

Annual General Meeting East Coast Credit Union

June 29, 2021

The Annual General Meeting of East Coast Credit Union (ECCU) was held on June 29th, 2021 via Zoom. Chairperson Mary Oxner introduced herself, welcomed everyone in attendance, and called the meeting to order at 7:00 p.m.

Mary Oxner introduced the virtual head table as follows: Ken Shea (President & CEO), David Moorhouse (Parliamentarian/Scrutineer) and Caroline Dickie (Recording Secretary). Mary Oxner also introduced the Board of Directors and the Senior Executive Team.

Presentation of Bursaries

Mary Oxner and Ken Shea presented the bursaries to the winners as follows:

- Alexandra Beaton, who is attending St. FX University to complete a Bachelor of Science in Human Nutrition.
- Haley Bishop, who is attending Mount Saint Vincent University to complete a Bachelor of Arts.
- Skyler Boylan, who is attending Dalhousie University to complete a Bachelor of Science.
- Hannah Delorey, who is completing a Business degree at a university of her choice.
- Victoria O'Brien, who is attending St. FX University to complete a Bachelor of Science in Human Kinetics.
- Tessa Pelrine, who is attending Dalhousie University to complete a Bachelor of Medical Sciences.
- Makenzy Sampson-Muggah, who is attending Dalhousie University to complete a Bachelor of Nursing.
- Laila Xiu Tao Stewart, who is attending Dalhousie University to complete a Bachelor of Arts.
- Marybeth Stewart, who is attending Dalhousie University to complete a Bachelor of Science.
- Jayden Lilee Shaw, who is attending St. FX University to complete a Bachelor of Science in Human Kinetics.

Greetings from Atlantic Central and League Savings & Mortgage

Michael Leonard brought greetings from Atlantic Central, League Savings & Mortgage, and League Data. Michael noted that credit unions have ranked first in customer service in Atlantic Canada during the pandemic, and that we worked to adapt quickly to find digital solutions for our members. Michael noted that credit union members continue to look for more convenience, more ways to access their money, and more digital touch points. Michael noted that in order to compete with much larger financial institutions, credit unions must continue to collaborate and consolidate. Collaboration has included the ability for all 45 Atlantic credit unions to offer all three mobile payment platforms to their members, and coming soon will be the ability to access online account opening, lending and deposit taking. Michael noted that East Coast

Credit Union is a leader in the Atlantic credit union system and pushes for a collective response to the needs of members. Michael noted that Atlantic Central is a strong supporter of credit union mergers and a strong supporter of the merger that East Coast Credit Union is considering.

Appointment of AGM Parliamentarian and Scrutineer

Mary Oxner re-introduced David Moorhouse, 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 17)

Anne Sears reported the number of eligible voting members participating was 137, therefore a quorum was present.

A moment of silence was observed to honor members who passed away in 2020.

Approval of Agenda

Motion made by John Peach to approve the June 29, 2021 AGM Agenda; seconded by Amy Johnson.

#01-2021 AGM

Motion carried

From the floor, Dan Fougere asked about the election of directors. Mary Oxner responded that the Chair of the Nominations Committee will be addressing the process for the election of directors later in this meeting.

Approval of 2020 East Coast Credit Union AGM Meeting Minutes

Motion made by Kathy MacDonnell-Rankin to approve the minutes from the East Coast Credit Union 2020 Annual General Meeting; seconded by Clare Rankin.

#02-2021 AGM

Motion carried

Report from the Chair

Mary Oxner noted that the impact of the pandemic was far reaching and the East Coast Credit Union Board of Directors continued to focus on our members, products and service innovation, developing and engaging our employees, embracing new technologies, investing in our digital platform, and supporting our communities. Mary noted that many of our members adapted to our new digital offerings at a rapid pace in order to keep both themselves and our staff safe during the ongoing pandemic. Mary noted that the Board will continue to focus on the evolving landscape of digitization into 2022 and the expectations of our members. Mary thanked the members, staff, and the Board for their support during the past year.

Mary Oxner asked Ken Shea to present his 2020 report.

