

**COAST CAPITAL SAVINGS CREDIT UNION  
("COAST CAPITAL SAVINGS")**

**2013 ANNUAL GENERAL MEETING – April 30, 2013**

**HELD AT THE EXECUTIVE AIRPORT PLAZA HOTEL & CONFERENCE CENTRE  
7311 WESTMINSTER HIGHWAY, RICHMOND, BRITISH COLUMBIA  
and available to members and the public by webcast at  
[www.coastcapitalsavings.com](http://www.coastcapitalsavings.com)**

**MINUTES**

**CALL TO ORDER**

B. Wellburn, Board Chair ("Chair"), called the meeting to order at 5:00 p.m. and welcomed all members to the 2013 Annual General Meeting of Coast Capital Savings.

**NOTICE & QUORUM**

Advance notice of the 2013 Annual General Meeting was provided in September & October 2012 as part of the annual Call for Qualified Candidates, director recruitment process which was mailed to all members. Pursuant to Coast Capital Savings' Rules (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 2013 General meeting of Coast Capital Savings was duly constituted for the transaction of business. Registration was extended until 5:15 p.m.

**APPOINTMENTS**

The Chair appointed Eli Mina, as Parliamentarian and appointed Linda Taylor, Board Secretary as Recording Secretary for the meeting. In addition, Gerry Della Mattia was appointed as Returning Officer.

**INTRODUCTIONS OF HEAD TABLE**

The Chair introduced Linda Taylor, Recording Secretary, Christian Findlay, Chair of the Nominations Committee, Glenn Wong, Chair of the Governance Committee, Tracy Redies, President and Chief Executive Officer ("CEO") and Eli Mina, Parliamentarian.

Special Guests present:

Gerry Della Mattia, Returning Officer;  
Carolyn Rogers, CEO & Superintendent, Financial Institutions Commission;  
Carol Murray, BC Cooperative Association;  
Peter Quevellion, Kidsport BC;  
Carlo De Mello, Sr. Partner, KPMG;  
David Dryden, Chair of the Fraser Valley Young Leaders Community Council;  
Kathleen Keilty, Blake, Cassels & Graydon LLP;  
Georgiana Evans, founding Director of Coast Capital Savings;  
Jackie Baron, First West Credit Union;  
Paul Skellhorne, First West Credit Union;  
Scott Gibbner, QTrade; and  
Joe Tan, CUMIS.

## **OVERVIEW AND APPROVAL OF THE STANDING RULES FOR THE MEETING AND APPROVAL OF THE AGENDA**

The Chair introduced Eli Mina, Parliamentarian who provided an overview of the Standing Rules for the meeting.

The Chair reviewed the Agenda for the 2013 Annual General Meeting.

*Moved and seconded that the Standing Rules for the conduct of the meeting be approved as presented. **CARRIED.***

*Moved and seconded that the Agenda of the 2013 Coast Capital Savings Credit Union Annual General Meeting be approved as presented. **CARRIED.***

## **RECEIPT OF THE MINUTES FROM THE 2012 GENERAL MEETING**

The Minutes of the Annual General Meeting held on April 24, 2012, were presented to the membership for receipt. As authorized by the membership, the Board of Directors approved the minutes on June 8, 2012. No errors or omissions were brought forward and there was no business arising from the Minutes.

## **SCRUTINEER'S REPORT**

The Chair reported that 140 registered members were in attendance at the Executive Airport Plaza Hotel & Conference Centre in Richmond, B.C.

## **REPORT FROM THE BOARD OF DIRECTORS**

The Chair, provided an introduction to the Board of Directors and noted that brief biographies of each Director were included in the meeting registration package. The Chair reported on:

- The responsibilities of each of the Board Committees and the role of the Board.
- The current economic environment and how low interest rates impact Coast Capital Savings.
- An overview of the key metrics and how they've changed and developed over the ten years since the merger that created Coast Capital Savings, including highlights of some of the award winning innovative products.
- The investments that Coast Capital Savings has made in its communities and the introduction of the Youth Councils.
- The BC credit union system overall and metrics that set out Coast Capital Savings' financial results and growth history as compared to other BC credit unions.
- An introduction and overview of the Member's Special Resolution including a summary of the 2007 member approved Director Remuneration Philosophy.

- An overview of the Governance Committee's work with respect to the triennial Director Compensation review.

The Chair concluded the Board Report by thanking the members, employees, Board colleagues, the CEO and the entire Senior Executive Team for their support and hard work throughout 2012.

