

To: Coastal Community Credit Union Board of Directors and Chief Executive Officer

April 7, 2014

Re: Branch Closure in Alert Bay, Sointula and Cortes Island

We are writing as the elected representatives of the three northern ferry dependent communities of Cortes Island, Alert Bay and Sointula. We represent the three island communities in which your member-elected board has chosen, without any member or local consultation, to close your Coastal Community Credit Union branches, remove your ATM's and eliminate all services. We are writing to express our opposition to your decision, decry your complete lack of consultation, request financial information that informed your choice, and call for your commitment to meaningful engagement from here forward.

The Coastal Community Credit Union's vision states that you "*will be leaders in building relationships that improve financial health, enrich people's lives and build healthier communities.*" Your purpose states that you "*will be the leaders in making a visible and meaningful difference in building healthier communities.*" Your stated values include: "*accountability, co-operation, innovation, responsiveness & social responsibility.*"

Please explain to us how you reconcile your decision with your stated vision, purpose and values, and those of the broader credit union movement, as well as provincial government credit union governance guidelines.

- **Accountability:** What was your rationale for not sharing with anyone the information supporting your decision, let alone any notification, by mail or otherwise before the public announcement? How are you being accountable to the 2000+ members affected by your decision, who are also 2000+ shareholders?
- **Co-operation:** What was your rationale for choosing not to consult with communities and members? How open were you to the likelihood of solutions and work-around ideas coming from members and communities?
- **Innovation:** What sorts of problem-solving and decision-making exercises were involved? How open were you to the likelihood that innovative thinkers have encountered such problems elsewhere and have developed win-win solutions?
- **Responsiveness:** How well do you think you understand members' needs and priorities? What analysis did you do of those needs and priorities and how they will be met with your decision? How well do you think you understand communities' needs and priorities? What analysis did you do of those needs and priorities and how they will be met with your decision?
- **Social responsibility:** What is your responsibility to members who choose to give you business because credit unions differ from banks, mainly in their value base? What responsibility do you

have to make an extra effort to solve problems in a win-win way when a branch is actually the only bank on an island? What role do you have in helping foster business and financial health and recovery in the communities where you have members?

We submit that the decision to withdraw your services from our three communities, and the manner in which that decision was made, does not follow your own stated vision, mission and values. This decision was made in the complete absence of member and community consultation, and without your board and staff having the benefit of our communities' creativity to assist you in serving us. Your decision to withdraw all services does not build healthier communities, and shows a stunning lack of co-operation, innovation and responsiveness to community and your members. The Coastal Community Credit Union is a cooperative; member/owner organizations whose members elect you, and expect that you would consult with your members prior to making a decision of this magnitude. We cannot fathom a local co-op making a decision to eliminate their local services without a lot of member engagement.

Also, it reeks of poor practice that this decision was made and announced immediately after the close of your annual board election, leaving the new board to deal with the aftermath of this decision, a decision that they did not make, as business on their first meeting agenda.

We understand that these are difficult financial times. Our communities know this all too well. We know that business profits are down, interest rates are low and on-line banking has decreased your need for personnel. We do, however, expect some degree of more modest continued service. As a community-based co-operative, it is expected that like you ask loyalty of your members, you would offer some service loyalty to the communities you have chosen to serve, and do better than simply leave without consultation. Each of our communities had local built credit unions that you took over. You inherited land, buildings, customers, and assets. You also inherited communities – communities that you have now dropped.

We are willing to work with you, to find creative alternative ways to deliver modest service. However, in order for members and community leaders to work with you we will need to better understand your financial situation, alternatives and decisions. This is why we are asking for information.

We would like the minutes of the board meeting (April 1st we understand) at which the decision was made. Joe Cristiano, your Chief Community and Marketing Officer, stated that *"we can't provide members with internal reports or minutes and documentation of Board of Director meetings..."* If you are not at liberty to share actual minutes and reports received by the board, which is our request, we request a summary of information that contains as much detail as you may professionally release. We ask that is the spirit of co-operation, transparency, and innovation that you share as much information as you possibly can.

We would like to see staff reports associated with this decision that would help us understand some of these questions:

- How did you define the problem?
- What factors you identified as contributing to the problem and what were the options you considered for potential solutions to the problem?

- What were the factors you weighed in the analysis? (eg. operating costs, costs of various services, member impact, community impact, other?)
- What was your comparison of costs saved over current and future business lost to CCCU?
- What were the deciding factors that led you to choose your current solution over other options?
- Your public statements imply that the interests and values of the 2000+ affected members are not compatible with those of the membership at large. How specifically did you come to decide this?

We also want to understand the numbers that support your decision making:

- Please share your financial performance statements for the past three years for our three communities.
- What are the operating costs for these branches?
- What are the shortfalls?
- Which factors are the biggest contributors to the shortfalls? (eg. facilities, specific services, staff)
- What alternatives did you examine as possible ways to reduce the shortfalls? (eg. eliminating specific services, reducing hours, reducing staff, changing premises, raising a 'remote location' levy or other alternative new revenue source)

We will need, as communities, to find creative alternatives if you do indeed leave us. If we are going to be left without any of your services, we will need to find other options. At very least the numbers you provide could help with our future financial searches. We have been told by your staff that your financial information may be proprietary and not information that you would share with potential competitors. If you are leaving our communities, you will be forfeiting your competitive advantage. Given this situation, we request that you put the needs of your members and the communities you used to serve before your 'competitive advantage.'

We also understand that you will be sending around management staff to assist businesses adjust to this news and immanent change in service. We expect that you will work with us on this matter.

We would also request a clear and unwavering commitment to consult and meaningfully engage our communities if and when it comes to making decisions about the use, lease, sale or disposition of capital assets (buildings and land) that you now own in the heart of our three communities. These spaces have served our communities longer than you have and it is in our interest that they continue to do so.

Sincerely,



Noba Anderson
Regional Director, Cortes Island,
Strathcona Regional District



Michael Berry,
Mayor,
Village of Alert Bay



Heidi Soltau,
Area "A" Regional Director,
(including Sointula)
Regional District of Mount Waddington