
2017 Annual General Meeting



Teachers *Plus* Credit Union

A G E N D A

- *Call to Order, Establishing a Quorum
- *Approval of Agenda
- *The Prayer of St. Francis
- *Welcome to Members and Guests
- *Moment of Silence for Departed Members
- *Minutes from the 2016 Annual General Meeting
- *Business Arising from the Minutes
- *Prize Draws
- *Chair's Report
- *President & CEO's Report
- *Auditor's Report and Financial Report for 2017
- *Prize Draws
- *Committee Reports
 - Audit Committee Report
 - Credit Committee Report
 - Corporate Social Responsibility Committee (CSR)
 - Governance Committee
- *Nomination Committee Report
- *Appointment of Auditor
- *Board and Staff Years of Service
- *Confirmation of Board for 2018-2019
- *New Business
- *Prize Draws
- *Adjournment and Refreshments

2016 Annual General Meeting
April 22, 2017 – 11:00am
Holiday Inn & Suites, 980 Parkland Drive, Halifax, NS

Minutes

1. Call to order, establishing a quorum

The meeting was called to order by Board Chair Bill Redden. Jim MacFarlane, Chair of the Governance and Nominating Committee reported that we had a quorum.

2. Approval of Agenda

Motion: That the Agenda be adopted as presented.

Mover: Danny Wadden Secunder: Mike Hurley

Motion Carried

3. The Prayer of St. Francis

The Prayer of St. Francis was read by Bob Blundel

4. Welcome to Members and Guests

The Board Chair, Bill Redden, extended a welcome to all attendees. A special word of welcome was extended to Jaime MacDonald and Rodney Belliveau of Grant Thornton, as well as Thom Williams of Atlantic Central.

5. Moment of silence for departed members

Members who passed away during the past year were remembered by a moment of silence.

6. Minutes of the 2016 Annual General Meeting

Motion: To table 2015 minutes for approval at 2017 AGM

Mover: Pat Hillier

Secunder: Barb White

Motion Carried

7. Business arising from the minutes

- Nil

8. Prize draws -2 draws \$60

Winners: 1. Ray Mombourquette 2. Turk MacDonald

9. Chair's Report

- Chair Bill Redden presented his report.

Motion: That the Chair's report be received.

Mover: Don Crosby Secunder: Terry Gallager Motion Carried

10. President and CEO's Report

- CEO Steve Richard presented his report.

Motion: That the CEO's Report be received.

Mover: Danielle Eleftheros Secunder: Barb White Motion carried

11. Financial Report for 2016

The audit this year was carried out by Grant Thornton. Rodney Belliveau presented opinion and CEO Steve Richard presented the financial report for the year ending December 31, 2016.

Motion: That the financial statements, as presented by CEO/Grant Thorton be adopted.

Mover: Mike Hurley Secunder: Derek Hayne Motion Carried

12. Prize draws – 2 draws \$60

Winners: 1. Benita Doucette 2. Marlene Bartlett

13. Committee Reports

Most of the work carried out by the Board of Directors is done through a number of standing committees. The following Committee reports were reviewed:

- a. Audit b. Credit c. Corporate Social Responsibility (CSR) d. Governance

Motion: That the Audit, Credit, CSR, and Governance Committee reports be received.

Mover: Nigel Mailman Secunder: Don Crosby Motion Carried

14. Nomination Committee Report

Nominations received from floor for 3 year term of Cape Breton seat. Jason Kavanaugh offered via notice to Don Crosby and has been appointed to seat. Mike Hurley and Pat Hillier acclaimed with no other approved candidates offering.

Bill Redden and Barb White offering for South seat. Bill Redden Re-elected.

Scrutineer: Rodney Belliveau, Jaime MacDonald, Mike Hurley

Motion: To approve the Nomination Committee report.

Mover: Nigel Mailman Second: Danny Wadden Motion Carried

Motion: To destroy Ballots of election.

Mover: Pat Hillier Second: Jim MacFarlane Motion Carried

15. Appointment of Auditor

Audit Chair Mike Hurley to address meeting to nominate auditors for 2017.

Motion: That the firm of Grant Thornton be appointed Auditor for the Teachers Plus Credit Union for 2017.

Mover: Mike Hurley Second: Danielle Eleftheros Motion Carried

16. Service Recognition

One staff member was recognized for their dedicated milestone service to Teachers Plus Credit Union: Board Chair presented a pin of recognition to: Steve Richard 5 years of service. Special Thanks to Heather Norris for her service. Heather retires May 2017. Congratulate Don Crosby for his 12 years of service on the Board, and a gift for Eileen.

