

**2nd ANNUAL GENERAL MEETING
OF DIAMOND NORTH CREDIT UNION
Tuesday, April 13, 2021
Nipawin Boardroom – Virtual Meeting
Nipawin, Saskatchewan**

CEO, Colleen Harmatiuk, welcomed everyone to our AGM and provided some housekeeping instructions around how the zoom meeting will proceed. She introduced President Greg Pagan and announced that he would act as Chairperson for the meeting.

1. Call to Order

President Pagan called the meeting to order at 7:34 p.m. and gave his opening remarks.

• **Introductions**

Mr. Pagan introduced the Board of Directors, Management and Guests joining the meeting:

Board of Directors:

Sandra Gillies
Marcel Head
Kent Nickel
Greg Pagan

Bonnie Seerey
Leslee Serack
John Thompson

Christopher Warriner
Evan Wolowski

Management:

Colleen Harmatiuk
Kevin Isaacson

Randall Kerluke
Brenda Lehmann

Guests:

Perry Erhardt, Olive Waller Zinkhan & Waller
Carrie Carson, Deloitte
Chris Williams, Deloitte

Glen Ferguson, SaskCentral
Hughene Day, a former Director

Pagan confirmed that we had a quorum as over 15 members were present at the meeting. In total, 48 people joined the virtual meeting; 44 were members.

2. Appointment of Recording Secretary

Pagan advised that Wilma Brick would serve as Recording Secretary.

3. Appointment of Parliamentarian

Pagan announced that Perry Erhardt would act as Parliamentarian.

4. Adoption of Agenda

**MOVED BY Melanie Zich, SECONDED by Christopher Warriner
That the agenda be adopted as presented.**

CARRIED

5. Approval of 2020 AGM Meeting Minutes

Pagan announced that a copy of the minutes was posted on the DNCU website under the AGM tab for members to review prior to the meeting.

MOVED BY Larissa Wesnoski, SECONDED by Maurice Lalonde

That the minutes of Diamond North Credit Union AGM held June 16, 2020 be adopted as presented.

CARRIED

6. Presentation of the 2020 Annual Report

A copy of the 2020 Annual Report was posted on the DNCU website for members to review and follow along.

- **Welcome from the President and CEO**

Pagan read the welcome message as printed in the Annual Report.

- **Management Discussion and Analysis and Auditor's Report & Financial Statements**

Pagan introduced VP of Finance, Kevin Isaacson, to present Diamond North Credit Union's Management, Discussion and Analysis and Financial Statements.

Isaacson began by explaining that he would be highlighting the Management Discussion and Analysis as printed on page 17 of the Annual Report.

Isaacson discussed the highlights of the Credit Union's 2020 financial performance with a focus on profit, growth, and capital.

He referred participants to page 20 of the report where there was a copy of the auditor's letter to the membership providing the opinion of the audit. Deloitte stated that, after their review, they were providing an unmodified (clean) audit opinion of the audited consolidated financial statements for 2020.

Isaacson informed that copies of the Audited Consolidated Financial Statements were published on the Credit Union's website and are available by request at the branches should members want a copy.

At this time, Isaacson along with Pagan and Harmatiuk, addressed questions around the financial statements that were received in advance of the meeting. These questions are attached and form a part of these meeting minutes.

Once the advanced questions were addressed, Isaacson asked if there were any more comments or questions from the participants. There were none.

MOVED by Kevin Isaacson that we approve the 2020 Audited Financial Statements as prepared by Deloitte, SECONDED by Evan Wolowski.

CARRIED

7. Appointment of External Auditor for 2021

Leslee Serack advised that, according to *The Credit Union Act, 1998, Section 270*, the members appoint the external auditors. Serack called for a motion from the membership to support the Board's recommendation that Deloitte serve as external auditor for 2021.

MOVED by Leslee Serack, SECONDED by Clement Dion.

That the audit firm of Deloitte be appointed external auditor for 2021.

CARRIED

8. Results of Director Nominations

Election's Committee Chair, Marcel Head provided the results of the 2021 director Nomination process.

In 2021, there were four positions on the Board open; three were for three-year terms and one was for a two-year term. The three-year terms expiring were positions held by Gillies, Nickel and Serack. As a result of a director resignation in July 2020, John Thompson was appointed to fill this vacancy until the next AGM, therefore this term has two years remaining.

