



Proposed Bylaw Changes

Overview of Special Resolution

After careful consideration and due diligence, Affinity's Board of Directors (Board) approved an update to Affinity's Governance Model, including changes to the bylaws required to effect the change. The Board recommends that members support the proposed bylaw changes.

The key changes proposed include:

- The pool of potential Board candidates will be open to the entire membership.
- Directors will be elected at-large by all members.
- Board candidates will not be required to be or have been a delegate. Board positions won't be linked to districts.
- The Board will establish a Nominations Committee to seek nominees with a diverse mix of skills, competencies and attributes, including directors with strong knowledge of credit union values, to best govern Affinity.

The proposed structure supports a governance model that ensures the Board is able to seek directors from our entire membership base, giving our membership a greater voice and allowing our Board to attract directors with an overall mix of competencies and attributes best suited to provide oversight for Affinity. Strong governance practices indicate that the pool of candidates for the Board should be wide and that the candidates are as qualified as possible. At present, we have 73 district council delegates eligible to sit on our Board. With the new structure, we'll have the ability to expand our pool to over 130,000 members.

The Board's review and recommendation of proposed changes were conducted in the context of Affinity being designated a Provincially Significant Financial Institution (P-SIFI) by our regulator, The Credit Union Deposit Guarantee Corporation (CUDGC). As a P-SIFI, Affinity is held to a higher standard and subject to more intensive supervision by CUDGC.

The Board remains committed to preserving our connection to members, communities and local decision making. The existing district council structure will transition to Member Councils with the same duties and responsibilities with the exception that they will no longer elect the directors from their respective districts. They will continue to be the eyes and ears of our communities, administer our Elwood Harvey Co-operative Leadership Award and help direct community investment funding.

Supporting Documents

A summary of the recommended changes and a clean copy of the proposed bylaws have been included in this package.

A redlined version of the current bylaws is available for review at [Annual General Meeting \(affinitycu.ca\)](#).



Proposed Bylaw Changes

Summary of Recommendation for Members' Approval

All section numbers are referenced to the clean copy of the proposed bylaw changes unless otherwise stated that they are referencing the current bylaws.

In addition to the summary outlined below, the recommendation also includes minor changes and general clean up. These changes have been verified to be in compliance with the Credit Union Act (Act) and Credit Union Regulations (Regulations), given the recent amendments.

The entirety of proposed changes are outlined in the redlined version of the bylaws, which can be found on our website at [Annual and Special Meeting \(affinitycu.ca\)](https://www.affinitycu.ca).

Section 1 – Meaning of Terms

Section 1.1 Defined Terms

(Current Bylaws) 1.1 c) 'Basis of Business' is removed as it is no longer referenced in the Bylaws.

1.1 c) 'Articles' is added as a defined term as it is referenced throughout the Bylaws and refers to the original or restated article of incorporation, articles of amendment, articles of amalgamation or articles of continuance of the Credit Union.

(Current Bylaws) 1.1 d) 'Business Area' is removed as it is no longer referenced in the Bylaws.

1.1 d) 'At Large' is added as a defined term referencing the position of director, who is elected by the members and not limited to any particular place or district.

1.1 f) 'Delegate' and 1.1 g) 'District Council' are removed as they transition to Member Councils with duties and responsibilities outlined in Board policy. As Delegate is a defined term in the Act, the role will be renamed to avoid causing confusion.

1.1 i) 'Primary Account' is removed as it is no longer referenced in Bylaws.

1.1 j) 'Primary Financial Institution' is removed as it relates to the qualifications of directors and will be defined through policy.

1.1 n) 'Voting Period' is amended to replace reference to the election of delegates with election of directors.

Current Bylaws - Section 5 Determination of Districts and Section 6 District Council

All sections pertaining to the district council structure and delegates will be removed and replaced with Section 7 – Member Councils.

Following the Annual Meeting in 2022, district councils will transition to member councils. Member councils will continue to operate with the same powers and duties aside from the authority to elect the director(s) to represent each district on the Board.

Section 5 – Directors

Section 5.1 Number of Directors

Provides clarification that the maximum and minimum number of directors is set out in the Articles.

Section 5.2 Election of Directors

Removed the Section for Director Allocations that included reference to the number of directors assigned and elected by each district and replaced it with Section 5.2 Election of Directors. This section references the total number of directors (12) who shall represent and be elected at large.

Section 5.3 Qualifications of Directors

Added this section to reference the information previously outlined in Section 6.7 Qualifications of Delegates. References have been changed from delegate to director and the qualification that a director must be a delegate of the district council has been removed.

Section 5.4 Nomination of Directors

Added this section to reference the information previously outlined in Section 6.8 Nomination of Delegates. References have been changed from delegate to director and additional information has been added that clarifies the Board's role in appointing a Nomination Committee, including the rules and policies to govern the nominations and electoral process for candidates.

