

**THE CAYMAN ISLANDS CIVIL SERVICE ASSOCIATION CO-OPERATIVE CREDIT UNION LIMITED
(THE "CREDIT UNION")**

**MINUTES OF A SPECIAL GENERAL MEETING ("SGM") OF THE MEMBERS OF THE CREDIT UNION
HELD AT THE UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS, GEORGE TOWN, GRAND
CAYMAN, CAYMAN ISLANDS AND BY VIDEO CONFERENCE AT 6:00 P.M. CAYMAN ISLANDS TIME
ON THURSDAY, 29 SEPTEMBER 2022**

Present

James Watler, Chairman
Corinne Glasgow, 1st Vice Chairperson
Suzanne Bothwell, 2nd Vice Chairperson
Jose Hernandez, Secretary
Michael Nixon, Director
Christopher Goddard, Director
Ryan Rajkumarsingh, Director

Patricia Estwick, Chief Executive Officer
Nedra Myles, Chief Risk & Compliance Officer
Supipi Gamage, Chief Financial Officer
Celia Paz Gomez, Internal Audit Manager
Daniel Powery, IT Manager, Operations
Danielle Lee, Executive Assistant to the CEO and Secretary to the Co-operative
Nancy Whittaker, Marketing Manager

1. WELCOME AND PRAYER

- 1.1 The Chairman called the meeting to order at 6:00 p.m.
- 1.2 The CEO noted that the members had received due notice of the SGM, the meeting was quorate, and accordingly, the SGM could proceed to business.
- 1.3 All attendees were invited to recite the Credit Union prayer.

2. CHAIRMAN'S ADDRESS

- 2.1 The Chairman provided an address to the membership and reminded the members of the governing regulations over the Credit Union. A copy of the governance structure was shared with the membership.
- 2.2 The Chairman gave an overview of the assets held by the Credit Union. The Chairman also advised that there were meetings held with four focus groups, staff, the Committee Members and the Board had been held in advance of the SGM to review and discuss the proposed rules.

3. STANDING ORDERS

- 3.1 Ms Corinne Glasgow provided an overview of the Standing Orders for the SGM.

4. REVIEW OF THE CREDIT UNION RULES

- 4.1. The CEO thanked the members in the four focus groups, staff groups, Supervisory and Credit Committees, and the Board for the input received in advance of the SGM. The CEO stated that questions and clarification had also been submitted by a member, and responses were provided one day prior to the SGM.
- 4.2. The CEO provided a detailed overview of each of the Proposed Rules, which was shared as a PowerPoint presentation (attached to these minutes as Appendix A) with the attendees of the SGM online and in-person. The first item for discussion in the presentation was the interpretations (definitions) of the Credit Union rules. The CEO explained the definition of "In Good Standing" and its impact on members' ability to vote at general meetings and earn dividends. The CEO also explained the definition of Institutional Capital, Permanent Shares, and Voluntary Shares.
- 4.3. Mr Bothwell requested that the risk capital be defined in the interpretations section of the rules.¹
AN ACTION ITEM
- 4.4. The CEO noted that the name, purpose, and objects remained unchanged in the Credit Union Rules.
- 4.5. A query was raised, via live stream, with respect to the effective date of the new rules to which the CEO advised that it was anticipated that the changes would be approved by the Registrar of Companies within 6 months of the SGM. The new rules would be effective after approval. The calculation of the dividend would not be affected unless the Board determined otherwise.
- 4.6. Under proposed Rule 5, Qualifications for Membership, the CEO explained the new categories proposed to be added under the Bond:
 - (a) Employees of Health Care and Education Facilities licensed to operate in the Cayman Islands;
 - (b) as well as members of the Farmers' Co-operative and registered agro-processors, proposed; and
 - (c) The CEO also highlighted the requirement to join the Credit Union, including the criteria that members must live and work in the Cayman Islands, except on a case-by-case basis as approved by the Board.
- 4.7. Mr John Bothwell queried what agro-processors were, to which the CEO noted that a hydroponics farmer who was part of the Farmers' Co-operative would qualify to join the Credit Union as a member.
- 4.8. Mr Joel Francis queried how many new members these groups would open the Credit Union up to. The CEO noted that the population census indicated that 80% of those in the healthcare industry were employed by the Health Services Authority, a statutory authority, already eligible for membership. 80% of those employed in the education industry would be from Cayman Islands Government Schools. The expansion into these industries would not represent a significant intake of new members, and the focus was on essential services and those that would be less transient. Director Bothwell stated that based on the size and the amount of business incoming, the potential requirement for hiring more staff and ensuring efficiencies was discussed by the Board.
- 4.9. In response to an enquiry from Mr Paulino Rodrigues, the CEO confirmed that a risk analysis had been conducted for the admission of these new institutions with consideration given to