The call for nominations was advertised in The Journal, the Shellbrook Chronicle and the PA Herald for the weeks of February 8th and February 22nd, 2021. As well, advertising was posted on the DNCU website and in our branches from February 8th to the date when nominations closed, March 5th, 2021. Four nomination papers were filed, and as a result, no election was required. All returning directors were elected by acclamation with terms as follows:

- Kent Nickel of Nipawin will serve a 2-year term, until 2023.
- Sandra Gillies of Debden will serve a 3-year term, until 2024.
- Leslee Serack of Nipawin will serve a 3-year term, until 2024.
- John Thompson of Prince Albert will serve a 3-year term, until 2024.

Head congratulated our returning directors and acknowledged their contributions to our credit union.

Head asked if there were any questions of which there were none.

9. Presentation of Director Awards

Order of Merit

Through the Saskatchewan Credit Union Director Recognition program credit unions may recognize the contributions of their directors. Pagan announced this year's Order of Merit recipient as Hughene Day of Nipawin. Hughene served on the Board of Directors for Nipawin and Diamond North Credit Union for a total of eighteen years. Pagan shared Day's biography as printed in the Annual Report.

Hughene responded to the award. She announced that she was very honored to have been nominated and chosen to receive the Order of Merit. She acknowledged some of the past recipients of this award. Hughene summarized that she has always been a

strong supporter of the credit union. In closing, she thanked the Board once again for acknowledging her years of service.

10. Question Period:

At this time Brenda Lehmann shared some general questions that were submitted in advance of the meeting by our membership. Pagan, Harmatiuk and the Executive management team took turns addressing each question. A copy of these questions is attached and forms part of these minutes.

In addition, Lehmann made an announcement around the question of how we'll continue to help communities succeed. She informed that today we were notified by Concentra, who is one of our partners, that our submission for the new Zenon Park Fire Hall project has been awarded a \$10,000 grant in this year's annual competition.

Upon completion of the advanced questions, the platform was opened for any other questions or comments:

Q: Monica Ferre asked for more information around why administrative employees couldn't work out of the Zenon Park branch.

A: Lehmann responded that there would not be a branch in Zenon Park moving forward. If we were to employ staff from that area, they would be housed in one of our nearby service centers. Furthermore, she added that finding qualified employees in rural Saskatchewan is getting to be more difficult and due to technology requirements having administrative staff work from the Zenon Park location is unrealistic. In referring to the current situation at the Zenon Park branch, Harmatiuk added that although alternate work arrangements are working okay, they do have limitations. Some are a result of the pandemic to ensure we are separating key staff in the event of a positive case in our Nipawin building. Our goal is to ensure key business functions continue should a Covid outbreak occur in one of our locations.

Q: Clem Dion stated, interest revenue - interest paid on deposits went to operations. You are cutting it fine; do you need all that staff?

A: Isaacson confirmed that when you look at our margin, it is lower than normal. Through the restructure, there will be a realignment of staff positions and changes in our overall staff compliment. As a result of these changes, financially, we'll see that the funds that had been used for operating expenses in some of our branches will be reallocated to things that our members are looking for such as: technology, products and services and pricing which in turn should ultimately drive growth and profitability. Harmatiuk added that we've recognized that in order to become more efficient that we needed to reduce the number of staff and become leaner on some of our operational costs. She explained as positions have become vacant, we've been reviewing each position to determine if we still require it or can we offer a position that is more suitable for the organization.

Q: Clem Dion asked, the regional approach will this make DNCU better financially?

A: Harmatiuk replied it will definitely assist in gaining efficiencies though it may not show up immediately on the bottom line because we are also trying to be more competitive with rates. This requires us to reallocate some of our profit towards better pricing on interest rates. Investment in digital services and technology is also imperative.

Comment:

On behalf of the Zenon Park Fire Dept., Maurice Lalonde wanted to acknowledge and thank the Credit Union for the previous \$10,000 contribution and for now being awarded the Concentra, Empowering Your Community award of an additional \$10,000.

**MOVED by Wendy St. Laurent, SECONDED by, Larissa Wesnoski
That the 2020 Annual Report be accepted as presented.**

CARRIED

11. Adjournment

There being no further business, Pagan declared the meeting adjourned.

Time 8:43 p.m.

