

Annual General Meeting East Coast Credit Union

April 25, 2018

The Annual General Meeting of East Coast Credit Union (ECCU) was held on April 25th, 2018 at St. FX University in Antigonish, N.S. and streamed online via Livestream. Chairperson Mary Oxner introduced herself, welcomed everyone in attendance, and called the meeting to order at 7:00 p.m.

Mary Oxner introduced the head table as follows: Ken Shea (President & CEO), Anne Sears (Secretary/Treasurer) and Caroline Dickie (Recording Secretary). Mary Oxner introduced David Moorhouse, legal counsel for Atlantic Central and League Savings & Mortgage Company, who was appointed as Parliamentarian and as Voting Scrutineer for the meeting. Mary Oxner also introduced the Board of Directors.

Mary Oxner noted that 2018 marks the 100th anniversary of the Antigonish Movement. She highlighted the history of the credit union movement in Nova Scotia and the history of East Coast Credit Union itself. A video was shown on the history of credit unions, and the shared past of Bergengren, Heritage and East Coast Credit Union's.

Mary Oxner noted that East Coast Credit Union participated in the IWK Foundation WestJet Ticket Raffle Fundraiser, with tickets being sold at all branch locations. The raffle raised \$12,619, going directly to the IWK Foundation. Mary introduced Hillary Forsyth, Relationship Manager with the IWK Foundation, who drew the winner of the raffle, Shawn Smith.

Presentation of Bursaries

Mary Oxner and Ken Shea presented the bursaries to the winners as follows:

- Ben Boudreau, who is attending St. FX University to complete a Bachelor of Science in Human Kinetics.
- Josie Chisholm, who is attending St. FX University to complete a Bachelor of Science in Human Kinetics.
- Jessie Daley, who is attending Cape Breton University to complete a Bachelor of Science.
- Logan Fox, who is attending Mount St. Vincent University to complete a Bachelor of Science.
- Mia Gyorfi, who is attending St. FX University to complete a Bachelor of Science.
- Meghan Johnston, who is attending Acadia University to complete a Bachelor of Science in Biology.
- Dylan Logan, who is attending Dalhousie University to complete a Bachelor of Engineering.
- Abigail MacKenzie, who is attending Carlton University to complete a degree in Architecture, Majoring in Design.
- Spencer Osborne, who is attending Dalhousie University to complete a Bachelor of Science in Chemistry and Physics.
- Maxwell Levy, who is attending NSCC to complete the Automotive Mechanic program.

Greetings from Michael Leonard

Ken Shea welcomed Michael Leonard, CEO with Atlantic Central to the podium. Michael Leonard brought greetings from Atlantic Central, League Savings & Mortgage (LSM), and League Data. He noted that 47 Atlantic Credit Unions serve over 300,000 Atlantic Canadians, and manage over \$9 billion in mortgages, loans and deposits. He noted that Atlantic Central is the trade association for Atlantic Credit Unions and assists them in managing their liquidity, provides other trade services, and works with credit unions to support their members success. LSM is a federally regulated financial institution that offers both mortgage and deposit services. Michael noted that success for credit unions involves living the sixth cooperative principle of cooperation amongst cooperatives, and that in order to be successful, there must be real leadership. He acknowledged the role that East Coast Credit Union plays in the Atlantic region and the leadership provided by President & CEO, Ken Shea. Michael noted that by working together, credit unions and their partner organizations can create significant value for their members. He also noted the needs of today's consumer, including convenience and digital services, but also noted that this does not mean that banking is a commodity. When members need help in achieving their financial objectives, credit unions are there to provide honest advice, which is a key differentiator in the marketplace.

Declaration of a Quorum (requires 17)

Anne Sears reported the number of eligible voting members in attendance was 94. She declared that a quorum was present.

A moment of silence was observed to honor members who passed away in 2017.

Approval of Agenda

Motion made by Helen MacPherson to accept the agenda as presented; seconded by Craig Williams.

