

**OMISTA CREDIT UNION LIMITED  
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**ARTICLE 1  
NAME**

1. The name of the Credit Union shall be Omista Credit Union Limited and shall hereinafter be called "the Credit Union".
2. DEFINITIONS:
  - 1) "Chief Executive Officer" means: General Manager
  - 2) "Risk Management Agency" means: Brunswick Credit Union Federation Stabilization Board Limited
  - 3) "Superintendent" means the Superintendent of Credit Unions appointed under Section 290 of the Credit Unions Act.

**ARTICLE 2  
MEMBERSHIP**

**Eligibility**

1. (1) The membership of the Credit Union shall consist of the incorporators and those persons whose applications for membership are accepted by the Board of Directors of the Credit Union.
1. (2)
  - (a) Every application for membership 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, and requires the applicant to purchase a fully paid membership share as prescribed in Article 9.
  - (b) 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.
1. (3) A person under nineteen years of age may be accepted as a member of the Credit Union and a share 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.
2. (1) A member of the Credit Union who leaves the bond of association, occupation or residence as prescribed in the Articles of Continuance as a condition of membership, may retain membership in the Credit Union and all the rights and privileges of a member.

### **Termination**

3. (1) The Board of Directors of the Credit Union may terminate the membership of a member if, in their opinion, such member's conduct is detrimental to the Credit Union, and if by a resolution passed by a majority of not less than three-quarters of the directors at a meeting called to consider the resolution. Shares of an expelled member shall be refunded as funds become available; and the refund shall be subject to the conditions of S.35 (1) of the Credit Unions Act having been met; and the terminated membership shall not release the terminated member from any remaining liability to the Credit Union.
3. (2) A member whose membership is proposed to be terminated under subsection (1) is entitled to at least seven days notice of the meeting at which the resolution is to be considered, together with a statement of the grounds on which the membership is proposed to be terminated.
3. (3) A member whose membership is proposed to be terminated under subsection (1) is entitled to appear and be heard in person or by counsel at any meeting at which the resolution is to be considered.
3. (4) Within seven days after a resolution is passed in accordance with subsection (1), the Credit Union shall, by registered mail, notify the person whose membership is to be terminated.
3. (5) A person whose membership is terminated under subsection (1) may appeal the termination at the next meeting of the members of the Credit Union by sending a notice of appeal to the Credit Union within fourteen days after the notice was mailed under subsection (4).
3. (6) At a meeting of members to which an appeal under subsection (5) is brought, the members shall, by a majority vote, confirm or set aside the resolution of the Directors terminating the membership of a member.
3. (7) The members of the Credit Union may terminate the membership of a member by special resolution.
3. (8) A person who appeals a termination of membership in accordance with subsection (5) shall, notwithstanding the resolution terminating membership, continue to be a member of the Credit Union until the termination is confirmed by a meeting of the members under subsection (6).
3. (9) A person whose membership is terminated under this section shall not again be admitted to membership in the Credit Union except by a special resolution of the members at a general meeting.

## **Withdrawal**

4. (1) A member may withdraw membership in the Credit Union on any day the Credit Union is open for business, however withdrawal of shares and deposits 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.
4. (2) No provisions in relation to the 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.
4. (3) The termination or withdrawal from membership does not release a person from any liability to the Credit Union.

## **ARTICLE 3 MEETINGS**

1. The meetings of the members of the Credit Union shall be held at the place within New Brunswick that the Directors determine.
1. (1) The goal of the Credit Union is to have meetings, of the members, which have the same agenda, held simultaneously at more than one location within New Brunswick with the assistance of the Superintendent pursuant to section 82 of the Credit Unions Act and/or such other legislation which may be proclaimed in future which will allow the participation of members by telephone, electronic or other communication facilities.
2. The rules of order for all meetings of members and directors shall be based upon the book Robert's Rules of Order.
3. The fiscal year end of the Credit Union shall be December 31<sup>st</sup>.
4. (1) The directors of the Credit Union:
  - (a) shall call an annual meeting of the members to be held within four months after the end of the fiscal year of the Credit Union
    - (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

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(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.

4. (2) At the request of the Directors, the Superintendent may extend the time in which the annual meeting of the Credit Union may be held.

