

CREDIT UNION ATLANTIC LIMITED

**CONSOLIDATED CHARTER BY-LAWS
CHARTER BY-LAWS**

INDEX

		Page
ARTICLE 1 - NAME		
1.01	Name of Credit Union	1
ARTICLE 2 - INTERPRETATION AND APPLICATION		
2.01 to 2.03	Definitions and Interpretations	1
ARTICLE 3 - OBJECTS		
3.01	Objects of Credit Union	1
ARTICLE 4 - SHARES AND DEPOSITS		
4.01 to 4.20	Shares	2
ARTICLE 5 - MEMBERSHIP		
5.01 to 5.07	Eligibility	4
5.08	Termination	5
5.09 to 5.12	Withdrawal	5
ARTICLE 6 - MEETINGS		
6.01 to 6.05	Meetings	5
6.06 to 6.11	Notice of Meetings	6
6.12 to 6.14	Quorum	7
6.15 to 6.22	Voting	7
6.23 to 6.24	Methods of Voting	8
6.25 to 6.29	Requisition By Members to Call Special Meeting	8
6.30 to 6.32	Enacting, Amending, or Repealing By-laws	9

ARTICLE 7 - NOMINATION AND ELECTION OF DIRECTORS

7.01 to 7.11	Nomination and Election of Directors	9
7.12 to 7.14	Eligibility for Election as a Director	10
7.15 to 7.18	Term of Office	11

ARTICLE 8 - DIRECTORS AND OFFICERS

8.01	Directors	12
8.02 to 8.06	Resignations and Removals	13
8.07 to 8.13	Meetings of the Directors	14
8.14	Remuneration of Directors and Committee Members	14
8.15 to 8.16	Election of Officers	14
8.17	Executive Committee	14
8.18 to 8.24	Appointing of Committees - Electing Chairpersons	15
8.25 to 8.27	Proceedings of Committees	15
8.28	Indemnification	16
8.29	Past Chairperson	16

ARTICLE 9 - DUTIES OF OFFICERS

9.01 to 9.06	Duties of Officers	17
--------------	--------------------	----

ARTICLE 10 - DIVIDENDS AND PATRONAGE REFUNDS

10.01 to 10.08	Dividends and Patronage Refunds	18
10.09	Conditions Affecting Payment	18
10.10	Conditions Affecting Redemption	19

CHARTER BY-LAWS

ARTICLE 1 - NAME

1.01 The name of the Credit Union shall be Credit Union Atlantic Limited.

ARTICLE 2 - INTERPRETATION AND APPLICATION

2.01 In these By-laws, unless the subject or context is inconsistent therewith:

- (a) "Credit Union" means Credit Union Atlantic Limited;
- (b) "The Act" means the *Credit Union Act* of Nova Scotia from time to time enforced and all amendments;
- (c) "Director" means a director of the Credit Union for the time being;
- (d) "Directors", unless the context otherwise requires, means the Board of Directors of the Credit Union;
- (e) "Chair" means the Chairperson of the Board of Directors of the Credit Union; and,
- (f) "Regulations" means all regulations now or hereafter in force made pursuant to the Act.

2.02 The meaning of any words or phrases defined in the Act, and, to the extent that it relates to the Credit Union, the *Companies Act* of Nova Scotia, shall, if not inconsistent with the subject or context, have the same meaning in these By-laws.

2.03 These By-laws must be read and applied in conjunction with the Act, and, to the extent that it relates to the Credit Union, the *Companies Act* of Nova Scotia, and all amendments thereto and regulations made pursuant to the said Acts except where said Acts or Regulations state these By-laws may otherwise provide, any applicable provision of the Acts or Regulations inconsistent with these By-laws will prevail.

ARTICLE 3 - OBJECTS

3.01 The objects of the Credit Union shall include, but not be limited to:

- (a) the promotion of cooperative enterprise among its members;
- (b) the creation of a source of credit for its members for provident and productive purposes;

- (c) the encouragement of habits of thrift among its members;
- (d) the provision to its members of those financial services which are usual to the business of a financial institution in a manner consistent with the objects, purposes and provisions of the Act and the Regulations; and,
- (e) the involvement in any businesses or services which may from time to time be approved by the members in general meeting.