#01-2018 AGM

Motion carried

Approval of 2017 East Coast Credit Union AGM Meeting Minutes

From the floor, Elizabeth Beaton noted that in the 2017 minutes, the Board had indicated they would discuss membership education and providing individual branch financials to the membership. Mary Oxner replied that the credit union has a number of initiatives targeted at member education. These include a financial literacy program for youth, and a national financial literacy program developed for adults. Mary also noted that our own staff are a great resource for financial literacy and information. Elizabeth Beaton noted that she appreciated Michael Leonard's comments about understanding the history of credit unions, as she appreciates the history and the way in which credit unions operate. She urged the Board to consider making the credit union's history and its operations part of member education, and to help youth understand why being a member matters. Mary Oxner noted that the issue of providing individual branch financials to the membership was discussed by the Board, and the conclusion was that we do not divulge individual branch information. The credit union is viewed strategically as one organization, and we do not produce audited financial statements on individual branches. Elizabeth noted that there was a lot of interest at last year's annual meeting regarding individual branch financials.

Motion made by Elaine MacLean to approve the minutes from the East Coast Credit Union 2017 Annual General Meeting; seconded by Donnie MacInnis.

#02-2018 AGM

Motion carried

Report from the Chair

Mary Oxner noted that 2017 was a successful year for East Coast Credit Union. The Board oversaw the achievement of key milestones in the second year of implementation of the three-year amalgamation plan, and the credit union's strategic plan titled "Achieving Greater Value for our Members". The strategic plan focuses on innovative products, services and service delivery platforms for members, developing and supporting employees, building the capacity of our communities, reinforcing the unique role of the credit union, and the financial performance that allows us to achieve this strategy. Mary noted that a top priority for the Board is cultivating an improved relationship with the membership.

Mary Oxner asked Ken Shea to present his 2017 report.

Report from the President & CEO

Ken Shea noted that the credit union has remained true to its cooperative values through sustainability initiatives, further investments in delivering exceptional member experience and staff engagement, and demonstrating a commitment to where we live, which has resulted in a year of success and progressive change. Ken noted that in January 2017, the credit union announced a new environmental partnership with Bullfrog Power, which has resulted in a reduction of the credit union's environmental footprint by more than 754 tonnes of CO₂. Ken also noted that the credit union has focused on developing and enhancing relationships with existing and new members, completing a transformation of the Sackville branch, in order to enhance the way we interact with members. An employee engagement survey was implemented to collect feedback from staff in order to improve the environment in which our employees work. The credit union also implemented an #EastCoastCUCares initiative, in which staff were provided with the opportunity to complete random acts of kindness in their communities over a period of several weeks, culminating with International Credit Union Day in October. Ken Shea thanked the staff, management team, Board, and members for their support and cooperation during the past year.

From the floor, Maurice Smith noted that in the past, the credit union had an education committee and a member newsletter. He noted that the credit union seems to have lost the approach to spreading the word on what the credit union is and how it impacts the community. Maurice noted that he was disappointed in last year's voting results and feels that members are no longer connected to the credit union. He encourages the Board and the credit union to proactively educate the membership about the credit union and what it means to be a member. Mary Oxner responded that there is a uniqueness to the credit union, and that the Board echoes Mr. Smith's sentiments regarding educating the membership and engaging them. Ken Shea noted that the Each One, Teach One initiative has helped with the member education piece, in that staff members are actively going out into their communities and schools and speaking to the public. He also noted that we do work in some local schools with our school program and reaching out to youth. Ken noted that he hosts a weekly radio program where he speaks to the strengths of the credit union. There is no formal committee of the Board set up to deal with

education, but we do have operational strategies directed at it. Many members deal with the credit union because we are convenient and offer the products and services they are looking for, and we want to make sure that all members who want to participate in the credit union can do so easily. We offered online voting, in addition to in-branch voting, for this year's Board of Directors election.

