

# COASTAL COMMUNITY CREDIT UNION

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## OFFICIAL NOTICE OF VOTE ON SPECIAL RESOLUTION

**An important vote for Coastal Community Credit Union Members**  
December 27, 2024 to January 21, 2025

Choose the voting  
method that works  
best for you:



**ONLINE**



**MAIL**



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**COASTAL COMMUNITY  
CREDIT UNION**

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TOGETHER, LET'S DO GREAT THINGS

## Notice of Coastal Community Credit Union Special Resolution #001-2025

### Letter from the Vice Chair of the Board of Directors

Dear Members,

Coastal Community Credit Union (CCCU) is holding an important member vote on a special resolution. Your Board of Directors is proposing a special resolution to change CCCU's Rule on Board term limits.

### What is the proposed change?

Specifically, the recommendation is to change how long a Director may serve on the Board from today's Rule of a maximum of nine years in the preceding 12 years, to a new Rule of a lifetime maximum of four terms. This recommendation of how long a Director may serve on the Board (a maximum of four terms) is the same as what is in place at Vancouver City Savings Credit Union (Vancity), Beem Credit Union, and Prospera Credit Union, which are among the largest credit unions in BC.

There are two other key differences in the proposed Rule amendment. The current Rules allow for a Director to be nominated in the future when their timing fits within nine of the last 12 years. Under the proposed Rule, Directors who serve 12 years, consecutively or not, become permanently ineligible and may not serve as a CCCU Director in the future. The other important difference is the proposal includes a provision for mergers, which is detailed below.

### Why is this change being proposed?

In 2023, members voted to introduce Director term limits. This is a common practice within many credit unions and is good governance practice because it formalizes Board renewal.

The Rule change made in February 2023 has driven substantial Board renewal and has had a significant impact. It has already resulted in a turnover of the majority of the Directors, with six of our 10 current Directors being in their first term. Under the current Rule, the Board will lose two more experienced Directors in 2025. Depending on the results of the 2025 Directors Election, there could be only two Directors remaining on the Board with three or more years' experience. We believe that to be a risk to the credit union because

there will not be enough time to ensure the collective knowledge and experience needed on the Board is transferred to and learned by the new Directors.

The proposed amendment aims to ensure that the Board renewal continues, and, at the same time, the Board has all the necessary skills, experience, abilities, and continuity to properly provide oversight to fulfill its role.

CCCU's Board believes term limits are an important governance practice; however, we unanimously agree that nine years is too short because of its impact on Board continuity. We note that of the 10 largest credit unions in BC, we are the only one that has a nine-year limit. We are proposing a Board term limit—a lifetime maximum of four terms—that is the strictest among the 10 largest credit unions in BC (and already in place at three of these credit unions, as mentioned previously). The rest of the 10 largest credit unions either have no limits in their Rules, or limits that are less restrictive than the Rule we propose.

Further, the proposed special resolution better protects CCCU if we were to acquire another credit union in a merger and add some of their Directors to our Credit Union Board. The potential change would put Directors from that other credit union and CCCU Directors on equal footing by adding a provision to count the time served by Directors from the other credit union on their previous board toward CCCU's term limits—ensuring that no Director serves more than 12 years. This addresses the concern with the current Rules, which could result in a disadvantage for our credit union because all the CCCU Directors would reach their maximum term length on the Board prior to the Directors from the other credit union. The proposed change would help ensure a smoother and more balanced and equitable transition.

### Summary

Board renewal has been good for our credit union, but the Board of Directors is concerned about the significant loss in Board continuity, skill sets and experience that these changes have triggered, and that the continued loss of Board experience presents a risk to the Credit Union.

It takes time to fully develop as a Director. The proposed Rules amendment addresses the issues raised previously and better balances Board experience with renewal. In fact, our proposed Rule ensures renewal because people who have served on our Board for 12 or more years cannot come back on the Board. It makes

sure that along with renewal, the Board can also have the necessary skills, experience and continuity to effectively plan and advance long-term strategies in what is an increasingly complex financial and regulatory environment.