4. (3) The record date for determining the members entitled to receive notice of a meeting of members and entitled to vote at that meeting shall be at the close of business on the thirtieth day preceding the day on which the notice is given.

### **Notice of Meetings**

5. (1) Notice of the time and place of a meeting of members shall be given not less than fourteen days and not more than thirty days before the meeting.

(a) to each member entitled to vote at the meeting, and

(b) to the auditor of the Credit Union.

5. (2) If a meeting of the members is adjourned by one or more adjournments for more than seven days, notice of the adjourned meeting shall be given as for an original meeting.

5. (3) 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.

5. (4) 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 judgement 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. 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.
7. A member entitled to vote at a meeting of members may submit a proposal to be presented at a meeting of the members, subject to those conditions and methods described in s. 72(1) of the Credit Unions Act for members submitting a proposal to be presented to a meeting of the members.

### **Quorum**

8. (1) A number of members equal to the number of Directors plus five, constitutes a quorum. For the purposes of this section, "member" means only those in attendance who have met the conditions in Article 2, of these By-laws.
8. (2) 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**

9. (1) Subject to section 4(3) of these By-laws, a member of the Credit Union who is nineteen years of age or over, may vote at a meeting of members.
9. (2) Subject to subsection (1), a member of the Credit Union has only one vote on any question that may be voted on at meeting of members.
10. (1) 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. A copy of the resolution is to be presented to the Credit Union 10 business days before any Annual General Meeting or Special Meeting.
10. (2) An individual authorized under subsection (1) 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.
11. 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.

12. Two or more individuals may jointly hold a membership in the Credit Union but that membership is entitled to only one vote.
13. An executor or administrator holding a membership in the Credit Union in the capacity of executor or administrator shall represent that membership at meetings of the Credit Union and may vote as a member.

#### **Methods Of Voting**

14. (1) Voting at a meeting of members in relation to any issue before the members, shall be in the form and manner established by the Board of Directors from time to time, and may include mail ballot, electronic ballot, in branch ballot or other means. The form and manner of voting to be used at any meeting of members, or in relation to any issue before the members, shall be determined and approved by a majority of the Board of Directors.
14. (2) 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.
14. (3) When a ballot vote is demanded, the President shall appoint scrutineers for the remote voting.
14. (3) (a) When a ballot vote is taken, the total results shall be recorded then signed by two scrutineers and placed in a sealed envelope with the ballots which shall be secured by the Executive Assistant until the next Annual General Meeting.
14. (4) At any meeting, unless a ballot is demanded, a declaration by the President of the meeting that a resolution has been carried, carried unanimously, or carried by a particular majority, or lost or not carried by a particular majority, shall be conclusive evidence of the fact.

#### **Requisition By Members To Call Special Meeting**

15. (1) Twenty-five members who have the right to vote at a meeting sought to be held, may, by written requisition, require the directors to call a special meeting of members for the purposes stated in the requisition.
15. (2) The requisition referred to in subsection (1), 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.

15. (3) On receiving the requisition referred to in subsection (1), 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 72(5)(b) to (e) of the Credit Unions Act.
15. (4) If the directors do not within thirty days after receiving the requisition referred to in subsection (1) call a meeting, any member who signed the requisition may apply to the Court for an order calling a meeting and directing the manner of conducting the meeting.
15. (5) Unless the members otherwise resolve at a meeting called for under subsection (4), 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**

16. (1) Subject to the Credit Unions 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 by-laws in relation to those matters authorized or required by the Credit Unions Act to be dealt with by law.
16. (2) Notwithstanding subsection (1), no by-law and no amendment or repeal of a by-law shall be effective until it is approved by the Superintendent.
16. (3) 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.
16. (4) Where a by-law or an amendment of a by-law is approved by the Superintendent before its adoption by the members of the Credit Union.
  16. (4) (a) The by-law or the amendment or repeal of the by-law must be adopted by the members of the Credit Union within thirty days after the receipt of the approval of the Superintendent, and
    - (b) A certified copy of the adopted by-law or amendment or repeal of the by-law must be filed with the Superintendent within thirty days after its adoption by the members of the Credit Union or such later date as may be authorized by the Superintendent.



**ARTICLE 4**  
**NOMINATION AND ELECTION OF DIRECTORS**

1. The election of the Board of Directors shall take place at the annual meeting of the Credit Union or at a special meeting of members called for the purpose.

