

# **Annual General Meeting LaHave River Credit Union**

*April 5, 2023*

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The Annual General Meeting of LaHave River Credit Union (LRCU) was held on April 5<sup>th</sup>, 2023 at the Pleasantville Fire Hall. Chairperson John Vissers introduced himself, welcomed everyone in attendance, and called the meeting to order at 7:02 p.m.

## **Appointment of AGM Parliamentarian and Scrutineer:**

John Vissers introduced Leon Tovey, legal counsel for Atlantic Central and League Savings & Mortgage Company, who was appointed as Parliamentarian and as Voting Scrutineer for the meeting.

## **Declaration of a Quorum (requires 12):**

John Vissers reported the number of eligible voting members participating was 43, therefore a quorum was present.

John Vissers introduced the head table as follows: Ken Shea (President & CEO), Leon Tovey (Parliamentarian/Scrutineer) and Caroline Dickie (Recording Secretary). John Vissers also introduced the Board of Directors and the Leadership Team.

A moment of silence was observed to honor members who passed away in 2022.

## **Approval of Agenda:**

Motion made by Karen Reinhardt to approve the April 5, 2023 AGM Agenda; seconded by Debbie England.

**#01-2023 AGM**

**Motion carried**

## **Approval of 2022 LaHave River Credit Union AGM Meeting Minutes:**

Motion made by Gordon Kennedy to approve the minutes from the LaHave River Credit Union 2022 Annual General Meeting; seconded by Tom Webb.

**#02-2023 AGM**

**Motion carried**

## **Report from the Chair:**

John Vissers noted that LaHave River Credit Union had a brand-new Board in 2022 and received a lot of support from CUDIC in the form of Acting CEO Colleen Roberts and Mike Hurley. John noted that while they have a great team of staff in place, they have struggled to hire a new CEO.

John Vissers asked Ken Shea to present his 2022 report.

## **Report from the President & CEO:**

Acting CEO Ken Shea thanked Colleen Roberts from CUDIC for providing management support to LaHave River Credit Union in 2022, and thanked staff for their commitment to success, despite facing challenges in the past few years. Ken noted that the financial services

landscape is changing, digital transformation is here, and we are working diligently to position LaHave River CU and its members for long-term success. This requires adaptability and we remain committed to providing a personalized approach as we adapt to the future. Ken noted that fraud and cyber security continues to be a growing concern, and we are continuing to work diligently to provide safety and security required to protect our members personal information, including implementing two-factor authentication. Ken noted that members can fulfill many of their banking needs from home and can also experience in-person service at the branch. Ken noted that LaHave River CU has entered into a Management Services Agreement with East Coast Credit Union, with East Coast providing management support to LaHave River staff. Ken noted that on behalf of Management and staff, he would like to extend a sincere thank you to the membership for their loyalty and support. Ken noted that the team at LaHave River Credit Union have a combined 108 years of experience in the credit union industry and look forward to serving the membership in the years to come.

**Auditor's Report:**

John Vissers introduced Miles Sweeney of Miles T. Sweeney Limited Chartered Professional Accountants, the auditors of LaHave River Credit Union.

Miles Sweeney presented his audit report and an overview of the 2022 financial statements of LaHave River Credit Union. Miles noted that Management is responsible to prepare the financial statements and internal controls, and that his firm follows the Canadian generally accepted auditing standards, and they produced an unqualified report which means a clean opinion. Miles reviewed the Statement of Comprehensive Income, which includes interest paid to members on deposits, loan impairment losses, operating expenses and income taxes, and noted that expenses increased by \$101,000. Miles noted that rebates paid to members in their surplus share accounts are determined by the Board (\$100,000 in total). Miles noted that the net income was \$757,000. Miles reviewed the Statement of Financial Position which includes assets (cash, member loans receivable, investments, capital assets and other assets), liabilities (what the credit union owes to members for deposits and other trade payables), and equity (share capital and retained earnings). Miles noted that all credit unions are required to maintain a minimum of 5% of their assets in equity, and LaHave River's equity sits at 10.4% (\$6.4M). Miles noted that some current challenges facing the credit union are the decrease in common shares over the past five years, challenges in growing the membership base, and increased loan deficiencies over 2021. Miles concluded his presentation stating that the credit union had a very good year and is secure financially.

From the floor, Steve Matthews asked what is included in equity. Miles Sweeney responded that equity includes retained earnings and members share capital.