Section 5.5 Conduct of Director Elections

Updated the title of this section to clarify that it pertains to the conduct of elections for directors and outlines the requirements, eligibility and procedures for the election. References have been changed from delegate to director and additional information has been added that clarifies the rules and policies to govern the electoral process for candidates.

Section 5.6 Term of Office

Updated this section for clarity regarding the terms of office for directors. The length, commencement and expiry of term of office of a director remains the same as the current bylaws.

Section 5.7 Removal of Directors

Added the requirement for a director to be removed by members and removed the disqualification by district as directors are no longer required to be a delegate.

Section 5.8 Vacancies

Updated this section to reflect the Board's ability to fill a director vacancy by appointment until the next annual meeting. The reference that the Board may request the district council to fill a vacancy on the Board from the district council has been removed.

Section 6 Meetings

Current Bylaws Section 8.1 District Council Meetings

Removed this Section pertaining to the district council meetings. Section 7 – Member Councils addresses the transition of district councils to member councils.

Section 6.1 Annual or Special Meetings

Removed the requirement that members cannot participate in the election of directors at the Annual Meeting or any Special Meeting.

Section 6.3 Voting Generally

Added clarity for the voting requirements that are outlined in both the Act and Regulations.

Section 6.4 Voting on a Fundamental Change

Removed Section 6.4 b) as it repeats the manner of voting outlined in section 6.4 a).

Section 6.6 Meetings at More than One Location

Removed the reference to members attending and voting at the meeting for their district. Members can choose to attend whichever location they prefer as long as they only vote once.

Section 6.7 Resolutions for Meetings at More than One Location

Removed Section 6.7 c) as this is a replication of what exists and is adhered to in the Act.

Section 7 – Member Councils

Section 7.1 Member Councils

Added Section 7.1 Establishment of Member Councils to outline the composition of member councils and clarify the transition timeframe from district councils. It specifies that member councils will no longer elect directors to represent the district but will continue their duties and responsibilities as outlined in policy.

Current Bylaws - Section 9 Committees

Removed this section, as in the proposed governance structure the ability to appoint a non-member of the Board to a committee is not required.

Appendix

BYLAWS OF AFFINITY CREDIT UNION 2013

SECTION 1 – MEANING OF TERMS

1.1 Defined Terms

As used in these Bylaws, the following terms have the definitions set forth below:

- a) "Act" means *The Credit Union Act, 1998*, as amended;
- b) "Annual Meeting" means the annual meeting of the members of the Credit Union required to be held in accordance with the Act;
- c) "Articles" means, as applicable, the original or restated articles of incorporation, articles of amendment, articles of amalgamation or articles of continuance of the Credit Union, and includes any amendments to any of them;
- d) "At Large" means the position of director which is elected by the members and not limited to any particular place or District;
- e) "Board" means the Board of Directors of the Credit Union;
- f) "Credit Union" means Affinity Credit Union 2013;
- g) "Fundamental Change" means a fundamental change as defined by the Regulations;
- h) "Proposal" means a proposal as defined by Section 85 of the Act;
- i) "Regulations" means the Regulations to the Act, as amended from time to time;
- j) "Spouse" means a spouse as defined by *The Family Property Act (Saskatchewan)*, as amended from time to time; and
- k) "Voting Period" means the period for voting for election of directors set annually by the Board or for voting on a Fundamental Change as set by the Regulations.

1.2 Other Terms

Terms used in these Bylaws and not otherwise defined in Section 1.1 shall have the respective meanings ascribed to each such term in the Act.

SECTION 2 – HEADINGS

2.1 Convenience Only

The section headings used in these Bylaws are not substantive and are included solely for convenience of reference only.

SECTION 3 – MEMBERSHIP

3.1 Qualification

Subject to the Articles, membership in the Credit Union is open to all persons.

3.2 Minimum Membership Shares

All persons wishing to become a member shall hold a minimum of one (1) membership share.

SECTION 4 – ASSIGNMENT OF SHARES

4.1 Approval Required

Shares may not be assigned or transferred without the approval of the Board.

SECTION 5 – DIRECTORS

5.1 Number of Directors

The Credit Union shall have a Board consisting of not less than the minimum and not more than the maximum number of directors set out in the Articles, which, as of the date hereof, is a minimum of nine (9) directors and a maximum of twenty-nine (29) directors.

5.2 Election of Directors

Directors shall represent and be elected at large. Members will elect 12 directors in accordance with Section 5.5 of these Bylaws.

5.3 Qualifications of Directors

In order for a person to qualify for appointment, election, or remaining in office as a director, the person must: (i) not otherwise be disqualified pursuant to the Act; and (ii) meet the qualifications identified below in this Section 5.3.