Report from the President & CEO

Ken Shea noted that through the challenges and adversity of 2020, East Coast Credit Union remained committed to our member focused approach and worked diligently to ensure that banking continued to be as easy and convenient as possible. Ken noted that adopting new

technologies has been a key focus, and has included our new online self-serve appointment booking tool, mobile wallets, and our new Aura Loyalty card. Ken noted that the credit union responded quickly to the COVID-19 pandemic by implementing policies and procedures to keep our members and staff safe. These actions included reducing branch hours, assisting members in taking advantage of online, mobile and telephone banking, increasing the number of staff available to assist members by phone and digitally, offering 15 free transactions on service charge packages, deferring mortgage and loan payments, and accepting applications to the CEBA Relief Program. Ken noted that despite the challenges of the pandemic, East Coast Credit Union saw many accomplishments throughout 2020, including being named as one of Atlantic Canada's Top Employers, and one of the Top Employers in Nova Scotia. We were the presenting sponsor of the Downtown Dartmouth Ice Festival and the Coldest Night of the Year in New Glasgow. We joined the #loyal2local challenge to help inject over \$70,000 into the Atlantic Canadian economy, led an initiative joined by other Atlantic Credit Unions to make a \$50,000 donation to the VON in Nova Scotia, donated \$10,000 to Feed Nova Scotia, and donated \$21,000 to the Hospice Society. Ken thanked the staff, management team, Board, and members for their support and cooperation during the past year.

From the floor, Chris Hanlon asked why the amalgamation was not part of the strategic plan posted on our website. Mary Oxner responded that part of the strategic plan is growth, and one mechanism of growth is amalgamation. Ken Shea also noted that partnerships and strategic alliances are included in the strategic plan. From the floor, Chris Hanlon noted that the strategic plan references niche markets and asked if the Valley was considered a niche market. Mary Oxner replied that the Valley represents an opportunity for growth in terms of branch structure, expanded products and services, and modernized processes.

From the floor, Anuj Jain asked for an explanation of equity percentage and levels, and an update on our patronage policy. Ken Shea replied that equity percentage is the percentage of retained earnings and shares as a percentage of overall assets. Ken noted that our equity has declined slightly over the past year due to strong growth, as the amount of deposits being retained has risen. Ken noted that our regulators have provided us with guidance that indicates a desired equity level of 8%, and our current equity level is roughly 6%. Ken noted that although we don't have a patronage policy, we monitor our equity and re-invest in our business regularly. From the floor, Anuj Jain asked if the excess liquidity being retained during the pandemic could present an opportunity to expand credit availability to members at more attractive terms, or if the rise in liquidity is short-term. Ken Shea replied that we are unsure if the increase in liquidity will be sustained and are taking a cautious approach.

Report from the Auditors

Mary Oxner introduced Jessica Skinner of BDO Canada LLP, the auditors of East Coast Credit Union.

Jessica Skinner of BDO presented her audit report and an overview of the 2020 financial statements of East Coast Credit Union. Jessica noted that an unqualified clean audit report was issued, and she highlighted the credit unions assets and loans growth, deposits, equity, financial revenue and expense, financial margin, other revenue, operating expenses, operating margin and net income.

From the floor, Anuj Jain asked for an explanation of what “Other Revenue” includes. Jessica Skinner replied that Note 16 provides a detailed explanation of what is contained in Other Revenue (ATM surcharges, Interac fees, mortgage penalties, commissions, CEBA loan admin fees, rebates, profit shares, service charges, foreign exchange gains and rental income).

From the floor, Chris Hanlon asked how the \$1 million wage subsidy would be used, and if it could be used for the humanitarian loan fund. Ken Shea replied that the subsidy that the credit union received has been paid out in wages to retain our full staff levels, as we did not lay-off any staff during the pandemic. From the floor, Chris Hanlon noted that the credit union made more than \$1 million this past year. Ken Shea replied that we are required to earn a certain amount to stay within regulatory requirements (25 basis points) and we earned slightly over the required amount this past year.

