



DIRECTOR HANDBOOK

An information resource for directors (or anyone considering a position) on Legacy Savings & Credit Union Ltd's Board



March 2011

PREFACE

Many Albertans work as volunteers in Alberta credit unions. Why? Because they believe in credit unions and they recognize the significant contribution credit unions make to the social and economic well-being of their communities.

Volunteering for a position with Legacy Savings & Credit Union Ltd (Legacy Savings) is both rewarding and exciting. It can also lead to other opportunities, such as being selected as a delegate to represent Legacy Savings at a regional level, or being asked by your peers to run for a position on the Board of Directors of Credit Union Central Alberta Limited, the trade organization for Alberta's credit unions.

This handbook is designed for an existing Director or any person considering a position on our Board of Directors

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I LEGACY SAVINGS & CREDIT UNION LTD

A. AN OVERVIEW

Alberta's first credit union was incorporated in 1938 by a group of people sharing common interests.

Legacy Savings is owned and controlled by our members. This democratic structure ensures that the business is run for the benefit of its member/owners and not for the profit of outside investors.

The original concept of Legacy Savings began with members pooling their money and then making low-cost loans to one another. Today we offer a full range of financial products and services.

Legacy Savings has continued to grow and strengthen.

As at October 31, 2010; our credit union has grown to over \$58 million in assets.

Bond of Association

The Credit Union's defined membership is outlined in By-Law Number 2.10:

“Membership in the Credit Union shall be open to:

- Employees, Retirees, and contract employees and those training for employment for:
 - City of Calgary
 - Canadian Pacific Railway Limited
 - Encana Corporation
 - Fairmont Hotels and Resorts Inc.
 - Fording Inc.
 - CP Ships Limited
 - Legacy Hotels REIT Units
 - All Emergency Medical Services (EMS) staff
- Employees of Credit Union Central of Alberta and Legacy Savings & Credit Union Ltd.
- Immediate family of those persons outlined above.
- Widows and widowers of deceased members and their immediate families.
- Corporations, incorporated or un-incorporated Societies and Associations, partnerships and other businesses where the principals thereof are substantially eligible for membership in their individual right(s).
- Members who have left Calgary and members who have left the service of the aforesaid employers shall be eligible to retain their membership subject to:
 - (a) the discretion of the Board of Directors, and
 - (b) the member continues to meet all other requirements of membership.

Any other clearly defined group of persons that hold membership in another credit union wishing to pursue an amalgamation, subject to ratification by the membership at a general membership meeting.

B. CREDIT UNION PRINCIPLES

In 1984, the World Council of Credit Unions recognized nine International Operating Principles - principles that Legacy Savings & Credit Union Ltd uses to guide our operations. These principles as follows:

1. Open and Voluntary Membership
2. Democratic Control
3. Non-Discrimination
4. Service to Members
5. Distribution to Members
6. Building Financial Stability
7. Ongoing Education
8. Co-operation among Co-operatives
9. Social Responsibility

C. GOVERNANCE

Legacy Savings & Credit Union Ltd operates under the terms and conditions of the Credit Union Act (Alberta), Ministerial and Principal Regulations, administered by the Alberta Government's Department of Treasury, Director of Financial Institutions.

Legacy Savings is also governed by our own registered By-laws.

The Credit Union Act stipulates that every credit union must hold an annual meeting where every credit union member, through democratic participation, is entitled to vote on the direction of the credit union's affairs.

This process ensures that every credit union member has a fair and equal say in how the credit union will operate. Credit union members are also responsible for electing the credit union's board of directors.

Each year, during our annual meeting, the Board of Directors reports on the year's operations, presents the annual report, receives resolutions from the membership, and establishes policies for the credit union.

The Board of Directors is also responsible for hiring the General Manager, overseeing credit union activities and charting the credit union's general policies and progress.