From the floor, Frank Fawson noted that Investment Income has greatly increased over 2021 and asked for an explanation. Miles Sweeney responded that long term investments increased by several \$100,000, and it is a combination of additional investments and an increase in interest rates on investments. Frank noted that under Operating Expenses, salaries have decreased about \$150,000, and asked for an explanation. Miles Sweeney responded that the credit union had no CEO in place for most of 2022 which is the main reason for the decrease in salaries.

Miles Sweeney thanked management and staff for their assistance during the audit.

Motion to approve the Auditors' Reports made by Peter Wagner; seconded by Al Sullivan.  
**#03-2023 AGM** **Motion carried**

**Appointment of External Auditor:**

Peter Wagner, on behalf of Greg LeBlanc, Audit Committee Chair, presented the recommendation to appoint Miles T. Sweeney Limited Chartered Professional Accountants as External Auditors for 2023.

Motion that LaHave River Credit Union engage Miles T. Sweeney Limited Chartered Professional Accountants, or successors, as our External Auditors for the fiscal year 2023 made by Peter Wagner; seconded by Gordon Kennedy.  
**#04-2023 AGM** **Motion carried**

**Old Business:**

There was no Old Business to discuss.

**New Business:**

**Special Resolution – Bylaw Amendments**

John Vissers noted that as a result of changes to the Credit Union Act and other amendments, we are presenting amended bylaws to the membership for approval. John Vissers introduced Ken Shea to speak to the Bylaw changes.

Ken Shea noted that the changes include reducing the minimum voting age from 19 to 18, updating the guidance around termination of memberships, correcting spelling errors, renumbering and grammatical issues, current share requirement of one fully paid common share, clarified voting procedures for members voting on behalf of a body corporate or association, voting methods, amending the number of directors from nine to seven (as was previously approved by the membership), and updating methods of providing notice to members to include electronic notice.

WHEREAS the Members of LaHave River Credit Union (the "Credit Union") approve of its Board of Directors' (the "Board") recommendation for the Credit Union to amend its Charter Bylaws in accordance with the Credit Union Act (the "Act").

AND WHEREAS approval of a recommendation for Charter Bylaw amendments must be passed by the Members by way of special resolution, as defined in the Act.

BE IT RESOLVED THAT the Credit Union amend its Charter By-Laws as presented at the Annual Meeting of Members duly called for that purpose.

Motion to approve the Special Resolution to amend the LaHave River Credit Union Bylaws made by David Maxwell; seconded by Lee Fraser.

## #05-2023 AGM

## Motion carried

From the floor, Lee Fraser thanked the individuals who drafted the bylaw changes, as he knows they must have encountered some difficulties when putting the document together. Lee asked if the number of Board members is a minimum number or a set number. John Vissers replied that it is a set number of seven directors.

From the floor, Gwendolyn Geddes asked how the current directors were chosen, as they were not selected by the membership. John Vissers replied that when CUDIC determines that the credit union can be removed from supervision, the Board will be elected by the membership.

From the floor, Shalisa-Dawn Waddington, asked if there was a time frame in which there will be a vote for directors. John Vissers noted that he will address that question in a few minutes.

### **Partnership Announcement**

John Vissers noted that the announcement was made a number of months ago that the LaHave River Credit Union CEO had resigned, and attempts were made to recruit a new CEO. Through that process, LaHave River CU was approached by a few other credit unions offering their assistance. Through several months of considering the future of LaHave River Credit Union, the Board determined that due to the credit unions strong position, and being without a CEO, they would explore options with like-minded credit unions, including partnerships. An expression of interest was issued to other credit unions to explore partnerships, mergers, amalgamations and other options. Three credit unions were interviewed as a result of that expression of interest request, and the Board unanimously determined that East Coast Credit Union (ECCU) would be their partner of choice. ECCU was also asked to provide a Management Agreement, in which Ken Shea would serve as Acting CEO of LaHave River CU and his team would offer support to LaHave River CU staff. A Memorandum of Understanding was also signed to enable both credit unions to complete due diligence work. John noted that LaHave River CU has engaged Atlantic Central to provide them assistance in the due diligence process and other pieces relating to a partnership with ECCU. John noted that there is a Board committee established that meets monthly with ECCU representatives to discuss processes and to develop the information that will be shared with the members of both credit unions. On March 28, 2023 it was announced that the two credit unions were in discussions to explore a partnership. In June 2023 the Board will complete their due diligence process and determine if they want to recommend a merger to their members. Members will be provided with an opportunity to review the information, ask questions, provide input and guidance, and in September, they will be asked to vote. John Vissers noted that ECCU has 18 branches and LaHave would be the anchor in that chain and would continue to be a local, member-owned, community-focused financial institution.

