

COAST CAPITAL SAVINGS CREDIT UNION
9th ANNUAL GENERAL MEETING – April 29, 2009

MARRIOTT VICTORIA INNER HARBOUR HOTEL, VICTORIA, BRITISH COLUMBIA

MINUTES

The 9th Annual General Meeting of Coast Capital Savings Credit Union was held on April 29, 2009 at the Marriott Victoria Inner Harbour Hotel, Victoria, and made available to members by webcast at 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 ninth Annual General Meeting of Coast Capital Savings Credit Union.

QUORUM

Due notice of the 2009 Annual General Meeting was provided in November & December 2008 as part of the annual Call for Nominations 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, 2009. 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 Ninth 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.

*Moved and seconded that the Agenda of the 2009 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.***

APPOINTMENTS

The Chair appointed Steve McKoen of the law firm, Blake, Cassels & Grayden, Parliamentarian and appointed Linda Taylor, Board Secretary as Recording Secretary for the meeting. In addition, Gerry Della Mattia was appointed as scrutineer.

INTRODUCTIONS

Mr. Wellburn introduced Lloyd Craig, President and CEO and advised that Mr. Craig would provide the Report from the CEO.

Special Guests present:

Bert Hayes, former Director
Gordon Munn, former Director
Elizabeth Woods, former Director
Anthony Barke, Deloitte
Rhonda Brown and Lisa Mort-Putland, Big Brothers and Sisters
Brady Jepsen, CUMIS

Henry Kamphof, Capital Regional District
Kate Mansell, Boys and Girls Club

APPROVAL OF THE MINUTES FROM THE EIGHTH ANNUAL GENERAL MEETING

The Minutes of the Annual General Meeting held on April 30, 2008, were presented to the membership for receipt. As authorized by the membership, the Board of Directors approved the minutes on June 4, 2008. No errors or omissions were brought forward.

BUSINESS ARISING FROM THE MINUTES

There was no business arising from the Minutes.

SCRUTINEER'S REPORT

Mr. Wellburn reported that 103 registered mered members were in attendance at the Marriott Victoria Inner Harbour Hotel in Victoria, B.C.

REPORT FROM THE BOARD OF DIRECTORS

Mr. Bill Wellburn provided expanded details to the meeting of the information contained in the Board's message in the 2008 Annual Report including:

1. Coast Capital's membership has grown by 104,000 members (35%) since 2004, through innovative products such as, *Free Chequing™*, *Low-fee; More-for-me Mutual Funds*;
2. Coast Capital has returned 7% of pre-tax income to a variety of community initiatives and programs, earning it recognition by Imagine Canada as one of Canada's Caring Company Leaders;
3. Over the past five years, members' Deposits and Capital have grown by 36% and 80% respectively, through strong and consistent growth;
4. With oversight from the Investment & Loan and Audit & Risk Management Committees, Coast Capital has in 2008, doubled the allowance for credit losses in recognition of the severe downturn in the real estate market, and Coast Capital's credit control staff work with members who are in default to find appropriate solutions; and
5. Coast Capital's community contributions in 2008 were \$5.059 million, including donations to: Coast Education Awards, Cops for Cancer Tours, Victoria Youth Empowerment Society's Youth Hospitality Training Centre. Mr. Wellburn introduced the 8 members of the Coast Community Youth Team who were present and assisting members at this meeting.

Mr. Wellburn then announced the appointment of Tracy Redies as Coast Capital's new President and Chief Executive Officer effective June 2009, and provided details of her business experience and the recruitment process.

Mr. Wellburn provided an overview of the steps taken to strengthen overall the Board of Directors, which have resulted in recognition by the Canadian Co-operative Association with the Innovations in Co-operative Governance 2008 Award. Mr. Wellburn then introduced the directors present: Daniel Burns, Bill Cooke, Frank Harper, Mary Jordan, Karen Kesteloo, Gail Stephens, Doug Stone, Glenn Wong, and Bob Garnett.

Mr. Wellburn thanked his colleagues on the Board of Directors for their work in the past year and acknowledged retiring director Bob Garnett, Vice-Chair for his many years of service to Coast Capital Savings.

Mr. Wellburn concluded the Director's report by thanking Coast's employees, CEO and executive team, his Board colleagues and the membership for their hard work and support in 2008. Mr. Wellburn further acknowledged the upcoming retirement of Lloyd Craig as President and CEO and on behalf of the Board, staff and membership of Coast Capital Savings, thanked Mr. Craig for his leadership and wished him the very best.

CEO'S REPORT

Mr. Lloyd Craig provided an overview of Coast Capital Savings' financial performance and corporate achievements in 2008. He indicated that in a year where financial institutions struggled to react to the unprecedented financial and economic uncertainty, Coast Capital Savings continued to focus on its established strengths – banking, investment and insurance services.

Mr. Craig advised that he would be highlighting some of the information that is contained in the 2008 Annual Report, the theme of which is "*Let's talk numbers*". Mr. Craig went on to provide information on the following:

- In 2008 Coast Capital Savings added two new products, *The High-interest, No-Fee Savings Account* and *The Low-fee, More-for-me Mutual Funds*;
- Pre-tax earnings increased to \$72.3 million in 2008, up from \$71.8 million, however the income tax rate increased from 18% to 27%;
- Coast Capital Savings' assets increased to \$10.4 billion in 2008, from \$9.9 billion in 2007, demonstrating that Coast continues to manage its assets and grow its business effectively;
- Mutual funds under administration decreased to \$1.4 billion in 2008, compared to \$1.8 billion in 2007, a reflection of the equity markets;
- Total assets under administration, assets on and off the balance sheet, increased to an all-time high of \$12.3 billion in 2008, compared to \$11.8 billion in 2007;
- Return on equity was 11.4% compared to 14.9% in 2007;
- Net interest income remained largely steady in 2008 at \$211 million, compared to \$212 million in 2007; and
- Overall operating efficiency improved from 72.2% to 69.5% as revenue growth continued to exceed cost increases.

