

# BYLAWS OF OneAZ Credit Union

## ARTICLE I. NAME AND PURPOSE

**Section 1. Name.** The name of this Credit Union is OneAZ Credit Union.

**Section 2. Purpose.** The purpose of this Credit Union is to operate as a cooperative, nonprofit association incorporated and organized under the laws of Arizona, to encourage thrift among its members, to create a source of credit at a fair and reasonable rate of interest and to provide an opportunity for its members to use and control their own money in order to improve their economic and social condition.

## ARTICLE II. QUALIFICATION FOR MEMBERSHIP

**Section 1. Membership.** The field of membership of the Credit Union shall consist of:

1. Employees of the State of Arizona;
2. Retired State Employees;
3. All persons who live, work, worship, volunteer, attend school, persons or businesses under contract to purchase real property, and other legal entities located in the following counties of Arizona: Apache, Coconino, Cochise, Gila, Graham, Greenlee, La Paz, Maricopa, Mohave, Navajo, Pima, Pinal, Santa Cruz, Yavapai, Yuma.
4. Persons under contract to purchase real property in the counties listed above and will reside in the home at least part time.
5. Persons under contract to purchase real property in the counties listed above, must be a majority owner and actively managing the business;
6. Federal employees assigned to duty in Arizona State buildings;
7. Employees of the Arizona Public Employees' Association;
8. Employees of the State Deferred Compensation Plan;
9. Employees of the Arizona Educational Loan Program;
10. Students, Faculty and Staff of Arizona State University;
11. Students, Faculty and Staff of Northern Arizona University;
12. Students, Faculty and Staff of University of Arizona;
13. Members of the Alumni Associations of Arizona State, Northern Arizona Universities and University of Arizona;
14. Arizona Association of Counties;
15. County Supervisors Association of Arizona;
16. The Arizona Tax Research Association;
17. American Express Travel Related Services, Inc. & Affiliates;
18. Allstate Insurance Company;
19. John H. Harland Company;
20. Arizona Charter Schools Association (ACSA) and member schools;
21. Employees of PSCU Financial Services;
22. The City of Douglas
23. The City of Holbrook
24. United Way of Greater Tucson
25. Students, Faculty and Staff Coconino Community College
26. Students, Faculty and Staff of Holbrook School District
27. Employees and officials of the Credit Union, its subsidiaries, and contractors;
28. People who are sponsored by existing members; and Organizations of such persons;
29. Members of the immediate family of such members as permitted under A.R.S 6-501.A.8: *"Immediate family" means persons related by blood or marriage and includes foster and adopted children.*
30. Spouses, former spouses, surviving children, and relatives of persons who died while within the field of membership of this Credit Union;
31. Organizations as defined under A.R.S. 6-522:
  - A. *An organization comprised primarily of individuals who are eligible for membership in the credit union, and a corporation a majority of whose stockholders, by number, are such individuals, may*

*be included in the field of membership. Additionally, an organization, one of whose principal functions is to provide services to persons who are eligible for membership in the credit union, may be admitted to membership.*

- B. *A credit union or corporate credit union may accept as a member any other credit union organized under this chapter or any other credit union law.*

**Section 2. Eligibility.** In order for an applicant to be eligible to join the Credit Union, the applicant must:

- Agree to purchase one share in the Credit Union.
- Agree to pay the Credit Union's membership application fee, if applicable.
- Not have caused the Credit Union a loss. Those persons who have caused the Credit Union a loss, and who have not repaid or are not repaying the loss, shall not be eligible for membership in the Credit Union.

The Credit Union may approve additional eligibility requirements related to financial or other risks posed by potential members.

**Section 3. Approval of Membership Applications.** Applicants shall only become members of the Credit Union upon approval by the Credit Union. Each application shall be acted upon by the Credit Union's Board of Directors ("Board"), the Executive Committee, or any Board appointed membership officer authorized to act upon, and approve applications for membership. A membership officer may deny membership to any applicant the membership officer believes is likely to pose a threat to the Credit Union or safety of employees or other members.

**Section 4. Maintenance of Membership.** In order to remain qualified for membership, a member must maintain at least one share in the Credit Union. Once qualified, a member in good standing shall remain a member of the Credit Union regardless of whether the member currently meets the field of membership qualifications set forth in Section 1. A person who withdraws all shares or does not continue to satisfy the applicable membership requirements above shall be deemed to have voluntarily terminated membership in the Credit Union and shall immediately cease to be a member of the Credit Union.

**Section 5. Member Duties.** It shall be the duty of each member (a) to keep the Credit Union informed of the member's current address (b) to comply with applicable law, these Bylaws and Credit Union policies, (c) to refrain from any willful destruction or damage to Credit Union property, and (d) to act with civility in all dealings with officers, employees, volunteers, and other members of this Credit Union.