Each Nominee and Director shall:

- a) provide evidence of qualification upon request by the Credit Union;
- b) have been a member of the Credit Union for a minimum of one (1) year, as at the closing date for nominations;
- c) use the Credit Union as their primary financial institution;
- d) not have been a person or a spouse of a person involved in active legal proceedings against the Credit Union or any of its affiliates or subsidiaries, in the previous thirty-six (36) months;
- e) not have been a person or the spouse of a person with loans or credit in arrears in excess of sixty (60) days with the Credit Union in the previous twelve (12) months or have any judgement registered against them at the date of the nomination;
- f) not be a director or officer of a business selling products or services in competition with the Credit Union, unless nominated for or appointed to such roles by the Credit Union as its representative;
- g) meet the requirements of the Credit Union's Conflict of Interest policy; and
- h) not have been an employee or the spouse of an employee of the Credit Union within twenty-four (24) months of the time at which nominations are opened.

5.4 Nomination of Directors

- a) At least ninety (90) days prior to the date on which the term of office of a director or directors is scheduled to expire, the Board will advertise, for a minimum of thirty-five (35) days prior to the Voting Period, the opening and closing dates for the nomination of director(s).

- b) The nomination period shall be a minimum of fourteen (14) days and will close not less than fourteen (14) days before the Voting Period. Nominations will not be accepted after the closing date for nominations.
- c) The Board shall appoint a Nominating Committee and shall establish specific policies and procedures in connection with the Nominating Committee's functions. A current director who is proposing to seek re-election to the Board cannot be a member of the Nominating Committee in the year in which they will be required to be re-elected.
- d) The Board may, on the recommendation of the Nominating Committee or by its own design, enact rules or policies to govern the nominations and electoral process for candidates, including establishing guidelines and criteria for determining suitable candidates based on skill, experience and attributes. Each candidate shall abide by all such rules and policies, failing which, the candidate may, by Board decision, be removed from the list of candidates eligible for election to the Board.
- e) Any nominee seeking election to the Board shall sign a nomination paper confirming that such nominee meets the eligibility requirements set out in these Bylaws and such nomination paper shall be endorsed by the signatures of two (2) members of the Credit Union who have accounts with the Credit Union.

5.5 Conduct of Director Elections

- a) Voting for the election of directors will take place during the Voting Period which will be set annually by the Board. The Voting Period shall not be less than seven (7) days nor more than twenty-one (21) days in length and shall begin not more than twenty-eight (28) days or end less than seven (7) days prior to the Annual Meeting.
- b) Voting for directors will be conducted in the manner approved by the Board and in accordance with the Act.
- c) Each member eligible to vote shall be entitled to only one vote or ballot and the number of director candidates equal to the number of directors to be elected receiving the highest number of votes are to be declared elected. In the event that two or more candidates receive an equal number of votes, the returning officer may provide that a vote or ballot be cast to break the tie.
- d) Ballots shall be counted by the returning officer prior to the Annual Meeting and successful candidates will be announced at the Annual Meeting.
- e) All other procedures not specified under these Bylaws shall be conducted in accordance with and as provided in the Act and/or Regulations, or any successor legislation.

5.6 Term of Office

The term of office of a director shall be three (3) years, commencing at the end of the Annual Meeting following election of the director, except that a director selected by the Board to fill a vacancy in accordance with Section 5.8 of these Bylaws shall hold office only until the next Annual Meeting. The term of office of a director shall conclude at the end of the Annual Meeting occurring during the year of expiry of the director's term. The term of office of a director appointed as a result of an amalgamation shall be specified in the amalgamation agreement.

5.7 Removal of Directors

- a) Removal by Members – Members may remove a director by a resolution approved by two-thirds of the votes cast at a special meeting or the Annual Meeting.

- b) Disqualification from Board – A director who fails to attend two-thirds of regularly scheduled board meetings in any calendar year without good cause, as determined by the Board, is disqualified from serving as a director and shall be removed as a director.
- c) Disqualification from Committees – Any director removed by members or disqualified from the Board for failing to attend the minimum number of meetings is also disqualified from any committee or representative body that requires an individual to be a director.

5.8 Vacancies

In the event of a vacancy on the Board for any reason other than by virtue of the expiration of the term of a director in the ordinary course, the Board may fill such vacancy by appointing a director to serve on the Board until the next Annual Meeting, at which time a director shall be elected to fill the remainder of the vacating directors term.

SECTION 6 – MEETINGS

6.1 Annual or Special Meetings

The Board shall call an Annual Meeting to be held in accordance with the Act. All members are entitled to attend the Annual Meeting or any special meeting of members and participate and vote on all matters.

6.2 Conduct

If approved by the Board, meetings of members may be held using telephone, electronic or other communication facilities.