From the floor, Mike Moeller asked why the members money was being used to promote the amalgamation, as there were advertisements every day to accept amalgamation, and who is supposed to pay for those who are against the amalgamation. Mary Oxner replied that the cost of the promotion of the amalgamation are borne by the credit union, as any marketing costs are, and supported by the Board of Directors. From the floor, Mike Moeller asked how much Ken Shea’s salary is and how it compares to the former manager at Bergengren Credit Union. Mary noted that the financial statements include a note on executive compensation, but we do not disclose individual salaries. From the floor, Mike Moeller asked why the defined benefit pension plan of the workers was used as a negotiating bargaining chop at the last round of negotiations, after he was told at the original amalgamation meeting that the union negotiated pension of the Bergengren workers would not be affected. Ken Shea replied that as part of the original amalgamation plan, there was no interference in the existing pension plan for the former Bergengren employees. Ken noted that we were struggling with the increasing pension liabilities because of the size of the plan, and we reached an agreement with the bargaining unit to remove future employees from the defined benefit pension plan (and enroll them in the defined contribution pension plan) and any existing members in the defined benefit pension plan would remain.

From the floor, Adele LeBlanc asked if the number of amalgamation votes would be made public at the end of the voting period, and how will we evaluate if our outreach efforts were effective (ex: what percentage of member votes do we consider a success in terms of having effectively reached out membership). Ken Shea replied that when we make our announcement on the amalgamation vote, we will provide the final voting numbers, and while there are only 130 members in attendance for the AGM this evening, there are quite a few electronic votes that have been received so far.

From the floor, Solveig Overby asked where the financial statements were located in the annual report. Ken Shea replied that the financial statements are linked to the annual report on page two.

From the floor, Chris Hanlon asked how we can rely on the new amalgamation projections, as the last amalgamation projections indicated we would reach 7.4% equity and we are currently at 6% and have been below equity projections for the last five years. Ken Shea replied that we

had much stronger growth than anticipated over the last few years, and as our earnings didn't exceed our plan (although they met plan), we weren't able to build as much equity as we would have liked. The recent pandemic has also had an effect as our deposits have grown more than expected. Ken noted that the amalgamation projections are only projections, and we have to make educated guesses as to what future years will bring.

From the floor, Anuj Jain asked how ECCU is engaging in green, social and inclusive economic approaches to business. Ken Shea noted that the annual report covers some initiatives that we are involved in, which include our partnership with Bullfrog Power, integrating renewable energy into our branch renovations (LED lights and solar panels), lending programs designed to assist members in implementing sustainable power in their own homes, diversity and inclusion initiatives, and our Community Impact Committee. From the floor, Anuj Jain noted that ECCU should consider having ESG reporting going forward, as many other companies are moving to that model.

Motion to approve the Auditors' Reports made by Chris Hanlon; seconded by Denee Mattie.
#03-2021 AGM **Motion carried**

Appointment of External Auditor

Dan Fougere, Chair of the Audit Committee, presented the recommendation to appoint BDO as External Auditors for 2021.

Motion that East Coast Credit Union engage BDO, or successors, as our External Auditors for the fiscal year 2021 made by Dan Fougere; seconded by Bill Timmons.

#04-2021 AGM **Motion carried (75 in favor, 1 opposed)**

Board of Directors Election Process and Summary

Leroy MacEachern, Chair of the Nominations Committee, reviewed the election process. He reviewed the role of the Nominations Committee, the electoral process, and noted that one two-year term and four three-year term positions were available this year. The Call for Nominations was made on February 4, and concluded on March 4, resulting in a competent slate of four candidates. The candidates were approved by the Nominations Committee on March 11. With there being fewer nominations than the number of vacancies available, the nominees are declared elected by acclamation and no Board of Director election was required this year. Leroy announced that the candidate's elected by acclamation are John Berk, Tyrell Giffin, Kathy MacDonnell-Rankin and Bill Timmons. Leroy noted that under By-Law 6.14, when Directors are declared elected by acclamation, and there are different terms available, the terms are to be determined by draw. Leroy conducted the draw and Tyrell Giffin, Kathy MacDonnell-Rankin, and Bill Timmons were appointed three-year terms, and John Berk was appointed a two-year term. With one vacant three-year term remaining, Leroy noted that under By-Law 6.14, where vacancies still exist, the Chair is required to make an additional call for nominations at the members meeting.