**Section 6. Suspension of Services.** The Credit Union may suspend all services to any member who, in the opinion of the Board or management, engages in any of the following activities:

- Intimidation, threats, harassment, or physical or verbal abuse of Credit Union employees, volunteers, members, or agent of the Credit Union. This includes actions while on Credit Union premises and through use of telephone, mail, and email.
- Causing or threatening damage to Credit Union property.
- Unauthorized use or access of Credit Union property.
- Knowingly disseminating incorrect, misleading, confidential, or proprietary information regarding the Credit Union or its members.

In the event of a suspension of service, the member will be notified in writing of what services and communication channels have been or will be discontinued.

**Section 7. Member Expulsion.** The Board may expel a member for cause. For the purposes of this section, "for cause" includes, but is not limited to: failing to satisfy the membership eligibility requirements and member duties set forth above; fails to carry out the member's contractual obligations with the Credit Union; fails to comply with any provisions of applicable law, Certificate of Organization, Bylaws or policies; or threatens, harasses or abuses any Credit Union official, employee or agent. In addition, a member may be expelled for any lawful reason by a two-thirds (2/3) vote of the members at an annual or special meeting of the members.

**7.1. Notice.** The Credit Union shall notify persons of their expulsion and the reasons upon which it is based, at least ten (10) days prior to consideration of the expulsion by the Board or members.

**7.2. Opportunity for Hearing.** Upon request the Credit Union shall allow a person subject to expulsion, an opportunity to a hearing before the Board. Persons seeking a reinstatement hearing must notify the Board of Directors, in writing, of the reasons for reinstatement. Such request shall be considered at a meeting of Credit Union's Board of Directors or at a meeting of a committee designated by the Board. Decisions made at this meeting shall be final and shall be recorded in the Credit Union's records. Members subject to expulsion by action of the members shall have the right to be heard at the meeting of members.

**7.3. Rights Upon Expulsion.** Amounts paid in on shares or deposited in the Credit Union by a member who has been expelled shall be paid to the member after deducting any amounts due to the Credit Union, as permitted by applicable law. Expulsion does not relieve a member from any outstanding liabilities owed to the Credit Union.

### **ARTICLE III. ANNUAL MEETING OF MEMBERS**

**Section 1. Time of Annual Membership Meeting.** The Credit Union's annual membership meeting shall be held no later than April 30 of each calendar year, unless the Board sets another date for the meeting, and notifies members as provided in Section 3 of this Article.

**Section 2. Place of Annual Membership Meeting.** The Credit Union's annual membership meeting shall be held at a Credit Union office or a facility within a one hundred (100) mile radius of any office of the Credit Union as designated by the Board.

**Section 3. Notice of Annual Membership Meeting.** Written notice of the Credit Union's annual membership meeting shall be published and distributed to the members at least sixty (60) days prior to the date of the meeting. The notice of the Credit Union's annual membership meeting shall include, the time, place of the meeting and the specific member business proposed for the meeting. Except as provided in the notice, no other member business may be proposed or acted upon at the annual meeting unless the members are properly notified of such business.

**Section 4. Quorum.** For the purpose of the annual membership meeting, twenty five (25) members shall constitute a quorum. Meetings adjourned for failure to reach a quorum shall be reconvened by following those timing and notification requirements adopted for the membership meetings in Section 1 and Section 3, except that the notice of the adjourned meeting shall state that the meeting could not be held as originally scheduled because of failure to obtain a quorum according to the Bylaws.

**Section 5. Voting.** The Board shall establish a cutoff date for determining those members eligible to vote at the annual meeting. Each member shall have one vote, regardless of the member's shares held in the Credit Union. However, in order to be eligible to vote at a membership meeting, the member must have reached eighteen (18) years of age and shall have been a member for at least ninety (90) days. No votes may be cast by proxy. Membership held by organizations or entities other than natural persons shall have one vote, which shall be cast by an authorized person as reflected in the Credit Union's records. Members shall vote through the use of a mail ballot or other ballot method as permitted by Board Policy. Members may vote by absentee ballot only as permitted by Board policy. All matters considered by the members shall be made by a majority of the members voting, unless otherwise required by law.

**Section 6. Voting Tellers.** The Board shall appoint Voting Tellers for the Annual Meeting. The Tellers shall be responsible for verifying the identity of each voting member and assuring that each person voting is entitled to vote in accordance with Board policy. The Tellers shall also be responsible for tallying election or voting ballots, and communicating the results of the election to the members and retaining custody of any ballots.

**Section 7. Annual Meeting Procedures.** Annual meetings of the members shall be conducted in accordance with written meeting procedures of the Board and rules of parliamentary procedure described in the *Democratic Rules of Order*.

**Section 8. Destruction of Ballots.** After forty-five (45) days following the Annual Meeting, the Election Tellers shall destroy the voting ballots unless otherwise directed by the Board.

#### **ARTICLE IV. SPECIAL MEETING OF MEMBERS**

**Section 1. Initiation of Special Membership Meeting.** A special membership meeting may be called by the majority of the Board of Directors or upon the Board's receipt of a written petition by two-thousand (2000) members. In addition, a special membership meeting shall be called by the Board at the specific request of a Director, Officer or Committee member subject to suspension. Any member petition for a special membership meeting must be submitted in writing to the Secretary of the Board. The petition must specifically state the purpose or purposes for which the meeting has been called. The Supervisory Committee shall validate the sufficiency of the petition within twenty (20) days of receipt of a petition.

