

**COAST CAPITAL SAVINGS CREDIT UNION  
7th ANNUAL GENERAL MEETING – April 25, 2007  
RIVER ROCK CASINO RESORT, RICHMOND, BRITISH COLUMBIA**

**MINUTES**

The 7th Annual General Meeting of Coast Capital Savings Credit Union was held on April 25, 2007, live at the River Rock Casino Resort, Richmond, British Columbia and made available to members by webcast at [www.coastcapitalsavings.com](http://www.coastcapitalsavings.com)

**CALL TO ORDER**

B. Wellburn, Chair, called the meeting to order at 5:00 p.m. and welcomed all members to the seventh Annual General Meeting of Coast Capital Savings Credit Union.

**QUORUM**

Due notice of the 2007 Annual General Meeting was provided in the October 2006 member's newsletter as part of the annual director recruitment process which was mailed to all members. Further details were provided in the Board of Directors election material mailed to members in March, 2007. Pursuant to the Rules, a minimum of 50 members in good standing is required for a quorum. Based on the preliminary registration numbers, the Chair declared that the Seventh Annual General meeting of Coast Capital Savings Credit Union was duly constituted for the transaction of business. Registration was extended until 5:15 p.m.

**APPROVAL OF AGENDA AND OVERVIEW OF THE RULES OF ORDER FOR THE MEETING**

Mr. Wellburn reviewed the agenda for the evening and provided an overview of the Rules of Order and Debate and Voting Procedures. Mr. Wellburn noted that this meeting will be governed by Nathan's Company Meetings' and Rules of Order.

*Moved and seconded that the Agenda of the 2007 Coast Capital Savings Annual General Meeting be approved as presented. **CARRIED.***

*Moved and seconded that the Rules of Order and Debate and Voting Procedures for the conduct of the meeting be approved as presented. **CARRIED.***

**INTRODUCTIONS**

Mr. Wellburn then introduced the Directors, seated at tables in front of the head table:

Director	Christine Brodie
Director	Daniel Burns
Director	Frank Harper
Director	Ken Martin
Director	Gordon Munn
Director	Doug Stone
Director	Elizabeth Woods
Director & 1 <sup>st</sup> Vice Chair	Bob Garnett
Director & 2 <sup>nd</sup> Vice Chair	Karen Kesteloo

Director Mary Jane Stenberg was unable to attend.

Mr. Wellburn also introduced Lloyd Craig, President and CEO, who was seated at the head table.

Special Guests present:

Tom Kirstein, former Director and Board Chair

Ken Jones, former Director

Philip Hemming, of Credit Union Central of British Columbia

### **APPOINTMENTS**

The Chair appointed Kareen Zimmer of the law firm, Borden Ladner Gervais, Parliamentarian and appointed Linda Taylor, Board Secretary as Recording Secretary for the meeting. In addition, Gerry Dela Mattia was appointed as scrutineer.

### **APPROVAL OF THE MINUTES FROM THE SIXTH ANNUAL GENERAL MEETING**

The Minutes of the Annual General Meeting held on April 26, 2006, approved by the Directors as authorized by the members, were presented to the membership for receipt. No errors or omissions were brought forward.

*Moved and seconded that the Minutes of the April 26, 2006 Coast Capital Savings Annual General Meeting be received as presented. CARRIED.*

### **BUSINESS ARISING FROM THE MINUTES**

At the 6<sup>th</sup> Annual General Meeting, a member questioned the use of Roberts Rules of Order, which are American, versus a Canadian version. Following that meeting, this matter was referred to the Governance & Member Relations Committee. An opinion was sought from our legal counsel and as a result the Committee recommended changing to Nathan's Company Meetings including Rules of Order. The member was thanked for raising this issue.

There was no other business arising from the Minutes.

### **SCRUTINEER'S REPORT**

Mr. Wellburn reported that 114 registered members were in attendance at the River Rock Casino Resort in Richmond, B.C.

### **DIRECTORS' REPORT**

Mr. Wellburn reminded those present that the meeting was also available via webcast. He advised that this was the first year that the Annual General Meeting has been held in one venue and not simulcast between Island and Mainland venues. In the future the AGM will be rotated between the various trading areas of Coast Capital Savings.