Call for Nominations

Mary Oxner noted that with there being a vacancy on the Board, she was calling for nominations to fill one three-year term. From the floor, Sue Adams nominated Chris Hanlon

and her nomination was seconded by Elaine MacLean. Chris Hanlon accepted the nomination. From the floor, Katrina Turnbull nominated Kim MacDonald, and her nomination was seconded by Denee Mattie. As Kim MacDonald was not present at the live meeting, she declined the nomination. Chris Hanlon was elected to a three-year term by acclamation.

Old Business

There were no items of old business raised.

New Business - Special Resolution

Mary Oxner noted that the Board of Directors is recommending approval of the amalgamation with Teachers Plus Credit Union and Valley Credit Union. Mary noted that due to the increased need for digital products and services, and the ongoing pace of change in the financial services industry, the Board of Directors feels that amalgamation is the best method to position our credit union for the future. Mary noted that the benefits of amalgamation considered by the Board were increased career opportunities for staff, more innovative products and services, expanded branch network, competitive rates, and continued support to our local communities. Ken Shea noted that the amalgamation materials were made available to members in June and have been promoted digitally and in our branches. Ken provided a summary of the amalgamation process, the benefits of amalgamation, the business plan and amalgamation agreement, and regulatory requirements.

From the floor, Juanita asked what products and services the other credit unions offer that ECCU currently does not. Ken Shea replied that there are a few offerings that are unique to the other credit unions, including Teachers Plus Credit Union special pricing for teachers, and Valley Credit Union’s website virtual assistant. Ken noted that as a larger, stronger credit union we will be better able to adopt new product and service offerings.

From the floor, Chris Hanlon noted that the regional representation Board model is a great idea. Ken Shea replied that all three Boards were supportive of this governance model.

From the floor, Chris Hanlon asked for an explanation of section 7.6 of the amalgamation plan that noted a 2/3 majority in favor was required for approval of the amalgamation. Ken Shea replied that all three credit unions must have 2/3 of their members vote to approve the amalgamation in order for it to proceed. From the floor, Chris Hanlon asked why 500 members are required to call a special meeting when the Credit Union Act only requires 250 members. Ken Shea replied that all three Boards felt that due to the size of the proposed organization, 500 members was an appropriate amount. From the floor, Chris Hanlon noted that meeting quorum is 25 members. Ken Shea replied that 25 members is similar to our current requirement of 17, and we haven’t had any issues reaching the member threshold in the past to constitute a quorum.

From the floor, Adele LeBlanc asked if there will be a second vote. Ken Shea replied that there will not be a second vote; if two of the three credit unions (including East Coast) vote to approve amalgamation, those two credit unions will proceed.

From the floor, Theresa MacDonald asked why we wouldn't increase the number of Board members so that we had representation from our communities throughout the province. Ken Shea replied that there is a point at which a Board does not function properly, and the ideal number of directors is between nine and 12.

From the floor, Richard Gilbert asked who designed the pitch for the amalgamation, and noted that he has not seen annual reports for either Teachers Plus or Valley Credit Union. Ken Shea replied that the amalgamation plan shows financials for the combined organization, and that financial statements for the individual credit unions are available on their respective websites. Ken noted that both credit unions are profitable and present good opportunities from a market perspective.

From the floor, Anuj Jain noted that Atlantic Central seems to prefer a more consolidated credit union in Atlantic Canada and asked if that is the preferred or agreed strategy that ECCU believes in and what are the risks of taking that direction. Ken Shea replied that we work hard to maintain our connections to our local communities through our staff and believe that there is benefit in organizations being able to work together to create bigger scale. Ken noted that we are one of the amalgamation success stories in Atlantic Canada and noted that amalgamations are occurring across the country. From the floor, Anuj Jain asked if Ken could share some lessons learned from other credit unions who experienced amalgamation. Ken Shea replied that some lessons learned have been successfully building capacity while maintaining local community focus, and better portfolio management.

From the floor, Chris Hanlon asked why members are not at the top of the organizational chart in the strategic plan. Ken Shea replied that the members are at the top and that the organizational chart was internally focused.