From the floor, Mary Lou Bedford noted that she is a L'Ardoise member, and that branch has seen their hours cut in half. She noted that the community did not receive enough information before the change in hours was made, as there was no community meeting. Many members have written letters of protest and received form letters in return. Ken Shea replied that an analysis of the L'Ardoise branch was completed, and it noted that the branch's membership has declined to roughly 800 members. The decision was made to change the hours of the branch, which does not normally necessitate a community meeting. The community is still being served three days a week with in-branch services, and the staff at that branch are being utilized in other locations on the days the L'Ardoise branch is closed. Letters were not circulated to all L'Ardoise members, but they were sent to members that had been in the branch during the last year and members were also advised at the counter when they came into the branch.

From the floor, Sue Adams noted that she was delighted to see so much acknowledgement of the history of the credit union and the 100th anniversary of the Antigonish Movement. She noted that there were a number of women who were critical to the success of the Antigonish Movement, including Sister Marie Michael MacKinnon, Sister Irene Doyle, Ida Gallant Delaney, Zita O'Hearn Cameron and Kay Thompson Desjardins.

From the floor, Mike Moeller requested a breakdown on Bergengren financials, including loans, assets and deposits, showing what Bergengren contributes to the credit union. Mary Oxner replied that East Coast Credit Union has 20 branches, of which Bergengren is one. She noted that the Board has discussed this item several times and believe that focusing on individual branches is not a strategic priority and not something the Board intends to do, as there are a number of accounting difficulties in reporting financials for individual branches. The financial success of the credit union is credited to the entire organization, not to individual branches. Ken Shea noted that as we are one organization, it is in the credit union's best interests to be treated as one, and our financial results are for the entire organization, not just one location. Mike Moeller noted that when the credit union is making cuts to jobs, it is important to see which branches are contributing the most and which are contributing the least. With the majority of the cuts being made at the Bergengren branch, it is important to understand why the cuts are being made. Mike noted that having the branch financials would help the members understand the decisions being made. Mary Oxner replied that she is unsure around the meaning of the word "cuts". She noted that the organization has been clear on reaching a 10% reduction in staff over five years. Ken Shea noted that the organization has been taking advantage of attrition opportunities to help reach the 10% reduction. Mike Moeller noted that since they were informed of the 10% reduction, the Bergengren branch has already seen its staff reduced by 10%, and he hopes that there will be no more attrition. Mike noted that the credit union is about employing people, not just making financial decisions for shareholders.

From the floor, Elizabeth Beaton asked why the credit union was intent on cutting its staffing levels by 10%. Ken Shea replied that as part of the original amalgamation agreement, the credit union agreed to reduce its staff by 10% to find efficiencies. Ken noted that the credit union has regulators that require us to reach certain targets, and the Board of Directors also sets targets. The credit union needs a certain return to be able to invest in new technologies and other services to members. Elizabeth noted that the credit union is starting to sound like big business and asked why the credit union isn't working towards 10% more loans, deposits and members. Ken Shea replied that the credit union is working towards gaining more business, but our margins have been squeezed with the low interest rate environment, so it has been a challenge. Ken also noted that the credit union does not do the business that larger financial institutions do (ex: stock trades) that create a large portion of their revenue, and our earnings are all on the "bread and butter" business.

Motion to approve the Report from the Chair and the Report from the President & CEO made by Blair van Veld; seconded by Bill Timmons.

#03-2018 AGM

Motion carried

Report from the Auditors

Mary Oxner introduced David Yuill of BDO Canada LLP, the auditors of East Coast Credit Union.

David Yuill of BDO presented his audit report and an overview of the financial statements of East Coast Credit Union. David noted that an unqualified clean audit report was issued. David highlighted the credit unions assets and loans growth, deposits, equity, financial revenue and expense, financial margin, other revenue, operating expenses, operating margin and net income.