## **CEO'S REPORT**

The CEO introduced the Senior Executive Team in attendance and advised that following the end of the General Meeting and Members' Open Forum the Senior Executive Team would be available to answer any questions or concerns. The CEO reported on:

- 2012 key financial highlights achieved by Coast Capital Savings in light of a low interest rate and low growth financial climate. The CEO specifically noted the following:
  - A record profit of \$72.4 million, up almost 17% from 2011.
  - Total assets increased by 7.1% from \$11.8 billion to \$12.6 billion and assets under administration grew by 7.8% from \$13.5 billion to \$14.6 billion.
  - Commercial loans grew by \$18.5% from \$2.1 billion to \$2.5 billion and profit from this business increased by 13.5%.
  - Growth of 65% in 2012 in terms of net fund sales, bringing total funds under management to over \$2 billion.
  - Operating efficiency improved to 71.0% from 72.1%.
  - Membership has grown at an annual rate of 5% and total membership in 2012 reached over half a million.

The CEO noted that all of the above financial highlights and further helpful information were contained in the 2012 Annual Report which was available to members in attendance, at branches or online.

The CEO further reported on other highlights in 2012, which included:

- The Where You're At Money Chat and its successes.
- Through its Free Chequing, Free Debit and More Account, members were saved an estimated \$38 million in banking fees.
- \$5.2 million to its communities by way of sponsorships and direct funding to community groups, programs and non-profits, an increase from the \$5 million allocated in 2011.
- The move that will take place in 2015 to the Help Headquarters location in Surrey which will consolidate our Surrey administrative offices.

The CEO reported on priorities in 2013, which include:

- Building on the strategic partnership with Desjardins;
- The potential for growth via national expansion if it is determined there are tangible benefits to our members, employees and communities;
- Growing our business banking segment;
- Investment in mobile banking services to meet the demands and changing consumer behaviour of our membership; and
- Achieving cost savings where appropriate, to do more with less.

The CEO concluded by expressing her thanks to the Board of Directors, the Senior Executive Team, the employees and members for their support throughout 2012.

### **AUDITOR'S REPORT**

The Chair announced that the external 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, 2012, and the results of its operations and cash flows for the year then ended. The Chair noted:

- The Management Discussion and Analysis was included in the Annual Report and would provide greater details to Ms. Redies' financial overview.
- As required by legislation, the Board of Directors has approved the financial statements on behalf of the membership.

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

The Chair advised that it was the Board of Directors' recommendation that KPMG be appointed for the year 2013 and that the Board be authorized to set their remuneration.

*Moved and seconded that the firm of KPMG be appointed external auditors for the year 2013 and that their remuneration be set by the Board of Directors. **CARRIED.***

### **NOMINATIONS COMMITTEE – 2013 DIRECTORS ELECTION**

Ms. Christian Findlay, Chair of the Nominations Committee ("Nominations Chair") reported on the results of the 2013 Directors' Election.

The Nominations Chair's report included:

- A summary of the Financial Institutions Commission's ("FICOM") 'Advancing Governance' report prepared by the British Columbia Credit Union Task Force and how Coast Capital's nominations process aligns with that report's recommendations;

- The Nominations Committee mandate and the process undertaken in developing the annual Ideal Director Candidate Description;
- An overview of the steps taken to seek qualified Director candidates, including the brochure mailed to all members and the enlisting of a professional recruiter to seek potential candidates from the community-at-large;
- The process of reviewing the nomination applications received in 2013 and the decision on the recommendation of candidates.

The Nominations Chair advised that of the 6 candidates who submitted applications in 2013, four candidates recommended by the Committee let their names stand and the others who were not recommended chose not to run for election, resulting in an acclamation.

The Nominations Chair declared incumbent directors Doug Brownridge, Bill Cooke, Bill Wellburn and Glenn Wong elected by acclamation.

The Nominations Chair thanked all of the individuals who showed their interest by participating in the comprehensive nominations process as well as her fellow committee members for their hard work and commitment throughout this process.

The Nominations Chair noted that as in the past, the Committee had decided to donate to a community cause \$1 for every valid vote. She advised that while the acclamation did not result in a member vote, Coast Capital Savings was still pleased to announce a donation of \$20,000 to Kidsport BC. The Nominations Chair, Board Chair and CEO presented to Peter Quevillon, the representative of Kidsport BC, a cheque for \$20,000.

### **MEMBER'S RESOLUTIONS**

The Chair reviewed the Rules with respect to members' resolutions and noted that there was one ordinary resolution received requesting the Board of Directors establish an investigative body for Socially Responsible Investments. The Board of Directors reviewed this request and determined that the intent of the resolution was outside the scope and beyond the resources of Coast Capital Savings and that Coast Capital Savings has adequate socially responsible practices in place.