¹ An Action Item

compliance and operations of the Credit Union. The CEO advised that an analysis had not been conducted in numbers; however, an investment in IT infrastructure had been made to enable the onboarding of members. There was an additional investment in a third location in Savannah to provide efficient services to the membership as the Credit Union continued to grow. The CEO highlighted the growth of core (members from employers under the Bond) versus non-core members; she also advised that each member under the core bond could bring at least 6 family members from 6 different industries that operated in the Cayman Islands. She stated that there was a managed growth strategy at the Credit Union to look for areas for future growth.

- 4.10. Under proposed Rule 6, Application for Membership, the CEO stated that the Credit Union Rules (2012 Revision) had been amended in 2012 to include a requirement for each member to inject \$25 for permanent shares; however, the implementation had not occurred until 2019.
- 4.11. The CEO highlighted that in the proposed Rule 6, Application for Membership, the requirement to increase the entrance fee for new members from \$25 to \$50 and a subscription for permanent shares from \$25 to \$100.
- 4.12. The CEO reported that the capital ratio was calculated as institutional capital divided by total assets. The capital ratio was approximately 8.52%; however, the WOCCU standard stipulated that the capital ratio should be 10%. The Credit Union intended to gradually increase the institutional capital over time.
- 4.13. In response to an enquiry from Mr John Bothwell, the CEO noted that to increase the capital ratio, the Credit Union should either increase the surplus into the reserves or increase income. The CEO reported that over 60% of the membership does not borrow from the Credit Union, and borrowing was the main way the Credit Union earned income. She advised that the Credit Union's strategy was to increase the membership in the age bracket of 25 to 50 to increase the borrowers in the membership. The CEO advised that there is a requirement to maintain financial safety and soundness.
- 4.14. Upon enquiry from Mr Paulino Rodrigues, the CEO noted that the other investments within the Credit Union would be covered later in the meeting.
- 4.15. The CEO advised the membership of the proposed change to the expulsion of members in proposed Rule 8, Expulsion of Members. In response to an enquiry from Mr Paulino Rodrigues, the CEO advised that specific actions would warrant the expulsion of a member from the Credit Union would be expanded upon in an Expulsion Policy approved by the Board under the proposed Rule 8.
- 4.16. In response to an enquiry from a member online, the CEO noted that permanent shares were not optional, and each member was required to hold \$25 in permanent shares. Should the proposed rules be approved, there will be a requirement for members to add an additional \$75 to their permanent shares. The permanent shares formed an investment in the Credit Union and part of risk capital.
- 4.17. Under proposed Rule 11, the CEO referred to changes with respect to the register of members as a result of the Data Protection Act, 2017. The CEO noted that under the Co-operative Societies Act (Revision 2020), the Credit Union was required to maintain a Register of Members with the following details:

- (a) Name of member;