ARTICLE 4 - SHARES AND DEPOSITS

Shares

- 4.01 The Common Shares, Class A Shares and Surplus Shares shall have an issue price as prescribed in the Articles of Incorporation.
- 4.02 Existing members of the Credit Union as of the date of approval of these by-laws by the members of the Credit Union will be deemed to hold One (1) Common Share. The subscription price for each Common Share, unless revised by a special resolution of the members of the Credit Union, shall be Five Dollars (\$5.00).
- 4.03 Any balance in a member's Share account as at July 1, 2008 over and above the purchase price of One (1) issued Common Share shall be transferred to a surplus share account.
- 4.04 **Common Shares**
Common shares shall have an issue price of five dollars (\$5.00) per share. Each member of the credit union shall be required to purchase and hold one (1) fully paid common share, with such purchase being made by full payment in money or as otherwise set out in the policies of the credit union.
- 4.05 Subject to the provisions of Section 34 of the Act, and subject to approval by the Board of Directors, Common Shares shall be redeemed or paid out at a price not to exceed the issue price, at such time as the member is no longer eligible for membership in the Credit Union, the member withdraws from membership in the Credit Union, the member is terminated from membership by the Directors, or the member is deceased.
- 4.06 **Surplus Shares**
Surplus shares shall have an issue price of one dollar (\$1.00) per share.
- 4.07 **Redemption of Surplus Shares**
Surplus shares shall be redeemed or purchased by the credit union at a price per share not to exceed the issue price. Such redemption or purchase is subject to compliance with the Act and to approval by the Board of Directors at such time as the member or associate is no longer eligible for membership or associate status in the credit union, or the member or

associate withdraws from membership or associate status in the credit union, or the member or associate is terminated from membership or associate status by the Board of Directors, or the member or associate is deceased.

4.08 Dividends on Surplus Shares

Subject to Section 36(1) of the Act, dividends may be declared and paid on surplus shares as may be established by a resolution of the Board of Directors.

Preferred Shares

4.09 Any Member subscribing for preferred shares in the Credit Union shall subscribe for a minimum of One Thousand Dollars (\$1,000.00) in Class A shares. The Directors shall issue Share certificates representing Preferred Shares issued in the Credit Union.

4.10 Certificates for Class A Shares shall be signed by any two of the President/Chief Executive Officer, the Vice-President (Finance) and the Corporate Secretary, and the Vice-President (Financial Services). All such certificates, when properly signed shall be valid and binding upon the Credit Union.

4.11 Subject to any regulations made at any time by the Directors, each Shareholder may have title to the Class A Shares registered in his or her name evidenced by any number of certificates so long as the aggregate of the Shares stipulated in such certificates equals the aggregate registered in his/her name.

4.12 Where Class A Shares are registered in the names of two (2) or more persons, the Credit Union shall not be bound to issue more than one (1) certificate or one (1) set of certificates, and such certificate or set of certificates shall be delivered to the person first named on the register.

4.13 Any certificate that has become worn, damaged or defaced may, upon its surrender to the Directors, be cancelled and replaced by a new certificate. Any certificate that has become lost or destroyed may also be replaced by a new certificate upon proof of such loss or destruction to the satisfaction of the Directors and the furnishing of the Credit Union of such undertakings of indemnity as the Directors deem adequate.

4.14 The sum of One Dollar (\$1.00) or such other sum as the Directors from time to time determine shall be paid to the Credit Union for every certificate other than the first certificate issued to any holder in respect of any Class A Share or Preferred Shares, to cover the cost of preparation and issuance of the certificate.

4.15 The Directors may from time to time determine the maximum aggregate amount of Shares and deposits which may be held by one member, but any such aggregate amount shall not exceed one-fifth of the aggregate of the Shares and deposits of all the members.

4.16 Terms and conditions related to the operation of deposits and investments provided by the Credit Union shall be determined by policy of the Directors.

- 4.17 The Directors may at their discretion direct the transfer of Shares, deposits and investments of a member and any dividends or interest thereon to any loan or debt due to it by the member or for any loan endorsed or co-made by the member and may apply any sums outstanding to the credit of purchasing member on the books of the Credit Union, in or towards payment of such debt or loan.
- 4.18 Common Shares shall rank behind all other classes of shares issued by the Credit Union and holders of Common Shares shall not, upon winding up or liquidation of the Credit Union, be entitled to redeem, in whole or in part, any Common Shares until the amounts outstanding on all other classes of shares have been paid in full.
- 4.19 No person shall hold more than 10% of the total number of issued shares of any class comprising the capital of the Credit Union.
- 4.20 Only members shall be permitted to subscribe for Class A Shares.