From the floor, Kris Hanlon asked to clarify the purpose of a new asset line item that was added to the financial statements this year called a derivative financial asset. Ken Shea replied that the credit union currently has a mis-match in what our members' needs are and what our deposit book is. Our members prefer to take loans at fixed rates over longer terms, while they prefer to take deposits at variable rates over shorter terms. To correct this mis-match, we have agreed to trade income from a fixed rate to a variable rate, and this created a profit for us in the last year. As interest rates rise, this instrument allows us to stabilize some of the earnings we would have lost. The instrument is countered by another company who provides us with a fixed payment in return for a variable payment. As rates rise, we receive more income, due to the fact that we are paying at the older rate. Nothing is done with the balance of the account, it is the difference between the flow in and flow out that's recorded on the balance sheet. This is a \$5 million instrument that helps us keep our balance sheet aligned to help us reduce our interest rate risk.

From the floor, Kris Hanlon asked about Note 28, which indicates a 7% jump in the compensation of key management, while overall salaries and benefits only increased by 0.5%. Ken Shea replied that the jump is due in part to the change in salaries and organization of the senior team from the amalgamation. He noted that we are seeing a reduction in overall salaries and benefits because of our staff reduction through attrition. He also noted that salary increases

were provided to all staff, but they aren't showing as a large increase, due to the reduction in the number of staff.

From the floor, Mike Moeller asked to clarify if changes to management's salary and benefits make up the 7% increase in the line item Kris Hanlon referred to. Ken Shea replied that the increase was due to changes in the management team, changes to benefits and the way the figures are calculated. Ken noted that he would need to analyze the numbers to provide a more detailed response. Mike Moeller asked if the members could be provided with the breakdown, and Ken Shea replied that while we do not provide the financial information on a person by person basis, all information on management costs is provided in the financial statements.

From the floor, Shari Bradbury noted that the credit union is sounding more like a bank and is providing lip service without any real answers. Shari noted that jobs are hard to come by, and that she has a hard time seeing upper management being given a raise while another staff member is fired. Ken Shea replied that no staff members have been fired or laid off, but that some staff members have retired, and they have not been replaced.

Motion to approve the Auditors' Reports made by Kris Hanlon; seconded by Randy Peters.
#04-2018 AGM **Motion carried**

Appointment of External Auditor

Dan Fougere, Chair of the Audit Committee, presented the recommendation to appoint BDO as External Auditors for 2018.

Motion that East Coast Credit Union engage BDO, or successors, as our External Auditors for the fiscal year 2018 made by Dan Fougere; seconded by Sally van de Wiel.

#05-2018 AGM **Motion carried**

Old Business

Old Business was discussed previously in the meeting, and there was no further Old Business.

New Business

From the floor, Elaine MacLean thanked the credit union for providing the abbreviated strategic plan on their website. She also noted that a small group of people called the "ECCU Study Group" meet on the third Sunday of every month at 4 p.m. at the Townhouse Pub to discuss credit union principles and values, and they welcome anyone who would like to join them.

From the floor, Elizabeth Beaton asked if more communication could be done regarding the AGM. She noted that she found it difficult to locate any information on when the meeting was being held and asked if the credit union could do a mailout to members to notify them of the meeting. She acknowledged that not all members own computers, and a mailed notice or newsletter would be helpful.

From the floor, Kris Hanlon suggested the credit union do a mailout to all the members notifying them of the AGM. Ken Shea replied that the credit union does place a notification in the Chronicle Herald advertising the AGM, and it is done in accordance with our bylaws.

From the floor, Mike Moeller inquired if it would be an appropriate time to propose a change to the voting process. Mary Oxner replied that the issue was discussed at last year's AGM, and the voting process has not been changed this year. Mike Moeller noted that there are a number of organizations that allow their members to vote for any number of candidates, not a required slate. The act of "plumping" boosts your voter power, as you only vote for whom you want to win, rather than being required to vote for a certain number of candidates. Mary Oxner replied that the Nominations Committee of the Board did research on this issue, and she called on Craig Williams, member of the Nominations Committee, to speak on this item.

