

Vancouver Firefighters' Credit Union Annual General Meeting Special Resolution vote FAQ's

Background

After 79 years as a closed bond credit union existing solely for Vancouver Firefighters and their families, our credit union is about to vote on amending our common bond to extend the offer of membership to all professional firefighters from every Lower Mainland fire department from Hope to Whistler.

After extensive consultations, management and the Board of Directors have applied to the Financial Institutions Commission (FICOM) to allow for this change to our common bond. On March 15th 2019, FICOM approved this amendment which will be put before the membership as a Special Resolution at the 2019 Annual General Meeting. If this Special Resolution is passed by a majority vote, we will begin extending offers to the smaller fire departments in the Spring/Summer of 2019 and continue to slowly grow our membership over the coming years.

We have created a list of Frequently Asked Questions to inform our membership of this opportunity and to create awareness of this initiative. It is hoped that a large number of informed members will turn out to vote on this initiative to give the board and management a strong mandate for or against.

1. **Q. What is a "Common Bond" and why is it important?**

A. A Common Bond is the criteria for membership for our credit union. Our previous common bond was that members must be a Vancouver Firefighter or the relative of one. We are proposing to change it to mean a firefighter from one of the 21 Lower Mainland Fire departments. We will still remain a "Closed Bond" credit union with membership being based on being a professional firefighter from one of these departments. In other words it is important because it preserves the unique nature of our institution since we essentially borrow from and lend to each other. It is this sense of community that has allowed us to have the lowest loan losses from any credit union in B.C.

2. **Q. How will this potential growth affect current credit union members?**

A. Management and the board feel that this potential growth should not affect the current members very much if at all. We have worked very hard over the last few years increasing our electronic banking abilities and this has led to fewer in person visits to the credit union office. Features such as online banking for bill payments, interact e-transfers and our new line of credit product have increased efficiencies and allowed more remote banking to be performed by our members. We feel that with slow, measured growth the current staffing levels should be able to meet the increased demand.

3. **Q. Will volunteer firefighters or "Paid on Call" Firefighters be eligible for membership under the new Common Bond?**

A. No, **only full time, professional firefighters** from one of the 21 fire departments that are listed in Appendix B along with this FAQ sheet will be eligible for membership.

4. **Q. Why do the Board and management feel that this is an important direction to take the credit union in at this time?**

A. The board and management feel that the new banking system and the electronic banking improvements have allowed us to reach more potential members as there is not as much need

for in office visits from our members. There are also more and more mergers in the credit union system with larger players all of the time. This expansion will help us truly grow and get bigger and stronger. More deposits, more revenue we feel will lead to an even greater array of products and services for our members.

5. **Q. Has a thorough risk/benefit analysis been performed on this expansion proposal?**

A. Yes, with the help of Stabilization Central which is an organization which assists smaller credit unions with projects of this nature, A thorough risk/benefit analysis was done of this proposal that spells out different scenarios for no growth, low growth or moderate growth for our credit union's future. This is the report that was sent in to the financial regulator (FICOM) who gave their approval for the amendment. It will be available for viewing electronically on our website shortly and hard copies will be sent to all of the VFRS worksites.

6. **Q. Speaking of risk, what are the risks to this proposed expansion to the financial health of the credit union?**

A. Lending is an inherently risky business, and for our credit union that has largely been mitigated by the fact that we know all of our members on a personal basis. They are generally our friends and coworkers before they are credit union members. As a result we have had historically very minor loan losses. Management and the board feel that opening up our lending to a greater pool of members who are still firefighters will marginally increase our risk. However we feel that it is a risk that is worth taking and that can be managed by credit checks and our existing prudent lending practices.