

**PROPOSED BY-LAWS
OF
PUBLIC SERVICE CREDIT UNION LIMITED**

PREAMBLE

The Board undertook a major revision of the By-laws in 2017. The revision was guided by 5 principles: ensure current language represents our practice; improve organization of related provisions; ensure consistent use of language and terms; ensure that the By-laws reflect the Act and Regulations; and make the by-laws more user friendly. The review was conducted through many meetings of the Governance Committee, and several meetings of the Board to draft the final version to be presented tonight for your approval.

**BY-LAWS
OF
PUBLIC SERVICE CREDIT UNION LIMITED**

REGISTERED OFFICE

- 1.01 Registered office of Public Service Credit Union Limited shall be in the Place within the Province of Newfoundland and Labrador specified in the Articles of Continuance.

DEFINITIONS

- 2.01 In the By-laws, unless otherwise stipulated by the content:
- (a) "act" means the Credit Union Act and the amendments thereto;
 - (b) "AGM" means annual general meeting as prescribed by Section 55 of the Act;
 - (c) "associate member" means a person other than a member who has rights as set out in the By-laws and the Regulations but that person shall not have a vote at a meeting of the Credit Union or become a Director of the Credit Union;
 - (d) "board" means Board of Directors of the Credit Union;
 - (e) "credit union" means Public Service Credit Union Limited registered under the Act;
 - (f) "deposit" means money placed in an account in the Credit Union or a financial Central;
 - (g) "director" means an individual occupying the position of Director on the Board;
 - (h) "equity shares" means the shares of the Credit Union which will be or are issued to the members, and shall have an issue price fixed by the articles in compliance with the Act;
 - (i) "joint member" means a person who is eligible for membership in association with another member;

- (j) “member” means a person who is a Shareholder of the Credit Union and who, in accordance with the By-laws, qualifies for membership in the Credit Union;
- (k) “ordinary resolution” means a resolution passed by a majority of the votes cast by the persons who voted in respect of that resolution;
- (l) “patronage refund” means an amount that under the Act is allocated among and credited or paid by the Credit Union to its members, based on the business done by each of them with the Credit Union;
- (m) “regulations” means the Regulations made under the Act;
- (n) “superintendent” means Superintendent of Credit Unions;
- (o) “special resolution” means a resolution passed by a 2/3 majority of the votes cast by the persons who voted in respect of that resolution.

OBJECTIVES AND PURPOSES

- 3.01 The objectives and purposes for which this Credit Union is formed are:
- (a) to provide its members with financial products and services; and
 - (b) to promote the co-operative principles.

NATURE OF BUSINESS AND OPERATIONS

- 4.01 The nature of business and operations of this Credit Union, in order to attain the objectives and purposes, are:
- (a) to receive deposits and operate chequing accounts and other investments that may be introduced;
 - (b) to make loans to members;
 - (c) to do all other acts and things as are incidental or conducive to or consequential upon the attainment of the above objectives and purposes including the matters and things set out in the Act, the Regulations, and the By-laws.

MEMBERS

- 5.01 Membership in the Credit Union is open and inclusive; a person who is a resident of Newfoundland and Labrador, or a Corporation/Association registered in Newfoundland and Labrador.

- 5.02 (1) Membership may be extended to a person under 19 years of age as per Section 48 (3) of the Act.
- (2) Membership may be extended to Associate members as per Section 48 (4) of the Act.
- (3) Membership may be held jointly by 2 or more members as per Section 64 of the Act.
- 5.03 Application for membership shall be made to the Credit Union either in writing or on-line using the form prescribed by the Credit Union.
- 5.04 An applicant approved for membership shall subscribe for at least the minimum number of shares as prescribed by Section 27 of the Act and Regulation 9.
- 5.05 The Board may refuse to accept an application for Membership if they are satisfied that it is not in the best interest of the Credit Union to accept the application as per Section 48 (2) of the Act.
- 5.06 (1) The Board may terminate the membership of a member, who in the judgment of the Board, has neglected to assist the Credit Union towards the attainment of its objectives or has been guilty of acts detrimental to the best interest of the Credit Union, as per Section 50 of the Act.
- (2) A 2/3 majority vote of the entire Board membership is required to terminate the membership of a member.
- (3) All monies due to an expelled member shall be paid within the time that the member is entitled to require payment, except sufficient monies shall be retained to set-off all current and contingent liabilities as per Section 51 of the Act.