- (b) Date the member joined the Credit Union; and
- (c) Date the member ceased to be a member of the Credit Union.
- 4.18. In response to an enquiry from Mr Joel Francis, the Board permitted members that had read the proposed rules in full to cast their vote in writing, with their signatures witnessed by a member of staff.
- 4.19. In response to an enquiry from a member attending the SGM online, the CEO advised that every new member was risk rated on joining the Credit Union. The compliance program was also audited
- 4.20. The CEO advised on Proposed Rule 17, Deposits, and highlighted that section 32 of the Co-operative Societies Act (Revision 2020) allowed for non-member deposits; however, to date, there had been no need to take deposits from non-members.
- 4.21. The CEO also advised that the maximum amount of deposits held by any one member could not be more than 20% of the deposits (shares, savings, fixed deposits) at the Credit Union.
- 4.22. Under proposed Rule 18, Inactive and Dormant Accounts, the CEO explained the definition of inactive and dormant accounts and the impact on the members.
- 4.23. Under proposed Rule 18, Loans, the CEO advised that loans could only be made to members in good standing and those that are living in the Cayman Islands or resident overseas (for purchase of residential property) in accordance with the Credit Policy.
- 4.24. There were no questions raised by the membership with respect to inactive and dormant accounts and loans.
- 4.25. Under proposed Rule 21, the Board of Directors and the CEO highlighted rules relating to term limits for directors and the ability to hold virtual meetings. The CEO also highlighted that these rules were updated to reflect the roles, objectives, responsibilities, and competencies of committee members and directors in accordance with the terms of reference in the Nomination Manual as approved by the Board. The CEO shared an overview of the demographics of the membership, which should reflect the demographics of the directors in terms of gender, age and membership from employers under the bond.
- 4.26. Mr Paulino Rodrigues referred to the slide that outlined that there were 6614 core members, and he requested the percentage of civil servants and the overall percentage of those in the labour force (between the ages of 18 to 65). The CEO stated that those details could be shared with the membership at the AGM.² **AN ACTION ITEM**
- 4.27. Mr John Bothwell suggested that the proposed changes to rule 21 b. "Each director shall hold office until his successor is elected unless he demits office earlier or has been expelled as a member from the Credit Union and shall be eligible for re-election." be split into separate parts for fluency.³ **AN ACTION ITEM**

² An Action Item

³ An Action Item

- 4.28. A member queried why each rule was not allowed a separate vote rather than a block vote to which Director Bothwell noted that the proposed rules were to be accepted in its entirety.
- 4.29. Under proposed Rules 24 and 25, Supervisory and Credit Committee, the CEO highlighted that these rules were updated to reflect the roles, objectives, responsibilities, and competencies of these Committee members in accordance with the terms of reference in the Nomination Manual as approved by the Board There were no questions raised by the membership. Director Glasgow advised that these changes were best practices required in the industry by the Cayman Islands Monetary Authority (the "**Authority**").
- 4.30. Under the proposed Rule 26, Meeting of Members, the CEO provided a summary of the roles and responsibilities of members at general meetings and proposed that virtual meetings may be held.
- 4.31. In response to enquiries from the membership online, the CEO confirmed that dividends can be paid on permanent shares; however, this was not yet in place at the Credit Union. The CEO confirmed that the dividend on permanent shares would be higher than the dividend paid on voluntary shares once implemented. Director Glasgow stated that the implementation of the permanent shares would increase the financial strength of the Credit Union.
- 4.32. In response to an enquiry from a member online, the CEO stated that the dividends paid on permanent shares would be determined by the profitability and the required amount of capital for the Credit Union.
- 4.33. Proposed Rule 27, Quorum, the CEO highlighted the change to require 100 members for a quorum at general meetings and the difference if a quorum is not met for meetings called by members. Following the summary of the proposed changes to quorum, Mr John Bothwell suggested that under rule 27, that all meetings be adjourned consistently for logic and equity. The CEO advised that 5% of the membership could call a meeting, and without a quorum, there was a demonstration that there was not enough interest to support the cause. A discussion ensued, and Director Suzanne Bothwell stated that there was a responsibility to the membership at meetings, and she added that there was a mandate, within the rules, to bring the meeting no more than 30 days hence for abortive meetings.
- 4.34. Proposed Rule 29, Fitness and Probity, the CEO provided a summary of the addition to the rules under Fitness and Probity and highlighted the best practices for corporate governance.
- 4.35. Proposed Rule 30, Nominating Committee. The CEO provided a summary of the proposed changes to Rule 30 related to the Nominating Committee. She reminded the members that the Nominating Manual had been approved by members at the 2020 AGM.
- 4.36. Proposed Rule 31, Elections, the CEO highlighted the proposed changes on the election process relating to nominees being elected by acclamation where the number of candidates is the same or less than required; to not accept nominations from the floor at the AGM, and the cooling off period of two years for directors and committee members to be eligible for employment with the Credit Union or a retired senior officer of the Credit Union to be eligible for nomination to the Board or committees. Directors Glasgow and Bothwell explained that removing nominations, for board and committee members, from the floor at future meetings was for improved efficiencies. Director Bothwell advised that there was a separate vetting process, by the Authority, for the nominated members, and to avoid unnecessary exposure, the Board recommended the removal of nominations on the floor at future special or annual general meetings.

