

Minutes of the 74th Annual General Meeting of Ladysmith & District Credit Union May 14, 2019

1. Welcome:

President Elaine Layman welcomed members and guests to the 74th Annual General Meeting of the Ladysmith & District Credit Union (LDCU). She acknowledged that we stand on the traditional territories of the Stz'uminus First Nation and thanked them, as original keepers of this land, for their work and dedication to this land we call home.

2. Introductions:

President Elaine introduced the members of the Board of Directors: Ross Davis, Gerry Clark, David O'Connor, Krista Perrault, Tim Richards and Rob Viala. She then introduced Chief Executive Officer (CEO) John de Leeuw and Bradley Darbyshire from the accounting firm of MNP. She then reviewed the packages provided to members at this meeting and advised they should include LDCU's Annual Report, the Rules of Order, Special Resolution information and giveaways. She declared a quorum with 89 members present and noted there was 1 guest.

3. Rules of Order and Agenda Approval:

President Elaine asked if everyone received a copy of the Rules of Order and if there were any questions on them. No one inquired. She then called everyone's attention to the "Voting" section in the Rules, and noted that only voting paddles will be used for voting and the registration table continues to provide paddles to qualified members. She then called for a motion to approve the agenda for the AGM. This was moved by Tracy Paterson and seconded by Cindy Cawthra. Carried by the membership.

4. 73rd AGM Minutes:

President Elaine asked if everyone had a chance to read the minutes of the 73rd Annual General Meeting and if anyone wanted them read out loud. No one requested this. She then called for a motion to approve the minutes of the 73rd Annual General Meeting. This was moved by Aaron Stone and seconded by Brenda Moore. Carried by the membership.

Business arising from the 2018 AGM minutes was called for. There was no business arising from the 2018 AGM minutes.

5. Board Report

The Report from Board was presented by President Elaine. She then asked if anyone wanted her to read the report out loud. No one requested this.

She then noted that the theme of this AGM is our 75th Anniversary and, it was 75 years on this date that our founding members held their first meeting. She asked the members to note the 75 pictures displayed around the room outlining our 75 year history. She then touched on the highlights and accomplishments from this year noting:

- One of our major accomplishments last year was the purchase of a \$60,000,000 investment portfolio by our wealth management subsidiary, LDCU Financial Management Ltd. We are now proud to offer a full range of financial services to our members.
- LDCU's assets grew from \$12,000 in 1950 to \$240,000,000 of Assets Under Administration in 2018 (a slide showing assets growth for the past 75 years was shown).
- We still remain a cooperative financial institution that supports its local community and this past year alone we donated over \$76,000 within our community.
- We are thrilled to celebrate our 75th anniversary and can be proud of our rich history including:
 - o founding members like Rod Glen, who became President of the BC Credit Union League,
 - o John Ulinder, who attended every AGM for 50 years, and
 - o Helmi Kotilla, our groundbreaking female President.

President Elaine then showed the membership a video commissioned in celebration of LDCU's 75th Anniversary outlining its history and accomplishments.

She thanked our directors for their hard work and dedication this past year and noting the level of regulatory responsibility on Credit Unions continues to grow.

President Elaine honoured our Past President, Brian Childs, noting:

- Brian worked tirelessly to promote the Credit Union within our community, he joined LDCU in 1987 and served until 2018. He was President from 2006 until 2018 and was at the helm for some of our proudest accomplishments.
- He served on the Ficom Governance Task Force in 2011 and was a strong proponent for smaller Credit Unions.
- He worked countless hours charting the future of the Credit Union from the purchase of the buildings beside us, to overseeing the creation of new subsidiaries.
- He dedicated half of his life to LDCU and we wouldn't be where we are today without his selfless commitment.
- We stand on the shoulders of some giants within the system who were founding members of LDCU and Brian absolutely stands with these giants.

Members in attendance gave a rousing standing ovation in Brian Childs' honour.

Elaine also thanked CEO John de Leeuw, his management team and all the staff for their hard work.

She then inquired if there were any questions about the Board Report. None were raised. A motion to approve the Board Report was made by Tracy Paterson and seconded by Courtney Henn. Carried by the membership.

6. Credit Committee Report

President Elaine asked if everyone had a chance to read the 2018 Credit Committee report and if anyone wanted them read out loud. No one requested this.

A motion to approve the Credit Committee Report as presented was made by Aaron Stone, seconded by Ginny Rathwell. Carried by the membership.

7. CEO Report

Next up was the report from CEO John de Leeuw. John gave his report noting:

- We had a very strong year in 2018 with the second best year of Net Operating Income and the best year of Net Income in our history.
 - The 2018 housing market in and around Ladysmith slowed but prices rose.
- He showed the membership graphs outlining LDCU financials including showing:
- o The steady growth of almost \$40 million in the past five years.
 - o Loan growth of \$30 million in the past five years despite a slowing in 2018.
 - o Deposit growth of over \$11 million in 2018 and \$25 million in the past five years.
 - o Financial margin, operating income, operating expenses, operating expenses and operating costs.

He introduced LDCU's Financial Management Ltd. team of Victor Malli, Senior Certified Financial Planner and Krista Hansen, Investment Advisor. He also introduced Kendre Haugen, who was awarded LDCU's newly created position of Mobile Mortgage Manager.

He introduced the staff in attendance; he thanked them for their hard work and efforts this past year and presented the annual service awards. He congratulated Cindy Cawthra for over twenty years of service with LDCU.

