

## MINUTES

### OF THE 73<sup>rd</sup> ANNUAL MEETING OF CARPATHIA CREDIT UNION LIMITED HELD ON SUNDAY, JANUARY 22, 2012 AT THE CANAD INN, 2200 MCPHILLIPS STREET, WINNIPEG, MANITOBA

#### 1. Call to Order

Dr. Taras Babick, President of the Board of Directors, welcomed the members to the 73<sup>rd</sup> Annual General Meeting and called the meeting to order at 2:00 p.m.

A moment of silence was observed in memory of those members who passed away this past year.

Dr. Taras Babick introduced the special guests in attendance: Mr. Andrew Ogaranko, Corporate Solicitor, Pitblado LLP, Mr. Doug Einarson, Auditor, BDO Canada LLP, Mr. Wilson Griffiths, Credit Union Central of Manitoba and Ms. Sofia Kachor representing the Council of Ukrainian Credit Unions of Canada.

Dr. Taras Babick, reported that late yesterday he received a call from Mr. Demyan Hyworon, a member of the Board of Carpathia, advising us that he would be unable to attend and wished the membership a good meeting and we look forward to his continued involvement.

#### 2. Opening Prayer

- a) Fr. Gene Maximiuk of St. Ivan Suchavsky Cathedral offered the opening prayer.
- b) Dr. Taras Babick introduced Mr. Walter Kulyk, Director, to assume the chairmanship of the meeting. The Chair welcomed all those in attendance to the 73<sup>rd</sup> Annual General Meeting of Carpathia Credit Union Limited.
- c) The Chair announced the appointments of Iryna Gumenyuk (Ukrainian) and Marion Wiebe (English) as Recording Secretaries of the meeting.
- d) The Chair asked Mr. Brian Petrynko to announce the total number of members in attendance. According to the By-Laws, 50 members are required to be present to constitute a quorum, and upon ascertaining there were 142 members present, the Chair declared the meeting duly constituted.

The Chair reminded Members that registration would close at 2:30 p.m.

- e) Before proceeding with the meeting, the Chair reminded the Membership that the Rules and Regulations governing the Annual General Meeting are included in their package and extra copies are available at the registration tables.
- f) The Chair introduced those seated at the head table: Dr. George Chuchman, Director, Noella Pylypowich, Secretary, Donna Korban, Vice President, Walter Dlugosh, CEO, Dr. Taras Babick, President of the Board, Bohdan Halkewycz, Director, Roman Zubach, Director, Peter Washchysyn, Director, Marion Wiebe, Recording Secretary (English) and Iryna Gumenyuk, Recording Secretary (Ukrainian).

**3. Approval of Agenda**

The Chair indicated that an agenda was distributed to all those who registered and requested approval of the agenda. It should be noted that in some AGM packages it indicated 2011 not 2012.

**MOTION** by Mrs. Natalie Kishensky **SECONDED** by Mrs. Alice Kulyk to approve the agenda.

**CARRIED**

**4. Minutes of the Last Annual General Meeting**

The Chair requested a motion that the minutes of the January 23, 2011 Annual General Meeting be accepted as circulated and indicated there was no business outstanding.

**MOTION** by Mr. Maurice Lakusta **SECONDED** by Steve Kiz that the minutes of the Annual General Meeting held on January 23, 2011 be accepted as circulated.

**CARRIED**

The full minutes of the last Annual General Meeting are available at Carpathia Credit Union's Corporate Office upon request.

**5. Request For New Business Items**

The Chair indicated that any new business must be added to the agenda at this time and asked if there was any new business. The following item was added to new business:

1. Mrs. Barbara Bielak requested a discussion on why Carpathia is open on Ukrainian Christmas and Ukrainian Good Friday.

**6. Reports**

**6.1 Board of Directors Report**

Dr. Taras Babick indicated that his full report is presented in the Annual Report. Today he wanted to approach the membership in a slightly different manner and made the following comments:

"It is my great pleasure and honour to report on behalf of the Board of Directors of Carpathia Credit Union. We have just completed our 72<sup>nd</sup> year and it truly has been an exciting and successful year because in these uncertain times we are able to present to our members safe, secure and competitive products and exceptional services.