Two Connect with US sessions (town hall style meetings) were convened over the past week, one on the Island and one in Abbotsford which allowed members the opportunity to meet and speak with the Board Chair, Chief Executive Officer, other board members and executives of the organization.

Mr. Wellburn referred to the Annual Report which had been recently published. The theme of this year's report is "The Road Less Travelled". Mr. Wellburn commented that one of Coast's greatest strengths is the cooperative structure and explained how that affected members, employees and the communities which Coast serves.

In 2006 over Coast Capital Savings returned over \$4.5 million (7% of pre-tax profits) to over 500 not-for-profit organizations. Notable examples of organizations supported

include: Boys and Girls Clubs of Greater Victoria, Wilderness Camp; Volunteer Richmond; and, Vibrant Surrey.

Mr. Wellburn advised that Coast Capital Savings is a strong supporter of the credit union system in British Columbia and Canada and is positioned to move forward on the vision of Yes, Coast to coast.

With respect to the Board of Directors, strong corporate governance remains an important responsibility. He noted that Doug Stone, as chair of the Nominations & Election Committee would report in detail on that committee's work and the election results, but stated that in his view, the three most critical competencies required by a board of directors included: A blend of the right experience and skills; the ability to participate effectively; and good judgment based on independent thinking.

Mr. Wellburn spoke about Coast Capital Savings' leadership role with respect to corporate citizenship. For the third year in a row, Imagine Canada awarded Coast the Best Corporate Citizen Award in the financial services sector. He commented that the criteria used for Imagine Canada in adjudicating their selection reflected the Board's expectations and he thanked Coast's CEO, executive team and the over 2,000 employees for delivering on those expectations.

Mr. Wellburn concluded the Director's report by thanking Coast's employees, CEO and executive team, Board colleagues and the membership for their hard work and support in 2006.

#### **CEO'S REPORT**

Mr. Lloyd Craig provided an overview of Coast Capital Savings' financial performance and corporate achievements over the past year.

Mr. Craig commented that, at Coast Capital Savings, the organization never loses sight of two industry facts: one, that the industry is oversupplied and highly competitive; and two, that the consumer is always changing and their expectations are always rising. Coast blazes new trails based on research in order to give the market highly innovative and competitive products.

This commitment to innovation has translated into financial success over the past and in 2006, provided the best financial results Coast has ever recorded. Financial highlights include:

- Net income for the year ended December 31, 2006 was \$53.1 million. Up 12.6% from 2005
- Return on Average Assets was 0.65%, unchanged from 2005, demonstrating that the assets and business are being managed effectively
- Assets increased to \$8.9 billion in 2006 from \$8.2 billion in 2005
- Mutual funds under administration increased to \$1.7 billion, an increase of 18% from 2005
- Net Interest Income (interest earned on loans and cash resources, less interest paid on deposits and borrowings) increased to \$197 million in 2006 from \$182 million in 2005
- Regulatory capital declined from 10.80 % to 10.34% due to strong loan growth but is well in excess of the level stipulated by the regulators

Mr. Craig provided examples of innovations that drove the good financial performance over the past year, some of which include:

- Free Chequing™ attracted more than 22,000 members to Coast in 2006
- The Hagggle Free guarantee on term deposits. This initiative contributed to the growth of deposits
- Big Perks for Small Businesses, introduced in October, 2006 offered discounts on printing, shipping and computer service costs to small business members
- The introduction of dedicated contact centre phone lines staffed with employees fluent in Mandarin and Cantonese
- Opening three new branches featuring the aperio design. In 2007 Coast will open its 50<sup>th</sup> branch

Mr. Craig also commented on three additional non-financial indicators that demonstrated Coast Capital Savings' successes in 2006:

- In 2006 approximately 40,000 new customers joined Coast Capital Savings, bringing the total membership to 360,000
- The 2006 member's survey reported an 87% service satisfaction rate, which exceeds the credit union industry average
- Peer and industry recognition in 2006 included being one of Canada's 50 Best Employers as published by the Globe and Mail Report on Business, receiving the YWCA of Vancouver's Exceptional Workplace award, and our marketing team was awarded the Marketer of the Year by the BC Chapter of the American Marketing Association.

Mr. Craig thanked the membership for their support, the Board of Directors for their leadership and the employees for their great teamwork.