He presented the Town of Ladysmith with a dogwood tree for Transfer Beach in recognition of LDCU's 75th Anniversary. It was received by Mayor Aaron Stone. John noted that a tree symbolizes being strong (the strength of our membership), deep roots (the roots LDCU has in our community) and long life (LDCU has and will continue to enjoy). A stone plaque will be made and placed beside this tree.

President Elaine asked if there were any questions on the CEO Report. There were none. A motion to approve the CEO's Report was then made by Duck Paterson and seconded by Melanie Davis. Carried by the membership.

8. Auditor's Report

The Auditor's Report was then presented by Bradley Darbyshire of MNP. Bradley advised that he was pleased to report that MNP has issued a clean unmodified audit opinion and the full set of LDCU's 2018 consolidated statements fairly represent the financial position of LDCU. Bradley asked if there were any questions on the Auditor's Report. There were no questions. It was moved by Aaron Stone and seconded by Rob Johnson that the Auditor's Report be accepted as presented. Carried by the membership.

9. Special Resolution

President Elaine noted that this year the Board brought forward a Special Resolution as outlined in the AGM notice and in each attendees package. She advised that the Board of Directors is proposing to amend our Rules as follows:

- Reduce the required number of Membership Equity Shares for a regular membership from \$25.00 to \$5.00.
- Add that a director cannot be a relative of an existing director.

President Elaine outlined the reasons for these changes and advised that the Financial Institutions Commission has already given preliminary approval to these amendments. She asked if anyone had any questions and the following question was asked:

- Rob Johnson asked if a member could purchase more shares than the minimum amount as the declared dividends have been very good.
 - o CEO John de Leeuw acknowledged that the dividends on member shares were very good at 3.25% this year. He further advised that \$1,000 is the maximum shares that a member can purchase (rules within the Financial Institutions Act) but, due to accumulating dividends, some members may hold more than \$1,000 in their membership account.

President Elaine then asked for a motion/vote to approve these changes. It was moved by Rob Johnson and seconded by Tracy Paterson to accept the Special Resolution as presented. When the vote was called, all members voted in favour. When asked if any opposed there was none. The Special Resolution was carried unanimously.

10. Remuneration of Directors

Rob Viala, Chairperson of the Governance Committee, noted that director compensation is reviewed every three years and was last updated at the 2016 AGM last. In addition, Rob noted the following:

- The Board functions at a high level of Governance.
- Our directors are required to attend significant education workshops. Five of our directors are graduates of the Credit Union Director Achievement (CUDA) and a sixth will graduate later this year. In addition, three are Accredited Canadian Credit Union directors with one holding a Institute of Corporate Directors designation.
- LDCU has seven directors as opposed to the national average of nine.
- The Credit Union is seen as a leader in the community through the actions of your Board of Directors.

Rob noted that we aim to be in the middle of the compensation scale for our asset size but we are currently at the bottom. He advised the Board is requesting an increase to the Annual Honorarium by \$250 per director with no other changes being made.

Rob asked if there were any questions or comments from the membership and there were none.

President Elaine then asked that the membership to move the following motion: "That the director compensation change as follows: Increase the Honorarium by \$250 per director per annum." Moved by Anita McLeod and seconded by Duck Paterson to accept the motion as presented. Carried by the membership.

11. Nominating Committee Report

Rob Viala, Chairperson of the Nominating Committee, presented the Nominating Committee Report. Rob outlined the guidelines followed when directors reach the end of their term. Rob mentioned the newsletter sent to the LDCU's membership stating the expiration of the terms of four directors. The four directors whose terms are expiring are Elaine Layman, Ross Davis, Krista Perrault and Gerry Clarke. Rob advised that Elaine Layman, Ross Davis, and Gerry Clarke have completed the nomination kit and no other nominations were received. Rob advised that pursuant to rule 4.14 Elaine Layman, Ross Davis, and Gerry Clarke are elected by acclamation. Elaine and Ross will serve three years with their terms will expire at the 2022 AGM. Gerry Clark will serve two years with his term expiring at the 2021 AGM. It was moved by Melanie Davis and seconded by Aaron Stone to accept the Nominating Committee's Report as presented. Carried by the membership.

12. Appointment of Auditors for 2019

Next on the agenda was the appointment of auditors for the 2019 year. It was moved by Connie Forrest and seconded by Tracy Paterson that MNP be appointed auditors for 2019 with the Board given the authority to set their remuneration. Carried by the membership.

13. New or Unfinished Business

President Elaine called for any New or Unfinished Business. There was none.

14. Video Vignettes

CEO John de Leeuw then showed the membership several short vignettes from community members and staff who have been impacted by LDCU.

15. Financial Fitness Quiz:

CEO John then led a financial fitness contest for all attendees. The winner was Rob Volkman, with McRae Berrow in second and Brenda Moore in third.

16. Door Prizes:

Door prizes were drawn for attendees with the winners as noted below:

Krista Hansen	Carol Wheat
Wilma Weir	Nicole Schaefer
Susan McMurtrie	Bob McLeod
Melanie Davis	Cindy Cawthra
Joan Adair	Valorie Galloway
Greg Vosper	Marilyn Johnson
Dan Harvey	Krista Perrault
Mitch Wilson	

17. Adjournment:

The meeting was adjourned at 8:58 pm through a motion by Tracy Paterson. The 75th Anniversary cake and refreshments were served.