II. DIRECTOR QUALIFICATIONS & ELECTIONS

A. QUALIFICATIONS

The qualifications for a director position are covered in the Credit Union Act as well as the Credit Union by laws:

1. A Director must have reached the age of maturity.
2. A Director must have been a member of Legacy Savings & Credit Union Ltd. in good standing for at least one year prior to nomination.
3. It is suggested that a Director use the Credit Union as his/her prime financial institution.
4. A Director must be in good standing at the Credit Union and where a borrower, loans must be current.
5. A Director must be in good character, bondable, and agree to treat all business of the Credit Union in the strictest confidence.
6. A Director must not have business dealings or personal circumstances that are a conflict of interest.
7. A Director must be committed to Credit Union principles and concepts.
8. A Director must have the necessary time available and the desire to attend regular monthly Board meetings, committee meetings, Credit Union system meetings, also training and upgrading meetings as well.
9. A Director must be a Canadian citizen or a person who has been lawfully admitted to Canada for permanent residence.
10. A Director must not have the status of a bankrupt.
11. A Director must not be a professional advisor to the Credit Union.
12. A Director must not have been a director, officer, or employee of another Credit Union, Celero, Credit Union Central, or the Deposit Guarantee Corporation for a five-year period preceding the election.
13. A Director must not have been convicted of an indictable offence of a kind related to qualifications, functions, or duties of a corporate director or an offence under the Credit Union Act, for a five-year period preceding the election.
14. A Director must not be a dependent adult under the Dependent Adults Act, a formal patient under the Mental Health Act, or a person found to be of unsound mind by a court elsewhere than in Alberta.

B. LEGACY SAVINGS DIRECTOR ELECTIONS

Elections for Legacy Savings Directors takes place at the annual general meeting. The election is determined by a simple majority. The candidate must win by majority to be declared elected.

A Legacy Savings Director's term of office is normally three years.

A Director's term of office begins at the conclusion of the Credit Union's annual general meeting, following the director's election, and expires at the conclusion of Legacy Savings annual general meeting three years later.

If a director position is vacated prior to the end of their term, bylaw 7.42 states, 'where a vacancy occurs on the Board of Directors, the Board of Directors shall appoint a replacement within 60 (sixty) days, except that where the period of time until the next annual meeting is less than 90 (ninety) days.'

A director elected in a by-election assumes the director role immediately. The term of office for the newly elected director coincides with the original term of the director being replaced.

III. DIRECTOR ROLES & RESPONSIBILITIES

A. CORPORATE ROLE AND COMMITMENT

What are the duties of the Board?

The Board of Directors acknowledges its responsibility for the general management of the credit union, including:

- Acting honestly and in good faith with a view to the best interests of the credit union at the exclusion of other interests.
- Exercising the care, diligence and skill of a prudent person in directing the credit union's affairs.
- Setting and monitoring the credit union's overall business objectives, by-laws and policies that provide for the needs of members, safeguard the assets of the credit union and meet regulatory requirements.
- Appointing, defining the duties and responsibilities, and assessing the performance of the General Manager.
- Reviewing senior management succession plans.
- Reviewing all policies and procedures.
- Encouraging an appropriate board/management strategic planning process promoting the long-term viability of the credit union.
- Directing the democratic process within the credit union, including the election of directors and the matter of board succession.
- Responding or causing responses, as appropriate, to inquiries, requests or demands from regulatory agencies, auditors, and members or other stakeholders.
- Ensuring efficient communication with members.

TIME COMMITMENTS

As a Director you can control the amount of time spent performing your duties. Each Director is required to attend the monthly Board meeting, which lasts approximately 3 hours. Additional time spent is in the control of the Director by the number of committee he/she sits on.

B. DIRECTOR RENUMERATION

In keeping with by law 7.80 and 7.81 the remuneration schedule is
As follows:

Board Meeting	President	\$70.00 per meeting
	Vice President	\$70.00 per meeting
	Directors	\$60.00 per meeting
Other Committee Meeting		\$45.00 per meeting (All Directors)

Out of pocket expenses are paid for by the Credit Union.