CAPITALIZATION

- 6.01 (1) The par value of each share shall be \$5 as per Section 27 (1) of the Act.
- (2) As Per Regulation 9 (1) a member shall hold not less than one (1) member equity share purchased at par.
- (3) Pursuant to Section 27 (3) of the Act, the By-laws may require the members to hold more than the number of shares prescribed by Regulation 9 (1); the minimum number of member equity shares required for membership is 20.
- 6.02 As per Section 39 (1) and (2) of the Act, the Credit Union shall have a lien on the shares or other interest of a member for any sum due the Credit Union by the member or for any loan endorsed by him/her as a co-maker, and may offset any

sum credited or payable to a member in or towards payment of any sum due the Credit Union by the member where the member is in default.

- 6.03 Dividends or patronage refunds paid on share capital shall be in accordance with Section 29 of the Act.
- 6.04 (1) As per Regulation 9 (2), with the approval of the Board, membership equity shares may be redeemed at par.
- (2) As per Section 51 of the Act, the termination or withdrawal of membership in the Credit Union does not release the member from a liability to the Credit Union.
- 6.05 As per Section 43 of the Act and Regulation 22, the Credit Union shall maintain equity of not less than 5% of its assets with not less than 3% of its assets in the form of retained earnings or another risk weighted calculation as approved by the Guarantee Corporation.

DEPOSITS

- 7.01 (1) As per Section 35 of the Act, amounts contained in deposit accounts may be withdrawn during normal business hours or through electronic means as may be provided by the Credit Union.
- (2) Notwithstanding Section 7.01 (1) of these By-laws the Credit Union may at any time require the member to give up to 90 days' notice in writing of their intention to withdraw the whole or any part of their deposit with the same power of extending this notice as provided for notice of share withdrawals in Section 6.04 of these By-laws.
- (3) Section 35 (3) of the Act and Section 7.01 (1) of these By-laws do not apply in relation to deposits placed with the Credit Union for a stated term or an amount contained in a deposit account on which a bill of exchange payable on demand may be drawn.
- 7.02 (1) On the death of a member, the Credit Union shall, subject to Section 6.02 of these By-laws, transfer or pay an amount equal to the value of the shares and other interest of the deceased member to the person or persons nominated on the form prescribed by the Credit Union.
- (2) If on the death of a member, there is no person nominated on the form prescribed by the Credit Union but there is an executor of a will or administrator of the estate, the Credit Union shall subject to Section 6.02 of these By-laws transfer or pay an amount equal to the value of the shares and other interest to the person or persons as may appear to the Board to be the executor of a will or administrator of the estate.

(3) If the death of a member, there is no executor of a will or administrator of the estate then Subject to 6.02 of these By-laws any transfer or payment of an amount equal to the value of the shares and other interest of the deceased member shall be made pursuant to Section 37 of the Act and Regulation 13 to a maximum of \$10,000.

LOANS

8.01 Pursuant to Section 38 of the Act, the Credit Union may make loans subject to the Lending Policy approved by the Board.

RECEIPTING OF MONEY AND STATEMENT OF ACCOUNTS

9.01 Money paid in or withdrawn on accounts, as well as other credits or debits to accounts, shall be evidenced by a statement of account to be issued regularly.

INVESTMENT, BORROWING AND LIQUIDITY

10.01 Investments made by the Credit Union shall be in accordance with Section 41 of the Act and Regulations 19 and 20.

10.02 The Credit Union shall not borrow funds in excess of the amounts prescribed by Section 44 of the Act and Regulation 23.

10.03 As per Section 40 of the Act and Regulation 19, the Credit Union shall maintain liquidity of not less than 6% of the total amount of deposits in and borrowings of the Credit Union.

FINANCIAL YEAR-END

11.01 The fiscal year-end of the Credit Union shall be December thirty-first in each year.

MEMBERSHIP MEETINGS

12.01 Pursuant to the Act, a general meeting of the members shall be held at least annually at a time and place to be decided by the Board.

12.02 Special meetings of the members may be called at any time by the Board or upon receipt of a written request specifying the purpose of the meeting from the lesser of 10% of the members or 500 members, of the total Credit Union membership having a right to vote at the meeting as per Section 67 (1) of the Act.

12.03 Notices of all meetings shall be given by the Secretary of the Board who shall, not less than 14 days and not more than 30 days before the meeting to each

member entitled to vote at the meeting per Act Section 57 (1), post a notice of the meeting in a conspicuous place, plus give notice through the press and radio and other electronic means. Notices calling special meetings shall state clearly the nature of the business to be transacted and only the business specified in each notice shall be transacted at a special meeting.