The Chair noted that the Chair of the Governance Committee would provide the results of this year's member sponsored Special Resolution and provided a summary of the history behind the Ordinary Resolution regarding the 'Director Remuneration Philosophy' and the Special Resolution that were approved by the membership in April 2007.

The Chair provided an overview of the responsibilities that FICOM expects from Directors of a British Columbia financial institution and reviewed the outstanding growth metrics that Coast Capital Savings has obtained since 2006.

The Chair further provided a summary of the direction that was provided to the Governance Committee in conducting their regularly scheduled triennial review of director remuneration.

## **GOVERNANCE UPDATE ON DIRECTOR REMUNERATION**

The Chair of the Governance Committee ("Governance Chair") provided a summary of current director compensation disclosure at Coast Capital Savings and directors' compensation at Coast Capital Savings from 2005 to 2012. He then advised of the changes that were being implemented following the receipt of the 2013 triennial report prepared by Mercer Canada, which are consistent with the 2007 member approved Director Remuneration Philosophy with the added specificity for targeting the midpoint between cooperatives and publicly traded companies.

These changes will result in:

	Prior to April 25, 2013	Effective April 25, 2013
Board Chair Retainer	\$76,500	\$65,000
Committee Chair Retainer	\$10,610	\$5,000
Board Meeting fee	\$1,020	\$1,000
Director Retainer	\$25,500	\$25,500 * (no change)

Additionally, the Governance Chair noted that the Board has eliminated its standing request to have the Chair attend all Board Committee meetings and the special committee providing oversight on the banking system conversion will be phased out in the second quarter of 2013.

## **RESULTS OF THE 2013 SPECIAL RESOLUTION ON DIRECTORS REMUNERATION**

The Governance Chair reviewed the 2013 Special Resolution put forward by member Phil Embley and a group known as Compensation Watch:

*"Be it resolved that, the members of Coast Capital Savings Credit Union establish the remuneration for the directors of the credit union and that the amount paid to each director is published in the annual report."*

The Governance Chair confirmed that for a Special Resolution to be passed it must gain 2/3rds approval by the members who vote and announced the following results:

Total ballots accepted for Special Resolution	23,370
Votes for	18,402 (79.7%)
Votes against	4,696
Spoiled & rejected votes	272
Total valid votes	23,098

The Governance Chair advised that the 2013 Special Resolution was declared passed.

The Governance Chair advised that these results now provided that:

1. Members will be able to vote on any future changes to director compensation;
2. The director retainers and meeting fees, number of board meetings that directors attended, total compensation for each director and total compensation for the Board will be published in the annual report (which was done in the 2012 annual report); and
3. The Director Remuneration Philosophy as approved by the members in 2007 remained in place.

The Governance Chair also advised that members have indicated, through the Special Resolution that they want to provide input and approve directors' compensation and that in order to continue to seek member engagement, the Governance Committee has been asked by the Board to establish a Members' Advisory Panel on directors' compensation. The goal of the Governance Committee is to:

1. Consult with the members on directors compensation;
2. Apply the principles of the 2007 member approved Director Remuneration Philosophy;
3. Consider and apply the information from the 2013 triennial Mercer Canada report on Directors Compensation; and
4. To work with the Members' Advisory Panel to determine if any further changes to director compensation are warranted, beyond the reductions already outlined, and if so, a further resolution will be brought forward for the members to vote on.

The Governance Chair advised that the Board is in the preliminary stages of establishing the Members' Advisory Panel and will report back to the membership once there are further details to share.

The Governance Chair thanked the membership for voting on the 2013 Special Resolution and welcomed members' further input and support which can be provided by emailing: [public.affairs@coastcapitalsavings.com](mailto:public.affairs@coastcapitalsavings.com)

### **QUESTIONS ON REPORTS**

The Chair asked if there were any questions on the reports.

*Due to the number of questions by members in person and submitted by webcast, the Chair, on the advice of the Parliamentarian, extended the length of time for questions and incorporated the Members' Open Forum into the Annual General Meeting. The following summarizes the questions from members and the answers provided.*

#### **General questions to the Board of Directors:**

1. A member enquired about Directors and Officers Liability Insurance Coverage.

The Chair confirmed that the Board had Directors and Officers Insurance coverage but did not provide the specific amounts of coverage.