C. BOARD POWERS AND DUTIES

The Legacy Savings Board has a fiduciary responsibility to ensure the business of the Credit Union is managed in a way that protects the assets of the credit union, and to act honestly and in good faith in the best interest of the credit union.

D. BOARD STRUCTURE AND RESPONSIBILITY

Members on the Board vote from among themselves and elect a President and Vice President. After the Annual General Meeting there will be an election to fill the following committees:

- Executive Committee
- Credit Committee
- Audit & Finance Committee
- Nominating Committee
- Marketing Committee
- Human Resources Committee
- Social Committee
- South Region Delegates
- Conduct Review Committee

E. COMMITTEE PURPOSE

Title: EXECUTIVE COMMITTEE

Purpose: To act on behalf of the Board on matters that are required to be dealt with between monthly meetings.

Title: CREDIT COMMITTEE

Purpose: To review and provide approval on credit applications presented in excess of the General Manager's lending limits, ensuring adherence to the credit union lending policies. To monitor, delinquent loans and review the Allowance for Impaired Loans quarterly. Report to the Board all findings.

Title: AUDIT/FINANCE COMMITTEE

Purpose: Audit Area:

To provide a line of communication between auditors and directors. To review audit reports and monitor corrective actions taken following the identification of specific weaknesses in the operations of the credit union.

Finance Area:

To participate in the planning function for the credit union as well as monitoring the credit union's business performance to achieve current profitability and future viability.

Budget area:

Review the annual Budget and Business Plan and recommend approval of the Board

Title: NOMINATING COMMITTEE

Purpose: To recruit and communicate to, qualified members to serve on the Board .

Title: MARKETING COMMITTEE

Purpose: To review and provide recommendations on all Credit Union promotions and the annual “Marketing Plan”.

Title: HUMAN RESOURCES COMMITTEE

Purpose: To act as an intermediary between the staff, management and the Board on issues related to and changes in the Human Resource Policy.

Title: SOUTH REGION DELEGATES

Purpose: Act as a representative of the credit union at South Region Meetings and Central’s Annual Meetings.

Title: CONDUCT REVIEW COMMITTEE

Purpose: Act upon all related party transactions.

IV. CREDIT UNION/DIRECTOR COMMITMENT

A. Director Liability

Directors, as part of their duties, are faced with a number of issues that may result in legal liability for directors. Legacy Savings provides comprehensive Director Liability Insurance Policy for the board.

B. Conflict of Interest/Related Party

Every director of Legacy Savings is required to disclose personal connections or significant business investments, which are included in legislative conflict of interest/related-party transaction rules.

C. Education

To assist potential or newly elected directors in their role, they may attend the Credit Union Director Achievement (CUDA) Program, offered through the Credit Union Institute of Canada (CUIC) and facilitated by Credit Union Organizational Support.

The CUDA program was designed to provide directors with an educational program to assist them in their role as a director, by equipping them with the tools and skills required to make effective direction-setting decisions.

V. LEGACY SAVINGS & CREDIT UNION LTD

A. History at a glance

In 1941, both Calgary Firefighters and Calgary Terminal Credit Unions were founded. Even from this early stage there was cooperation between the two Credit Unions as the founding fathers of Calgary Terminal Credit Union Ltd. lent support in founding the Calgary Firefighters Credit Union Ltd. To ensure long term viability, in 1987 the Calgary Firefighters and Calgary Terminal Credit Unions merged and operated under the name Calgary Firefighters Credit Union Ltd. The Credit Union's name was officially changed from Calgary Firefighters Credit Union to Legacy Savings & Credit Union Ltd. in July of 1999 to honor the heritage of all of our members.

B. Mission/Vision Statements

Vision Statement

To be the preferred financial institution for current and future members.

Mission Statement

We will achieve our vision by providing our members with affordable, quality financial services while maintaining the cooperative principle of people helping people.