



Official Notice of Special Resolution #03-2023

TO: All Members of Coastal Community Credit Union

As a member of Coastal Community Credit Union, your participation is requested in a vote on a Special Resolution to approve proposed new and revised Rules for the Credit Union. Pursuant to the *Credit Union Incorporation Act* and the current *Coastal Community Credit Union Rules*, this is your official Notice of a Special Resolution. We have included in this document important information about the proposed new Rules and details about how to vote.

Message from the Board of Directors

Dear Member,

We ask for your participation in this important Special Resolution. In order for the proposed new and revised Rules to proceed, we are required to receive approval from our members by way of a vote on a Special Resolution. We encourage you to read the information found in the enclosed "**Summary of Proposed New & Revised Rules**," and to exercise your vote.

Every credit union has Rules approved by its members that outline how the organization will operate as a legal entity. While our Rules are a legal and regulatory requirement, they also help to ensure the organization runs smoothly and effectively.

Your Board of Directors endorses the proposed new and revised Rules and recommends that members approve the Special Resolution. A lot of effort has gone into modernizing and improving upon the current Rules for the benefit of our membership and Credit Union. The edits reflect the best practices in governance and we hope that you will support the Special Resolution being presented to you.

The new term limit provision, which sets a limit to the tenure for directors for serving on the board, that was adopted by the members earlier this year, has been submitted to the BC Financial Services Authority, our regulator, for formal consent. If the regulator provides consent, the term limit provision will appear in the new and revised Rules in the same form as was approved by the members (with a few non-substantive grammatical corrections).

Please take the time to review this document and the "**Summary of Proposed New & Revised Rules**" to be fully informed of the proposed Rule changes. You may obtain a full set of the proposed new and revised Rules on our website at www.cccu.ca/specialresolution, by requesting a complete copy from one of our branches, or by phoning us toll-free at 1.888.741.1010 to request that a copy be emailed or mailed to you.

Once again, we encourage you to participate in the vote on the Special Resolution. As always, at Coastal Community we remain committed to building stronger relationships to improve financial health, enrich people's lives and build healthier communities.

Thank you on behalf of the Board.

Susanne Jakobsen
Board Chair

Please see over for more information...

Special Resolution #03-2023 – Official Text

"BE IT RESOLVED, as a special resolution, that the Rules of Coastal Community Credit Union be altered by deleting such Rules in their entirety and replacing them with the Rules set out in Schedule "A".

Members may obtain a full set of the Rules being adopted by the Special Resolution (32 pages) (i.e., the Schedule "A") on the Credit Union's website (www.cccu.ca/specialresolution), in branch, or by requesting over the telephone that a copy be emailed or mailed to you.

How to Vote

To be passed, a special resolution requires 2/3 (67.67%) or greater of those who vote to vote *in Favour* of the resolution.

Member voting extends from Monday, March 27, 2023 to Monday, April 28, 2023 and there are three ways to vote. Remember, only vote once. Choose the voting method that works best for you:

ONLINE

Through MemberDirect online banking access—this secure and paperless option makes it easier for you to vote at a time that's convenient for you.

MAIL

Ballots must be postmarked by Monday, April 28, 2023 and be received at the indicated mailing address by Monday, May 5, 2023 to be counted in the vote.

IN-BRANCH

Vote during regular branch hours between March 27, 2023 to April 28, 2023.

The Special Resolution results will be announced at our Annual General Meeting on May 11, 2023 and on our website May 12, 2023.

All multiple votes from the same member will be disqualified unless the member was also voting on behalf of a non-personal legal entity. See the ballot or our Credit Union Rules for more information. For the full voting process, regulations and voting eligibility requirements visit cccw.ca/specialresolution. Contact your branch or call us toll-free at 1.888.741.1010 if you have any further questions.

Thank you in advance for taking the time to vote.



Summary of Proposed New & Revised Rules

Every credit union has Rules approved by its members that outline how the organization will operate as a legal entity. While our Rules are a legal and regulatory requirement, they also help to ensure the organization runs smoothly and effectively.

Coastal Community has undertaken a comprehensive review of its Rules to ensure that the Rules are modernized and reflect governance best practices. The proposed amendments will, among other things, update the Rules to comply with recent legislative changes, remove the concept of jointly-held shares, provide for new provisions regarding holding of meetings electronically, clarify the ways that members can vote in elections and on special resolutions, make the Rules gender neutral and address certain other house-keeping matters.