Mr. Craig provided further information on the innovative services Coast Capital Savings has developed for small business, insurance services and equipment financing, as well as added security features that have been incorporated for members using online banking.

Mr. Craig advised that Coast Capital Savings continues to support the initiative to amalgamate Canada's provincial credit union Centrals to consolidate resources, improve efficiency and lower costs. In addition Coast Capital Savings supports the *Case For Progress* legislation, which is designed to allow interested credit unions to operate outside their traditional provincial boundaries and will ensure further opportunities for growth for Canadian credit unions.

Mr. Craig noted that 2009 will be another challenging year, as the disruptions in the credit markets continue and the Bank of Canada reacts by lowering short-term interest rates to compensate.

He noted that this was his final AGM as he was retiring. Mr. Craig thanked the membership for their support, the Board of Directors, executive and Coast Capital Savings' great staff for their dedication.

AUDITOR'S REPORT

Mr. Wellburn announced that the auditors, KPMG had provided their 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, 2008, and the results of its operations and cash flows for the year then ended.

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 2009 and that their remuneration be set by the Board of Directors. **CARRIED.***

COMMITTEE REPORTING – NOMINATIONS & ELECTION COMMITTEE

Mr. Glenn Wong, Chair of the Nominations Committee was introduced to report on the results of the 2009 directors' election. Mr. Wong advised that he was Chair of the Committee that also included directors Doug Stone and Bill Wellburn.

Mr. Wong noted that a highly engaged Board of Directors, with the right balance of skills, and experience, is a cornerstone of effective governance. Collectively, directors must have the required skills and experience to:

- Effectively carry out the Board's oversight responsibilities on behalf of the membership, and
- Work with management to provide input to, and approve, Coast Capital Savings' strategic plan and process.

Mr. Wong advised that the Nominations Committee is appointed annually and reports directly to the membership. The Committee is made up of directors who are not currently eligible for re-election.

The Committee uses the annual nominations process as an opportunity to strengthen the Board by evaluating the Board's current needs, and identifying the additional skills, business experience and qualifications needed to assist Coast Capital Savings in achieving its long-term strategic goals. This process is completed in conjunction with an independent governance consultant to ensure fairness for the nominees while addressing the governance needs of the credit union.

As part of this process, a director Recruitment Profile was developed setting out the current competencies and skills required on the Board. This information was shared with all Coast Capital Savings' members in the member newsletter in the annual call for qualified candidates. In addition, the Nominations Committee and the governance consultant actively recruit qualified candidates.

This year, the Committee's analysis determined that experience in developing investment products and services in the financial services sector; development and delivery of business system strategies; corporate citizenship; risk management and multi-location retail business at a national level were the skills required to further strengthen the Board of Directors.

Nominations were accepted from candidates interested in standing in the 2009 Board of Directors Election. A total of six candidates let their names stand for election: three, who were recommended and three other candidates.

The Nominations Committee's goal was to recommend three candidates it believes can provide significant expertise and are most qualified to fill the upcoming positions on your Board of Directors.

The practice in the credit union system of identifying the skill gaps on boards, profiling the needed attributes and expertise of directors, and recommending candidates standing for election is growing. This practice is recognized by the Canadian Co-operative Association as a best practice in good corporate governance.

The Directors' Election was conducted from March 27 to April 15, 2009 in accordance with the credit union Rules. The Nominations 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 official in federal and provincial elections, served as returning officer again this year.

Mr. Wong reported that in this year's election 17,195 ballots were cast, with 15,171 of these being valid ballots. Since 2007, valid vote totals for our Board Elections have nearly doubled and he thanked the members for participating in this process.

Of the 17,195 ballots cast, 963 were spoiled and 1,061 were rejected, resulting in 15,171 valid ballots for the election. A spoiled ballot was defined as any ballot on which the member voted for too few or too many candidates. A ballot was rejected if it was not possible to complete the required verification criteria.

Name	Total Valid Votes
Dan Burns	13,639
Christian Findlay	13,223
Karen Kesteloo	13,051
Elizabeth Woods	2,951
Rajinder Sahota	1,959
Partap Singh	690

The Nominations Committee declared Dan Burns, Christian Findlay and Karen Kesteloo elected to the Board of Directors.

Mr. Wong thanked all the candidates who let their names stand in the election and also thanked the members of the Committee for their contributions.

MEMBERS' RESOLUTION, AND NEW BUSINESS

Mr. Wellburn reviewed the Coast Capital Savings' Rules with respect to ordinary resolutions and advised that no accepted resolutions were received from the members by the published deadline of January 7, 2009.

Mr. Wellburn called for new business. With no new business coming from the floor, Mr. Wellburn took the opportunity to thank the meeting organizers, the Board of Directors, Lloyd Craig, President and Chief Executive Officer, the Senior Executive Team and all the employees and members of Coast Capital Savings.

CONCLUSION

Having no further business brought forward, the meeting was declared concluded at 6:00 p.m. followed by a Members' Open Forum.

ANNOUNCEMENT OF THE WINNER OF THE 2009 DIRECTORS ELECTION CONTEST

Mr. Wellburn was pleased to announce the winner of the 2009 Directors Election contest as Wendy Fidler of Duncan, B.C. Ms. Fidler will receive a \$3,000 Deposit to a Tax-Free Savings Account, and direct a \$3,000 donation to the United Way Agency of her choice.



BILL WELLBURN, Chair



LINDA TAYLOR, Recording Secretary