We are able to pay for construction of our fourth branch and planning to open it in October 2012. We have the privilege of sponsoring many Ukrainian organizations and art organizations. We are able to hire professional management and staff that work all the time to improve products and services offered to our members.

This year we are very happy to announce a surplus share redemption of \$525,000. We are extremely happy with these results and have to give a big thanks to our members since without them it all would be impossible. So today I would like to thank our members for their support and loyalty to our credit union over the past 70 years and we hope it will continue in the future."

Dr. Taras Babick indicated that this afternoon we bid farewell to Dr. George Chuchman who has been involved with the Board of Carpathia for two decades. Both Dr. George Chuchman and his wife Iryna are strong supporters of the Ukrainian community. Carpathia has benefitted from his wisdom which was made possible by the support of his wife and family. Carpathia is very grateful to him and wishes him well in the future.

## 6.2 Chief Executive Officer

Mr. Walter Dlugosh presented the Chief Executive Officer's report which is as follows:

"I have the honour to report to you on the financial results for the year ending September 30th, 2011.

In 2011 the assets of the credit union grew by \$24 million. This equated to an 8% annual growth rate and compared to the previous three years is slightly less than what the credit union had experienced. The economic uncertainty of the last 3 years resulted in investors concentrating on preserving their capital with risk free investments. Carpathia Credit Union was able to meet their needs which resulted in asset growth beyond historical averages. In 2011 asset growth returned to a more normal growth rate in the 7%-8% range.

Loan growth achieved in 2011 equaled 5.5%. As reported last year the credit union was experiencing slower consumer debt growth. Even with low interest rates that have been present over the last 3 years our members have been cautious to increase their debt load. The growth in the credit union's commercial loan area also was reduced from the previous year.

Deposit growth was steady and resulted in an increase of \$21 million.

Total equity grew by nearly 15 percent and is in excess of \$18 million. The credit union's capital and liquidity remain well in excess of regulatory guidelines.

During the year Carpathia welcomed 339 new members and 150 associates. In terms of the associate status the credit union had 610 associates making up 14% of the total loans outstanding and 8.5% of total deposits payable.

The financial results indicate that the gross financial margin increased by \$550,000 as a result of stronger income from loans and investments. Total operating expenses decreased by 2%, primarily due to savings in Administration and Occupancy expenses. Efficiencies were realized after reviewing credit union operations in the areas of telecommunications, data processing and equipment rental.

In closing I would like to thank you our members for your support of the credit union, the board of directors for their support and guidance and of course our staff for their commitment in serving our members. Thank you."

## 6.3 Auditors

The Chair introduced Mr. Douglas Einarson, the representative of BDO Canada LLP. Mr. Einarson reported that the financial statements of Carpathia Credit Union Limited present fairly, in all material respects, the financial position of the Credit Union as at September 30, 2011. It was noted that Mr. Douglas Einarson was available to answer any questions regarding the 2011 results.

**7. Discussion of Reports**

The Chair invited members to discuss the reports. Since no discussion took place the reports were accepted as presented.

**MOTION** by Mr. Terrance Machalek, Sr. **SECONDED** by Mrs. Anne Kolody that the reports be accepted as circulated.

**CARRIED**

**8. Appointment of External Auditors**

Mr. Bohdan Halkewycz reported that BDO Canada, LLP, Chartered Accountants, previously known as BDO Dunwoody has been our auditor for the last seven years. It is my pleasure as a member of the Audit Committee to move that BDO Canada LLP, Chartered Accountants continue as our external auditors for the year ending September 30, 2012.

**MOTION** by Mr. Bohdan Halkewycz to reappoint the firm of BDO Canada LLP as external auditors for the year ending September 30, 2012, **SECONDED** by Dr. Mark Karpa.

