

Notice of Special Meeting



**You are invited to the Special Meeting of Credit Union Baywide
Monday, 26 August 2019** - Commencing at 6pm

Havelock North Function Centre, 30 Te Mata Road, Havelock North

Business of the evening will include:

- Replacement Rules
- Application for incorporation

Refreshments to follow.

Further details of the meeting can be found either on our website nzcubaywide.co.nz, by contacting your local branch or by calling 0800 229 943.

Background

The law covering credit unions has changed. Amendments to the Friendly Societies and Credit Unions Act 1982 (**FSCU Act**) require credit unions to apply for incorporation. The amendments to the FSCU Act also allow Credit Union Baywide to lend to enterprises, such as: companies, partnerships and trustee(s) of a trust related to a member, and to provide services and products to such enterprises.

We need to hold a meeting at which Credit Union Baywide members are asked to vote to:

- a) approve the replacement Rules; and
- b) approve the application for incorporation.

We are required to submit our application for incorporation (together with replacement Rules) by 30 September 2019. If approved by members, the replacement Rules will come into effect on the date of incorporation, 1 January 2020.

Incorporation is not optional for credit unions. If the required number of members do not approve Resolutions 1 and 3 and/or Credit Union Baywide does not apply for incorporation within the statutory timeframe, the existing credit union registration will be cancelled. Resolution 2 is proposed to enable Credit Union Baywide to provide lending, products and services to certain enterprises.

A summary of the key proposed changes to the current Rules is included in the Supplementary Information at the end of this notice. A full copy of the replacement Rules is available at nzcubaywide.co.nz/about-us/legal-ts-and-cs/special-meeting-august-2019 or from your local branch.

We encourage you to vote on the relevant resolutions outlined below, by using the electronic voting information or by voting in-person at the Special Meeting.

The Board has considered the application for incorporation and the replacement Rules and recommends to members that they vote in favour of each of the resolutions.

Resolutions

The business of the Special Meeting is to consider the following resolutions:

Special Resolutions

1. Replacement Rules

That the members approve the replacement Rules (with the exception of the Enterprise Provision Rules) in the manner set out with this notice of meeting.

2. Replacement Rules – provision of products, services and lending to enterprises

That the members approve the inclusion of the Enterprise Provision Rules in the replacement Rules, in the manner set out with this notice of meeting.

Enterprise Provision Rules refers to Rules 7.1.2, 8.1.2 and other consequential amendments to Rules 4.1.2 and 4.1.3 and the definition of Enterprise in Rule 1.1 (which allows for the provision of lending, products and services to certain enterprises).

Ordinary Resolution

3. Application for Incorporation

That the members approve the application for incorporation by Credit Union Baywide.

The application for incorporation cannot be submitted without certain amendments to the Rules, therefore resolution (3) is dependent on the passing of resolution (1).

Resolutions (1) and (2) are special resolutions and will be passed, if voted in favour by 75% or more of those members that are entitled to vote and who vote on the matter. Resolution (3) is an ordinary resolution and will be passed, if voted in favour by 50% or more of those members that are entitled to vote and who vote on the matter.

Voting

The current Rules provide:

- for joint accounts, the first named person on the account shall have the vote; and
- only valid members aged 16 or older at the closing date for voting (as set out below) may vote.

The Rules of Credit Union Baywide provide that each member who is eligible to vote may only cast one vote each.

The resolutions may be voted on by means of electronic voting prior to the meeting or in person at the meeting. electionz.com is facilitating the electronic voting process. Voting credentials for eligible members are included with this notice of meeting. You may visit your branch for assistance or contact Credit Union Baywide on 0800 229 943.

An **electronic vote** must be submitted and received by the Returning Officer (appointed by the Board of Credit Union Baywide) by **4pm on Friday, 23 August 2019**.

Voting papers will be provided at the meeting for those who have not already voted and wish to do so. Those voting at the meeting must not have cast an electronic vote prior to the meeting.

The Chair shall advise the members of the results of the vote at the meeting.

Where can I find further information?