ARTICLE 5 - MEMBERSHIP

Eligibility

- 5.01 Applications for membership or for associate status shall be on an accepted form and shall be approved by the Board of Directors or approved in the manner authorized by the Board of Directors.
- 5.02 Every application for membership or for associate status in the Credit Union shall be made during normal business hours of the Credit Union, and be made in writing on a form supplied by the Credit Union to the applicant.
- 5.03 The Directors of the Credit Union may refuse to accept any application for membership if they are satisfied that it is not in the interest of the Credit Union to accept the application.
- 5.04 A person under nineteen (19) years of age may be accepted as a member of a Credit Union and shares may be held and money may be received by the Credit Union in that person's name or in the name of a trustee for that person if the trustee is a member or is eligible to be a member of the Credit Union.
- 5.05 Associate status shall be limited to:
- (a) non-individuals and may include any form of company, association, charitable organization, municipality, or other government agency;
 - (b) individuals who are not full-time residents of the area serviced by the Credit Union;
and

- (c) individuals acting as trustees. Beneficiaries under a trust agreement do not need to be members or associates of the Credit Union.
- 5.06 At no time shall the number of associates exceed ten percent of the number of members of the Credit Union.
- 5.07 Subject to the Act, an associate of the Credit Union shall have all the rights and privileges and is subject to all of the obligations of a member of the Credit Union, except that an associate shall not
- (a) vote at any meeting of members, or
 - (b) become an officer or a Director of the Credit Union.

Termination

- 5.08 The Directors of the Credit Union may terminate the membership of a member in accordance with Section 59(1) of the Act.

Withdrawal

- 5.09 Unless the Directors otherwise determine, a member or associate may, upon giving Ninety (90) days written notice to the Credit Union, withdraw from membership in the Credit Union. Withdrawal of Common and/or Surplus Shares and deposits by a member may be restricted subject to payment in full of any outstanding loans, service charges, or other liabilities owed by the withdrawing member to the Credit Union.
- 5.10 No provisions in relation to the termination of or withdrawal from membership in the Credit Union shall affect the provisions of any contract between a withdrawing member and the Credit Union and, without limiting the generality of the foregoing, no provision shall affect the term for which any person has agreed to place deposits with the Credit Union.
- 5.11 The termination of or withdrawal from membership does not release a person from any liability to the Credit Union.
- 5.12 A member who withdraws or whose membership is terminated shall be entitled to his/her proportionate share of any dividend for the year in which termination or withdrawal occurs.

ARTICLE 6 - MEETINGS

- 6.01 The meetings of the members of the Credit Union shall be held in the corporate offices of the Credit Union, or at such other place within the Province of Nova Scotia as the Directors may from time to time determine.

- 6.02 The rules of order for all meetings of members and Directors shall be based upon ROBERTS RULES OF ORDER.
- 6.03 The fiscal year end of the Credit Union shall be December 31st.
- 6.04 The Directors of the Credit Union
- (a) shall call an annual meeting of the members to be held within four (4) months after the end of the fiscal year of the Credit Union for the following purposes:
 - (i) to consider the annual report of the Directors, the financial statements of the Credit Union and the auditor's report,
 - (ii) to appoint the auditor,
 - (iii) to elect Directors, and
 - (iv) to deal with such other matters as may properly come before the meeting; and
 - (b) may at any time call a special general meeting of members.
- 6.05 The Directors may request the Superintendent to extend the time in which the annual meeting of the Credit Union may be held.

Notice of Meetings

- 6.06 Notice of the time and place of a meeting of members shall be given to all members and the auditor of the credit union in a manner that is accessible to all members, but at a minimum inserted in a local newspaper or on the credit union's website and posted in the offices of the Credit Union, and shall be given not less than fourteen (14) clear days and not more than thirty clear (30) days before the meeting
- 6.07 If a meeting of the members is adjourned by one or more adjournments for more than seven (7) days, notice of the adjourned meeting shall be given as for an original meeting.
- 6.08 All business transacted
- (a) at a special meeting of members, or
 - (b) at an annual meeting of members, except consideration of the annual report of the Directors, the financial statements of the Credit Union and the auditor's report, election of Directors, and appointment of the auditor,
- shall be deemed to be special business.