**CARRIED**

**9. Patronage Refund Announcement**

The Chair called upon the President, Dr. Taras Babick and the CEO, Mr. Walter Dlugosh to present a ceremonial cheque in the amount of \$525,000 to the membership of Carpathia Credit Union.

Dr. Taras Babick indicated he was pleased to announce that Carpathia Credit Union had another prosperous year due to the support of the membership and it was a pleasure to present a cheque in the amount of \$525,000 to the membership..

A symbolic cheque in the amount of \$525,000 was presented by Dr. Taras Babick and Mr. Walter Dlugosh to the membership of Carpathia Credit Union. The following members accepted the cheque on behalf of the membership - Mrs. Evelyn Piush and Mr. Lawrence Fedowich.

The Chair indicated that it was 2:30 p.m. and registration was closed.

**10. Board of Directors Election Results**

The Chair indicated that Carpathia Credit Union members elect their Board of Directors by a mail-in ballot process. The Nominating Committee presented four nominees for consideration to fill three vacancies on the Board. The mail-in voting package included a brief biography for each of the candidates.

BDO Canada LLP were retained as scrutineers for the 2012 election. Mr. Douglas Einarson presented the results to the Chair. The Chair indicated the following Directors were elected for a three year term: Mrs. Noella Pylypowich, Mr. Don Cilinsky and Mr. Bohdan Halkewycz and congratulated them on their election.

**MOTION** by Mr. Richard Stefanec **SECONDED** by Mr. Andrei Halkewycz to destroy all the mail-in ballots.

**CARRIED**

As Chair of the Nominating Committee I would now like to present the Nominating Committee report.

"The role of the Nominating Committee is an extremely important one. The Committee reports to the Board of Directors and is responsible for the recruitment of prospective candidates to the Board, ensuring that all candidates are qualified; and to present the slate of these candidates to the Board of Directors for their approval. The Nominating Committee consisted of four Directors from the Board, as well as three Members-at-Large. I'd like to thank these hard working individuals for their commitment to the committee and to your credit union."

## 11. Nominating Committee Appointments

The following Members-at-Large have been appointed to the Nominating Committee for 2012-2013 year: Dr. Patricia Kmet, Dr. Mark Karpa and Mr. Patrick Kuzyk.

## 12. New Business

### 12.1 *Branch Closures – Mrs. Barbara Bielak inquired why Carpathia is open on Ukrainian holidays - Ukrainian Christmas and Ukrainian Good Friday.*

Mrs. Barbara Bielak wanted to publically thank staff and management for their contribution to the Ukrainian Youth Association which was omitted from the recipient list. Mrs. Bielak requested the minutes be posted on Carpathia's website prior to the AGM.

Mrs. Bielak indicated the issue of branch closures was raised last year but was omitted from the minutes. Mrs. Bielak indicated that she was surprised she discovered Carpathia would be open on Ukrainian Christmas January 7<sup>th</sup> when traditionally Carpathia would close on Ukrainian Christmas and Good Friday. She indicated she was even more surprised when she became aware that the Royal Bank down the street had brought in carollers to celebrate Ukrainian Christmas. Since members can utilize on line banking and now mobile banking there are other options available. Mrs. Bielak requested the Board reconsider their decision to remain open on these holidays.

W. Dlugosh reported that in future the AGM minutes will be posted on the website in order for members to review prior to the meeting. In the matter of closing the credit union in observance of religious holidays this issue was brought before the Board in 2005. Prior to this time the Credit Union's policy was to recognize the two religious holidays – Ukrainian Christmas and Ukrainian Good Friday. For many years the closing of the credit union was not an issue, however in recent years the closure of the credit union on these two days initiated members concerns. Most of the members indicated they did not observe the Ukrainian holidays and was not regarded by many members as a regular day of business. After much discussion by the Board, it was felt it was vital to remain open and as a result the credit union has attempted to meet the needs of the membership while remaining sensitive to those who observe these two holidays. The goal is to have at least one branch open on these holidays and for those members who observe these holidays there would be no need to attend these branches. To date, we have received support from our members.