- 4.37. Proposed Rule, 33 Dividends. The CEO reminded the membership that dividends would not be paid to members that were not in good standing. She also highlighted the conditions for dividends to be declared and paid by the Board, based on audited accounts and approval of the audited accounts at an AGM. There were no queries raised by the membership with respect to the proposed changes to rules 31 or 33
- 4.38. Proposed Rule 36, Investments, the CEO provided a summary of the investments that were previously permitted. The CEO then explained the proposal to manage funds not used in loans to members under an Investment Policy as approved by the Board; she highlighted the stipulations to be included in the Investment Policy. In response to an enquiry from the membership online, the CEO confirmed that an Investment Manager with the required expertise would be consulted by an Investment Sub-Committee of the Board.
- 4.39. Proposed Rule 38, Financial Year, Financial Standards, Audit and Disclosures. The CEO explained the inclusion of this new Rule, which stated the financial year ended 31 July, the standards for financial audit as IFRS and required that management's responses to the Management Letter from the external auditors be submitted to the Authority.
- 4.40. Proposed Rule 40, Powers of Nomination. The CEO provided an explanation of the Powers of Nomination and advised that the form to update beneficiaries at the Credit Union superseded any will or codicil. As such, the CEO encouraged members to check that the beneficiaries on file with the Credit Union are up to date. In response to an enquiry from a member at the SGM, the CEO confirmed that the beneficiary form is available on the Credit Union's website; however, there was a requirement for the beneficiary form to be certified by a Justice of the Peace or Notary Public.
- 4.41. In response to an enquiry from Ms Samantha McField, the CEO noted that there were no changes to rule 37, the Power to Borrow, and advised that this rule related to external borrowing for liquidity issues. Rule 37 limited borrowing to no more than 50% of the institutional capital.
- 4.42. In response to an additional enquiry from Ms Samantha McField, the CEO confirmed that the Credit Union did not intend to borrow external funds to construct the apartment and commercial buildings. Director Bothwell noted that there were also some funds in a Development Fund put in place for projects such as the apartment complex.
- 4.43. In response to an enquiry from the membership, the CEO reiterated that the vote for the proposed rules would be wholesale and collective as the changes to the rules were comprehensive. She noted that she had attempted to highlight and explain all amendments or new rules being proposed.

5. RESOLUTION

- 5.1. **WHEREAS** The Credit Union Rules were last substantively reviewed at a Special General Meeting in June 2012;
- 5.2. **WHEREAS** Rule 20 was previously amended to accept deposits from non-core members (core employers) and Rule 49 was previously amended to refer to the Credit Policy in the November 2020 AGM;
- 5.3. **WHEREAS** Rule 36 was removed and replaced for directors and committee members to be paid a fixed per meeting fee in the November 2019 AGM;

- 5.4. **WHEREAS** Rule 65 was amended to include that the Nominating Committee shall comply with the Nominating Manual as approved by the Board and amended from time to time in the November 2018 AGM;
- 5.5. **WHEREAS** The Authority, in its Inspection Report of 2019, required that the "Credit Union is required to update the Credit Union Rules to reflect the changes of the evolving financial landscape";
- 5.6. **WHEREAS** The Cooperative Societies Act, which is the overarching legislation for the Credit Union Rules, was revised in 2020 and which enhanced the role of the Authority and reporting requirements for the external auditors; and
- 5.7. **BE IT RESOLVED** that this Special General Meeting of The Cayman Islands Civil Service Association Co-operative Credit Union Limited approve the revised Rules as presented to improve and modernize the governance framework that reflects the size, complexity, and nature of our Credit Union and is conducive to future business growth and expansion.
- 5.8. **BE IT ALSO RESOLVED** that these Revised Rules come into effect after proper formatting and acceptance by the Registrar in accordance with the Cooperative Societies Act.
- 5.9. Be it noted that a total of 116 members were present in-person, and 75 members were present online throughout the course of the SGM. The following votes were cast by the membership:
 - (a) The majority of those in attendance at the SGM voted, by a show of hands, to approve the proposed rules as presented;
 - (b) Two of the members in attendance at the SGM voted not to approve the proposed rules;
 - (c) 83.33% of those in attendance online voted to approve the proposed rules; and
 - (d) 16.67% of those in attendance online voted not to approve the proposed rules.
- 5.10. The CEO noted that there was a majority of the votes in favour of approving the changes to the Credit Union rules.

6. ADJOURNMENT

- 6.1. There being no further business, the meeting then adjourned at 8:30 p.m.

CHAIRMAN

SECRETARY

DATE SIGNED