- 12.04 No member, individual, or group shall have more than 1 vote at any meeting of the Credit Union, provided that when shares are held by 2 or more members jointly any one of them, or the one designated by the group may vote. If more than one person is present at any meeting, only the one whose name appears first on the records shall be entitled to vote. There shall be no voting by proxy and no person shall vote both as a designated representative and a member.
- 12.05 For all other business voting shall be by a show of hands, except where a ballot is demanded by a member entitled to vote at the meeting. All questions, including elections, shall be determined by a majority vote except where a larger than majority vote may be required by the Act, the Regulations, or the By-laws. In the case of a tie, the motion shall be deemed lost. Only members over the age of 19 are entitled to vote.
- 12.06 At the general and all special meetings, a quorum shall be 30 members.
- 12.07 The order of business at the annual general meeting of the Credit Union shall include the following:
- (a) Registration;
 - (b) Call to order;
 - (c) Adoption of agenda;
 - (d) Approval of the Minutes of previous meeting(s);
 - (e) Report of the Board;
 - (f) Report of the Chief Executive Officer;
 - (g) Report of the Audit Committee;
 - (h) Report of the Auditor;
 - (i) Report of the Manager of Finance on the Financial Statements;
 - (j) Report of the Special Committee(s), if any;

- (k) Report of members appointed to act in any official capacity on behalf of the Credit Union;
- (l) Unfinished business;
- (m) New business;
- (n) Appointment of Auditor;
- (o) Report of the Nominating Committee and Elections;
- (p) Adjournment

BOARD OF DIRECTORS

- 13.01 The management of the Credit Union shall be vested in a Board of Directors consisting of 9 members, 3 of whom shall be elected at each AGM for a period of 3 years.
- 13.02 Retiring members of the Board shall be eligible for re-election.
- 13.03 Vacancies occurring on the Board shall be filled by the Board according to the Act and Regulations. Should a vacancy occur, the vacancy shall be filled by the Board until the next AGM, at which time a Director will be elected for the remainder of the term.
- 13.04 The members of the Credit Union, subject to the Act and Regulations, may by ordinary resolution at a special meeting remove a Director from office.
- 13.05 Regular meetings of the Board shall be held at least quarterly and a quorum of the Board shall be 5 Board members. Except as otherwise provided by the Act or the By-laws, all questions shall be decided by a majority vote, and in the case of a tie the motion shall be deemed lost.
- 13.06 A Director may participate in a meeting of the Board of Directors through the medium of appropriate telecommunications, provided all persons participating are able to clearly hear and understand each other. A Director so participating shall, for all purposes, be deemed to have been present at that meeting.
- 13.07 A special meeting of the Board may be called by the Chair or upon written petition to the Secretary of the Board by at least 4 Directors. The Secretary of the Board shall schedule the meeting to occur within 15 days of the call or petition. Only the business set forth in the notice may be transacted at the special meeting.

- 13.08 Notice of all regular or special Board meetings shall be given by the Secretary of the Board not less than 3 days before the meeting, except when all Directors, present or absent, agree to a meeting and the agenda within this time period. The first meeting of a newly constituted Board shall be held within 15 calendar days of the AGM and notice shall be given by the CEO.
- 13.09 The Board may delegate to one or more special committees of the Board under those conditions that the Board may prescribe. The Chair shall be an ex-officio member of such committees.
- 13.10 It shall be the duty of the Board to operate within the Credit Union Act & Regulations and Standards of Sound Business and Financial Practices.
- 13.11 A member shall not hold a position on the Board or a Committee if that member has failed to repay any loan, or is in arrears in the payment of any loan, or does not have the required shareholding.

LENDING COMMITTEE

- 14.01 The Lending Committee shall be established pursuant to the Act. The Committee will consist of the Chief Executive Officer and two other Credit Union employees pursuant to the Lending Policy.
- 14.02 The Committee shall review all requests for credit in excess of the authority of the Chief Executive Officer or designate.
- 14.03 The Lending Committee shall review all requests for credit from Directors, employees and Committee Members and family members of Directors and Committee Members as defined by the Regulations. When reviewing a request for credit by a Lending Committee Member or by a family member of the Lending Committee, that Member shall be excluded and a replacement person shall be sought as per Sections 14.01 and 14.06.
- 14.04 Meetings of the Lending Committee shall be held as the business may require.
- 14.05 The Lending Committee shall be governed by the Lending Policy approved by the Board and shall report its activities to the Board at least quarterly.
- 14.06 If the Lending Committee is unable to obtain a quorum, the following shall become temporary members of the Lending Committee in this order of precedence: Chair, Vice-Chair and Secretary of the Board, but only in sufficient numbers to form a quorum.