From the floor, Paul Rogers, noted that there has been many discussions on the physical branch and the work necessary to update it as there are engineering issues and possibly move to another location. Ken Shea noted that the plans that were completed a few years ago have been reviewed, and while there have been a few minor repairs completed, the building needs to be upgraded and remodeled, and noted that there is currently a team working on a plan that will

make sense for the community. Ken noted that the goal will be to remain in the current location and update the building to a standard that the staff and members are comfortable with.

From the floor, David Maxwell, asked who was driving the merger process, if it was the LaHave Board or CUDIC, as he was under the impression that the Board was put in place by CUDIC to do what CUDIC asked. David also noted that what is being proposed is that a community credit union that belongs to Bridgewater will be taken over by a distant entity who doesn't care about the community. John Vissers noted that this will be a big change, but it is necessary in order to ensure the future of the LaHave River CU. John noted that the credit union will remain member-owned and as part of this process, ECCU is providing management support so we can see how they manage our branch and how they treat our staff and how they respect our community. John noted that two years ago, there were not enough directors willing to serve on the LaHave River CU Board to be sustainable, and CUDIC became involved to ensure the sustainability of the credit union. CUDIC took over management of the credit union and met with the previous directors, potential directors and staff. John noted that typically, when a regulator is required to take over the management of a credit union, they will simply merger that credit union into another existing credit union. However in this case, CUDIC has provided the credit union with an opportunity to chart its own course. John noted that when the CEO departed the credit union, CUDIC hired a second CEO, who also resigned. There are many challenges with attracting and retaining top level candidates with the right skills, especially in rural Nova Scotia. John noted that in the last five years, there have been many credit union mergers in Canada (most recently in PEI and Newfoundland) due to rising technology costs, recruitment challenges and other issues facing us today. By merging with another credit union, LaHave River CU can take advantage of larger scale to assist with costs such as building renovations, a new banking system, cyber security costs, and staff salaries.

From the floor, David Maxwell noted that LaHave River CU has a number of services that no one else offers, as they are the only credit union in Atlantic Canada who pays a living wage, and we will lose that if we merge with another credit union. The credit union also has a domestic violence fund and a pay day loan program to mentor individuals who are dependent on pay day lending that we will lose.

From the floor, Shalisa-Dawn Waddington noted that she is fairly new to LaHave River CU and has worked for credit unions in the past and has experienced mergers. She noted that members of credit unions tend to have concerns similar to what David Maxwell has expressed, however she has seen that mergers tend to provide credit unions more ability to work in their local communities, as they have the funding and the time for their staff to volunteer, and are able to maintain their own identity and be able to grow. She asked if LaHave River CU would maintain its own branding through a merger process. Ken Shea replied that we have had discussions on what the branding could look like, and there is a common branding currently shared by most Atlantic credit unions. A final brand strategy hasn't been determined, however in past mergers, branding and identity were incorporate or maintained.

From the floor, Gwendolyn Geddes noted that she is concerned with the credit union losing its identity and asked who the 18 credit unions are that the Board is proposing we merge with. Ken Shea clarified that East Coast Credit Union has 18 branches ranging from Cape Breton to

Dartmouth, and currently has a membership of around 42,000 people and is the result of 47 individual credit unions that were combined over time to exist under one umbrella as East Coast Credit Union. Ken noted that 10% of East Coast CU's net profit goes back to its communities through donations, sponsorships, a community grant program and other assistance. Ken also noted that East Coast CU is a living wage employer, and has no intention of removing the domestic violence fund or other programs offered by LaHave River CU.

From the floor, Gwendolyn Geddes, asked what CUDIC's relationship is to the credit union. Ken Shea replied that CUDIC regulates credit unions activities and protects their members deposits.

From the floor, Gwendolyn Geddes asked what other credit unions were interviewed by the LaHave CU Board when they circulated the expression of interest. John Vissers replied that the Board agreed to keep those credit union names confidential.

