

NOTICE OF SPECIAL RESOLUTIONS TO AMEND THE RULES OF CCEC CREDIT UNION

Preamble

The CCEC Credit Union Rules have not been changed since 2002. In the past year, the directors have identified some issues and reviewed specific provisions in the CCEC Credit Union Rules. As a consequence of the review the following four changes are proposed.

The Rules are the foundational corporate document for a credit union, similar to 'bylaws' and 'articles' under other corporate legislation. Under the Credit Union Incorporation Act (CUIA) every credit union must have a set of Rules to set out particulars related to co-operative ownership and governance. The Rules may only be amended by special resolution of the membership (2/3 majority and notice at least 18 days before a meeting). A copy of the Rules is available on the CCEC website.

#1 No Employees on Board or Credit Committee

In practice CCEC has followed the basic consumer ownership tradition of credit unions. This tradition makes a clear distinction between member-owners and employees, and employees do not sit on the board. However, our Rules do not speak to this issue. We propose to add this to the Rules.

SPECIAL RESOLUTION #1

WHEREAS the co-operative model of member-ownership gives consumers the right of ownership and the right to be a director or member of the credit committee;

AND WHEREAS employees have interests which may, from time to time, conflict with the interest of the general membership;

AND WHEREAS it is prudent and common among credit unions to preclude employees from being directors or credit committee members;

IT IS RESOLVED THAT Rule 9.3 be amended by adding the following section after section 'b)' as an added criteria for ineligibility:

c) is an employee of the Credit Union, a subsidiary of the Credit Union or an affiliated corporation of the Credit Union.

#2 Disclosure of Potential Conflicts Prior to Elections

Those elected as directors and credit committee members must act in good faith and in the best interests of the credit union membership. However, some conflicts of interest are inevitable. Rather than absolutely prohibiting past employees, relatives of employees or others with potential conflicts from standing for office, the Board proposes that these be disclosed so that the membership can then have the information and be enabled to make the decision regarding a person's ability to serve effectively.

SPECIAL RESOLUTION #2

WHEREAS the membership has a right to know of any potential conflicts of interest which may compromise a potential director or credit committee member in the exercise of their duties, and in particular their duty to act in the best interest of the credit union;

IT IS RESOLVED THAT Rule 9.6 be renumbered '9.6 a)' and the following be inserted after

b) The Nominating Committee shall inquire into any potential conflicts of interest arising from a candidate's prior employment with the credit union, or the candidate's immediate family members' employment with the credit union, and report on these to the membership prior to the election.

c) The Nominating Committee shall inquire into a candidate's business with the credit union, outstanding legal actions involving the credit union, and other potential conflicts of interest and report on these to the membership prior to the election.

#3 Removal for Misconduct

The current Rules do not give the Board authority to act if certain events arise. The CUIA and the Rules say that a director may be removed from office by special resolution of the membership. At other credit unions the directors have been given the power to act in certain circumstances, and the board proposes amending the CCEC Rules to give similar limited powers to the board.

SPECIAL RESOLUTION #3

WHEREAS the directors do not have the explicit authority under the credit union Rules to remove a director or credit committee member from office for misconduct;

AND WHEREAS this limitation makes it difficult to enforce confidentiality and ethical conduct guidelines;

AND WHEREAS it is prudent and common among credit unions to provide for such events, even if uncommon;

IT IS RESOLVED THAT Rule 5.12 be amended by deleting the word "or" at the end of section 'b)'; replacing the period at the end of section 'c)' with "; or"; and then adding the following after section 'c)':

d) the director is ordered to vacate by a resolution of the directors passed by not less than two thirds (2/3) of the directors, if that director:

- i) has failed without being excused to attend three consecutive meetings of the board or any three consecutive meetings of a committee of the board; or*
- ii) is required by the Rules to vacate the office of director, but has not tendered her resignation as a director; or*
- iii) has breached the code of ethical conduct adopted by the board; or*
- iv) has breached the confidentiality of any proceedings, deliberations, or information of the directors, as determined by the other directors in accordance with the policies and procedures established by the Conduct Review Committee.*

At least seven (7) days prior to the directors meeting at which the removal of a director is to be considered, the secretary will provide such director with notice of the meeting and the grounds for considering the director's removal. The director may appear and make submissions at the meeting prior to the directors voting on the resolution for the director's removal.

#4 Notices to Members

Our Rules require all formal notices to be sent to members by conventional mail. With the evolution of technology many individuals rely upon and have a preference for electronic communications. Using electronic means would also potentially reduce costs – printing, postage, etc.. The proposal is to allow the directors to provide notices to members electronically if the member elects to accept this method.

SPECIAL RESOLUTION #4

WHEREAS the Rules do not permit notices to be sent electronically and now electronic media have become common;

IT IS RESOLVED THAT the credit union Rules are amended by adding the following:

Rule 13. Electronic Communication

Subject to the Credit Union Incorporation Act, the Financial Institutions Act and the Electronic Transactions Act, at the Board's discretion, any information or notices that are required to be provided or mailed to members may be either mailed or provided by electronic means and members may vote by electronic means, the Board of Directors may prescribe such technological and other requirements for the use of such electronic means as the Board of Directors in their discretion considers desirable in the circumstances.