**Members elect the Board of Directors to provide oversight and make the best decisions and recommendations on behalf of CCCU’s entire membership. We take this responsibility very seriously, and it is with this perspective that we respectfully recommend you vote in FAVOUR of the special resolution.**

### Your Voting Package

Included in this package you will find:

1. The proposed special resolution
2. The existing Board term limit Rule
3. Information about how the proposed Rule compares to the existing Rule
4. Information about when and how to vote
5. Questions and answers

### Please take the time to vote. Your vote matters.

As a member-owned credit union, every member has a democratic right to vote and select the choice that you believe is best for our credit union. Your Board of Directors is committed to serving the members of our Credit Union, and we greatly appreciate your consideration of this important matter.

Voting is open from December 27, 2024, through to January 21, 2025. This timing was selected to gather member input and direction prior to the 2025 Directors Election and Annual General Meeting.

If you have any questions about the proposed special resolution, please feel free to email us at [communications@cccu.ca](mailto:communications@cccu.ca) or contact the Board of Directors at [board@cccu.ca](mailto:board@cccu.ca).

Thank you,



Melissa Lacroix  
Vice Chair, on behalf of the Board of Directors  
Coastal Community Credit Union

## Existing Coastal Community Credit Union Rule on Board Term Limits

“8.4 **Disqualification**. No person is eligible to become or continue as a Director if the person:

...

(h) has served as Director of Coastal Community for nine or more years within the preceding twelve years, consecutively or non-consecutively. For clarity, there is no reset, and this provision will be in effect for the elections in 2023 and subsequent years, and immediately for appointments.”

## Proposed Special Resolution

**BE IT RESOLVED**, as a special resolution, that the Rules of Coastal Community Credit Union be altered as follows:

### 1. Rule 8.4(h) be deleted and replaced with the following:

- “(h) has served four terms as a Director, whether served consecutively or non-consecutively, provided that if a person is appointed:
- (i) to fill a vacancy pursuant to Rule 7.3, the term of office served as a Director during such appointment shall not be included when calculating the total number of terms the Director may serve; or
  - (ii) as an additional Director pursuant to Rule 7.5, the term of office served as a Director during such appointment and the term(s) of office served as a Director of the transferring credit union shall be included when calculating the total number of terms the Director may serve.”

## How Special Resolution #001-2025 Compares to the Existing Rule

	Existing Rule	Special Resolution – Proposed Rule Change
<b>How tenure is counted</b>	Tenure is counted in years, served consecutively or non-consecutively.	Tenure is counted in terms, served either consecutively or non-consecutively.
<b>Overall term length</b>	Directors cannot run for re-election if they have served for nine years within the preceding 12 years.	Directors cannot run for re-election if they have served for four terms (usually 12 years in total, based on each individual term being normally three years).
<b>Term limit reset (or ability to run again)</b>	After stepping away for three years, a former Director could run again. That could allow a person who served 25 years on the Board to come back and serve another nine years if they have not served nine years in the last 12 years.	After four terms (usually 12 years), Directors become ineligible for re-nomination and may not be re-nominated or serve as a CCCU Director in the future.
<b>How is a year or term 'counted'?</b>	<p>A "year" could be interpreted to mean any period of 12 consecutive months (i.e., not the time between two AGMs) or a calendar year. The wording is imprecise when used in credit union Rules.</p> <p>A "term" is the time between the end of an AGM and the end of the AGM in the third year following that AGM. A term may be shorter or longer than three "years". For instance, the term length of the Directors elected in September will be well under three years.</p> <p>It is also possible for a "term" to be shorter or longer than the time between the end of an AGM and the end of the AGM in the third year following that AGM, but in most cases a term lasts for three AGMs no matter how many calendar year(s).</p>	<p>The use of the word "term" is a more precise word when used in credit union Rules and will avoid unintended or odd consequences that could arise from the use of the word "year".</p> <p>In most cases, a term lasts for three AGMs and the total time that a Director will be able to serve under the new Rules is the equivalent of about 12 years.</p>
<b>If a person is appointed to fill a casual vacancy on the Board, does the time served to fill the vacancy on the Board count under the term limit?</b>	Under the current Rules, it is not clear if the time served to fill a casual vacancy on the Board would count under the term limit Rule, because the term limit applies to "years" and the term limit is based on number of years served. An appointment to fill a vacancy would, in most cases, be less than a full year.	Under the proposed Rules, the time served to fill a casual vacancy on the Board would not count under the term limit. When a person is appointed to fill a casual vacancy, their term only lasts until the next AGM and then they must run for election if they want to stay on the Board.