Further details of the meeting can be found either on our website nzcubaywide.co.nz, by contacting your local branch or by calling 0800 229 943. This includes the following information which is deemed to be a part of this notice of meeting:

- a copy of the replacement Rules; and
- further information on electronic voting

Supplementary information

Replacement Rules

We need member approval to replace the current Rules. If approved by members, the replacement Rules will come into effect on the date of incorporation, 1 January 2020.

The amendments made to the FSCU Act require Credit Union Baywide to vary the Rules. Credit Union Baywide have taken this opportunity to re-write the Rules to aid with clarity, transparency and business processes. Although the order, layout and wording of the replacement Rules is different, the majority of the content remains the same.

A summary of the key changes made to the current Rules is set out below. Please note, this is not an exhaustive list and there are a number of other consequential, associated Rule changes.

The replacement Rules are available from nzcubaywide.co.nz/about-us/legal-ts-and-cs/special-meeting-august-2019 or your local branch.

Rule heading	Commentary on key change made
Relationship between these Rules and the Act	This new Rule explains that Credit Union Baywide will have the capacity, rights, powers and privileges of a "natural legal person", similar to a company.
Trustees	The effect of incorporation is that Credit Union Baywide will no longer be required to have Trustees. All references to Trustees have been removed from the replacement Rules.
Objects	The objects of Credit Union Baywide have been amended to include, the use and control of members' savings for making loans to enterprises related to members and the provision of products and services to members and to enterprises related to members. "Enterprise" is defined in the FSCU Act as a body corporate, a firm under the Partnership Act 1908 and the trustee(s) of a trust.
Investments	The Rule regarding investments is amended to expressly allow Credit Union Baywide to make investments in other credit unions, Co-op Money NZ subsidiaries and/or other authorised investments.
Loans	Some detail relating to loans has been removed from the replacement Rules. This will now be included in a Board policy. This Rule has been rewritten to allow Credit Union Baywide to make loans to enterprises related to members who have no more than 19 full-time equivalent employees as long as that loan is to be used for the purposes of a business being carried on by the enterprise. <i>"Enterprise" and "related" are defined in the FSCU Act.</i>
Products and Services	This is a new Rule and allows Credit Union Baywide to provide products and services to: 1. members; 2. enterprises which have loans with Credit Union Baywide; and 3. enterprises related to members with no more than 19 employees who will use that product or service for the purposes of a business being carried on by the enterprise. <i>"Enterprise" and "related" are defined in the FSCU Act.</i>
Method of Contracting	This new Rule sets out how a contract or other enforceable obligation may be entered into by Credit Union Baywide. It also allows Credit Union Baywide to appoint a person as its attorney.
Liquidation	This new Rule replaces the current Rule relating to dissolution and allows for Credit Union Baywide to be put into liquidation by the appointment of a liquidator, either by a special resolution of members or an order of the High Court.
Removal from the Register	This new Rule allows the Board, in certain circumstances and if approved by special resolution of members to apply to the Registrar to remove Credit Union Baywide from the Register.
Amendment of the Rules	The Rules may now be amended by an ordinary resolution of members rather than a special resolution. This is now specifically allowed by an amendment to the FSCU Act.
Treasurer and Secretary	All references to the offices of Treasurer and Secretary including their appointment and duties have been removed, though the financial, reporting and governance responsibilities of Credit Union Baywide under various pieces of legislation will continue unchanged.
Patron	All references to the office of Patron have been removed. We do not believe this position needs to be in our Rules though this does not prevent us having a patron.
Election of Directors	Some election details for Directors have been removed. These details will be in policies and procedures documented by Credit Union Baywide.
Directors' Duties	The detailed duties of Directors have been removed and replaced with more general broad descriptions of Directors' powers and duties.
Indemnity and Insurance	A new Rule giving Credit Union Baywide (with the approval of the Board) the ability to indemnify and effect insurance for a Director or employee as provided for under the Financial Markets Conduct Act 2013.
Operations	A new Rule giving Credit Union Baywide the power to enter into arrangements with third parties and to ensure the continuity of services and/or establish subsidiaries.