(Chairperson)

(Secretary)

The reports, questions and financial statements are attached to and form part of these minutes.

Questions Submitted Prior to AGM from Members		Assigned to:	Answers
FINANCIAL STATEMENT QUESTIONS			
1.	On page 1 of the Consolidated Financial Statements and again on page 28 of the annual report, the auditor mentions of "an unqualified opinion" by the former auditor and also their own statement of "an unmodified audit opinion" on the same page 28.	Kevin	<ul style="list-style-type: none"> • Addressed in presentation • Unqualified/unmodified/clean opinion
2.	Again on page 1, the auditor states, last paragraph, "we conclude that there is a material misstatement of this information. Again, what is this about?	Kevin	<ul style="list-style-type: none"> • The rest of the statement states that there were no material misstatements found.
3.	page 20 of the CFSTATEMENTS, last paragraph. Where does these monies go (if there is some leftover), limbo or what?	Kevin	<ul style="list-style-type: none"> • This is referring to the remaining assets of a credit union upon liquidation or dissolution. • Typically, CUDGC will mandate a merger in the event that a credit union is found to be in this situation and at that point the assets will be included with those of the merger partner.
4.	page 28, CFSTATEMENTS, first paragraph. Does KMP receive concessional rates. YES or NO. If YES, WHY?	Kevin	<ul style="list-style-type: none"> • <i>This is referring to concessional rates for Key Management Personnel</i> • Management and staff loans and investments are eligible for staff rates provided they meet certain conditions. • Pricing on these products are such that they comply with CRA legislation and are therefore not considered a taxable benefit. • Staff programs are very common in the financial services industry and are used as a means to attract employees with the proper skill set.
5.	page 43 CFSTATEMENTS, # 19. Are these for the processing of financial transactions of members?	Kevin	<ul style="list-style-type: none"> • This references the seven year commitment to Celero for the banking system – short answer is "yes"

	Questions Submitted Prior to AGM from Members	Assigned to:	Answers
6.	Regarding the VISION and MISSION statements, with the impending changes in store front accessibility, these might have to revisited	Greg	<ul style="list-style-type: none"> • We believe our vision and mission are still valid • We continue to be committed to communities just in a different way
7.	page 23 , last paragraph. “ increased market competition” Are we not in a better position as a co-operative to have an upper edge over the traditional banking system?	Colleen	<ul style="list-style-type: none"> • The big banks and virtual banks operate on a very different model than credit unions which allows them to offer more competitive rates • They have deeper pockets with large investments in technology • Competition has grown to the point where we do need to become more efficient to be able to offer better rates and invest in digital channels to compete against virtual banks.
DISCUSSION QUESTIONS FOR QUESTION PERIOD OF AGM			
1.	In the annual report of 2019, you stated that the DNCU experienced asset growth of 4.17% and that this was the largest growth in the recent past. The following year, 2020 DNCU more than doubled its asset growth to 9.84% for a total of 715.1M. In a pandemic year, we see that the DNCU has experienced its largest growth ever. How can you justify closing any branches or reducing services to your members?	Kevin Isaacson	<ul style="list-style-type: none"> • Unusually high growth due to government programs • Consumer behaviour as a result of the pandemic • Consumers looked for more traditional investments such as GIC's and away from markets Similar to what was seen in 2008 and 2009 • Member behaviour is what justifies this decision, reduced over the counter transactions. • Over 93% of transactions are conducted electronically
2.	You're saying that the majority of transactions can be done online. Then why can't we keep our branch open in Zenon Park and employ local people to service Nipawin and area? This is already working well (as a measure for Covid-19) as it reduces the environmental impact of travelling and allowing your employees to work in a smaller group setting.	Brenda	<ul style="list-style-type: none"> • Today, we do have some administration roles that are working from different service locations, where we have sufficient technology to support these positions. • We are moving to a regional model where our staff will be deployed throughout the region. With the Zenon park branch closing we will not have the ability for admin staff to work from this location.