**Nomination Committee**

2. (1) (a) The President may appoint a nomination committee made up of at least three members, one of whom must be a Director. When a director position is open for election from the branches situated in Fredericton and Oromocto then at least one of the committee members will be a member from one of the branches in Fredericton or Oromocto and at least two of the committee members shall be members from the Moncton area. Directors seeking re-election to the Board of Directors will be excluded from serving on the Committee.
  - (b) The names and contact information of the members appointed to the committee will be provided by request.
  - (c) The committee will receive the names of members interested in participating on the Board of Directors, up to fifteen (15) calendar days before the end of the month preceding the election. The committee will confirm whether those interested persons are eligible, and shall prior to the annual or special meeting of members advise those interested individuals that are not eligible;
  - (d) The committee shall place in nomination the names of all candidates who are eligible and have the endorsement of the Board
2. (2) The nominating committee shall submit their report to the meeting, but before the report is acted upon, in accordance with the Act the President or Committee Chairperson may call for additional nominations.
3. The President or Committee Chairperson shall appoint such scrutineers as are required who shall distribute the ballots and collect same, and when the vote is taken shall tally the same, and provide the results to the President or Committee Chairperson who shall announce the results of the election.
4. Where there are two or more candidates for any vacancy on the board, a ballot with names of candidates alphabetically shall be taken; however, if only one vacancy is open and only one person is nominated, the President or Committee Chairperson shall declare such candidate elected by acclamation.

5. Should a nominee not be present at the meeting, the nominee's consent to stand for election to the board must be obtained from the nominee and declared to the members present at the meeting prior to the election.
6. Prepared ballots will be distributed to the memberships for voting.
7. A quorum of directors may fill a vacancy among the directors, except a vacancy resulting from an increase in the number of directors or from the members' failure to elect the required number of directors. If a vacancy among the directors is filled in accordance with this provision, the appointment shall be ratified at the next general meeting of the members.

**Eligibility For Election As A Director**

8. Any person who is a member of the Credit Union under Article 2 is eligible to be elected to the board of directors of the Credit Union.
9. The following persons are disqualified from being a director of the Credit Union:
  - (a) anyone who is less than nineteen years of age;
  - (b) anyone who is not an individual;
  - (c) anyone who is not a member of the Credit Union;
  - (d) a person who has the status of a bankrupt;
  - (e) an employee, or spouse of a current employee, of the Credit Union, a federation, a stabilization board or a Credit Union deposit insurance corporation;
  - (f) an auditor of the Credit Union or a member of the firm of accountants of which the auditor is a member;
  - (g) a solicitor of the Credit Union;
  - (h) a person employed in the Civil Service whose official duties are concerned with the affairs of credit Unions;
  - (i) without the written approval of the other directors, a person who has a loan with the Credit Union that is more than three months in arrears;
  - (j) a person who has a loan with the Credit Union that is more than six months in arrears

10. Subject to Section 9, a director is eligible for re-election but is not eligible to serve as a director for more than nine consecutive years.

**Term of Office**

11. (1) The members of the Credit Union shall by ordinary resolution at each annual meeting of the members at which an election of directors is required, elect directors to hold office for a term not exceeding three years.
11. (2) It is not necessary that all directors elected at a meeting of members hold office for the same term.
11. (3) 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
11. (4) 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 5  
DIRECTORS AND OFFICERS**

1. (1) The board of directors shall consist of 9 directors; 7 of whom shall have an account at one of the branches situated in the Moncton area and reside in the area and 2 of whom shall have an account at one of the branches situated in either Fredericton or Oromocto areas and reside within those areas.
  1. (1.1) The directors of the Credit Union shall:
    - (a) exercise the powers of the Credit Union directly or indirectly through the employees and agents of the Credit Union, and
    - (b) direct the management of the business and affairs of the Credit Union.