On another matter and quite similar is the matter of Sunday openings. There are a few Credit Unions who have started Sunday openings. The Board has not discussed this matter at this time and feel there is not a need now but given the competitive pressure this may have to be addressed in the future.

Dr. T. Babick indicated that the Board generally has one employee, the Chief Executive Officer, who is responsible to make decisions regarding running the organization. The Board, however, is involved in issues relating to governance and future planning. The Board has to allow its' managers to be successful based on a playing field that is relatively even. It is likely one day of the year would not affect the bottom line but one day may have a significant number of members who would feel disenfranchised. The Board did struggle with the decision and assured the membership it will discuss the matter of opening on these two Ukrainian holidays at a future Board meeting.

### 13. 4<sup>th</sup> Branch Update

The Chair called upon our CEO, Mr. Walter Dlugosh, to give you an update on our new branch.

Two years ago at the Annual General Meeting the membership approved the establishment of a fourth branch and at last year's Annual General Meeting it was announced that Carpathia Credit Union had acquired property on the north east corner of Waverly Street & Grant Avenue.

The acquisition of this property was based on analysis of the credit union's existing membership and the most recent census information. We identified the River Heights area to have the greatest potential to increase the credit union's membership base. Currently we have in excess of 600 members or 5% of our members that reside within 5 kilometers of this site. Based on the most recent census information there are potentially another 8,000 individuals of Ukrainian origin within 5 kilometers of this site that would qualify for membership. Vehicle traffic studies indicate there are over 38,000 vehicles per day that pass by this location using Grant Ave to travel east/west and Waverly St to go south. The site was a former Shell station that was closed in late 2009 and had undergone some environmental remediation.

Over the last 12 months the credit union's Board and Senior Management have undertaken numerous processes in pursuing the development of this new branch.

In February, 2011 the architectural firm Cibinel Architects Ltd was a hired to design a 3,200 square foot building. The building will also incorporate a 1,000 square foot partial basement. The design of the building was completed by the end of March.

In April, 2011 a neighborhood information session was held where the residents of the area were invited to view the proposed development and provide their comments.

In June, 2011 the credit union's application for subdivision and rezoning was presented to the City of Winnipeg's Community Committee for their approval. Also in June the abandoned Shell building was demolished and the accompanying debris was removed from the site.

In July, 2011 the City of Winnipeg council approved the credit union's subdivision and rezoning application with the condition that the zoning agreement is registered with the Winnipeg Land Titles office and approved as a city by-law. Also in July the construction contract was tendered to a select number of contractors. The construction contract tender closed in mid-August and was awarded to Three Way Builders, a firm that has had some recent experience in constructing credit union facilities.

In September, 2011 after consultation with our environmental consultants and in accordance with the credit union's purchase agreement, Shell was approached to provide further environmental cleanup work on the site. This work was completed by early October and has been reviewed by our environmental consultants to ensure no further work is required. The province of Manitoba Conservation department has also acknowledged that the site is not considered contaminated.

In November, 2011 the legal survey of the property was completed and submitted to the Winnipeg Land Titles office for its review as required by the City of Winnipeg. The by-law is scheduled to be presented to the City of Winnipeg council at this week's council meeting. Upon its approval it is expected that the building permit will be issued by the end of this month and construction is expected to commence as soon as Monday February 6<sup>th</sup>.

Based on the most recent construction schedule our new branch will be completed and ready to be open for business by October of this year.

#### **14. Greetings From Special Guests**

The Chair introduced Mr. Wilson Griffiths, Credit Union Central of Manitoba and invited Mr. Griffiths to the podium. A summary of Mr. Griffiths speech follows:

Mr. Griffiths expressed his pleasure in attending Carpathia's Annual General Meeting and to view firsthand how credit unions are working and meeting the needs of their members.