From the floor, Tom Webb noted that he has sat on the LaHave River CU Board in the past and that CUDIC was invited to come to the credit union when the majority of the Board resigned, and they subsequently lost their CEO. Tom noted that CUDIC (Credit Union Deposit Insurance Corporation) guarantees members deposits up to \$250,000 per account and as the insurer of member deposits, CUDIC has a reasonable concern about how credit unions are run. The decision was made to request CUDIC's assistance in order to do the right thing for the credit union and although he sympathizes with some of the comments made by David Maxwell, he feels there is benefit to both LaHave River CU and East Coast CU to explore a partnership, and to allow members on the south shore of Nova Scotia the opportunity to have significant input into how the credit union operates. Tom Webb noted that he does not want to see the credit union lose programming like the domestic violence fund, and that he looks forward to discussions that will be held with members in June in order to ensure that staff are protected and that the credit union on the south shore will benefit and remain unique.

From the floor, Michael Barkhouse asked how many members LaHave River CU has; if LaHave River CU merges with East Coast CU, will there be a possibility of a LaHave River CU elected director to sit on the new Board; and if the current financial services provided by LaHave River CU would continue to be offered to members. Ken Shea replied that there are approximately 2,000 members, that East Coast CU doesn't currently have geographic representation on its Board, so any members of LaHave River CU would put their names forward to run for the Board, and that if a merger were to take place, the financial services offered to LaHave River CU members would continue and be enhanced. Ken noted that as the business plan is developed, there will be more information provided on what additional services would become available to LaHave River CU members (for example, larger loan limits, new products and services, unlimited free e-transfers in account package plans, free basic package plans for non-profits).

From the floor, David Maxwell asked if the credit union is still with Credential. Ken Shea replied that East Coast CU is part of an Atlantic credit union partnership that created a company called CUFM (Credit Union Financial Management) which utilizes the services of Credential and QTrade.

From the floor, David Maxwell noted that his objections about LaHave River CU's loss of autonomy is not directed at East Coast CU, but at CUDIC, who is the insurer of our financial stability and who do not have the interests of the community in mind. From the floor, Colleen Roberts noted that CUDIC has provided management support to LaHave River CU for the past two interests for the benefit of the community.

From the floor, Frank Fawson noted that he was a member of the LaHave River CU Board when CUDIC was asked to assist them, and he does not remember the Board voting on that decision and does not approve of CUDIC's involvement. Frank noted that he had previously served as Board Chair in 2020 and feels there has been little transparency or openness since. Frank noted that LaHave River CU has provided rebates to their members year-over-year, has been innovative and on the leading edge when it comes to cyber security. Frank asked as it relates to openness and transparency, if there is anyone keeping the credit unions cyber security up-to-date, why there was no RSP campaign for the past two years and what happened with the staff position that was created in 2020 for the purpose of expanding communications with the membership. John Vissers noted that the staff of LaHave River CU work as hard as they can, and they have been challenged due to lack of a Board, lack of a CEO, and lack of sufficient resources.

From the floor, Shalisa-Dawn Waddington noted that the process of amalgamation will be extensive and asked if the LaHave River CU website will allow for members to provide their feedback. Ken Shea replied that the intention will be for the new website ([growingbettertogether.ca](http://growingbettertogether.ca)) to be a dynamic environment, with FAQs shared and an option for members to send in questions or feedback to their respective credit unions via email. As the information on the due diligence process, the business plan and other items is developed and finalized, it will also be shared on this platform in advance of the member vote. John Vissers noted that a 66.6% majority vote is required in order to approve a merger.

From the floor, Karen Reinhardt asked to clarify the requirement in order to pass a vote according to the credit union's bylaws. John Vissers replied that the requirement to pass a vote by members is 66.6% of the membership who vote.

From the floor, Debbie England thanked her team for their hard work, and thanked Colleen Roberts for her support and guidance over the past two years.

Ken Shea drew the door prize winners: Yvette Tanner, Denise Sweeney, David Maxwell, Linda Maxwell, and Gordon Kennedy.

John Vissers thanked the staff volunteers, the Pleasantville Fire Hall volunteers, and Debbie England, Branch Manager, for their role in putting the meeting together. John also thanked the members for attending.

The meeting was adjourned at 8:46 p.m. on a motion made by Emily d'Entremont.

Respectfully submitted,

*Caroline Dickie*

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Caroline Dickie  
Recording Secretary



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John Vissers  
Chair of the Board