### **AUDITOR'S REPORT**

Mr. Carlo De Mello, external auditor and Managing Partner from KPMG, was introduced.

The Auditor provided the members with the standard audit report:

- management is responsible for the financial statements and it is the auditor's responsibility to audit those financial statements; and
- the audit was conducted in accordance with Canadian Generally Accepted Auditing Standards,

and provided an opinion that the consolidated financial statements present fairly, in all material respects, the financial position of Coast Capital Savings Credit Union as at December 31, 2006 and the results of its operations and cash flows for the year then ended.

The 2006 Auditor's Report and the Financial Statements were received. Mr. Wellburn asked if there were any questions on the Auditors' report. Upon hearing none, Mr. Wellburn confirmed that, as required by legislation, the Board of Directors has approved the financial statements on behalf of the membership. Mr. Wellburn asked if there were any questions on the financial statements. Upon hearing none, Mr. Wellburn declared the financial statements received.

## **MOTION TO APPOINT AUDITOR FOR THE ENSUING YEAR**

*Moved and seconded that the firm of KPMG be appointed external auditors for the year 2007 and that their remuneration be set by the Board of Directors. CARRIED.*

## **COMMITTEE REPORTING – NOMINATIONS & ELECTION COMMITTEE**

Mr. Doug Stone, Chair of the Nominations & Election Committee was introduced to report on the results of the 2007 directors' election.

Mr. Stone advised that the Nominations & Election Committee is appointed annually by the Board of Directors and is accountable directly to the membership of the credit union. The Committee is comprised of a number of directors who are not currently eligible for re-election.

Mr. Stone chaired this year's committee. Also on the committee were directors, Bob Garnett, Mary Jane Stenberg and Elizabeth Woods.

Once the committee is appointed, the committee is charged by the Board of Directors with the responsibility of recommending those candidates whose particular skills and qualifications would add strength to the Board of Directors for the benefit of the credit union and its members.

To fulfill its mandate, the committee undertook an in-depth process of evaluating the current board's strengths and qualifications, identifying skill gaps and recruiting and recommending candidates to run in the election. This year the process was completed with an independent governance consultant to ensure a fair, strong process.

The committee's analysis determined that investment services, marketing and branding, financial and board experience were the skills required to enhance the Board of Directors for the ensuing year.

All members of the credit union received the information about the candidate recruitment by mail in October. Interested members were provided with the information packages and an opportunity to attend a mandatory information session.

In an effort to eliminate bias and ensure all candidates were treated fairly, the Committee elected to have the independent consultant interview the incumbent directors who were considering running for the board. The committee reviewed and accepted the consultant's recommendation regarding the status of the incumbent candidates.

The committee and the consultant then undertook a rigorous evaluation process involving interviews with qualified candidates, analysis of candidates' past work experience, community contributions and detailed reference checks.

At the end of the process the committee and the consultant recommended four candidates who, in its opinion, were most qualified to fill the available positions.

A total of seven candidates let their names stand for the 2007 Board of Directors Election. Four recommended and three other candidates.

Member awareness and participation were recognized by the Committee as a critical part of the Election process. Advance notice was published in the October 2006 member newsletter, followed by an election update which was mailed to members with

February chequing statements and made available in branches and on our website. The formal Election and AGM notice was sent to all members by mail in March, which included a booklet providing candidate profiles, highlights of their skills and experience, and a comprehensive overview of the recommendation process.

The strong approach the committee took this year was to ensure the information was communicated as clearly as possible. For example, the recommended candidates were highlighted in the booklet with different colour pages, and their names were bolded on our ballot.

Mr. Stone acknowledged and thanked the membership for their ongoing comments about this process.

Mr. Stone advised that at the conclusion of the 2007 Annual General Meeting, four Director's terms will expire. Seven candidates sought one of four regular vacancies up for election on the Board this year.

The Directors Election was conducted from March 20 to April 11, 2007 in accordance with the credit union Rules. Each year, the Nominations & Election Committee appoints an individual independent of the credit union to serve as the Returning Officer to oversee the election process. Gerry Della Mattia, who has extensive experience as a senior electoral officer in federal and provincial elections, served as our Returning Officer again this year.

Mr. Stone reported that in this year's election 8,487 ballots were cast, an increase of 18% over last year's directors election. He thanked the members for participating in this important process.