- 6.09 Notice of a meeting of members at which special business is to be transacted shall state
- (a) the nature of that business in sufficient detail to permit the member receiving the notice to form a reasoned judgment on it, and
 - (b) the text of any special resolution to be submitted to the meeting or, if the full text is too lengthy for convenient inclusion in the notice, a summary of the text.
- 6.10 A member or any other person entitled to attend a meeting of members may in any manner waive notice of the meeting, and attendance of the member or other person at the meeting is a waiver of notice of the meeting, except where that person attends for the express purpose of objecting to the transaction of business on the ground that the meeting was not lawfully called.
- 6.11 A member entitled to vote at a meeting of members may submit a proposal to be presented at a meeting of members, subject to those conditions and methods described in s.69 of the Act for members submitting a proposal to be presented to a meeting of the members.

Quorum

- 6.12 At all meetings of the membership, no less than fifteen (15) members shall constitute a quorum. For the purposes of this section, "member" means only those in attendance who have met the conditions in Article 5.
- 6.13 If a quorum is present at the opening of a meeting of the members, the members present may proceed with the business of the meeting, notwithstanding that a quorum is not present throughout the meeting.
- 6.14 If a quorum is not present at the opening of a meeting of the members, the members present may adjourn the meeting to a fixed time and place but may not transact any business.

Voting

- 6.15 A member of the Credit Union who is nineteen (19) years of age or over may vote at a meeting of members.
- 6.16 Subject to the provisions of Section 39 of the Act and Section 6.20 of these By-laws, a member of the Credit Union has only one vote on any question that may be voted on at meeting of members.
- 6.17 If a body corporate or association is a member of the Credit Union, the Credit Union shall recognize an individual authorized by a resolution of the Directors or governing body of the body corporate or association to represent it at meetings of members of the Credit Union.

- 6.18 An individual authorized under Section 6.17 may exercise on behalf of the body corporate or association the individual represents all the powers the body corporate or association could exercise if it were an individual member.
- 6.19 No member, other than a member that is a body corporate or association, shall vote by proxy at any meeting of members of the Credit Union.
- 6.20 Where two or more individuals jointly hold a membership in the Credit Union, that membership is entitled to only one vote. The individuals making up a joint membership are entitled to one vote each where each individual within the joint membership meets the requirements set out in Section 4.04.
- 6.21 An executor or administrator may represent the estate of a deceased member at meetings of the Credit Union, and if such executor or administrator is a member of the Credit Union, may also vote as a member.
- 6.22 Voting at any Credit Union meeting may be conducted electronically, by ballot or by mail.

Methods Of Voting

- 6.23 Voting at a meeting of members shall be by a show of hands except where a ballot is demanded by at least three (3) members entitled to vote at the meeting or as specified by the Chair. Voting for members of the Board of Directors shall be by ballot, either in paper or electronic form.
- 6.24 A member may demand a ballot either before or after a vote by a show of hands and the result of the ballot shall be the decision of the members.

Requisition By Members To Call Special Meeting

- 6.25 The lesser of 5% and two hundred and fifty (250) members who have the right to vote at a meeting sought to be held, may, by written requisition, require the Board of Directors to call a special meeting of members for the purposes stated in the requisition.
- 6.26 The requisition referred to in Section 6.25, which may consist of several documents of like form each signed by one or more members, shall state the business to be transacted at the meeting and shall be sent to the registered office of the Credit Union. The members making the requisition shall:
- (a) identify themselves by providing to the Board of Directors their names, addresses and signatures, and
 - (b) include in the requisition information with sufficient detail as to why the requisition is being made so the Board of Directors and the members may form a reasonable judgement as to the intent of the requisition.
- 6.27 On receiving the requisition referred to in Section 6.25, the Directors shall call a meeting of members to transact the business stated in the requisition, unless the business of the

meeting as stated in the requisition includes a matter described in sections 69(5)(b) to (e) of the Act.

- 6.28 If the Directors do not within thirty (30) days after receiving the requisition referred to in Section 6.25 call a meeting, any member who signed the requisition may call the meeting.
- 6.29 Unless the members otherwise resolve at a meeting called for under Section 6.28, the Credit Union shall reimburse the members for the expenses incurred by them in requisitioning, calling and holding the meeting.

Enacting, Amending, or Repealing By-laws

- 6.30 Subject to the Act and the Articles of the Credit Union, the members of the Credit Union may at an annual meeting or general meeting called for that purpose by special resolution of the members, enact, amend, or repeal charter by-laws in relation to those matters authorized or required by the Act to be dealt with by-law.
- 6.31 Notwithstanding Section 6.30, no by-law and no amendment or repeal of a by-law shall be effective until it is approved by the Superintendent.
- 6.32 A proposed by-law or a proposed amendment or repeal of a by-law may be sent to the Superintendent for approval before its adoption by the members of the Credit Union.