6.3 Voting Generally

- a) At any meeting of members, every question shall, unless otherwise required by the Act, Articles or these Bylaws, be determined by the majority of the votes cast on the question. In case of an equality of votes, the motion shall be lost.
- b) With the approval of the Board, voting at a meeting conducted using telephone, electronic or other communication facilities shall be by any means that will identify the voter and vote cast to the returning officer appointed for such location.
- c) If voting at a meeting of members is to be held by way of electronic voting, voting by mail or other voting method or any combination thereof, the returning officer shall ensure that the voting system used by the Credit Union:
 - (i) is able to maintain a register of all members who have voted and is able to identify all members who voted;
 - (ii) records and counts votes in a manner that permits their subsequent verification;
 - (iii) prevents members from casting more than one vote or ballot, except as permitted pursuant to Section 5.5(c) of these Bylaws;
 - (iv) processes and stores the results of all votes cast during the Voting Period; and
 - (v) permits the votes to be recorded and counted without revealing how the individual members voted.
- d) No member who is less than 16 years of age is entitled to vote. A member who is not an individual may vote through a representative where that member gives the Credit

Union notice of the appointment of the representative at least 48 hours before the meeting at which the representative is to vote on behalf of the member.

6.4 Voting on a Fundamental Change

- a) Voting on a resolution respecting a Fundamental Change will be conducted by secret vote or ballot in the manner which is approved by the Board. The manner of voting may include but is not limited to in person, electronic voting, by mail or by any other approved voting method during a Voting Period established by the Board.
- b) If the Credit Union authorizes electronic voting on a Fundamental Change during a Voting Period, a member or a shareholder shall be allowed to participate in the meeting at which the resolution is presented and vote by means of telephone, electronic or other communication facility or vote in person if participating in the meeting in person.
- c) Each member is entitled to one vote. Where a separate class or series vote is to be held, each shareholder is entitled to one vote per investment share. All votes must be received during the Voting Period. The returning officer shall announce the results of the voting on the resolution to approve the Fundamental Change within 3 business days after the close of the Voting Period.
- d) The meeting at which the resolution to approve a Fundamental Change is presented and considered is not concluded until after expiry of the Voting Period and the counting of all votes cast by the voting methods authorized by the Board.

6.5 Location

Meetings of the Credit Union may be held at more than one location. The Board will determine the location of the Annual Meeting(s). Where arrangements are made for members to participate in the meeting through electronic, video, telephonic or other communication such meeting is considered to be a meeting in one (1) location.

6.6 Meetings at More Than One (1) Location

For meetings at more than one (1) location, members may only vote once on any question.

6.7 Resolutions for Meetings at More than One (1) Location

- a) At meetings conducted at more than one (1) location, resolutions must be submitted at least sixty (60) days prior to the first meeting. Resolutions from the floor are not permitted.
- b) Votes on resolutions will be held at each meeting and the resolution will only pass if the aggregate of the votes cast in all meetings is sufficient to pass the resolution.

6.8 Notice of Meetings

Notice of meetings may be provided by any means provided for by the Act or the Regulations and approved of by the Board.

6.9 Other Meetings

The Credit Union may hold semi-annual or other periodic meetings of the members.

6.10 Quorum

The quorum at an Annual or special meeting of members is fifteen (15) members entitled to vote, or where the meeting is held at more than one (1) location, is not less than ten (10) members who are entitled to vote at each location.

SECTION 7 – MEMBER COUNCILS

7.1 Establishment of Member Councils

- a) Councils comprised of non-director members shall be established with such composition, qualifications, duties and authorities as prescribed by policy of the Board.
- b) After the Annual Meeting in 2022, the Delegates elected to District Councils by members prior to April 20, 2022 will transition to Member Councils for the remainder of their term. Member Councils will no longer elect directors to represent the District but will continue their duties and responsibilities as outlined in Affinity Credit Union policy.

SECTION 8 – MEMBERSHIP CERTIFICATES

8.1 Membership Certificates

Membership share certificates need not be issued to members.

SECTION 9 – TERMINATION OF MEMBERSHIP

9.1 Termination of Membership

On any appeal from termination of membership, a vote to rescind the decision of the Board must be passed by seventy-five percent (75%) of the members present at the membership meeting.

SECTION 10 – SERVICES TO NON-MEMBERS

10.1 Services to Non-Members

Services may be provided to non-members.

SECTION 11 – PATRONAGE RETURN ACCOUNTS

11.1 Patronage Return Accounts

The Board may require that the whole, or any part, of the patronage returns to which members are entitled shall be deposited into separate "patronage return accounts" for each member. The patronage return accounts shall be lent to the Credit Union on such terms and at a rate of interest as determined by the Board provided that it shall not exceed the prime rate of the Credit Union.