The 8,487 ballots cast included 397 spoiled and 641 rejected ballots, resulting in 7,449 valid ballots for the election. A spoiled ballot is defined as any ballot on which the member voted too few or too many candidates. A ballot was rejected if it was not possible to complete the required verification criteria.

The individual results for each candidate are as follows:

<b>Name</b>	<b>Total Valid Votes</b>
Bill Wellburn	6,588
Bill Cooke	6,528
Frank Harper	6,512
Glenn Wong	6,061
Gordon Munn	1,909
Ben Phillips	1,364
Hart Pfortmueller	834

The Committee declared incumbent Bill Wellburn, Bill Cooke, incumbent Frank Harper, and Glenn Wong elected to the Board of Directors for three-year terms.

Mr. Stone thanked all candidates who let their names stand in this year's election. He also thanked the members of the Committee, Bob Garnett, Mary Jane Stenberg, and Elizabeth Woods for their thoughtful contributions.

## **MEMBERS' RESOLUTION, ORDINARY RESOLUTION AND SPECIAL RESOLUTIONS**

Mr. Wellburn advised that no resolutions were received from the members by the published deadline of January 17, 2007.

It was noted that the full text of all of the proposed resolutions were published in the 2007 Election Booklet.

Mr. Wellburn briefly provided a summary of the three resolutions. He noted that the full text of the resolutions and background materials were contained in the 2007 Directors Election, Ordinary and Special Resolution Notice, which were mailed to every member. A total of 8,487 ballots were received.

### **Report on the Ordinary Resolution regarding the Board of Director Remuneration Philosophy**

This resolution, if approved, will establish and implement a fair and enduring remuneration philosophy for directors that will attract and retain directors who will add strength to Coast Capital Savings' Board.

84% of the members who cast their ballot on the issue voted in favour of this ordinary resolution.

### **Report on the Special Resolution regarding the Board of Director Remuneration**

This resolution, if approved, will authorize the Board of Directors to set future director remuneration that is:

- consistent with a member-approved remuneration philosophy;
- based on an independent compensation consultant's review of what is being paid to directors of comparable organizations;
- reviewed every three years; and
- the Board of Directors will report to members annually the total amount of remuneration paid to each director.

81% of the members who cast their ballot on the issue voted in favour of this special resolution.

### **Report on the Special Resolution regarding the Credit Union Rule Change**

This resolution, if approved, will update Coast Capital Savings' Rules to reflect changing corporate governance practices, in particular, to ensure that the Board of Directors has sufficient financial literacy skills amongst its members.

88% of the members who cast their ballot on the issue voted in favour of this special resolution.

Mr. Wellburn thanked the members for taking the time to vote in the ordinary and special resolutions.

## **NEW BUSINESS**

Mr. Wellburn called for new business.

Mr. Norman Wrigglesworth of the Richmond Centre Branch brought forward a motion for Coast Capital Savings to provide old aged pensioners or those members with over 25 years with the credit union safety deposit boxes free of charge.

Mr. Wellburn was unable to accept the motion as it did not fall within the stated business of the meeting. However, Mr. Wellburn advised he would refer Mr. Wrigglesworth's suggestion to appropriate staff.

With no further new business coming from the floor, Mr. Wellburn took the opportunity to thank two directors who were leaving the Board this year, Ken Martin and Gordon Munn.

Mr. Martin has served on the Board since 2004 and is a champion for community and environmental sustainability. Mr. Munn has served on the Board since 1990 and has also served on the Boards of Credit Union Central of British Columbia and Canada, and with the Canadian Cooperative Association. Mr. Wellburn asked the members present to join him in thanking Mr. Martin and Mr. Munn for their service and contribution to Coast Capital Savings.

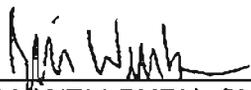
### **CLOSING REMARKS**

Closing remarks included:

- Encouragement to remain for the Members' Open Forum and to speak to Directors and Management following the meeting
- Encouragement to provide feedback via the survey that was included in the meeting package
- Encouragement to recycle the meeting packages

### **CONCLUSION**

Having no further business brought forward, the meeting was declared concluded at 5:55 p.m. followed by a Members' Open Forum.

  
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BILL WELLBURN, Chair

  
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LINDA TAYLOR, Recording  
Secretary