

You are invited to the Special Meeting of Steelsands Credit Union (T/A NZCU Steelsands)

Thursday, 14 March 2019 - Commencing promptly at 7.00pm

At the Lions' Den Belgium Street, Waiuku.

Business of the evening will include:

- Transfer of Engagements to Credit Union Baywide
- Election of replacement trustee for Steelsands Credit Union

Refreshments to follow.

Further details of the meeting can be found either on our website <https://nzcusteelsands.co.nz>, by contacting your local branch or by calling 09 375 8868.

Background

Credit Union South, Aotearoa Credit Union, Credit Union Central, Steelsands Credit Union (**Transferring Credit Unions**) and Credit Union Baywide have been in discussions regarding multiple transfers of engagements. The Transferring Credit Unions propose to transfer all of their engagements to Credit Union Baywide, and Credit Union Baywide proposes to accept the transfers pursuant to section 135(2) of the Friendly Societies and Credit Unions Act 1982 (the Act). Please ensure you read the following notified motion together with the information attached to this Notice of Special Meeting.

Agenda and Resolutions

1. Appointment of Chair
2. Apologies
3. Proxies
4. Business of the meeting:

The business of the special meeting is to consider, and if thought fit to pass, the following resolutions:

- **Special Resolution:** That Steelsands Credit Union (the Credit Union) transfers all of its engagements to Credit Union Baywide and to this end:
 - the Board of Steelsands Credit Union is authorised and directed to enter into all documentation necessary to effect the same; and
 - the Supervisor for Steelsands Credit Union is authorised to take such steps as may be necessary to effect the transfer of the Credit Unions' engagements, including releasing its security over the assets of the Credit Union.
- **Ordinary Resolution:** That the members note the resignation of Bruce Ross as Trustee and elect Slavica Marsic as Trustee with immediate effect.

5. Any general business

Board Recommendation

The Board has considered the effects of the proposed transfer of engagements to Credit Union Baywide very carefully and recommends unanimously to members that they vote in favor of the resolution.

The Board also recommends to members that they vote in favour of appointing Slavica Marsic as a Trustee.

Reasons for the Proposed Transfer

- Our Board of Directors believe that this is a logical and significant step towards creating a sustainable credit union that is strongly positioned for the future
- Please refer to the attached document "Proposal to Transfer Engagements to NZCU Baywide" and also to the Frequently Asked Questions (FAQs) and the Product Disclosure Statement of Steelsands Credit Union which can be found online at <https://disclose-register.companiesoffice.govt.nz> for further information (enter the credit union name using the "search offers" function). All of these documents can also be viewed on our website at www.nzcusteelsands.co.nz

Further Important Information

Refer to Schedule 1 for further important information regarding the Resolutions.

Voting

- The Special Resolution regarding the Transfer of Engagements will be passed, if it is approved by not less than 75% of those members that are for the time being entitled to vote and who vote on the matter.
- The Ordinary Resolution pertaining to the proposed Trustee election will be passed if approved by more than 50% of those members that are for the time being entitled to vote and who vote on the matter.
- The Rules of the Credit Union provide that where a Special Resolution is proposed for any meeting, each member may also vote by proxy. A proxy for a member is entitled to attend and be heard at a meeting of members as if the proxy were the member.
- A proxy must be appointed by notice in writing, in the form from time to time prescribed (or otherwise approved) by the Board. The notice must state whether the appointment is for a particular meeting or for a specified term.
- Where a member appoints a proxy, that proxy is entitled to attend and be heard at a meeting of members as if the proxy were the member. A proxy need not be a member. A proxy must be appointed by notice in writing, in the form enclosed with this Notice. The proxy form must be signed by the member. Proxy forms must be received no later than 4.00pm on the day of the meeting and should be hand delivered to the Glenbrook, Alliance or Marsden Point branch or sent by post or email, to:

Postal Address:

Steelsands Credit Union,
c/- NZ Steel Ltd
Private Bag 92
121 Victoria Street West,
Auckland 1142,
New Zealand.