ARTICLE 7 - NOMINATION AND ELECTION OF DIRECTORS

- 7.01 Nominees for the Directors shall qualify in accordance with the conditions detailed in Sections 7.12 and 7.13 of these By-laws.
- 7.02 The Credit Union shall commence the nominations period for the Director Election on October 15th of the current year for the next year's Director election. The nominations period will close on November 30th.
- 7.03 Nominees for the position of Director must sign a form confirming that he or she is qualified under the eligibility requirements detailed in Sections 7.12 and 7.13 herein, and consenting to his or her nomination as Director.
- 7.04 The President/Chief Executive Officer shall appoint from among the membership and staff of the Credit Union a returning officer and such number of scrutineers as are required (no less than one per branch) at least ninety (90) days prior to the annual meeting and the returning officer and scrutineers will be responsible for the operation of the election process.
- 7.05 Advance polling shall be conducted at the offices of the Credit Union at such time and in such manner as the returning officer determines.

- 7.06 A photograph and a brief biography of the candidates may be published in the offices of the Credit Union for a minimum of ten (10) days prior to the annual meeting or at the time of advance polling.
- 7.07 At the annual meeting, the returning officer and scrutineers shall distribute the ballots and collect same and, when the vote is taken, the returning officer shall tally the vote together with the ballots cast in the advance polling and announce the results of the election.
- 7.08 Subject to section 7.09, the method of election shall be one (1) member, one (1) ballot to be cast by advance polling or at the annual meeting and the number of candidates receiving the highest number of votes shall be declared elected.
- 7.09 If two or more candidates receive an equal number of votes a second ballot shall be cast by the members attending the annual meeting, to determine, from among the two or more candidates who have tied, the successful candidate.
- 7.10 All elections shall be by secret ballot.
- 7.11 The Board of Directors shall consist of a minimum number of members as defined by the *Credit Union Act* (Nova Scotia) and a maximum of fourteen (14) members, who shall be elected at annual meetings or special meetings where elections are to take place.

Eligibility For Election As A Director

- 7.12 Any person who is a member of the Credit Union under Article 5 is eligible to be elected to the board of Directors of the Credit Union.
- 7.13 The following persons are disqualified from being a Director of the Credit Union:
- (a) anyone who is less than eighteen (18) years of age;
 - (b) anyone who is not an individual;
 - (c) anyone who is not a permanent resident of Canada;
 - (d) a person who has the status of an undischarged bankrupt;
 - (e) a current employee of the Credit Union, or any immediate family member of the employee or anyone who, in the past three (3) years has been an employee, or is an immediate family member of a former employee of the Credit Union, Atlantic Central or the Nova Scotia Credit Union Deposit Insurance Corporation;
 - (f) an auditor of the Credit Union or a member (whether a partner or employee) of the firm of accountants of which the auditor is a member;

- (g) a solicitor of the Credit Union, or a member (whether a partner or employee) of the firm of solicitors of which the solicitor is a member;
- (h) a person who is in breach of any policy of the Credit Union;
- (i) a person employed in the Civil Service whose official duties are concerned with the affairs of Credit Unions;
- (j) a person who has a loan with the Credit Union that is more than forty-five (45) days in arrears;
- (k) a person who has not completed the director training requirements as set out in the Credit Union Act 83(3).

7.14 A Director may apply for a position as an employee of the Credit Union but is not in any case eligible to apply for such position while he or she is an active Director or for a period of three (3) years after having ceased to be a Director of the Credit Union. No immediate family member of a Director shall be eligible for employment or any position with the Credit Union during such time as the Director remains an active Director of the Credit Union.

Term of Office

7.15

- (a) A director shall hold office for such term as shall be specified in the ordinary resolution electing or appointing that director, provided that a director shall not be elected or appointed for a term exceeding three (3) years.
- (b) A director may not hold office for a period greater than the lesser of: (i) three (3) consecutive terms or (ii) an aggregate of nine (9) consecutive years.
- (c) Notwithstanding Article 7.15(b), a person who has served as a director for the maximum aggregate period permitted by Article 7.15(b) shall be eligible for re-election or re-appointment to the Board for further terms up to the maximum aggregate period permitted by Article 7.15(b), provided that such person shall have first ceased to be a director for a period of not less than two (2) consecutive years prior to being elected or appointed again to the Board.
- (d) For the purposes of Article 7.15(b), the term of any director holding office as of March 31, 2013 shall be considered to be the first term of that director's maximum three consecutive terms.