### **Resignations and Removals**

2. (1) A director of the Credit Union ceases to hold office when the director
  - (a) dies or resigns;
  - (b) is removed from office in accordance with Article 5, Sub-Section 3(1); or
  - (c) becomes disqualified under Article 4, Section 9 of these by-laws.
2. (2) A resignation of a director becomes effective at the time a written resignation is received by the Credit Union, or at a time specified in the resignation, which ever is later.
3. (1) The members of the Credit Union may by ordinary resolution at a special meeting remove any director from office.
3. (2) 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 89 of the Credit Unions Act.
3. (3) A director who resigns or who is being removed from office is entitled 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 Board**

4. (1) The directors of the Credit Union may meet at such place in the Province and on such notice as the directors may determine.
- 4(1.1) A director and in the case of committees, non-director members of those committees, may, if all of the directors of the credit union consent, participate and vote at a meeting of the Board or a committee of the Board from any remote location by means of such telephone, electronic or other means of communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and a Director participating in such a meeting by such means is deemed to be present at the meeting. Such consent of all directors of the credit union shall be sought upon election to the Board and remain in effect until the end of their tenure. This will be in effect with respect to all meetings of the Board and of committees of the Board in which a director holds office.

4. (2) 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.
4. (3) 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 membership share, or;
  - (d) the approval of any fiscal year-end financial statements and auditor's report.
5. Regular meetings of the Board shall be held eleven times annually in January, February, March, April, May, June, August, September, October, November, and December.
6. 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 directors.
7. If a member of the Board of Directors fails to attend three consecutive Board meetings, without cause satisfactory to the other members of the Board of Directors, his or her office may be declared vacant by the Board, and after a notice to him or her to this effect, the Board may fill the vacancy.
8. The President shall only vote in the event of a tie on any question under discussion.

### **Remuneration of Directors and Committee Members**

9. (1) The directors 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 members of the Credit Union at the annual meeting of the Credit Union.
9. (2) The Credit Union will provide all directors receiving remuneration with a T-4 slip in compliance with the Federal Income Tax Act.

### **Election of Officers**

10. (1) The officers of the Credit Union shall be the President, the Vice-President, the Secretary, the Past President (being a current director), the Chief Executive Officer and any other officers deemed by the Board necessary for efficient operations of the Credit Union.
10. (2) The Board of Directors shall meet within ten days following the annual or special meeting of members where their election took place and they shall from their number elect a President, a Vice-President and a Secretary.
10. (2) (a) Should a vacancy occur, the Board of Directors shall hold an election to fill the vacancy
10. (3) The Executive Committee shall be the officers as identified in Article 5 10. (1)
10. (3) (a) The Executive Committee is responsible for overseeing the follow up and ongoing affairs of the Board from meeting to meeting.
10. (3) (b) Any non-director appointed to a committee shall meet the qualifying requirements of Article 4 9(a) – 9(j), save and except management employees appointed to the Sustainability Committee are exempted from Article 4 9(e)
10. (4) The director receiving the highest number of votes will be elected, with a tie vote being resolved by additional voting until a successful majority vote.
10. (5) The Board of Directors may appoint committees and may delegate to those committees any of the powers of the directors. Whenever possible, all Board Committees and members will remain unchanged during the interim period between the annual or special meeting of members and the reorganization meeting.
10. (6) The Board of Directors shall appoint an Audit Committee consisting of not less than four members of the Credit Union, of which none may be an employee, and the Chairperson shall be a director of the Credit Union.
10. (7) The members of other committees appointed by the Board of Directors shall be members of the Credit Union and the Chairperson shall be a director of the Credit Union.
10. (8) The nomination and election of Chairpersons for Audit and other committees may be done by ballot or verbally.

10. (9) The nomination and appointment of members of the Audit and other committees, other than the Chairpersons, may be done by ballot or verbally.
10. (10) A committee appointed by the Board of 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 Board of Directors.
10. (11) Notwithstanding Subsection (3), no committee, or officer appointed by the Board of Directors has authority to
  - (a) submit to the members any question or matter requiring approval of the members;
  - (b) fill a vacancy among the directors;
  - (c) issue or redeem shares, except in the manner and on the terms authorized by the Board of Directors, or
  - (d) approve the fiscal year-end financial statements.
10. (12) (a) A director may become an officer of the Credit Union and may become a member of a committee, and
  - (b) two or more offices of the Credit Union may be held by the same person.
11. The office of Chief Executive Officer shall be appointed by the Board.
12. A recording secretary may be appointed by the Board of Directors.