Email: nzsakl.creditunion@bluescopesteel.com

- If the written notice appointing a proxy is signed under a power of attorney, a copy of the power of attorney (unless already deposited with Steelsands Credit Union) and a signed certificate of non-revocation of the power of attorney must accompany the notice.
- The Rules further provide for a postal vote:
- A postal vote shall be valid if it is received by the Credit Union not later than 4.00pm, on the day of the meeting. The postal vote shall be handed to the scrutineers appointed to act at the meeting who shall ensure the inclusion of the postal vote in the voting tally.
- A vote placed via a postal vote are permitted and valid if they received by Steelsands Credit Union no later than 4.00pm on the day of the special meeting. Members may return postal votes by either:
 - by mail, if posted to Steelsands' at least 4 working days prior to the date of the special meeting; or
 - to a suitable voting box (at Glenbrook, Alliance or Marsden Point Branches), no later than 4.00pm on the date before the special meeting,

so as to ensure to meet the deadline above.

Scrutineers will be made available at each location and pass the results to the scrutineers at the special meeting at the Lion's Den.

- You may also vote by completing a voting form provided at the Lions' Den on the day of the special meeting and putting it in the voting box provided for this purpose by no later than 6.00pm on the day of the special meeting.

In the case of an equality of votes then the Chair shall be entitled to a casting as well as a deliberative vote.

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

The Rules of the Credit Union requires 15 members to be present to constitute a quorum. If no quorum is present, an adjournment may be taken to a date not less than seven, or more than seventeen days, thereafter. The members present at any date to which the meeting is so adjourned shall constitute a quorum regardless of the number present (and at least five days before the adjourned meeting, the secretary will cause notice to be given to each member.

Where can I find more information?

Further details of the meeting can be found either on our website <https://nzcusteelsands.co.nz> by contacting calling 09 375 8868. This includes the following information which is deemed to be part of this Notice to Members:

- Proposal to Transfer Engagements to NZCU Baywide (which accompanies this notice)
- Frequently Asked Questions and Answers (FAQ)
- Proxy or Postal Voting Form

Yours faithfully,

for and on behalf of the Board of Directors

Slavica Marsic

Steelsands Credit Union Chair

Schedule 1 - Important Information



Information (Resolution 1): Transfers of Engagements

Important information including the financial position and other required information of Credit Union Baywide, Credit Union Steelsands and each of the other Transferring Credit Unions is provided below.

| | Credit Union Baywide | Steelsands Credit Union | Credit Union Central | Credit Union South | Aotearoa Credit Union |
|---|--|-------------------------|----------------------|--------------------|-----------------------|
| Financial Position – audited (except for Aotearoa Credit Union)* | | | | | |
| Date | 30/06/2018 | 30/06/2018 | 30/09/2018 | 30/06/2018 | 30/09/2018 |
| Total Equity | \$40,893,000 | \$3,569,574 | \$5,428,041 | \$20,729,000 | \$1,116,355 |
| Total Assets | \$380,998,000 | \$32,217,735 | \$39,238,010 | \$130,632,000 | \$19,143,359 |
| Total Liability | \$340,105,000 | \$28,648,161 | \$33,809,969 | \$109,903,000 | \$18,027,004 |
| Number of Members (as at accounts date above) | | | | | |
| | 28,089 | 3,650 | 6,581 | 19,423 | 10,063 |
| Financial Position - unaudited | | | | | |
| Date | 31/12/2018 | | | | |
| Total Equity | \$40,910,000 | \$3,557,197 | \$5,454,071 | \$19,883,000 | \$873,447 |
| Total Assets | \$370,929,000 | \$31,025,878 | \$43,194,648 | \$128,857,000 | \$17,559,137 |
| Total Liability | \$330,019,000 | \$27,468,681 | \$37,740,577 | \$108,974,000 | \$16,685,690 |
| Interests of Officers | | | | | |
| | None of the officers of the Transferring Credit Unions nor Credit Union Baywide have any interest in the transfers of engagements, other than retaining their existing membership and associated rights (if any), and in certain cases, holding board seats for specified periods (and receiving the associated director fees) with the merged entity. | | | | |
| Compensation and Payments | | | | | |
| Compensation or Consideration to Officers | No compensation or consideration is to be paid to the Officers of the Transferring Credit Unions or Credit Union Baywide. | | | | |
| Payments to Members | No payments are to be made to any Members of the Transferring Credit Unions or Credit Union Baywide. | | | | |