7.16 It is not necessary that all Directors elected at a meeting of members hold office for the same term.

7.17 A Director not elected for an expressly stated term ceases to hold office at the close of the first annual meeting of members following that Director's election.

- 7.18 Notwithstanding anything in this section to the contrary, if Directors are not elected at a meeting of the members the incumbent Directors continue in office until their successors are elected.

ARTICLE 8 - DIRECTORS AND OFFICERS

- 8.01 Subject to the Act, the regulations and these Charter By-laws, the Board of Directors shall be responsible for the general management of the affairs of the Credit Union and, without limitation, shall
- (a) Authorize termination of membership and establish the form and manner in which all applications for membership or associate status are accepted. The Board of Directors may delegate to the President/Chief Executive Officer the authority to approve applications for membership or associate status.
 - (b) declare such dividends and patronage refunds as these Charter By-laws may authorize,
 - (c) appoint a credit committee and an audit committee and any other committees it deems necessary and delegate appropriate levels of authority to these committees,
 - (d) approve a loan policy for the Credit Union,
 - (e) approve an investment policy and authorize investments on behalf of the Credit Union,
 - (f) approve all other policies deemed necessary for the effective operation of the Credit Union,
 - (g) ensure the Credit Union maintains adequate insurance and bonding coverage,
 - (h) authorize the write-offs of uncollectible loans,
 - (i) appoint signing authorities for the Credit Union,
 - (j) elect officers of the Credit Union,
 - (k) hire a President/Chief Executive Officer for the Credit Union,
 - (l) establish the manner in which interest rates on loans, and deposits are determined,
 - (m) ensure effective internal control processes are in place for the credit union,
 - (n) oversee the risk management program of the credit union,

- (o) appoint delegates and alternate delegates as required by Central's By-laws and the policies of the credit union, and
- (p) perform such other duties as may be required by the Act and Regulations, and By-laws, and to ensure the effective and efficient management of the Credit Union.

Resignations and Removals

- 8.02 A Director of the Credit Union ceases to hold office when the Director,
- (a) dies, resigns, or has his or her resignation accepted by the Directors;
 - (b) becomes disqualified under Section 7.13 of these by-laws.
- 8.03 A resignation of a Director becomes effective at the time a written resignation is accepted by the Directors, or at a time specified in the resignation, whichever is later.
- 8.04 The members of the Credit Union may by ordinary resolution at a special meeting remove any Director from office. The Board of Directors may, by a vote of not less than seventy-five (75) percent, suspend a Director if, in their opinion, a breach of policy by the suspended Director does not justify immediately removal. The suspension may be lifted if the Voting Directors elect, by the same majority, that the breach of policy has been resolved.
- 8.05 A vacancy created by the removal of a Director from office may be filled at the meeting of the members at which the Director is removed, or if not so filled, may be filled under Section 87 of the Act.
- 8.06 A Director who resigns or who is being removed from office is entitled, in addition to the rights which that Director has pursuant to Section 86(1) of the Act, to receive notice of and to attend and be heard at a meeting of members at which the Director's resignation or removal is being considered.

Meetings of the Directors

- 8.07 The Directors of the Credit Union may meet at such place in the Province and on such notice as the Directors may determine.
- 8.08 A majority of the Directors constitutes a quorum at any meeting of Directors and, notwithstanding any vacancy among the Directors, a quorum of Directors may exercise all the powers of the Directors.
- 8.09 A notice of a meeting of Directors need not specify any matter that is to be dealt with at the meeting except
- (a) any question or matter requiring the approval of the members;

- (b) the filling of a vacancy among the Directors;
 - (c) the issuance or redemption of any shares of the Credit Union other than Common Shares, or;
 - (d) the approval of any fiscal year-end financial statements and auditor's report.
- 8.10 Regular meetings of the Directors shall be held at the discretion of the Directors, but at least quarterly.
- 8.11 Special meetings of the Board may be called by the President at any time and shall be called upon the written request of at least three (3) Directors.
- 8.12 If a member of the Directors fails to attend three consecutive Board meetings, without cause satisfactory to the other members of the Directors, his/her office shall be declared vacant by the Board, and after a notice to him/her to this effect, the Board may fill the vacancy.
- 8.13 The Chairperson shall only vote in the event of a tie on any question under discussion.