### **Indemnification**

13. Subject to Section 105 of the Credit Unions 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 or her in the exercise of the powers or duties conferred on him or her by the provisions of the Credit Unions Act, the Regulations to the Act or any by-law made thereunder.

**ARTICLE 6**  
**DUTIES OF OFFICERS**

1. (1) 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
  
1. (2) Every director and officer of the Credit Union, who
  - (a) is a party to a Material Contract (as defined in Section 99 of the Credit Unions Act) or proposed Material Contract with the Credit Union, or
  - (b) is a director or an officer of or has a Material Interest (as defined in Section 99 of the Credit Unions Act) in any person who is a party to a Material Contract or proposed Material Contract with the Credit Union

shall disclose in writing to the Credit Union or request to have entered in the minutes of meetings of directors the nature and extent of his or her interest, in accordance with the requirements of Sections 99 and 100 of the Credit Unions Act.
  
2. The President shall call the meetings of the Board of Directors to order, however the role of chairing the meeting may be assigned by the President to another director.
  
3. The Vice-President shall assume the duties of President in the absence of the President or in the vacancy of the office of the President.
  
4. The Secretary shall ensure that a correct record is kept of all meetings of the Credit Union and the Board of Directors.
  
5. The Past-President, if a Director, may be a member of the Executive Committee, and provide resource assistance to the Board of Directors
  
6. The Chief Executive Officer of the Credit Union
  - (a) shall carry out such duties as may be assigned by the Board, and shall report from time to time to the Board of Directors and upon request by the board to the Annual Meeting;

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- (b) shall be a signing officer of the Credit Union;
- (c) shall be the custodian of the cash, securities, books, records, official seal, correspondence and other property of the Credit Union;
- (d) shall attend all meetings of the Executive, Board of Directors and members;
- (e) shall be responsible for the management of all employees;
- (f) shall determine the duties of the employees and their remuneration within the limits prescribed by the Board of Directors;
- (g) 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 Board of Directors.

## **ARTICLE 7 AUDIT COMMITTEE**

All sections of Article 7 are subject to those Regulations under the Credit Unions Act which deal with the subject of "Audit Committee".

1. The Audit Committee shall hold meetings a minimum of ten times per year, with no break between meetings any longer than two (2) months.
1. (2) Additional meetings shall be called by the Chairperson of the committee as the business of the Credit Union may require, and
1. (3) meetings shall also be called by the Chairperson upon the written request of two or more members of the Committee.
2. The Audit Committee shall
  - a) review the audited financial statements of the Credit Union:
  - b) review each financial report and statement that requires the approval of the Board of Directors before its filing with the Superintendent of Credit Unions;
  - c) review with the auditor or inspector:
    - (i) the audit or inspection findings,
    - (ii) any restrictions on the scope of the audit or inspection,

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- (iii) any problems or conflicts experienced by the auditor or inspector in performing the audit or inspection, and
  - (iv) the recommendations of the auditor or inspector concerning statutory compliance issues and sound business practices as well as accounting and internal control practices of the Credit Union.
- d) report and make the recommendations to the Board of Directors respecting the items reviewed in Sections 2(a), (b) and (c).
  - e) review the responses made by the Board of Directors to reports made by the auditor or inspector under the Credit Unions Act, and
  - f) report to the Board of Directors any conflict between the auditor or inspector and the management of the Credit Union that the Audit Committee has been unable to resolve within a reasonable time,
  - g) report to the Board of Directors any significant changes in accounting policies and practices.
- 3. The Chairperson of the Audit Committee shall present to the annual meeting of the Credit Union a report describing the work of the Audit Committee during the previous fiscal year of the Credit Union and the period of time leading up to the annual meeting of the Credit Union.
  - 4. The Audit Committee shall ensure that a full and correct record of all proceedings of the Audit Committee be made and kept available for examination by the Superintendent or any person authorized under the Credit Unions Act to examine the records of the Credit Union.

## **ARTICLE 8 MEMBERSHIP SHARE**

### **Membership Share**

- 1. A membership share shall have an issue price as prescribed in the Articles of Amalgamation.
- 2. (a) (i) Each member is required by the Credit Union to purchase and hold a maximum of one (1) fully paid membership share, with such purchase being made by full payment in money.