**Section 2. Time and Place of Special Membership Meeting.** Upon receiving an acceptable request for a special membership meeting, the Secretary shall designate the time and place for the special membership meeting. Except for a special meeting called by the Board for removal of a Director, Officer, or Committee member or as otherwise required by applicable law, special membership meetings shall take place no sooner than twenty (20) and no later than forty (40) days after receiving the Board's request or the validation of a members' petition for a special membership meeting. A special meeting called by the Board for removal of a Director, Officer, or Committee member shall be held not less than eleven (11) days and not more than twenty-one (21) days after the suspension of the Director, Officer, or Committee member. Special membership meetings shall be held at a Credit Union office or a facility within a one hundred (100) mile radius of any Credit Union office as designed by the Board.

**Section 3. Notice of Special Membership Meeting.** The Secretary shall notify members of the special membership meeting. Notification of any special meeting shall be published and mailed to eligible members at least ten (10) days prior to the date called for the special membership meeting. The notice of the special membership meeting shall include the purpose for which the special meeting is being called. If the special membership meeting is being called for the removal a Director, Officer, or Committee member the notice shall also state the name of the Director, Officer, or Committee member whose removal is sought. Except as provided in the notice, no business other than that specified in a members' petition or the notice shall be transacted at a special membership meeting.

**Section 4. Quorum.** For the purpose of a special membership meeting, twenty five (25) members shall constitute a quorum. Meetings adjourned for failure to reach a quorum shall be reconvened by following those timing and notification requirements adopted for the membership meetings in Section 2 and Section 3, except that the notice of the adjourned meeting shall state that the meeting could not be held as originally scheduled because of failure to obtain a quorum according to the Bylaws.

**Section 5. Voting.** The Board shall establish a cutoff date for determining those members eligible to vote at the special meeting. Each member shall have one vote, regardless of the member's shares held in the Credit Union. However, in order to be eligible to vote at a membership meeting, the member must have reached eighteen (18) years of age and shall have been a member for at least ninety (90) days. No votes may be cast by proxy. Membership held by organizations or entities other than natural persons shall have one vote, which shall be cast by an authorized person as reflected in the Credit Union's records. Members shall vote through the use of a mail ballot or other ballot method as permitted by Board Policy. Members may vote by absentee ballot only as permitted by Board policy. All matters considered by the members shall be made by a majority of the members voting, unless otherwise required by law.

**Section 6. Voting Tellers.** The Board shall appoint Voting Tellers for any Special meeting. The Tellers shall be responsible for verifying the identity of each voting member, and assuring that each person voting is entitled to vote in accordance with Board policy. The Tellers shall also be responsible for tallying election or voting ballots, and communicating the results of the vote to the members and retaining custody of any ballots.

**Section 7. Special Meeting Procedures.** Special meetings of the members shall be conducted in accordance with written meeting procedures of the Board and rules of parliamentary procedure described in the *Democratic Rules of Order*.

**Section 8. Destruction of Ballots.** After forty-five (45) days following the Special Meeting, the Election Tellers shall destroy the voting ballots unless otherwise directed by the Board

## ARTICLE V. ELECTION OF BOARD

**Section 1. Nominating Committee.** By November 30 of each year, the Board Chairperson shall appoint a Nominating Committee to serve until the next Annual meeting. The Nominating Committee shall consist of at least three (3) Credit Union members, of which at least one shall be a member of the Board. No member serving on the Nominating Committee may be seeking election at the Credit Union. The Nominating Committee shall nominate at least one qualified member for each Board vacancy to be filled at the election and determine that all nominees satisfy all qualifications to be a Director and will accept the position if elected.

**Section 2. Elections.** The election of the Board of Directors shall be conducted prior to the annual meeting of members. If sufficient nominations have been made by the Nominating Committee to provide more than one nominee for any position to be filled, the Nominating Committee shall, at least forty-five (45) days prior to the annual meeting, cause ballots to be published and distributed to all members of the Credit Union that are eligible to vote. The Nominating Committee will provide the ballot and voting information as provided in Board policy and voting procedures.

**Section 3. Election by Consent.** When only one member is nominated by the Nominating Committee for each position to be filled, the Chairperson may declare at the annual meeting that each nominee is elected by general consent.

**Section 4. Election by Plurality Vote.** Except for an election by consent, all elections shall be conducted by secret ballot in accordance with Board policy and voting procedures. The Directors shall be elected by a plurality vote. In the event of a tie vote, the Board Chairperson shall conduct a reasonable run-off election in accordance with Board policy and voting procedures.

## ARTICLE VI. BOARD OF DIRECTORS

**Section 1. Composition of Board.** The Board shall consist of 9 directors, all of whom shall be members in good standing, to be elected by the members. The number of directors may be changed to an odd number not fewer than 5 nor more than 15 by resolution of the Board. No reduction in the number of directors may be made unless corresponding vacancies exist as a result of deaths, resignations, expiration of terms of office, or other actions provided by these bylaws. A copy of the resolution of the Board covering any increase or decrease in the number of directors must be filed with the official copy of the bylaws of this credit union.