Remuneration of Directors and Committee Members

- 8.14 The Directors, as well as the Past Chairperson, if applicable, of the Credit Union shall be paid such remuneration and shall be reimbursed for such reasonable expenses incurred in the performance of their duties as may be approved by the Directors. The fees and expenses paid to Directors shall be disclosed to the members at the annual meeting.

Election of Officers

- 8.15 The officers of the Credit Union shall be the Chair, the Vice-Chair, the Secretary, and any other officers deemed necessary for efficient operations of the Credit Union. A Director shall not be eligible to act as President/Chief Executive Officer or to be an employee of any credit union.
- 8.16 Within twenty (20) days following the annual or special meeting of members where a Director election took place, a Chairperson, a Vice-Chairperson and chairs of the Board committees will be selected by, and from among, the Directors.

Executive Committee

- 8.17 The Directors may appoint an Executive Committee consisting of the Chairperson, the Vice-Chairperson and the chairs of the Board committees. The Directors may, at their discretion, appoint a person to act as Past Chairperson in accordance with the by-laws.

Appointment of Committees - Electing Chairpersons

- 8.18 The Directors may appoint committees and may delegate to those committees any of the powers of the Directors.
- 8.19 The Directors shall appoint a Credit Committee consisting of not less than three (3) Directors of the Credit Union. The Credit Committee shall have such duties and perform such functions as required under the Act and Regulations.
- 8.20 The Directors shall appoint an Audit Committee consisting of not less than three (3) Directors of the Credit Union. The Audit Committee shall have such duties and perform such functions as required under the Act and its Regulations.
- 8.21 The nominations and elections of the officers will be done by ballot in the order of Chairperson, the Vice-Chairperson, the Chairperson of the Audit Committee, and the Chairperson of the Credit Committee, if deemed appropriate.
- 8.22 The Chairperson shall be permitted to hold that office for up to three (3) one (1) year terms during each term he/she is elected as a Director.
- 8.23 The Director receiving the highest number of votes will be elected, with a tie vote being resolved by a drawing of straws.
- 8.24 The nomination and election of Chairpersons for Credit, Audit and other committees may be done by ballot or verbally.

Proceedings of Committees

- 8.25 A committee appointed by the Directors shall keep minutes of its proceedings and the Chairperson of that committee shall submit to the Board at each meeting of the Board the minutes of this committee's proceedings during the period since the last meeting of the Directors.
- 8.26 Notwithstanding Section 8.19 of these By-laws, no committee or officer appointed by the Directors has authority to
- (a) submit to the members any question or matter requiring approval of the members;
 - (b) fill a vacancy among the Board of Directors;
 - (c) issue or redeem securities, except in the manner and on the terms authorized by the Directors,
 - (d) approve the fiscal year-end financial statements, or

- (e) hire or establish terms of employment of the President and Chief Executive Officer of the credit union.
- 8.27 (a) A Director may become an officer of the Credit Union and may become a member of a committee, and
- (b) except for the positions of Vice-President (Finance) and Corporate Secretary, two or more offices of the Credit Union may not be held by the same person.

Indemnification

- 8.28 Subject to Section 102 of the Act, the Credit Union shall indemnify every member of the Board, every former member of the Board, and every employee or former employee of the Credit Union, and their heirs and legal representatives, against all costs, charges and expenses that such person sustains with respect to any action, suit, or proceeding brought him in the exercise of the powers or duties conferred on him by the provisions of the Act, the Regulations to the Act or any by-law made thereunder.

Past Chairperson

- 8.29 (a) The Board of Directors may, at its discretion, appoint a person to a position on the Board of Directors known as “Past Chairperson”. The purpose of the position shall be to provide continuity on the Board of Directors each time a new Chairperson is elected.
- (b) The Past Chairperson shall consist of that person who has vacated the seat of Chairperson who was:
- i) not eligible for re-election for a position on the Board of Directors in accordance with Charter By-Laws of CUA; or
 - ii) eligible for re-election for the position of Chairperson in accordance with the Charter By-laws of CUA; or
 - i) eligible for re-election but not re-elected to the Board of Directors of CUA; or
 - ii) re-elected to the Board of Directors but not re-elected to the position of Chairperson at the immediately preceding Annual General Meeting of CUA.
- (c) Subject to Article 8.29(b), the term of the position of Past Chairperson shall be for such term as the Board of Directors may determine provided that the maximum total term that the individual may serve on the Board of Directors, including the term as Past Chairperson, shall not exceed the maximum aggregate period permitted by Article 7.15(b) plus one year. Thereafter, in no event shall a past

Chairperson be eligible for re-appointment or re-election to the position of Past Chairperson unless such Past Chairperson is subsequently re-elected to the Board of Directors in accordance with Article 7.15 and once again is re-elected as Chairperson of the Board of Directors of CUA.