This summary describes the key proposed changes to the Rules and outlines the unique provisions that have been included especially for our credit union.* To request a complete copy of the proposed Rules, please call toll-free 1.888.741.1010 to have a copy mailed to you. You can also download an electronic copy and other explanatory materials from our website at www.cccu.ca/specialresolution or pick up a copy of the revised Rules from one of our branches.

Rule 1 - Interpretation

Legal documents often have definitions and interpretation principles set out at the beginning of the document. For our Rules, the definitions are listed at the end of the Rules, but some general interpretation provisions appear in Rule 1.

One new interpretation provision that has been added is Rule 1.3, which says that, if there is any conflict between the Rules and legislation, it is the legislation that will apply.

Rule 2 – Membership

Membership is an important and unique aspect of credit unions. This Rule describes how a person becomes a member and withdraws or is terminated from membership.

The main change that appears here is that the concept of jointly-held shares has been removed. No member of Coastal Community currently holds jointly-held shares. This change will not impact jointly-held bank accounts in any way.

In addition, some of the Rules about junior members are being simplified, because junior members hold the same number of membership shares as all other members. Certain other housekeeping changes are also being proposed for Rule 2.

Rule 3 – Shares

Rule 3 explains how shares are to be handled generally. The main change being proposed relates to the removal of provisions about jointly-held shares. In addition, the outdated references to old legislation have been corrected and replaced with references to the new legislation that applies.

* This summary document is intended to highlight key aspects of the revised Rules in plain language. It should not be relied upon as a legal and binding document. Any conflict between this summary and the revised Rules will be governed by the provisions of the revised Rules.

Rules 4, 5 and 6 – Deposits, Loans and Borrowing

From time to time, credit unions need to borrow money, whether to maintain or strengthen liquidity or for operating purposes. The Rules allow the Board of Directors to raise and borrow money as the Board determines appropriate for the credit union's needs. They also allow the Board to establish the terms and conditions of deposits made with the credit union and loans issued by the credit union.

No changes are being proposed for Rule 4. In Rules 5 and 6, the only updates relate to the removal of references to repealed legislation.

Rule 7 – Composition of Board

Rule 7 deals with how many people sit on the Board of Directors and what happens if there is a casual vacancy or a need to appoint additional directors. No substantive changes are being proposed for Rule 7, but a couple of grammatical and layout changes are being proposed.

Rule 8 – Election, Appointment and Removal of Directors

When it comes to the election of directors, many of the provisions are unchanged. For example, directors will still be elected to three-year terms and must meet the same basic eligibility requirements as under the current Rules. The new term limit provision, which sets a limit to the tenure for directors for serving on the board, which was adopted by the members earlier this year, has been submitted to the BC Financial Services Authority, our regulator, for formal consent. If the regulator provides consent, the term limit provision will appear in Rule 8.4(h) of the new and revised Rules in the same form as was approved by the members (with a few non-substantive grammatical corrections).

Some new wording is being added in order to ensure that an evenly balanced number of director terms come up for election each year. Also, some clarity is being added in relation to circumstances in which a person might be disqualified to act as a director or need to be removed from office as a result of the director failing to perform their duties adequately.

Rule 9 – Nominations

The Rule on nominations sets out the mechanism for annually establishing the Nominating Committee, contains provisions about the nominations process and enables the Nominating Committee to oversee elections. The key changes to this Rule include the following:

- The name of the Nominating Committee is being changed to the "Nominations & Elections Committee". The reason for this is because the committee not only oversees the process relating to the nomination of candidates, but is also responsible for overseeing the election process as a whole.
- It is being clarified that the Nominations & Elections Committee must be comprised of directors (who are not running for office). This change aligns to the requirements of the regulator, the British Columbia Financial Services Authority (BCFSA) of credit unions in BC (and is the current practice at Coastal Community). The regulator expects the directors to take an active role in the recruitment, development and the succession of the Board of Directors.
- Members of the Nominating Committee currently are allowed to nominate more than one candidate. However, it is being proposed that even members of the Nominations & Elections Committee will only be allowed to nominate one candidate. This change provides alignment with all members eligibility to nominate candidates and being made to ensure fairness and avoid an unbalanced concentration of power at the Board level or within the Nominations & Election Committee.