NOMINATIONS COMMITTEE

- 15.01 The Nominations Committee shall be appointed annually by the Board and consist of 3 Directors who are not up for election in the coming year.
- 15.02 The Nominations Committee shall oversee the nomination process and review all nominations.
- 15.03 The Chair of the Nominations Committee, assisted by the Nominations Committee shall conduct the election at the AGM.

ELECTION PROCESS

- 16.01 Nominations must be in the form prescribed by the Board and submitted not less than 60 days prior to the AGM.
- 16.02 The Nominations Committee shall screen the nominations to ensure Director qualifications are met as per the Act, Regulations, and these By-laws.
- 16.03 The Committee shall place the eligible nominee names before the AGM. Elections shall be by secret ballot. Nominees receiving the highest number of votes shall be declared elected.

AUDIT COMMITTEE

- 17.01 The Audit Committee shall consist of not less than 3 members who shall be appointed by the Board annually. The Chair of the Audit Committee must be a member of the Board of Directors. Employees and Officers of the Credit Union are not eligible to serve on this committee.
- 17.02 The Audit Committee shall carry out its duties as per the Regulations and shall:
- (a) ensure an external and an internal audit of the Credit Union is completed at least annually;
 - (b) report to the Board at least quarterly, especially as it pertains to matters of internal control, policy implementation and management practices;
 - (c) make a report in writing annually to the members at the AGM;
 - (d) if necessary, recommend suspension of an Officer, a Director, or a member of a Committee to the Board;
 - (e) recommend to the Board the calling of a special meeting of members to consider any matter submitted to it;

- (f) ensure that a full and correct record of all proceedings of the Audit Committee is made available for examination by the Credit Union Deposit Guarantee Corporation or a person authorized under the Act to examine the records of the Credit Union.

AUDITOR

- 18.01 On recommendation of the Board the members shall appoint at the AGM a qualified individual who is licensed as a public accountant under the Chartered Professional Accountants and Public Accountants Act or firm to perform an external audit of the Credit Union as per Section 94(1) of the Act.
- 18.02 The Auditor shall:
 - (a) make an examination of the Credit Union at least once in each year including an audit of its books and records for the fiscal year ending and submit the results of these audits to members at the AGM;
 - (b) include with the results of each audit a report upon the numbers and values of loans and loan balances in arrears and overdue.
- 18.03 In the process of the examination and audit, the Auditor shall examine sufficient applications for loans approved during the period under examination to satisfy that loans approved are consistent with the Act, Regulations, and the Policies of the Credit Union.

OFFICERS AND DUTIES

- 19.01 The Board shall, at the first meeting following the AGM each year, elect the Chair, Vice-Chair, Secretary, and Member-at-Large to constitute the Executive Committee referenced in the By-laws.
- 19.02 It shall be the duty of the Chair to:
 - (a) preside over all meetings of the Credit Union and of the Board;
 - (b) subject to the By-laws, authorize the calling of meetings of the Credit Union, of the Board and of the Executive Committee;
 - (c) certify by signature all acts, orders and proceedings of the meetings, and in particular, sign all reports to be laid before meetings of the Credit Union which shall be previously submitted to and approved by the Board;
 - (d) act as a signing officer of the Credit Union;

(e) perform other duties as appertain to or are necessary to the proper conduct of the office.

19.03 It shall be the duty of the Vice-Chair to:

(a) perform the duties of the Chair in the absence, disability or resignation of the Chair; and

(b) perform other duties the Board may designate.

19.04 It shall be the duty of the Secretary of the Board to:

(a) receive calls or petitions for, and give notices of all meetings pursuant to these By-laws;

(b) attend all meetings of the Credit Union, the Board, the Executive Committee, and any special committee if so required by the Board, and to ensure that correct minutes of those meetings are kept;

(c) have charge of the Board documents and other papers of the Credit Union not required by the By-laws to be kept by the Chief Executive Officer and to conduct the correspondence of the Credit Union subject to the direction of the Board;

(d) act as a signing officer on behalf of the Board; and

(e) perform other duties the Board may designate.