- (ii) Members under the age of 19, full time students, and those that are exempt by the Board pursuant to Credit Union Policies are required to purchase and hold a minimum of one (1) share.
3. (a) This provision is subject to subsection 35(1) of the Credit Unions Act. A membership shares shall be redeemed or paid out at a price not to exceed the issue price at such time as the member is not accepted for membership by the Board of Directors, or the member withdraws from membership in the Credit Union, or the member is terminated from membership by the Board of Directors.
- (b) A Membership share shall rank behind all other classes of shares issued by the Credit Union and holders of a membership share shall not, upon winding up or liquidation of the Credit Union, be entitled to redeem, in whole or in part, a membership share until the amounts outstanding on all other classes of shares have been paid in full.

### **Dividends**

4. Dividends may be declared and paid on membership shares subject to Section 39 of the Credit Unions Act, and with the approval of the members at the annual meeting of the Credit Union.

## **ARTICLE 9 SURPLUS SHARES**

1. Surplus shares shall have an issue price of one (\$1.00) dollar each.
2. The Credit Union may deposit patronage refunds declared by the Credit Union to each eligible member's surplus shares account and purchase surplus shares, until a total of two thousand five hundred (\$2,500.00) dollars is accumulated.

### **Patronage Refunds**

3. Subject to Article 10 Section 7(a), (b) and (c) below, upon the recommendation of the Board of Directors of the Credit Union, and with the approval of the members at the annual meeting of the Credit Union, a patronage refund may be declared and paid to the members.
4. Patronage refund is defined, for Credit Union purposes, as an amount determined annually based on Credit Union relationship and utilization of products and services.

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5. The patronage refunds may be deposited in surplus share accounts of eligible members, subject to the requirements of Section 2, with any remainder owing to any individual member to be paid to that member's chequing or savings account or may be paid by cheque

### **Dividends**

6. Dividends shall not be paid on surplus shares accounts.

### **Conditions Affecting Payment**

7. The Credit Union shall not declare or 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 unable to pay its liabilities as they become due,
  - (b) the realizable value of the Credit Union' 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 55 of the Credit Unions Act and the Regulations to the Act.

### **Conditions Affecting Redemption**

8. 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 shareholders that have a right to be paid, on a redemption or in a liquidation, rateably with or before the shareholders of the shares to be purchased or redeemed.

- 9. Subject to subsection 35(1) of the Credit Unions Act, a member upon reaching age 55, may request in writing or verbally that all funds in his surplus shares account at that time be reimbursed in the amount of 20 percent per year.
- 9. (1) Subject to subsection 35(1) of the Credit Unions Act, a Commercial member may request in writing or verbally, after participating for five years in the surplus shares program, that all funds in his surplus shares account be reimbursed in the amount of 20 percent per year.
- 10. Subject to subsection 35(1) of the Credit Unions Act, and notwithstanding sections 9 and 9.1, in the event that a member closes all his accounts with the Credit Union the funds in the Surplus Shares Account will become available to the member one year from receipt of written application.
- 11. All members will be included in this program unless they may apply in writing to the Board for exclusion.

12. **Issuance of Surplus Shares**

Surplus Shares will be issued to members only.

13. **Voting**

There will be no right to vote attached to surplus shares.

14. **Non-convertible**

A surplus share may not be converted to any other type of shares currently outstanding or that may be issued by the Credit Union.

15. **Ranking**

In the event of a liquidation, insolvency or dissolution of the Credit Union, a surplus share ranks behind all rights of reimbursement of a depositor, behind other creditors, and stabilization board preferred shares, but will rank before the reimbursement of membership shares.

16. **Surplus Shares**

The Credit Unions Act proclaimed January 31, 1994 allows Credit Unions to offer surplus shares accounts to its members who would be eligible to receive patronage refunds. This enables members to develop a greater ownership in the Credit Union based on the amount of business done with the Credit Union by that member.

The surplus shares accounts, technically, are considered equity and are "at risk" and do not qualify for deposit protection or deposit insurance.

The Credit Union, by declaring patronage refunds payable to surplus shares accounts, is able to deduct the total patronage refund to members from its taxable income. Members receiving patronage dividends through payment to a surplus shares account, would be taxable on the portion of patronage refund related to interest earned on deposits with the Credit Union, which essentially would be considered as bonus interest to the member. As for patronage refunds paid on loan interest, the member would not be taxable.