Rule 10 – Election Process

This Rule sets out how an election should be conducted. Some of the changes include the following:

- More flexibility is being added in regards to the method of voting in an election of directors.
- A new provision is being proposed to require more transparency about the results of elections, including making available the number of votes received by each candidate in an election.
- A new recount procedure is being added for situations where the number of votes between an elected candidate and an unelected candidate is close.

Rule 11 – Proceedings of the Board

This Rule sets out how meetings of the Board should be conducted, including how often the directors must meet, how meetings are called and what the rules are relating to other procedural matters such as quorum, rules of order and chairing of Board meetings. Some changes include increased flexibility for when to hold Board meetings, less prescriptive rules relating to the appointment of Board committees, and alignment to recent legislative changes for electronic meetings of the Board and Board committees.

Rule 12 – General Meetings

Most of Rule 12 deals with standard practices related to general meetings of credit unions, including, among other things, rules of order, quorum, order of business at an annual general meeting, eligibility to vote at general meetings, the chairing of meetings and so forth. New changes include the following:

- Provisions have been added to align with recent legislative changes for electronic meetings.
- Less prescriptive wording has been included for what must be dealt with at Annual General Meetings in order to enable the meetings to be run more effectively based on the needs of the credit union and the members.
- Reflecting a recent legislative change, a process has been added about how matters may be brought forward for discussion at an Annual General Meeting.
- Rules about decorum have been updated to ensure that members may not bully or harass others attending the meeting.

Rule 13 – Special Resolutions

Rule 13 provides some more details about how the Rules of the credit union can be changed and how special resolutions of the members should be handled. The revised Rules describe the method and procedure for voting on special resolutions and, for the most part, they implement the same changes being proposed for voting in elections.

Rule 14 – Voting

Rule 14 clarifies who is entitled to vote in elections, at general meetings or on special resolutions. The proposed changes incorporate new legislative provisions relating to voting record dates and voting by non-individual members (e.g., businesses and unincorporated associations).

Rule 15 – Notices

Rule 15 explains how notices of general meetings and special resolutions should be given. The proposed changes increase flexibility for the credit union to provide electronic notices and add some requirements which will apply to the credit union for when notices are given for electronic meetings.

Rule 16 – Seal

This Rule outlines common guidelines for the use of the corporate seal of the credit union. No changes are being proposed to this Rule.

Schedule “A” - Definitions

A number of new definitions have been added to Schedule “A” in an effort to improve the clarity of the Rules.

Schedule “B” – Rights and Restrictions Attached to Shares

Each share class comes with certain rights and restrictions that are attached to the shares. These rights and restrictions are described in Schedule “B”. The changes include the following:

- Reflecting a recent legislative change, it is clarified that Class “Z” Non-Equity Shares issued on or after January 1, 2020, are not guaranteed by the Credit Union Deposit Insurance Corporation.
- References to jointly-held shares are being removed in order to be consistent with other changes mentioned above.
- Unincorporated associations are being expressly recognized as a type of eligible member.
- It is clarified that entitlement to dividends are non-cumulative in order to ensure compliance with capital requirements for credit unions.

Board of Directors Election & Special Resolution Voting

Member voting extends from **Monday, March 27 to Monday, April 28, 2023** and there are three ways to vote. Remember, only vote once. Choose the voting method that works best for you:

ONLINE



Through MemberDirect online banking access—this secure and paperless option makes it easier for you to vote at a time that’s convenient for you.

MAIL



Ballots must be postmarked by **Monday, April 28, 2023** and be received at the indicated mailing address by **Monday, May 5, 2023** to be counted in the vote.

IN-BRANCH



Vote during regular branch hours between **March 27, 2023 to April 28, 2023**.

The Election and Special Resolution results will be announced at our Annual General Meeting on May 11, 2023 and on our website May 12, 2023. To register for the Electronic AGM, please call 1.888.741.1010.

For the full voting process, regulations and voting eligibility requirements visit cccu.ca/specialresolution. Contact your branch or call us toll-free at 1.888.741.1010 if you have any further questions.