**Section 2. Eligibility.** In order to qualify to serve on the Board of Directors, a member must:

- Be a member of the Credit Union.
- Satisfy any bonding requirements of the Credit Union.
- Agree to the terms of the Credit Union's Code of Ethics Policy and Standards of Business Conduct and satisfy any applicable Nominating Committee or Board Policy.
- Be eligible to vote in Credit Union membership actions and meetings.
- Not be employed by the Credit Union or any subsidiary during the past two years.

**Section 3. Term of Office.** Each Director shall serve a term of three (3) years, as the Board shall determine, unless the Director resigns, dies, or is removed under this Article. Each Board member's term of office shall be staggered, with an equal number of Directors elected each year, as far as possible. Effective after the 2017 Annual Meeting of members there is a maximum term limit of four (4) consecutive terms for a Director with no lifetime cap and a mandatory one (1)-year non-service period after the expiration of a Director's 12-year consecutive service period to be eligible for additional service.

## **Section 4. Board Officers.**

**4.1. Election of Board Officers.** At the first meeting following the Credit Union's annual membership meeting, the Board of Directors shall elect, from the Board, Board Officers, including: a Chairperson, a Vice-Chairperson, a Secretary, and a Treasurer and such other Officers as the Board from time to time deems advisable. Board Officers shall serve a term of one (1) year and shall continue to hold office until either their successors are elected and qualified, or until death, resignation, or removal.

### **4.2. Duties of the Board Officers.**

- **Chairperson.** It shall be the duty of the Board Chairperson to preside at all membership meetings and meetings of the Board, appoint persons to the Standing and Special Purpose Committees, appoint temporary Board officers as necessary, sign instruments requiring the Chairperson's signature, execute the will of the Board and perform other customary duties of office.
- **Vice Chairperson.** It shall be the duty of the Vice Chairperson to perform the duties of the Board Chairperson in his or her absence, and any other duties prescribed by the Board.
- **Secretary.** It shall be the duty of the Secretary to keep or cause to be kept complete minutes of all meetings of Credit Union members, meetings of the Board, which shall be signed by the Secretary and attested by the Board Chair. The Secretary shall give notice of all membership meetings in accordance with the manner prescribed by these Bylaws, and perform or cause to be performed any other duties incident to the office.
- **Treasurer.** It shall be the duty of the Treasurer to oversee the financial affairs and custody of records of the Credit Union. The Treasurer shall keep or cause to be kept the financial books and records of the Credit Union. Within twenty (20) days after the end of each month, the Treasurer shall prepare or cause to be prepared a financial report of the financial condition of the Credit Union as of the last day of the previous month and submit the report at the next regular Board meeting. The Treasurer shall post or cause to be posted the current financial statement in a conspicuous place in the Credit Union's offices.

**4.3. Credit Union Executive Officer.** The Board shall appoint a President to act as the Chief Executive Officer ("CEO") of the Credit Union and be in charge of its daily operations. It shall be the duty of the President to be in active charge of the daily affairs and operation of the Credit Union and to regularly report to the Board, and to perform other duties as necessary.

**4.4. Credit Manager.** The Board shall elect a Credit Manager of the Credit Union, in lieu of a Credit Committee, who may approve or disapprove of loans in accordance with Board Policy and shall review all lending operations to assure loans are made and practices conducted in accordance with Board policy. The President/CEO may serve as Credit Manager. The Credit Manager may appoint one or more Credit Manager Assistants to assist the Credit Manager duties. The Credit Manager may appoint one or more loan officers, who shall be authorized act on any loan application, loan request or similar action as permitted by Board policy. The Credit Manager shall keep a record of all actions taken and shall submit a report to the Board at each regular Board meeting.

### **4.5. Suspension and Removal of Board Officers.**

**4.5.1. Suspension by Board or Supervisory Committee.** Either the Board or Supervisory Committee, by a two-thirds (2/3) majority vote, may suspend a Board Officer for failure to perform the duties under applicable law, the Credit Union Certificate of Organization, Bylaws, or policies. The Board or Supervisory Committee shall immediately notify such person in writing of the reasons for the suspension. The suspended Board Officer may request the Board call a special meeting of the members to consider the suspension. The suspended Board Officer is entitled to be heard at the special meeting.

However, if a meeting is not requested within ten (10) days of the suspension, the suspension shall be deemed the removal of the Board Officer and no further action shall be required.

**4.5.2 Removal by Operation of Law.** A Board Officer shall be removed from his or her position by operation of law should the Officer cease to be a member of the Credit Union or fail to meet the requirements for bondability.

**4.6. Vacancies and Interim Officers.** In the event of absence or disability of a Board Officer, the Chairperson shall appoint a remaining member of the Board to act as an interim Officer. If the absence or disability proves to be permanent, the office shall be deemed vacated and the remaining Board members shall elect a member of the Board to complete the Officer's term.