- (d) Unless the Past Chairperson is also an elected Member of the Board of Directors, a Past Chairperson shall not be eligible to vote on any issue before the Board of Directors.

ARTICLE 9 - DUTIES OF OFFICERS

- 9.01 Every Director and officer of the Credit Union, in exercising the powers and discharging the duties of a Director or an officer, shall
 - (a) act honestly and in good faith with a view to the best interests of the Credit Union, and
 - (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.
- 9.02 The Chairperson shall call the meetings of the Directors to order, however the role of chairing the meeting may be assigned by the Chairperson to another Director.
- 9.03 The Vice-Chairperson shall assume the duties of Chairperson in the absence of the Chairperson or in the vacancy of the office of Chairperson.
- 9.04 The Corporate Secretary and/or the Comptroller shall ensure that a correct record is kept of all meetings of the Credit Union and the Directors.
- 9.05 The President/Chief Executive Officer of the Credit Union shall carry out such duties as may be assigned by the Board, and shall report from time to time to the Directors and to the Annual Meeting.
- 9.06 The President/Chief Executive Officer
 - (a) shall be a signing officer of the Credit Union;
 - (b) shall be the custodian of the cash, securities, books, records, official seal, correspondence and other property of the Credit Union;
 - (c) shall attend all meetings of the Executive, Directors and members;
 - (d) shall be in charge of the staff and shall have supervision over them;

- (e) shall determine the duties of the staff and their remuneration within the limits prescribed by the Directors;
- (f) shall manage the business activities of the Credit Union, and has the right to control and apply the resources of the Credit Union to achieve the corporate objectives within proposed limits and as approved by the Directors.

ARTICLE 10 - DIVIDENDS AND PATRONAGE REFUNDS

- 10.01 The Directors shall from time to time determine the rate and time of payment of dividends to members in accordance with the provisions of the Act and Regulations.
- 10.02 The Directors shall set aside from the net income of the Credit Union, after making adequate provisions for doubtful accounts, other doubtful receivables, losses or investments and losses on operations, such contingency reserves or other reserves as may be required by the Act, or the Regulations thereunder, or as they may deem advisable.
- 10.03 The Directors may apportion any earnings remaining, or any part thereof, or declare a dividend, to the members based upon shareholdings or borrowings or either of them.
- 10.04 Payments of dividends shall be paid out of the accumulated surplus of the Credit Union.
- 10.05 Subject to Section 36(1) of the Act, dividends may be declared and paid on common or surplus shares as may be established by resolution of the Board of Directors.
- 10.06 Subject to Section 32(1) of the Act and upon the approval by a resolution of the Board of Directors, a patronage refund may be declared and paid to the members and associates.
- 10.07 The Credit Union may deposit patronage refunds declared by the Credit Union to each eligible member's or associate's Surplus Share account where the proceeds shall be used to purchase Surplus Shares.
- 10.08 Patronage refund is defined as an amount that is allocated among and credited or paid by the Credit Union to its members or associates based upon the business done by each of them with or through the Credit Union. The Board of Directors shall have the authority to determine the manner in which patronage refunds shall be calculated.

Conditions Affecting Payment

- 10.09 The Credit Union shall not pay a patronage refund or a dividend on shares if there are reasonable grounds for believing that
 - (a) the Credit Union is, or would be after the payment be, unable to pay its liabilities as they become due,

- (b) the realizable value of the Credit Union's assets is, or would be after the payment be, less than the aggregate of its liabilities and equity other than retained earnings, or
- (c) the equity of the Credit Union is, or would be after the payment be, less than that required under Section 52 of the Act and the Regulations to the Act.

Conditions Affecting Redemption

10.10 The Credit Union shall not make any payment to purchase or redeem shares issued by it if there are reasonable grounds for believing that

- (a) the Credit Union is, or would be after the payment, be unable to pay its liabilities as they become due, or
- (b) the realizable value of the Credit Union's assets is, or would be after the payment, be less than the aggregate of
 - (i) its liabilities, and
 - (ii) the amount that would at that time be required to pay the members that have a right to be paid, on a redemption or in a liquidation, rateably with or before the holders of the shares to be purchased or redeemed.