	Existing Rule	Special Resolution – Proposed Rule Change
<b>Term provisions for other CU Board members potentially joining the CCCU Board in the event CCCU acquires another CU through a merger</b>	If CCCU were to acquire another credit union through a merger (called a “transferring credit union”), the length of time that a Director has served as a board member of the other credit union is not counted in their CCCU term limit. This could put our credit union at a disadvantage because all the CCCU Directors would reach their maximum term length on the Board prior to the Directors from the other credit union.	The length of time that a Director serves as a Board member of another credit union that CCCU acquires through a merger (called a “transferring credit union”) will be counted in the CCCU term limit under the proposed Rule. This creates equality between the transferring-in Directors from the other credit union and the current CCCU Directors, as both keep the existing tenure when calculating the term limit.

## Voting Information

As outlined above, CCCU Board of Directors recommends that members vote in FAVOUR of this special resolution.

To be passed, a special resolution requires 2/3 or greater of the votes cast to be in FAVOUR of the special resolution.

## Member Vote December 27, 2024 to January 21, 2025

Voting is easy and doesn't take long. Choose the voting method that works best for you and remember to only vote once. Here's how:



### ONLINE

Through online banking access on desktop and the Coastal Community app – a secure, paperless option where you can vote at a time that's convenient for you.



### MAIL

Ballots must be postmarked by January 21, 2025, and be received at the indicated address by January 28, 2025 to be counted in the voting.



### IN BRANCH

Vote during regular branch hours between December 27, 2024, through to January 21, 2025.

The special resolution results are expected to be announced on our website on February 5, 2025. All multiple votes from the same member will be disqualified unless the member was also voting on behalf of a non-personal legal entity. See the ballot or our Credit Union Rules for more information.

For the full voting process, regulations and voting eligibility requirements, visit [cccu.ca/specialresolution](http://cccu.ca/specialresolution). Contact your branch or call us toll-free at 1.888.741.1010 if you have any further questions.

Thank you for taking the time to vote.

## Questions and Answers

### Why should members vote in favour of this special resolution?

- CCCU's Board believes term limits are an important governance practice.
- The Board unanimously agrees that the current maximum term of nine years of the preceding twelve years, put in place in 2023, is too short because of its impact on Board continuity.
- As a result of the current Rule, many of the Credit Union's Directors are no longer on the Board, taking many years of knowledge and experience with them. With the significant turnover in the Board of Directors since the Rule change, six out of 10 of the Credit Union's Directors are in their first term. Further, if the current Rules remain, depending on the results of the 2025 Directors Election, there could be only two Directors remaining on the Board with three or more years' experience. While the Board renewal has been good for our organization, the Board of Directors is concerned with the significant and rapid loss in Board continuity, skill sets and experience that these changes have triggered, and a potential resulting increase in risk to the Credit Union.
- It takes time to fully develop as a Director. The proposed Rule change balances experience with renewal and new perspectives, while retaining historical knowledge about CCCU among the Board.
- Our proposed lifetime length of tenure of no more than four terms is in line with the Rules of Vancouver City Savings Credit Union (Vancity), Beem Credit Union, and Prospera Credit Union, which are among the largest credit unions of BC.

### Why is the Board proposing this special resolution now?

- Compared with the current Rules, the proposed change aims to better balance the need for both new and historical perspectives, to ensure stability, continuity and sufficient time for comprehensive knowledge transfer and continued strong governance oversight in what is a complex financial, regulatory and operating environment.