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			<ul style="list-style-type: none"> • However we are very open to employing qualified staff from Zenon Park in our East Region.
3.	<p>According to your January 2021 director recruitment package, ZP branch ranks 7th in total loans amounts and 2nd in total loans amounts per member, despite having the smallest membership. How can you justify closing our branch when other branches consistently rank lower in these categories?</p>	Randall	<p>Over the past few years, we have been moving to a more regional focus in lending whereby we do not consistently have lenders in each of our branch locations. This change is a result of many factors but most importantly it has been a result of responding to member behavior. One of our key success factors is building relationships. Our success has come from building relationships between our staff and our members and we have learned that this relationship building has shifted from in branch to on the farm, in your place of business, zoom, text, phone or email. The usage of a physical branch for lending is trending downwards and contributes to a reduction in overall branch usage. It is important to note individual branch decisions were not based on just lending results.</p>
4.	<p>Several businesses and individuals in Zenon Park already do some banking at the Cornerstone Credit Union. Have you considered the full impact of losing your membership to the Cornerstone?</p>	Randall	<p>Competition from Cornerstone Credit Union, FCC, and the Big Banks is to be expected and is considered in our strategic and operational decisions. Our goal through our regional model is to provide expert advice on a personal level allowing us to build long lasting relationships and success for both of us. We recognize we need to earn your business. We are here today to say we want your business and we ask for that opportunity as we move forward.</p>
5.	<p>Zenon Park and Arborfield have a combined membership of 1336 members, roughly the size of Debden's Membership, with nearly the same loan exposure and nearly double the deposits. How can you justify reducing services to the Zenon Park and Arborfield branches by 62.5%?</p>	Kevin	<ul style="list-style-type: none"> • Service adjustments are based on member behaviour, traffic patterns and proximity to other service locations.

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			<ul style="list-style-type: none"> • Compare ZP and Arborfield transactions they are approximately 2/3 of what Debden CU transactions are today. • Lending has been provided regionally for a number of years. • We have more lending capacity in our East Region than our West.
6.	How come these possible closures weren't made known to the members and staff of until just very recently? When were these closures approved by the Board of Trustees?	Greg	<ul style="list-style-type: none"> • The Board of Directors approved the service delivery changes on June 8th, 2020. • After Board approval significant work is required to structure our work force to accommodate the new model. • We did follow the legislative requirement under Market Code and provided four months' notice for branch closures. • Letters to members were mailed at the beginning of February.
7.	We feel that digital platforms are a good complement to member services, but in no way are they a replacement for in-person services. How will you serve the people who do not have computers or are not comfortable with online services?	Randall	<p>Great question and really this is something that we deal with everyday and is not tied to just one community. I would like to share our two approaches. The first is through the provision of our products and services through multiple channels. In addition to online services, our members can have access through in branch service, personal service at your home or place of business, over the phone and in some instances email. These options are available today and we intend on building on these to continue to improve our service delivery.</p> <p>Our second approach is through education and assistance. Our staff is available to answer any questions our members have about security and safety of online banking. In many cases, our members just need to gain confidence in the process and have someone take the time to assist them through the steps to get set up. Our</p>

	Questions Submitted Prior to AGM from Members	Assigned to:	Answers
			staff are ready to do this and are there to find individual solutions for each of our members.
8.	Taking out a profitable Credit Union and no longer having a strong financial presence in our Village will discourage new businesses from establishing in Zenon Park and put a strain on the services that are here now. Not to mention that we will no longer have the added benefit of bilingual staff to provide for our French community members, specifically for some of the school staff who immigrate here to provide quality education to Zenon Park.	Colleen	<ul style="list-style-type: none"> • Though the credit union has been in the community for a long time it is not really the draw for new businesses. The draw for new businesses is the community itself and the people. • We do have service nearby; we can still serve our members. • We have not always been able to recruit French speaking staff for our ZP branch today. Rest assured we still have French speaking employees with DNCU. If we have someone who absolutely requires service in French we can arrange to find someone who can help the member.
9.	How can you say that you are helping our community to succeed?	Brenda	<ul style="list-style-type: none"> • Through our community enrichment program we continue to support all communities. • We had submitted the ZP Empowering your Community
10.	Would you commit to a membership wide referendum concerning the possible closures and reduced services?	Greg	<ul style="list-style-type: none"> • No, this item was thoroughly reviewed by the Board of Directors, lots of discussion and consideration and the decision has been made and it is Final. • The Board of Directors are elected by the memberships to make decisions involving the strategic direction of the credit union. For the betterment of all DNCU members. • Three positions are up for re-election each year and are open for nominations from qualified member.