From the floor, Craig Williams responded that in the credit union, there is one member, one vote, and that vote is an equitable vote, meaning your vote as the same value as everyone else's. If you choose not to vote for a full slate of candidates, then you have an undue value on your vote. When dealing with our low voter volumes, that influence becomes more heavily weighted. The Nominations Committee of the Board did look at this issue, along with some others. They defined skills and core competencies that were desired for nominees to have, and this year we had six very well qualified candidates, and the credit union would be well served by any combination of those candidates. Information on the candidates was posted, including contact information for those candidates that provided it. Craig noted that the Nominations Committee does welcome feedback from the members on how to improve the process and increase voter turnout. Mike Moeller replied that while the candidates were qualified, he only knew four out of the six, and felt that voting for individuals he did not know was undemocratic. Mike noted that he felt that his ballot should not be spoiled if he does not vote for a full slate of candidates and proposed that we change our voting system with a motion at this meeting. Mary Oxner replied that a motion of that nature would be out of order, without having the information made available in advance. She noted that the Board does take Mr. Moeller's comments into consideration. Mike Moeller noted that he gave a motion at last year's AGM that was respectfully declined regarding the two union positions that were going to be declared surplus through attrition. He provided that motion to a Board member following the AGM last year and asked Mary to update him on the outcome. Mary Oxner replied that the Board member had received the motion, and it was also included in the minutes from the AGM. However, the process for submitting a motion would need to be followed, as this was not a formal submission. Mary noted that the process is outlined in the by-laws and she could provide information offline regarding the process for submitting a motion. Mike Moeller replied that he thought that when he provided the motion to a Board member, the Board would act on it. He noted that he would be providing two motions at next year's AGM. Mary Oxner noted that the motion from last year regarding the change in staffing related to an operational decision that was made as part of the amalgamation plan to reduce staffing by 10%. She noted that Mr. Moeller's motion reflects the opposite of what members had already approved as part of the amalgamation.

From the floor, Jeff Parker noted that he is a member of both the Bergengren and St. Andrews branches, and asked if a report could be incorporated into the AGM showing the general health of our branches, so that we could work on improving in the future. Jeff noted that our value is in having those branches, as they are the best advertising for us. The members appreciate what the larger credit union has brought to them, but are still concerned about our roots. Ken Shea

replied that a report that speaks to asset and membership growth would be easy to provide and will look into providing this next year.

Election Results

Anne Sears, Chair of the Nominations Committee, reviewed the election process. She noted that Craig Williams provided a partial outline of the voting process in his earlier comments and thanked the members for providing ideas on improving the election process. Anne noted that there were four three-year term positions up for election. The Call for Nominations was made on February 14, resulting in a competent slate of six candidates, with in-branch and online voting starting on March 29 and lasting for three and a half weeks. All regulations were followed with respect to the election, and advertising was conducted on social media and on our website. Anne noted that the Nominations Committee had the assistance of the marketing department and other staff throughout the election process.

David Moorhouse, Voting Scrutineer, noted that of the twelve elected director positions, four were eligible for election, each for a three-year term. A Call for Nominations was advertised to the membership, and following the closing date, the submissions received were reviewed, and six eligible nominations were put forward. The election took place via secret ballot, with both paper and evotes utilized, and the evote provider, CUES, tabulated the ballots and the results were delivered in a report to the Board. There were 704 ballots cast, with 11 ballots spoiled, resulting in 693 valid ballots (452 cast online, 241 cast on paper). The elected directors, in alphabetical order, are Tyrell Giffin, Kathy MacDonnell-Rankin, Randy Peters and William Timmons.

Mary Oxner thanked the staff at the St. FX Campus, the staff volunteers, and the members for attending.


Having concluded the business agenda, Mary Oxner declared the meeting adjourned.

The meeting adjourned at 8:52 pm.

Respectfully submitted,



Caroline Dickie
Recording Secretary



Mary Oxner
Chair of the Board