## **Section 5. Regular and Special Board Meetings.**

**5.1. Time, Notice and Manner.** The Board shall meet at a regular meeting at least once a month, with the date of the meeting to be set by the Board. A majority of the total number of Board members shall constitute a quorum. A special meeting of the Board may be called at any time by the Board Chairperson or upon request to the Chairperson by three or more Board members. The Chairperson shall give at least five (5) business days advance notice of any special meeting of the Board of Directors, however, advance meeting notice may be waived by unanimous consent of Board members. All notices may be delivered via mail, facsimile, or e-mail as the Board may from time to time prescribe by resolution. Meetings of the Board may take place in person or via electronic technology in accordance with a policy established by the Board. The Board in its discretion may permit non-Board members to attend the Board meeting. However, no member, who is not a Board member, shall have the right to attend a Board meeting except as specifically provided by law or these Bylaws. At least three (3) days prior to each meeting, the Secretary shall cause the following information to be distributed in a secure manner to each director:

- Minutes of the previous meeting;
- Reports of officers,
- Reports of Executive, Credit or Supervisory committee;
- Special orders or matters which have been assigned priority; and
- Any written information on unfinished business or new business that has been given to the Chairperson or Secretary by any director.

**5.2. Voting.** All matters considered by the Board shall be made by a majority of the Board members acting upon a particular matter.

**Section 6. General Control and Direction.** The Board shall be responsible for the general control and direction of the affairs, funds, and records of the Credit Union. The Board shall perform the specific duties as set forth under applicable law. In addition it shall be the duty of the Board to set strategic direction of the Credit Union, approve the annual business plan, hire the CEO, approve strategic relationships and implement a business continuity plan for the Credit Union. Each director shall perform the duties of a director in good faith, in a manner the director reasonably believes to be in the best interests of the Credit Union, and with the care an ordinarily prudent person in a like position would use in similar circumstances.

**Section 7. Delegation.** The Board may delegate to the CEO and management officials of the Credit Union the day to day performance of any of its duties under Section 6 unless prohibited by law.

**Section 8. Executive Committee.** The Board shall appoint a standing Executive Committee to act for it as permitted and authorized by applicable law. The Executive Committee shall consist of the Chairperson, Vice-Chairperson, Secretary and Treasurer. The Executive Committee shall meet as often as necessary. The Executive Committee shall meet when called into session by the Chairperson or any two (2) other members of the Committee. Three (3) members of the Executive Committee shall constitute a quorum to take action. The duties of the Executive Committee shall be: (1) to establish, jointly with the President/CEO for recommendation to the Board, the annual goals and objectives the Credit Union, (2) to review and report to the Board on the President//CEO's performance and salary; (3) to act for the Board, subject to its ratification, on matters of urgency when a meeting of the Board cannot be convened in time;

and (4) to perform any other function deemed useful, subject to the Board's ratification. At all meetings of the Executive Committee, each director present shall have one vote on any matter and except as otherwise provided by applicable law or these Bylaws, the action of a majority of Executive Committee members at a meeting shall be the act of the Executive Committee.

**Section 9. Board Advisory Committee.** The Board may appoint annually a Board Advisory Committee of up to six (6) members each of whom shall be considered an Advisory Director to provide advice and support to the Board as permitted by applicable law. An Advisory Director shall satisfy the qualification requirements for, perform the responsibilities, and comply with the requirements of a Board Committee member as set forth in Article VIII and Board policy. An Advisory Director may be permitted to attend Board meetings at the invitation of the Board Chair, but will have no right to vote on any Board matter.

#### **Section 10. Suspension and Removal of Directors.**

**10.1. Suspension by Board or Supervisory Committee.** Either the Board or Supervisory Committee, by two-thirds (2/3) majority vote, may suspend a Director for failure to perform the duties under applicable law, the Credit Union Certificate of Organization, Bylaws, or policies. The Board or Supervisory Committee shall immediately notify such person in writing of the reasons for the suspension. The suspended Director may request the Board call a special meeting of the members to consider the suspension. The Director is entitled to be heard at the special meeting. However, if a meeting is not requested within ten (10) days of the suspension, the suspension shall be deemed as the removal of the Director and no further action shall be required or permitted.

**10.2. Removal by Operation of Law.** A Director shall be removed from his or her position by operation of law should the Director cease to be a member of the Credit Union or fail to meet the requirements for bondability.

**Section 11. Vacancies & Interim Directors.** If a Director fails to attend regular meetings of the Board for three (3) consecutive months, excluding excused absences, the Director's office may be declared vacant by the Board of Directors. If a Director has vacated the position or has been removed as set forth above, the Board shall appoint an interim Director within sixty (60) days of the vacancy or if necessary, such extended time period reasonably determined by the Board. Interim Directors shall serve on the Board for the remainder of the term of the position to which he or she is appointed.

**Section 12. Compensation and Expenses.** Directors may be compensated for services rendered to the Credit Union in their capacity as a Director, to the extent permitted by law and in accordance with a policy established by the Board. Also, Directors may be reimbursed for reasonable life, health, accident and similar insurance protection and necessary expenses incurred during the performance of their duties in accordance with Board policy.