Throughout our province credit unions continue to offer low service charges, competitive rates and a broad range of innovative products and service offerings. As a result, the credit union system of Manitoba continues to grow. In fact, as of November 2011 the total assets held by Manitoba credit unions surpassed \$19 billion which means total assets of the system have tripled in the last 10 years which is phenomenal growth. It is made possible because the market penetration of credit unions continues to grow year over year. One out of two Manitobans is a member of a credit union. Credit unions have achieved this growth and success by offering highly competitive products and services but believe they have also succeeded because they adhere to co-operative principles that guide them in their day-to-day dealings with their members and members have a direct say in decisions which is of their best interest. This meeting is a perfect example of democratic member control. Another co-operative principle they adhere to is concern for community. These are challenging times with the effect of a recession continuing to linger and while the economic impact may not have a pronounced impact on Manitoba as in other parts of the country or world we are not immune to an economic crisis. There will continue to be challenges but Carpathia Credit Union is well positioned to help its members face these challenges with a strong focus on efficiency and service and the peace of mind provided by Deposit Guarantee Corporation that deposits are 100% guaranteed. Credit Union Central is well positioned to meet the challenges.

The United Nations has declared 2012 as the International Year of Co-operatives which will raise awareness of co-operatives and draw attention to any major issues. This is also the 75<sup>th</sup> anniversary of the credit union movement. Presently, there are 41 credit unions and 186 locations throughout Manitoba with 67 located in rural communities.

On behalf of Credit Union Central of Manitoba Mr. Griffiths congratulated the Board, management and staff of Carpathia on their success and wished them continued success in years to come.

The Chair introduced Ms. Sophia Kachor, a representative of the Council of Ukrainian Credit Unions of Canada. Following are the remarks by Ms. Sophia Kachor:

Ms. Kachor thanked Carpathia for the invitation and expressed her pleasure in attending Carpathia's Annual General Meeting. Ms. Kachor was honoured to present greetings from Mrs. Olga Shevel, President of the Council of Ukrainian Credit Unions of Canada. The Council congratulated members, the Board of Directors, management and Carpathia staff on another successful year. Carpathia Credit Union is the third largest Ukrainian credit union in Canada and is playing a very important part in the Ukrainian community of Winnipeg.

The United Nations has declared 2012 the International Year of Co-operatives. As financial co-operatives, credit unions are dedicated to the people and communities they serve and Carpathia is an excellent example of this service.

The Council of Ukrainian Credit Unions of Canada is committed to providing our members with new innovative quality products and services with the internet being one of them. On the Council of Ukrainian Credit Unions of Canada website there is information on co-operative news, statistics and new technology.

The council would like to thank Mr. Demyan Hyworon member of the Board of Directors of Carpathia Credit Union for his excellent work on our website. We hope this work will continue.

We wish your credit union even greater success in the future. Continual growth of one credit union is a success of the whole cooperative family. Financial strength is the base for development and steady growth of any community and your generous financial support plays a very important part in our Ukrainian community. May God Bless You."

**15. Adjournment**

The Chair thanked everyone for attending and adjourned the meeting at 3:10 p.m. which was followed by a reception.

**MOTION** by Mrs. Stephanie Diakiw **SECONDED** by Mr. Kevin Ojala to adjourn the 73<sup>rd</sup> Annual General Meeting.

**CARRIED**

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Walter Kulyk  
Chairman

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Marion Wiebe  
Recording Secretary (English)

### **Draw For Door Prizes**

The draw for the five \$50 prizes from the envelopes of the mail-in ballots received, took place at the offices of BDO Canada LLP and the President, Dr. Taras Babick announced the winners:

1. Mrs. Betty Churko
2. Mrs. Olga Zubach
3. Tekla Karabin
4. Anastasia Waskiw
5. Efrosina Chomtschyn

A draw was made for five prizes of \$50 and the winners were as follows:

1. Mr. Bill Myszuk
2. Mrs. Evelyn Piush
3. Mr. Maurice Lakusta
4. Mrs. Pauline Machnee
5. Mr. Gerry Bielak

The winner of the \$250 prize was Mrs. Victoria Lakusta.