- The proposed special resolution builds on and strengthens the changes recently accepted by the membership on maintaining a limit on Board terms.
- While the special resolution proposes extending the current nine years out of the preceding 12 years, to a maximum of four terms (or 12 years), it also places a significantly stronger limit. Unlike the current Rules, under the proposed Rules a Director becomes ineligible to ever run again after they have reached their maximum tenure. This proposal is part of how the Board is fulfilling its obligation to look ahead and plan for the challenges of tomorrow. The Board believes the proposed Rule amendment better balances renewal with stability – allowing more time for transferring knowledge and building experience.

### Why is this process happening outside of the more common process of having a special resolution vote at the same time as the Directors Election vote?

- It is very important to the Board that they move this initiative forward to have clarity on the path forward before the 2025 Directors Election and AGM.
- If there is a favourable vote for this proposed special resolution under this timeline, then all current Directors (except for one who has been a long-serving Director on the board for greater than 12 years) could be eligible for a further three-year term.
- If the Rule change passes, one Director who is currently in their ninth year on the Board would be eligible to run for re-election in the 2025 Direction Election if the regulatory filings for the special resolution are completed prior to the close of the 2025 Call for Nominations.

### What happens after nine years as a Director today and how will that be different with the proposed Rule change?

- Under the current Rules, Directors become ineligible to serve on the Board if they have served nine years within the preceding 12-year period, but the current Rules also allow for a Director to be nominated in the future when they have served less than nine of the 12 preceding years.



- Under the proposed Rule, after four terms the Director would be ineligible to ever be nominated or serve again.

**Under the proposed special resolution, would current Board members automatically be able to serve the four terms, or would this apply only to new Directors?**

- Should members vote in favour of the proposed special resolution, the term limit in the Rule amendment would apply to all past and current Board members, as well as future candidates. There will be no reset of existing tenure and past terms will count in the term limit.

**If CCCU were to acquire another credit union in a merger, what are the differences in how other credit union Directors’ previous service would be handled under the proposed Rule change compared to the current Rule?**

- The proposed special resolution better protects CCCU if we were to acquire another credit union through a merger and add some of their Directors to our credit union Board.
- The proposed Rule change would put CCCU Directors and Directors from the other credit union on equal footing by counting the time served by Director(s) of the other credit union on their previous Board toward CCCU’s term limits.
- Under the current Rules, the terms already served by any Directors from another merging credit union would not be counted in the CCCU term limits. This could result in a disadvantage for our credit union because all the CCCU Directors would reach their maximum term length on the Board prior to the Directors from the other credit union. The proposed change would help ensure a smoother and more balanced and equitable transition.
- Further, if the current Rules remain in effect, it is possible that any potential future Director(s) joining CCCU from another credit union would all “term out” at the same time, in nine years following the merger. For reasons of continuity, board development and expertise transfer, Directors’ tenure should be staggered. This would help ensure a smoother, more equitable transition to a merged organization in the event CCCU were to acquire a credit union.

**What are the differences between this proposed special resolution (#001-2025) and the special resolution the Board of Directors previously recommended to the members in 2023 (which was not approved by the members)?**

- One fundamental difference with the current proposed special resolution is that after four terms (usually 12 years), Directors become ineligible for re-nomination and may no longer be re-nominated or serve as a CCCU Director in the future.
- The previous proposal was to set term limits of a maximum 12 consecutive years and also allowed a “reset”, whereby a person who had served the maximum length of time on the Board may serve again after a period of three years not in office.
- The 2023 proposal did not address previous tenure of Directors from another credit union in the event CCCU acquires another credit union through a merger. The proposed Rule includes a provision that the length of time that a Director serves as a Board member of another credit union that CCCU acquires through a merger (called a “transferring credit union”) will be counted in the CCCU term limits.

**How can I learn more about our credit union Rules and this proposed special resolution?**

- Visit [cccu.ca/specialresolution](http://cccu.ca/specialresolution) for: information on in-person and virtual opportunities to learn more about the proposed special resolution and ask any questions you may have; and CCCU’s Rules.
- If you have any questions about the proposed special resolution, please feel free to email us at [communications@cccu.ca](mailto:communications@cccu.ca) or contact the Board of Directors at [board@cccu.ca](mailto:board@cccu.ca).

**For full details, visit [cccu.ca/specialresolution](http://cccu.ca/specialresolution)**



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