17. Governance and Nominating Committee Chair, Jim MacFarlane Confirmed the Board for 2017-18:

The following are the Board Members for 2017-18:

- Alexis Allen
- Nigel Mailman
- Pat Hillier
- Derek Hayne
- Mike Hurley
- Bill Redden
- Danny Wadden
- Maureen Smith
- Jason Kavanaugh
- Jim MacFarlane

19. New Business

Motion: To adopt 2015 AGM minutes with name corrections.

Mover: Barb White Second: Harold Doucette Motion Carried

20. Prize draws- 2 draws \$60

Winners: 1. David Melanson

2. Jenette Melanson

21. Adjournment and refreshments

All AGM attendees were thanked for attending and all were invited to stay for a light lunch.

Motion: *to adjourn.*

Mover: Nigel Mailman

Recorded by: Nigel Mailman

Chair's Report

It has been another challenging, but somewhat successful, year for the Teachers Plus Credit Union. Low interest rates continue to dominate the economic environment in which the CU competes with other financial institutions. These low rates continue to favour spenders rather than savers and, at the same time, reduce the profit margins for lenders such as the Credit Union. In recent months, there have been some small increases in these interest rates that may help us going forward.

Another major challenge facing our credit union is a continued declining membership, but the good news is that this trend has started to slow down in the past year. Declining membership is not unique to the TPCU, as most credit unions in Atlantic Canada are facing the same problem. A fairly new marketing campaign being pursued by Atlantic Central based on our "Compelling Selling Proposition" has been launched to make the public more aware of the unique benefits that credit unions offer its members compared to using banks.

A couple of areas where the TPCU has had some success in pursuing our strategic plan in the past year include attracting younger members and selling more services/products to our members, both which help our bottom line profit. Thanks go to our diligent staff for their efforts in achieving these goals.

However, the biggest problem faced by our CU in the past year has been the record number of bankruptcies/consumer proposals that have drastically reduced our profitability! Whether it is a sign of the times or just plain bad luck, but we have been hit with a series of these, reducing our profit by over \$100,000 – a major loss to a small credit union. In researching why this occurred, it became clear that every single loan had been made to a member in good standing with a good credit rating at the time of the loan and no defaults on payments in advance to warn of an up-coming problem. We suspect that continual advertising on television (or on the back of a bus) telling people that if you have money

problems: "It's no problem and we can find a solution for you. You don't lose your house, you don't lose your car, and you can even re-establish your credit." I think most of you probably know the ads I am talking about.

Despite all of this bad news, we were still profitable enough in 2017 to continue to share these profits with our members through patronage rebates, albeit at a slightly lower rate than the past several years.

My Report would be remiss if I did not note the large number of hours spent in the past year by your Board and staff analyzing a shared services model that was being proposed for Atlantic credit unions to help to find ways to reduce cost and improve delivery of "back office" services. That model, called a "Linked Hub" would have seen credit unions purchasing a package of services from a central source and thereby being able to reduce some staff positions through attrition and save on expenditures. After the Board spent an entire day and several extended meetings becoming educated and analyzing the data, it became clear that the numbers did not favour our joining the Hub. Because we are a small credit union with an already small staff, we would not see the savings projected. We require a certain complement of staff just to keep the doors open. Although we did not offer to join, several other CU's did and are moving forward with a modified plan that may permit us to contract for individual services rather than paying for a whole package. This may well turn out to benefit us going forward. There is much work to be done on this over the next few years to see if it can benefit our members.

As in past years, I would like to take this opportunity to personally thank the entire staff for their hard work and professionalism. We continue to hear from our members how well they have been served, how polite and courteous our staff is always. Through the past few years we have seen a reduction in the number of staff through attrition so we now have fewer people doing the same amount of work. Your fine efforts are not going unnoticed. And a special thanks to Steve,

who has had to steer the ship through some troubled waters over the past year but has done so with great skill and great patience. Well done!

Lastly, I thank the Board for their diligence and long hours away from family and friends and for making my job easy. And to you, the members, thank you for your continued patronage.

Respectfully submitted,
Bill Redden, Chair

CEO REPORT

2017 was a year of very significant activity and change for Teachers *Plus* Credit Union. It was also a year of great change within the credit union system in Atlantic Canada as well as across Canada and your credit union was well represented at all system events and meetings.