* Aotearoa Credit Union's year-end financial information has been taken from unaudited accounts. This is because Aotearoa Credit Union's financial statements for the year ended 30 September 2018 have not been audited, which is in breach of the requirement for its financial statements to be audited and signed within 3 months of balance date. Aotearoa Credit Union has also advised its supervisor of a breach in its minimum capital ratio. The financial years of Aotearoa Credit Union and Credit Union Central end after the other Transferring Credit Unions and Credit Union Baywide, and therefore their year end financial information is stated as at a later date than those other entities, i.e. it is stated as at 30 September 2018 rather than 30 June 2018.

Further information about each credit union (including their most recent Product Disclosure Statements and audited accounts) may be obtained online by accessing the Disclose register at <https://disclose-register.companiesoffice.govt.nz> (enter the credit union name using the “search offers” function to review information about each credit union).

Transfer of Engagement Process

The proposed transfer of engagements involves the transfer of the Credit Union’s assets and liabilities from the trustees of the Credit Union to the trustees of Credit Union Baywide. In consideration of this transfer, the trustees of Credit Union Baywide will undertake to meet the obligations of the Credit Union to the Credit Union’s members and creditors

While the trustees of Credit Union Baywide will undertake to fulfil engagements, the trustees of the Credit Union will retain their original liability to members and creditors until the debts of the Credit Union are discharged.

In addition to the member approval sought to be obtained at the Special Meeting:

- Pursuant to the requirements of the Steelsands Credit Union’s Trust Deed, the consent of the Supervisor will be required for Credit Union Baywide to accept the transfers of engagements, and also for the discharge of the security created by the Trust Deed. The Credit Union is engaging with the Supervisor for the purpose of obtaining this consent and expects it to be forthcoming immediately following the member vote.
- Credit Union Baywide is seeking member approval of the transfer of engagements, and then under the rules of Credit Union Baywide the Board of Credit Union Baywide will need to approve the transaction with not less than 75% directors voting in favour. These matters are to be considered by the members and the board of Credit Union Baywide soon after the member votes by the Transferring Credit Unions.

If the Special Resolution is passed by the members of the Credit Union approving the transfer of engagements and the other conditions above are satisfied, then the resolution will be filed with the Registrar of Friendly Societies and Credit Unions (**Registrar**). A period of six weeks is then allowed for objections. If a member feels that they would be adversely affected to a substantial extent by the transfer, or is otherwise aggrieved by the terms or process of the transfer then they may object in writing to the Registrar, Private Bag 92061, Victoria Street West, Auckland 1142. Any objection should be clearly stated and should describe what remedy is being sought.

The Special Resolution shall not take effect until the expiry of the period of six weeks, or other such period as prescribed by the Act.

If the Special Resolution is registered by the Registrar after the expiry of the period of six weeks, members will receive separate confirmation once it becomes effective.

It should be noted that if any of the Transferring Credit Unions withdraw from the transfer of engagements for want of member approval or otherwise, the remaining Transferring Credit Unions (subject to member approval and subject to Credit Union Baywide’s board accepting the transfer engagements from some or all Transferring Credit Unions) still intend to proceed to transfer their engagements as proposed in this Notice and the approval given at the meeting will be effective for this purpose. Therefore, it could be that only some or all of the Transferring Credit Unions implement the transfer of engagements to Credit Union Baywide.

Information (Resolution 2)

The General Manager of the Credit Union (Philip Stark) resigned recently and Bruce Ross was selected by the board as a replacement.

- As Mr Ross was a trustee for the Credit Union, there is a conflict of interest with being both the trustee and General Manager, which meant that Mr Ross resigned as trustee.
- The board has selected and has recommended to you our members, Slavica Marsic as the replacement trustee. Ms Marsic is an existing director on the board of the Credit Union, and in accordance with the Credit Union’s Rules, upon the resignation of a trustee, the members are to elect a new trustee from the Board.
- The move of Mr Ross to the General Manager role also resulted in other changes as required by our rules and consequently the Board elected Slavica Marsic to the Chair and Dean Ronald as Secretary. All other board positions remain unchanged.