19.05 It shall be the duty of the Member-at-Large to:

(a) perform the duties of the Secretary in the absence, disability or resignation of the Secretary; and

(b) perform other duties as the Board may designate.

EXECUTIVE COMMITTEE

20.01 The Executive Committee shall, in the interval between meetings of the Board, exercise the powers of the Board except those powers specified in Section 84 (1) of the Act. All Committees of the Board shall be responsible to the Executive Committee during that interval.

20.02 Meetings of the Executive Committee shall be held when called by the Chair or when requested by a majority of the members of the Committee. The Secretary shall immediately give at least two (2) days notice to members of the Committee unless they all consent to an earlier date. The majority of the members of the

Committee shall constitute a quorum.

20.03 The Executive Committee shall keep a record of the meetings held and actions thereof and a copy of the minutes of every meeting shall be available to each Director for review before the next Board meeting.

CHIEF EXECUTIVE OFFICER

21.01 The Board shall employ a Chief Executive Officer whose duties shall be, under the authority of the Board, to:

- (a) act as Treasurer and to manage the business of the Credit Union;
- (b) ensure safe custody of the cash, securities, books of account and other records of the Credit Union which shall be available at all reasonable times to the Audit Committee, Board, or person authorized to audit or inspect;
- (c) prepare or cause to be prepared quarterly and annually, financial statements of the Credit Union for presentation to the Board and for the AGM, and to prepare other regulatory returns of the Credit Union;
- (d) employ staff that are needed to perform the necessary accounting, and general conduct of business necessary to the efficient operation of the Credit Union;
- (e) determine and review the compensation of management employees;
- (f) maintain the provisions of the collective agreement;
- (g) attend all Board meetings except when excused by the Board; and
- (h) perform other duties the Board may designate

EXPENSES AND ALLOWANCES

22.01 Members of the Board, Committee Members and employees of the Credit Union may be reimbursed for reasonable expenses incurred by them in attending to official and authorized business of the Credit Union, as determined by Board Policy.

22.02 Members of the Board and Committees may be paid an honorarium in recognition of service rendered to the Credit Union. This honorarium shall be approved by the membership.

SURPLUS AND RESERVE

- 23.01 The Credit Union shall maintain capital as prescribed by the Act and Regulations. The Board may set a higher amount of capital than that required by the Act and Regulations.
- 23.02 The Credit Union shall maintain an Allowance for Doubtful Loans as prescribed by the Act and Regulations. Uncollectible loans shall be charged to this allowance, subject to Board approval.
- 23.03 The Credit Union may, with the approval of the members, issue a dividend or patronage refund as long as the dividend or patronage refund does not reduce capital below that prescribed in the Act, Regulations and these By-laws.

SEAL OF THE CREDIT UNION

- 24.01 The Credit Union shall have its name in legible characters upon a Seal, which shall be in the custody of the Chief Executive Officer, and shall be used only under the authority of a resolution of the Board.

RULES OF PROCEDURE

- 25.01 The rules of procedure governing meetings of the Credit Union and meetings of the Board, shall be those contained in Robert's Rules of Order, except as otherwise provided in the By-laws.

INDEMNIFICATION

- 26.01 Every Director, Officer, and Committee Member shall exercise the powers and perform the duties of their office honestly, in good faith and in the best interest of the Credit Union, and in connection therewith, shall exercise the degree of care, diligence and skills that a reasonably prudent person would exercise in comparable circumstances.
- 26.02 The Credit Union shall subscribe to the Credit Union Bonding Program or similar program, in respect of Director Liability and Corporate Reimbursement. A copy of the program shall be maintained on file for ready reference by any Director, Officer, Committee Member and Auditor.

CONFLICT OF INTEREST

- 27.01 Directors and Committee Members shall abstain from discussion and voting on any matter in which they are in conflict of interest in accordance with the Credit Union Policy.

DISSOLUTION

28.01 The Credit Union may be dissolved by the consent of 2/3 of its members, but only in the way and manner provided by the Act.

AMENDMENTS TO THESE BY-LAWS

29.01 Subject to the Act and By-laws, the members may, by Special Resolution at an AGM or Special Meeting enact, amend or repeal the By-laws.

29.02 Notwithstanding 28.01 an amendment or repeal of the By-laws is not effective until it is approved by the Superintendent.

ENACTED by the Board this day of _____, A.D., 2018.