This year started fairly strong with considerable demand for loans and deposit business, which carried through to mid-year. That said, we were able to show continued profitability through to the late summer, and were on track for a profitable year well above target. We then got hit with a string of consumer proposals and bankruptcies from August to November that hit our bottom line very hard. We were obviously concerned about this influx of loan losses, so we did a complete review of all loans involved and determined that, based on the information presented on the loan application, we would not change the approval on any of these loans. Obviously situations change for some of our members and we have no way of predicting these changes. When we receive a bankruptcy or a proposal we have little hope of recovering any of our loans and therefore have to set up a loan loss allowance for each of these loans. This loan loss allowance comes directly off our bottom line, and in 2017 we had to expense \$121,244 to allowance which means that instead of showing a profit of \$252,140, we were only able to generate \$130,896. Because we did not meet our profit targets our staff received a reduced incentive pay, and with other adjustments from our accountants we showed a final profit of \$143,833. The Board of Directors approved a patronage payout of \$143,000.

As at December 31 we were ahead of budget on our overall loan target due to strong growth in our lines of credit, which was somewhat offset by tepid growth in our other loan categories. Also, our success in attracting lines of credit was, unfortunately, further offset by our less than expected mortgage growth. This was due to the continuing competition and a low interest rate environment as well as some changes to mortgage qualifications that made qualifying for a mortgage harder for borrowers across Canada.

Overall, our assets dropped slightly year over year to a final asset number at year-end of \$55,798,462. As with previous years we managed expenses tightly which contributed to our bottom line, and we finished the year \$62,338, or 3.44%, below budget for overall expenses. If not for our allowance expense our overall expenses would have actually finished below last year's expenses.

We are blessed with a very efficient and dedicated staff and I am thankful every day for the work they do and the effort they put in. This was even more evident this year as we had a couple of significant retirements, and we did not replace these positions. We continue to provide financial advice through our pre-retirement and budgeting seminars, as well as our conversations with members on a daily basis. We are always striving to ensure that we provide an enhanced member experience to our members so they will tell their friends and family about us. As always, I want to encourage you all to tell your friends and neighbors about Teachers *Plus* and encourage them to join the credit union and share in our success.

In closing, I would like to again thank our staff for their hard work and I thank our Board of Directors who work hard on your behalf and who provide me with outstanding support and direction.

Steve Richard
President & CEO

Audit Committee Annual Report

The Audit Committee met seven times since our last AGM – two of which were with our Auditors, Grant Thornton. The first meeting with the Auditor was on November 30, 2017 at which time Rodney Belliveau and Veronica Hunt presented the Audit Plan for the 2017 audit of the Teachers Plus Credit Union's financial statements. The second meeting was on March 7th, 2018 when they presented the audited financial statements for 2017 and reviewed the 2017 Audit Findings letter.

During the year, the Audit Committee reviewed the monthly financial statements, the financial report and budget variance statements, allowances for doubtful loans, the Auditor's 2017 Audit Findings Letter, Internal Controls Review Report (CUDIC), the FINTRAC audit findings report, the Asset/Liability (ALM) management policy, the Enterprise Risk Management (ERM) policy, the Money Laundering policy, the Credit Card Use Policy, the Investment Policy, the Computer Policy, the Budget for 2017 and a review of the Patronage Rebate calculation. Finally, all expense forms for staff, committees and board members were reviewed regularly throughout the year. The Audit Committee reported regularly to the Board of Directors.

At the end of 2017, our Credit Union ended up with a before-tax profit of \$143,833. The Audit Committee recommended and the Board agreed that \$143,000 be returned to members with the balance less taxes and auditor adjustments be added to our retained earnings bringing our combined equity total to \$7,636,113. This brings the total amount of rebates to our members to \$2,479,515 for the past fifteen years. The rebate cheques will be deposited in members' accounts, with the amount of the rebate based on the total business that was carried out by each member at this Credit Union in 2017

In conclusion, I would like to thank my fellow committee members for their dedicated service during the past year. They are Pat Hillier, Nigel Mailman and

Jim McFarlane. Also, I want to thank management and staff for their assistance throughout the year.

I would also like to thank our Auditor, Grant Thornton, for their professional service and advice to this credit union during this audit transition year.

Prepared by,

Mike Hurley
Chair

Credit Committee Annual Report

During the past year, the Credit Committee of the Teachers *Plus* Credit Union included Alexis Allen, Derek Hayne, Jason Kavanaugh, Maureen Smith, and Danny Wadden. Attendance at all meetings was very good and the input by members was excellent.

The mandate of the Credit Committee is to review policy and make recommendations to the Board of the Teachers *Plus* Credit Union regarding Capital Utilization. The Committee reviews loans which go beyond the policies of the Capital Utilization Policy. These loans are referred to as Loan Exceptions. After a Loan exception has been approved by the Committee, it is forwarded to CUDIC for approval. One loan exception was reviewed and approved by the Committee this past year.

The committee reviews all loans to staff members as well as loans to Board members and their families. This past year, five such loans were reviewed.