**Section 13. Non-preferential Treatment.** Loans extended to Directors shall be made under the same terms and conditions as those extended to other members of the Credit Union.

**Section 14. Employment Restriction.** No Director shall be eligible to be employed by the Credit Union or any subsidiary of the Credit Union until two (2) years following the last day of service as a Director.

### **ARTICLE VII. SUPERVISORY COMMITTEE**

**Section 1. Composition.** The Credit Union's Supervisory Committee shall consist of no fewer than three (3) and no more than five (5) individuals who shall be members of the Credit Union. No member of the Supervisory Committee or an immediate family member of a Supervisory Committee member may be a member of the Board of Directors. All Supervisory Committee Members shall be appointed by the Board. Persons appointed to fill vacancies occurring on the Supervisory Committee shall be chosen in accordance with the procedures established in this Article. The Supervisory Committee members shall choose from among the committee, a Chairman and a Secretary. The Chairperson shall preside over all Supervisory Committee meetings. The Secretary shall maintain a full and complete record of the action taken by the Committee. The offices of Chairperson and Secretary may be held by the same person.



**Section 2. Term of Office.** Each Supervisory Committee Member shall serve a term of two (2) years, unless the Committee Member resigns, dies, or is removed under this Article.

**Section 3. Eligibility.** In order to qualify to serve on the Supervisory Committee, a member must:

- Be a member of the Credit Union.
- Satisfy the bonding requirements of the Credit Union.
- Agree to the terms of the Credit Union's Code of Ethics Policy and Standards of Business Conduct.
- Be eligible to vote in Credit Union membership actions and meetings.
- Not be an employee of the Credit Union.
- Not be employed by the Credit Union nor have been employed by the Credit Union or its subsidiaries during the past two years.

**Section 4. Purpose.** The Supervisory Committee shall assist the Board of Directors in fulfilling its oversight responsibilities by reporting to the Board on the following:

- The integrity of the Credit Union's financial statements;
- Compliance with legal and regulatory requirements;
- The qualifications and independence of the internal audit function; and
- The performance of the Credit Union's independent audit function.

**Section 5. Meetings.** The Supervisory Committee shall meet at least quarterly, with the date of the meetings to be set by the Committee. Additional meetings of the Supervisory Committee may be called at any time by the Chairperson of the Supervisory Committee or upon request to the Chairperson by two or more Supervisory Committee Members. Adequate advance notice of all meetings shall be provided to each member of the Supervisory Committee. All notices shall be delivered via mail, facsimile, telephone, or e-mail in accordance with Board policy. Meetings of the Supervisory Committee may take place in person, or via telephonic or electronic transmission in accordance with Board policy.

**Section 6. Powers and Duties.** The Supervisory Committee shall have the powers and shall perform the specific duties as set forth under applicable law. In addition it shall be the duty for each member of the Supervisory Committee to:

- Keep fully informed of the financial condition of the Credit Union;
- Keep fully informed as to those decisions made by the Board of Directors;
- Perform or authorize an annual audit of the Credit Union, and report the findings of the audit, along with any recommendations, to the Board of Directors; and
- Make a report to members at the annual membership meeting.

**Section 7. Suspension and Removal of Supervisory Committee Members.**

**7.1. Removal by the Board or Supervisory Committee.** Either the Board or Supervisory Committee, by a two-thirds (2/3) majority vote, may suspend a Supervisory Committee member for failure to perform the duties under applicable law, the Credit Union Certificate of Organization, Bylaws or policies. The Board or Supervisory Committee shall immediately notify such person in writing of the reasons for the suspension. The suspended Supervisory Committee member may request the Board call a special meeting of the members to consider the suspension. The suspended Supervisory Committee member is entitled to be heard at the special meeting. However, if a meeting is not requested within ten (10) days of the suspension, the suspension shall be deemed the removal of the Supervisory Committee member and no further action shall be required or permitted.

**7.2. Removal by Operation of Law.** A Supervisory Committee member shall be removed from his or her position by operation of law should the Supervisory Committee member cease to be a member of the Credit Union.

**Section 8. Vacancies and Interim Committee Members.** All vacancies on the Supervisory Committee shall be filled by a Committee member appointed by the Board within sixty (60) days of the vacancy.

**Section 9. Compensation and Expenses.** Supervisory Committee members may be compensated for services rendered to the Credit Union in their capacity as Supervisory Committee members, to the extent permitted by law and in accordance with a policy established by the Board. Also, Supervisory Committee members may be reimbursed for reasonable life, health, accident and similar insurance protection and necessary expenses incurred during the performance of their duties in accordance with Board policy.

**Section 10. Non-preferential Loans.** Loans extended to members of the Supervisory Committee shall be made under the same terms and conditions as those extended to other members of the Credit Union.

**Section 11. Employment Restriction.** No Supervisory Committee member shall be eligible to be employed by the Credit Union or any subsidiary of the Credit Union until two (2) years following the last day of service as a Committee member.