2. A member asked if the Board size could be reduced in light of the qualifications of management.

The Governance Chair advised that since the merger that created Coast Capital Savings, the board has been reduced from 18 directors down to 10. Given the complexities of Coast Capital Savings, the regulatory and statutory requirements, challenging economic conditions and the range of skills required for an effective Board, the current size is appropriate.

The CEO further advised that having a competent Board is one of the best things we can have for our credit union in order to address the challenges we face and oversee the changes completed and underway.

3. A member asked for details related to the \$5/month service charge that was introduced for business accounts.

The CEO advised that Coast Capital Savings has tried to keep its members' fees as low as possible but as mentioned earlier there are a lot of challenges on our organization to provide the overhead that is required to provide and service accounts and it was prudent to introduce the low fee of \$5.

4. A member asked how a member's position on taking Coast Capital Savings beyond British Columbia would be considered.

The Chair advised that the aspiration of going national is something that will ultimately be decided by the membership. Coast Capital Savings is currently examining what advantages there will be for the membership to expand beyond British Columbia and when that review is completed a decision will be made to recommend whether or not to go forward with bringing it to the membership for a decision.

5. A member had a series of inquiries on the growth rates in mortgages and the risk management associated with that growth?

The CEO confirmed that we have a quality book of mortgages and a strong view to maintaining the high quality of our loans. Coast Capital Saving also has a strong risk manager and risk management processes in place and have some of the lowest delinquency rates in both the credit union sector and the financial services industry. She also confirmed that our mortgage portfolios are stress tested and we make sure that we are keeping an eye on the quality of those loans.

6. A member asked about increasing financial literacy for members.

The CEO advised that Management feels very strongly about financial literacy and the Where You're At Money Chat was created as a result of that. The CEO commented that she had already shared one story tonight about how this had helped members.

Questions regarding the Banking System Conversion:

7. Several members had questions regarding the recent Banking System Conversion.

The CEO advised that the T24 banking system is provided by a Swiss company who has installed banking systems all over the world. The project was a large, complicated, undertaking that required the resources of the entire company at certain points as well as independent contractors and outside experts. In terms of any outstanding conversion issues she confirmed that staff is working diligently to remedy any issues and apologized for any inconvenience being experienced.



Questions regarding the Directors Election:

8. A member directed a question to the Nominations Chair as to the efficacy of the current nominations process in light of an acclamation in 2010 and 2013.

The Nominations Chair clarified that an acclamation is a recognized part of the democratic process and that an acclamation results when the same number of candidates choose to stand for election as we have vacancies on the Board. Members choose or choose not to stand for election of their own free will.

Questions regarding the 2013 Special Resolution:

9. A member noted their attendance at the AGM as a result of concerns about how director remuneration is set.

The Chair advised that the ability for a Board of Directors to set its own remuneration is provided for in the *Financial Institutions Act* and was voted on and approved by the members in 2007.

10. A member asked for clarification on the impact of the 2013 Special Resolution on prior resolutions in 2007 and noted the member interest in director compensation.

The Chair confirmed that in 2007 there were two resolutions, one was the member approved Director Remuneration Philosophy, the other authorized the Board to set Board compensation in accordance with the member approved Director Remuneration Philosophy. The 2013 Resolution did not impact the 2007 resolution on the Director Remuneration Philosophy and it remains in place. Any future changes to director compensation will be in compliance with the Director Remuneration Philosophy and be brought forward to the members for approval.

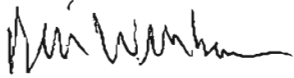
Questions regarding the Rashida Samji Investment Scheme

1. Several members spoke of the Rashida Samji Investment Scheme and that because of their involvement, they had been experiencing negative health issues due to their financial and emotional stress. They asked the Board and CEO for a resolution of this matter to be expedited and/or assistance with the interest charges being incurred on loans taken in order to participate in the investment scheme.

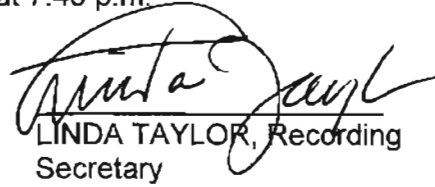
The CEO noted that Coast took immediate action when the matter was discovered and has worked with its legal counsel and the legal counsel of those involved to resolve this matter as quickly as possible. The CEO further noted that she would take members' details following this meeting and would try to work with them and their legal counsel to resolve this issue. The CEO advised that she would be available to talk to members after this meeting.

**CONCLUSION**

The Chair asked for a vote to adjourn the meeting. The Annual General Meeting and Members' Open Forum was declared concluded at 7:45 p.m.



BILL WELLBURN, Chair



LINDA TAYLOR, Recording Secretary