Surplus shares are viewed as a way of building member ownership or equity in the Credit Union, as well as a way of reducing income taxes otherwise payable by the Credit Union.

#### **17. *Articles of Continuance***

By allowing for surplus shares in the Articles of Continuance, which must be filed, a Credit Union enables itself to offer surplus shares accounts to its members.

### **ARTICLE 10 PREFERRED SHARES**

1. Preferred Shares were approved for sale by way of Articles of Amendment which were approved at the 2005 Annual General Meeting.
2. Conditions
  - (a) The offering of Class "A" Preferred Shares was established at a maximum of 5,000,000.00 shares with a par value of \$1.00 per share
  - (b) Minimum purchase amount was 1,000 shares
  - (c) Maximum purchase amount per personal member was 50,000 shares
  - (d) Maximum purchase amount per commercial member was 500,000 shares
  - (e) Preferred shares were offered only to residents of New Brunswick who were of legal age of majority and members of OMISTA Credit Union.
  - (f) Preferred shares were offered for sale as either Registered or Non-Registered investment.
3. The rate of return was set at 2.0% above Omista Credit Union best 5 year GIC rate during the sale period.

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4. The sale period was from November 19, 2007 to May 1, 2008 as approved by an Exemption Order issued by the New Brunswick Securities Commission May 4, 2007.
5. Class “A” Preferred Shares are non-voting shares
6. Dividends
  - (a) Dividends paid on Class “A” shares are deemed to be paid as interest pursuant to the Income Tax Act.
  - (b) The Credit Union will not declare or pay any dividend on Class “A” Preferred Shares if:
    - i. The Credit Union, is, or would after the payment be, unable to pay its liabilities as they become due,
    - ii. The realizable value of the Credit Union’s assets is, or would after the payment be, less than the aggregate of its liabilities and its equity other than retained earnings, or
    - iii. The Equity of the Credit Union is, or after the payment would be, less than that percentage of the total assets of the Credit Union required by the Act, plus 1%

## **ARTICLE 11 SUSTAINABILITY COMMITTEE**

### **1. Purpose**

The Credit Union is committed to enhancing our communities through economic, social and environmental objectives. Our goal is to reduce our negative impact and enhance our positive impact.

### **2. Structure**

The membership will consist of 2 management employees and up to 4 members, 3 of whom must be Directors and may include 1 member at large. A quorum shall consist of 4 members.

If the Chair is not available for a meeting, one shall be appointed at that time for that meeting.

Meetings shall be held not less than once per quarter.

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### **3. Reporting**

The Chair of the Committee shall report to the Board every quarter regarding the matters it has reviewed; make recommendations as appropriate and/or as requested.

Committee meeting minutes will be circulated to the Board with the Board package.

The Annual General Meeting will include a Sustainability Committee summary report.

### **4. Responsibilities**

- 1) Review the Sustainability Committee Strategy when provided by management and recommend to the Board for approval;
- 2) Oversee the Sustainability Committee activities of the Credit Union and review all significant plans and programs;
- 3) Monitor Sustainability Committee performance to the Sustainability Committee Strategy and Sustainability Committee initiatives contained in the annual Business Plans;
- 4) Review the Committee's Terms of Reference annually and recommend any changes to the Board;
- 5) Develop an Annual Work Plan, as one component of the Annual Strategic Planning document, in order to ensure all duties are completed as required; and
- 6) Assess the performance of the Committee on an annual basis.

### **5. Other**

The directors shall, acting fairly and responsibly, consider the short-term and the long-term interests of the Credit Union, including, but not limited to, the Credit Union's shareholders, employees, suppliers, creditors and members, as well as the government and the environment (the "Stakeholders"), and the community and society in which the Credit Union operates, to inform their decisions.

In discharging his or her duties, and in determining what is in the best interests of the corporation, each director may consider all of the Stakeholders (defined above) and shall not be required to regard the interests of any particular Stakeholder as determinative.

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Nothing in this Article express or implied, is intended to create or shall create or grant any right in or for any person other than a shareholder or any cause of action by or for any person other than a shareholder.

Nothing in this Article shall affect the duties and obligations of the Credit Union and its officers and directors under the Credit Unions Act.