## **ARTICLE VIII. BOARD COMMITTEES**

**Section 1. Formation of Board Committees.** The Board of Directors may create other Board Committees, subcommittees, and task forces as it deems necessary. The duration, duties and scope of responsibilities of any such Committees shall be set by the Board of Directors upon formation. The Chairperson will appoint members to the Committees.

**Section 2. Eligibility.** In order to qualify to serve on one of the Credit Union's Committees, a member must:

- Be a member of the Credit Union.
- Be bonded by the Credit Union.
- Be eligible to vote in Credit Union membership actions and meetings.
- Not be employed by the Credit Union nor have been employed by the Credit Union or its subsidiaries during the past two years.

**Section 3. Term and Removal.** Unless otherwise specified by the Board, each Committee member shall serve a term of one (1) year.

**Section 4. Meetings.** Committees shall meet at such times as determined by resolution of the Credit Union's Board of Directors, by resolution of the Committee, or by the Chairperson of the Committee with the prior approval of the Chairperson of the 's Board of Directors.

### **Section 5. Suspension & Removal of Board Committee Members.**

**5.1. Removal by the Board or Supervisory Committee.** Either the Board or Supervisory Committee, by a two-thirds (2/3) majority vote, may suspend a Committee member for failure to perform the duties under applicable law, the Credit Union Certificate of Organization, Bylaws, or policies. The Board or Supervisory Committee shall immediately notify such person in writing of the reasons for the suspension. The suspended Committee member may request the Board call a special meeting of the members to consider the suspension. The suspended Committee member is entitled to be heard at the special meeting. However, if a meeting is not requested within ten (10) days of the suspension, the suspension shall be deemed the removal of the Committee member and no further action shall be required or permitted.

**5.2. Removal by Operation of Law.** A Committee member shall be removed from his or her position by operation of law should the Committee member cease to be a member of the Credit Union.

**Section 6. Compensation and Expenses.** Members of the Board's Committees may be compensated for services rendered to the Credit Union in their capacity as Board Committee members, to the extent permitted by law and in accordance with a policy established by the Board. Also, Board Committee members may be reimbursed for reasonable life, health, accident and similar insurance protection and necessary expenses incurred during the performance of their duties in accordance with Board policy.

**Section 7. Non-preferential Treatment.** Loans extended to members of any Board Committee shall be made under the same terms and conditions as those extended to other members of the Credit Union.

## **ARTICLE IX. INDEMNIFICATION**

**Section 1. Mandatory Indemnification.** The Credit Union shall indemnify its Directors, Officers, Supervisory Committee and Board Committee members and former Directors, Officers, Supervisory Committee and Board Committee members in accordance with this Article and to the fullest extent that directors or officers of corporations may be indemnified under the Arizona Business Corporation Act.

**1.1.** The Credit Union shall indemnify each Director, Officer, Supervisory Committee and Board Committee member and former Director, Officer, Supervisory Committee and Board Committee member who may have served at its request against expenses (including without limiting the generality of the foregoing, attorney's fees, costs, and amounts paid as fines) actually and reasonably incurred by such person in the defense, compromise, or settlement of any claim, or any actual or threatened action, suit, or proceeding including proceedings before an administrative agency, civil or criminal, in which such person is, was, or may be made a party by reason of being or having been a director or officer, provided such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Credit Union, and with respect to any criminal action or proceeding, had no reasonable cause as determined by the Board to believe his or her conduct was unlawful.

**1.2.** If a Director, Officer, Supervisory Committee and Board Committee member and former Director, Officer, Supervisory Committee and Board Committee member of the Credit Union is or was a party to a proceeding by reason of being or having been such a Director, Officer or Supervisory or Board Committee member of the Credit Union, the Credit Union shall indemnify such person against expenses (including attorney's fees) actually and reasonably incurred by him or by her in connection therewith to the extent that such person was wholly successful, on the merits or otherwise, in the defense of such a proceeding.

**Section 2. Discretionary Indemnification.** In all other cases, except those set forth in Sections 1.1 and 1.2 above, indemnification of Directors, Officers, Supervisory Committee and Board Committee members and former Directors, Officers, Supervisory Committee and Board Committee members shall be subject to the discretion of the Board of Directors.

**Section 3. Expense Reimbursements.** The Credit Union may pay for or reimburse the reasonable expenses incurred by a Director, Officer, Supervisory Committee and Board Committee member and former Director, Officer, Supervisory Committee and Board Committee member who is a party to a proceeding in advance of final disposition of the proceeding if:

**3.1.** The individual furnishes the Credit Union a written affirmation of that person's good faith belief that the conduct of said individual was in good faith and that the individual reasonably believed that the conduct was in the best interest of the Credit Union or not opposed to its best interest and in the case of the criminal proceeding, that the individual had no reasonable cause to believe that the conduct was unlawful; and

**3.2.** The individual furnishes the Credit Union a written undertaking, executed personally or in the individual's behalf, to repay the advance if it is ultimately determined that the individual did not meet the standard of conduct.