From the floor, Chris Hanlon noted that at the 2017 AGM, Ken Shea said that there would never be a specific number of Class A Shares stated in our Bylaws and they would only do this as a request to members. Ken Shea replied that there has always been a number of Class A Shares in our bylaws and that we would not exceed that number before obtaining approval from our members. The Class A Share clause was kept in the new Bylaws as an option to generate equity.

From the floor, Richard Gilbert asked if there are any financial projections for ECCU for the next five years if the amalgamation does not go through. Ken Shea replied that we do not have five-year projections, but we do have projections prepared for the next few years as part of our strategic plan. Ken noted that these projections were not included as part of the amalgamation package.

From the floor, Mike Moeller asked for his previous questions to be repeated and answered again. His first question was why the members money was being used to promote the amalgamation, as there were advertisements every day to accept amalgamation, and who is supposed to pay for those who are against the amalgamation. Mary Oxner replied that the Board recommends amalgamation and the advertisements were to create awareness for all members so they have the opportunity to read the amalgamation material and vote either in

favor or not in favor. Mike's second question was how much Ken Shea's salary is and how it compares to the former manager at Bergengren Credit Union. Mary noted that we don't disclose specific salary information for any of our staff, however senior executive compensation is included in the financial statements. Mike's third question was why the defined benefit pension plan of the workers was used as a negotiating bargaining chop at the last round of negotiations, after he was told at the original amalgamation meeting that the union negotiated pension of the Bergengren workers would not be affected. Mary Oxner noted that there is a disclosure in the financial statements on the pension plan for employees, and the pension plan did not change for those employees who were already in the plan. Ken Shea noted that we did not take away any benefits that were accrued, but any new employees that join the credit union going forward would join the defined contribution pension plan.

From the floor, Ruth Schneider asked what disadvantages have been noticed since the last amalgamation (ex: the loss of the Margaree branch). Ken Shea noted that the closure of the Margaree branch was a difficult decision for both the Board and Management, as well as the closures of Kearney Lake and Upper Stewiacke. Ken noted that we need to best serve our members in a way that is economically viable. Ken noted that we did reduce our staff as per the original amalgamation plan, but we have since increased our staffing complement and created new employment opportunities. Mary Oxner noted that the branch closures and amalgamation were not linked and were separate business decisions. From the floor, Ruth Schneider asked if other branch closures were anticipated once the amalgamation takes place. Ken Shea noted that branch closure decisions are independent decisions, and we don't anticipate any closures due to the amalgamation.

From the floor, Elaine MacLean asked if the amalgamation is approved, would the Board have the option to assign 50,000 preferred shares. Ken Shea replied that the Board doesn't have the option to assign shares, but they have the option to produce shares and sell them to members. From the floor, Elaine MacLean asked if the current bylaws require the Board to come back to the members who have the shares. Ken Shea replied that there are no preferred shares issued at the current time.

Mary Oxner noted that members are being asked to pass the Special Resolution approving the amalgamation of East Coast Credit Union, Teachers Plus Credit Union and Valley Credit Union, as recommended by the Board.

Motion to approve the Special Resolution for Amalgamation made by Colleen Roberts; seconded by Helen MacPherson.

#05-2021 AGM

**The final vote tally was obtained post-meeting and member voting resulted in this motion not receiving the required 2/3 majority vote to proceed.*

From the floor, Sue Adams asked if the amalgamation voting process has been taking place prior to the special resolution being moved and seconded. Mary Oxner noted that we have followed proper process and the moving and seconding of the motion is a formality. Mary noted that the Board is recommending the amalgamation be approved so that voting could commence.

Mary Oxner thanked the Voting & Elections Team, the Marketing & Communications Team, and the IT department for their role in putting the meeting together. Mary also thanked the members for attending. Given the pandemic, she also thanked healthcare professionals and anyone in a front-line role for their commitment and willingness to serve the public.

Having concluded the business agenda, Mary Oxner declared the meeting adjourned.

The meeting adjourned at 9:35 pm.

Respectfully submitted,

Caroline Dickie

Caroline Dickie
Recording Secretary



Mary Oxner
Chair of the Board