It is also the responsibility of the Credit Committee to report to the Board on Loan Delinquencies. Thanks to the hard work of management and staff, action plans are in place to deal effectively with these delinquencies as they occur. Delinquency rates are well within acceptable limits.

Loan Declines are also reported to the Committee at each meeting. Loans are declined because of insufficient security, bankruptcy, and/or TDSR (Total Debt Service Ratio). The Committee reports to the Board on all consumer proposals and bankruptcies and, when necessary, recommends that these loans be written off. This recommendation is made when the Committee is convinced that every effort has been made by staff to service these loans. During this past year, four such loans were written off.

The Credit Committee met on six occasions this past year. I would like to thank all members for their hard work and participation. I would also like to thank all Board

members; CEO, Steve Richard; Manager, Financial Services, Dale Roode; and the lending department for their continued hard work and support.

Danny Wadden

Credit Committee, Chair

CSR COMMITTEE ANNUAL REPORT

The Corporate Social Responsibility (CSR) Committee of the Nova Scotia Teachers Plus Credit Union consisted of Board members Jason Kavanaugh, Nigel Mailman, Bill Redden, Chair Pat Hillier, staff Christine James and Mary Graham. The committee, which met on six occasions, began the year with a review of the mandate of the committee, and developed the primary focus goals for the upcoming year.

The committee worked diligently to develop a project grant initiative in 2017, which provided up to \$2,000 per project to teachers for use in the implementation of an educational based project, to be completed with students in grades 10 to 12. The information was shared through our website, principals and media sources, with a deadline of September 30th. A total of 31 applications were received. The CSR committee vetted all applications, and eight projects were selected for funding. A total of \$11,500 was awarded through this initiative, going to high schools throughout the province. Cheques have been presented, and we are looking forward to updates and pictures as the projects reach completion.

Two requests for funding were received and approved in 2017. \$1,000 was provided to the Rally that Gives, an annual motorcycle rally held in Sherbrooke Village. The Rally That Gives donates proceeds to three organizations: the Cancer Society's "Lodge That Gives" in Halifax, NS, Cathy's Place Cancer Resource Room in St. Martha's Hospital, Antigonish, NS and Holy Redeemer Convent in Sydney, NS. The Lodge That Gives offers a home away from home for cancer patients and their families living more than 50 km from the cancer treatment centre in Halifax. Cathy's Place Cancer Resource Room provides a variety of services to cancer patients and their families, including Reiki, a wig bank, pamphlets, videos and a computer with an oncology patient information system. Holy Redeemer Convent in Sydney, NS offers a place to stay for those undergoing cancer treatments from northern Nova Scotia.

A donation of \$1,000 was also provided to the Scottish Rites Learning Centre for Children in Halifax. The centre is dedicated to improving the lives of children diagnosed

with dyslexia, and provides quality, state-of-the-art tutoring, free of charge, to those with difficulties in reading and writing, and related scholastic skills.

The committee had ongoing discussions regarding other ways to enhance our visibility provincially, as well as finding and utilizing ways to reach our members through communicating, via a variety of avenues, and appropriate ways to give back to our community locally and at the provincial level.

The staff of the TPCU continues to be dedicated to maintaining a carbon conscious workplace environment, as well as giving to several community based fundraising endeavours throughout the year.

I would like to thank all members of the committee for their participation and commitment, with a special thank you to Mary Graham and Christine James for their continued hard work and support to the ongoing work of the committee.

Respectfully submitted

Pat Hillier

CSR Committee Chair

Governance and Nominating Committee

Annual Report

The Committee members are Maureen Smith, Alexis Allen, Danny Wadden, Bill Redden and Jim MacFarlane. Our mandate is to ensure that the Board of Directors of Teachers Plus Credit Union conduct its business in a manner that effectively represents its membership responsibly. We met 6 times through the year. The topics covered in our meetings are:

- Reviewed our mandate to make it more representative of what we do and there were minor changes which do not affect the responsibility of the committee
- Realigned the timeline of our activities to more accurately represent when we conduct our oversight
- Looked at the distribution of regional representation as it relates to membership with no change required
- Discussed size of Board which was reduced to 10 from 12 over 6 years ago. No further changes were recommended
- Reviewed Board Policies for possible changes with none recommended
- Board assessment was completed as required with a new format being used with follow up taking place. Recommendations taken to Board for implementation.
- Nominating committee formed outside the Governance Committee as 3 members are reoffering which ensures no conflict of interest. Alexis Allen, Bill Redden, Mike Hurley and Nigel Mailman formed the committee and took responsibility February 1, 2018.

This summarizes and completes the business of the Governance and Nominating Committee as conducted for the past year.

Respectfully submitted

Jim MacFarlane, Chair