**Section 4. Board Determination to Pay Expenses.** A determination to pay for or reimburse reasonable expenses in advance shall be made by the Board of Directors by a majority vote of a quorum consisting of directors not at the time parties to the proceeding; if a disinterested quorum cannot be obtained, then by special legal counsel selected by a majority vote of the full Board of Directors, including directors who are parties to the proceeding.

**Section 5. No Limitations.** The provisions of this Article IX for indemnification and advance of expenses are not deemed to be a limitation on any indemnification, insurance, or other rights of a Director, Officer or Committee member or former Director, Officer or Committee member.

**Section 6. Insurance.** The Board of Directors shall purchase and maintain insurance for the Credit Union on behalf of Directors, Officers, Committee members, employees or agents of the Credit Union or former Directors, Officers, Committee members, employees or agents of the Credit Union who have or may have served at the request of the Credit Union against any liability asserted against the person and incurred by the person in any such capacity or arising out of the person's status in serving the Credit Union.

## **ARTICLE X. SHARES AND DEPOSITS**

**Section 1. Par Value.** The par value of one share shall be five dollars (\$5.00).

**Section 2. Withdrawal.** Shares and deposits may be withdrawn at any time, however, the Credit Union may require up to sixty (60) days' notice of intention to withdraw shares or deposits. In the event that the Credit Union requires notice of intention to withdraw, a member who has filed a notice of intention to withdraw may not exercise the privileges of Credit Union membership.

**Section 3. Dividends.** Dividends on dividend bearing accounts shall be declared for each account under dividend periods and policies as determined by the Board from time to time and dividends shall be paid on all eligible shares outstanding at the time of the declaration. Dividend rates on dividend bearing accounts may be set from time to time by the Credit Union management and ratified by the Board.

**Section 4. Interest.** Interest rates on interest bearing accounts, if applicable, may be set from time to time by the Credit Union management and ratified by the Board.

**Section 5. Non-Negotiability of Shares.** Shares in the Credit Union are non-negotiable and non-transferable. Shares in the Credit Union may not be purchased directly from a member of the Credit Union.

## **ARTICLE XI. LOANS AND INVESTMENTS**

**Section 1. Loans.** Loans may be granted to any member of the Credit Union in good standing. All loans shall be evidenced by records adequate to support enforcement or collection of the loan, and periodic reviews for safety and soundness. All loans shall be authorized and approved as provided by these Bylaws.

**Section 2. Liability for Indebtedness upon Withdrawal.** Any member with outstanding loans or debts owed to the Credit Union, who severs their relationship with the Credit Union, shall not be relieved of any outstanding liabilities owed, and may be required to immediately discharge their indebtedness to the Credit Union, or may be allowed to repay their debts as initially agreed.

**Section 3. Investments.** The Credit Union shall make all investments in accordance with applicable law and under Board policy.

## **ARTICLE XII. MISCELLANEOUS PROVISIONS**

**Section 1. Bondability.** Each Director, Officer, Committee member, and employee of the Credit Union shall be bonded in accordance with conditions established by regulatory authority.

**Section 2. Conflict of Interest.** In addition to the requirements and restrictions of the Credit Union Code of Ethics and Standards of Business Conduct, no Director, Committee Member, Officer, or employee of the Credit Union may have a pecuniary interest or personal interest in any contract or transaction with the Credit Union unless this interest is disclosed and made known to the Board of Directors. No Director or Committee Member of the Credit Union shall participate in the deliberation of any question affecting their own pecuniary interest or personal interest. Such Director or Committee Member shall withdraw from the deliberation and decision upon such interest.

**Section 3. Emergency Operations.** In the event of an emergency sufficient to disrupt customary Credit Union operations, the Credit Union shall conduct its affairs under guidance from the Board of Directors

and subject to any governmental directives. Emergency operations shall be conducted under a business recovery plan approved by the Board of Directors.

**Section 4. Conformity.** Any section or provision of these Bylaws in conflict with the laws of the State of Arizona or the laws of the United States is deemed to be amended to conform to law. Any matter relating to the authority, control, management, or operation of this Credit Union, or any privileges granted by the Credit Union under law, but not specifically set forth in these Bylaws, may be carried out, granted, and exercised according to the provisions of law.

### **ARTICLE XIII. AMENDMENT**

**Section 1.** Amendments of the Credit Union's Certificate of Organization may be adopted by the affirmative vote of a three-fourths (3/4) majority of the members of the Board voting at a duly held meeting of the members of the Board. The Board shall submit the proposed amendments to the Certificate of Organization to the members for ratification at a regular or special meeting, after which they shall be submitted to the Arizona Department of Financial Institutions for approval.

**Section 2.** Amendments of these Bylaws may be adopted by the affirmative vote of a three-fourths (3/4) majority of the members of the Board voting at a duly held meeting of the members of the Board. All Board approved Bylaw amendments must be submitted to and approved by the Arizona Department of Financial Institutions. Amendments to these Bylaws shall become effective upon the date of the written approval letter from the Arizona Department of Financial Institutions. At the next annual meeting or special meeting of members, the Board shall submit all Bylaw amendments to the members for ratification.