within clause 8.1.

**10. COMMITTEES**

10.1. Pursuant to the requirements of S. 80 of the Act, the Board shall appoint such Committees, as it considers necessary.

10.2. The Audit & Finance Committee may, to fulfill its duties, utilize the services of an internal auditor and the internal auditor shall report directly to the Audit & Finance Committee all his findings.

10.3. The Credit Committee may delegate any of its powers, duties and functions to approved officers or employees of the Credit Union who shall report directly to the Credit Committee of its responsibility under the Act.

**11. BOARD AND COMMITTEE MEETINGS**

**11.1. Board meeting frequency**

The Board shall not meet less than four (4) times per year.

**11.2. Committee meeting frequency**

Committees of the Board shall meet in accordance with the Act, or its terms of reference, as applicable.

**11.3. Meeting by alternate communications**

A Board or Committee meeting may be held by means of telephonic or other communication facilities which permit all Individuals participating in the meeting to hear each other. Directors or other Individuals participating by those means, are deemed, subject to the requirements of the Act, to be present at the meeting.

**11.4. Notice of meetings**

Notice of Board or committee meetings, including the date, time, place and agenda shall be communicated by announcement at the preceding meeting or by telephone or by mail to each Director or Committee member not less than 24-hours in advance of the meeting.

**11.5. Waiver of notice**

Notice may be waived by the Board or committee upon a poll of the Members with simple majority agreement, for the purpose of holding an emergency meeting of the Board or Committee.

**11.6. Method of voting**

Voting by the Directors or committee members shall be by show of hands, unless otherwise required by the Board or Committee.

**11.7. Quorum**

A majority of Directors, or members of a committee, as the case may be, shall constitute a quorum.

## 12. SUBSIDIARIES

### 12.1. Board authority

The Board may establish subsidiaries in accordance with S. 46 of the Act and related Regulations, provided the functions of the subsidiary are consistent with the objectives of the Credit Union.