

The full changes being proposed to the Rules and the Constitution are set out in the proposed special resolutions and explanatory materials, which can be viewed at [www.sdcu.com/our-story/governance](http://www.sdcu.com/our-story/governance) or obtained from the local branch. We encourage all members to review the suggested changes before the Annual General Meeting.

### **Text of Special Resolutions to Alter Constitution and Rules**

**“BE IT RESOLVED**, as special resolutions, that:

1. the Constitution of Summerland & District Credit Union (the “Credit Union”) be deleted and replaced with the Constitution set out in Schedule “A”; and
2. the Rules of the Credit Union be deleted and replaced with the Rules set out in Schedule “B”.

The full versions of the proposed Constitution (Schedule “A”) and Rules (Schedule “B”) can be viewed at [www.sdcu.com/our-story/governance](http://www.sdcu.com/our-story/governance) or obtained from the local branch.

### **Voting Instructions**

Voting will take place at the Annual General Meeting of the Credit Union held on Thursday, May 2, 2024. To be eligible to vote, individuals must be a member in good standing of the Credit Union at least 90 days prior to the Annual General Meeting.

Business Members and Unincorporated Associations are invited to visit [www.sdcu.com/our-story/governance](http://www.sdcu.com/our-story/governance) to review eligibility requirements and obtain a copy of the Representative Authorization form.

Thank you in advance for taking the time to vote. If you have any questions about the special resolutions, please contact us at 250-494-7181. Questions about the special resolutions can also be asked at the Annual General Meeting.



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## **Notice of Special Resolutions**

### **Summerland & District Credit Union**

As a member of Summerland & District Credit Union (the “Credit Union”), your participation is requested in a vote on special resolutions to remove the common bond of the Credit Union, to approve proposed new and revised Rules for the Credit Union, and to approve revisions to the Constitution. Pursuant to the *Credit Union Incorporation Act* and the current Rules of the Credit Union, this is your official notice of special resolutions. Voting on the special resolutions will take place at the Annual General Meeting of the Credit Union held on May 2, 2024.

### **Background Information – Removal of Common Bond**

The current common bond of membership of the Credit Union was last amended in 1966 and has archaic and confusing wording regarding the common bond being “the common bond approved by the Inspector of Credit Unions as may be amended from time to time”. Although unclear, it is commonly understood that the current common bond of the Credit Union limits the acceptance of members to those who reside in “Summerland and District”. The exact geographic area of “Summerland and District” is vague and difficult to discern. In any event, the wording of the current common bond is unclear and outdated.

Recent changes to legislation have made common bonds optional for credit unions in British Columbia. Removing the common bond of the Credit Union will allow the Credit Union to serve members in all areas of British Columbia. This will allow the Credit Union to be on a level playing field with most other credit unions in British Columbia, many of which have no common bonds of membership or very broad common bonds of membership, generally accepting as members any persons who work, reside or carry on business in any area of British Columbia.

## **Text of Special Resolution to Amend Common Bond**

**“BE IT RESOLVED**, as a special resolution, that the common bond of membership of Summerland & District Credit Union be hereby amended by deleting the common bond of membership in its entirety, so that, after such deletion, Summerland & District Credit union shall have no common bond of membership within the meaning of the Credit Union Incorporation Act (British Columbia).”

## **Background Information - Rules**

Every credit union has “Rules” that outline how the organization will operate as a legal entity. Rules are very similar to what is referred to as “by-laws” for other types of entities. While our Rules are a legal and regulatory requirement, they also help to ensure the Credit Union runs smoothly and effectively.

The board of directors of the Credit Union has recently reviewed the Rules in order to modernize them and incorporate some recent changes to legislation. For this reason, the directors are recommending changes to the Rules that are intended to benefit all members. Rules can only be amended with the approval of the Credit Union’s members and the consent of the BC Superintendent of Financial Institutions. The Superintendent has provided preliminary consent to the proposed changes and now the Credit Union is seeking member approval.

The following are some of the key proposed changes to the Rules:

**1. Name Change:** The Credit Union is proposing to simplify and modernize its legal corporate name by changing it from “Summerland & District Credit Union” to “Summerland Credit Union”. Therefore, the Rules have been updated to reflect this proposed change in name.

**2. Elimination of Class “D” Non-Equity Shares:** Currently, there are no issued Class “D” Non-Equity Shares and the Credit Union does not intend to issue any in the future. Therefore, any references to Class “D” Non-Equity Shares in the Rules have been removed.

**3. Reduction of Class “A” Membership Share Requirement:** The Class “A” Membership Share requirement has been reduced to five shares for all members. This will make membership more accessible and increase administrative efficiency.

**4. Electronic Meetings:** A new Rule has been included to allow the Credit Union to hold electronic, hybrid or in-person meetings of members, as is now permitted under current legislation. This flexibility will allow more members to attend and vote at meetings of the Credit Union.

**5. Voting by Non-Individual Members and Unincorporated Associations:** The Rules have been updated to reflect the revised wording of the legislation in order to clarify how these types of members may be represented and vote at meetings of the Credit Union.

**6. Recommendation of Candidates:** A new Rule has been included to allow (but not require) the Nominating Committee to endorse or recommend director candidates and to include any such endorsements or recommendations in the notice of election to members. This change will assist members in casting their votes by providing members with information about the candidates who the Nominating Committee believes would be most beneficial to the Credit Union.

**7. Director Remuneration:** The power to set the remuneration of directors will be transferred from the members to the directors. This reflects the practice of most other credit unions in British Columbia, and allows the Credit Union to attract individuals with the necessary skills and experience to meet the Credit Union’s governance requirements. The Credit Union will continue its practice of reporting in a transparent manner about the remuneration paid to directors in its Annual Corporate Governance Report.

**8. Housekeeping Changes:** A number of housekeeping changes have been made in order to modernize the language of the Rules, including the use of gender neutral terminology as is consistent with the Credit Union’s inclusivity initiatives.

## **Background Information – Constitution**

As noted above, the Credit Union is proposing to change its name to “Summerland Credit Union”. The Constitution has been updated to reflect this name change.

In addition, a number of housekeeping changes have been made to the Constitution in order to more accurately align the Constitution to the Credit Union Incorporation Act, rather than the repealed Credit Unions Act.