

## Schafer Law Firm

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October 27, 2006

John J. Neupert, Attorney  
Miller Nash LLP  
3400 US Bancorp Tower  
111 SW 5th Ave  
Portland, OR 97204

Re: Save Columbia CU Committee v. Columbia Community CU

Dear John:

This responds to your letter of October 17, 2006, on behalf of the board of Columbia Community Credit Union ("CCU") that resulted from the response on October 3, 2006, by my client Save Columbia CU Committee ("SaveCCU") to Columbia's proposal of September 17, 2006. That response and proposal are enclosed.

Judge Casey indicated in her comments yesterday that mediation would be the preferred way to resolve our disputes, and that with regard to the 2006 election, she thought that all persons who care about our credit union should be allowed to run for positions, with the governance issues being put rationally and fairly before members for their decision on the direction of the credit union.

It appears to me that our clients differ upon, and perhaps through impartial mediation could reach common ground upon, the corporate governance policies to be followed at CCU relating chiefly to membership access to information and to the submission of governance matters to the membership for determination.

SaveCCU's published platform since before CCU's election in September 2004 has included the following planks, as quoted from Ralph Erdmann's 2004 voters pamphlet pages:

- Columbia Credit Union funds and staff shall not be employed to support a candidate in an election. (Just like it is improper for a politician to use taxpayer funds to support his/her reelection, it should also be true for the Columbia Board.)
- Any issue presented to the membership for a vote will be fairly balanced in all publications and information. (This an open society, opposing views have a right to be heard.)

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- Commitment to greater transparency and accountability of the board process which shall be guided by the spirit of the Washington State Open Public Meetings Act. (No more secret meetings and clandestine changes to the bylaws.)

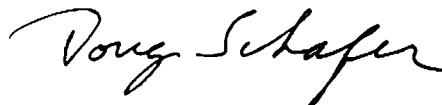
Though not stated in SaveCCU's 2004 platform, if revised today we believe that its platform would include a plank that requires CCU to seek maximum informed participation of its members when it invites them to vote on issues or candidates. For example, by permitting its 62,000 members to vote by mail (or internet), after receiving adequate balanced information, on issues rather than requiring their attendance at membership meetings.

Another issue that might form a plank if SaveCCU's platform were revised today is that all its elected board members should have an equal right to participate in CCU's governance. More concretely, perhaps, the issue is to what extent a majority of the board, by proclaiming themselves an executive committee, can effectively exclude the minority board members from effectively participating in the leadership of CCU.

We recognize that at least three of CCU's five-member board majority were elected in 2004 based, at least in part, upon their apparent support of SaveCCU's platform, but we also recognize that good-faith differences exist between individuals about the manner and degree to which some of the policies should be implemented at CCU. We recognize, for example, that certain information possessed by CCU or discussed in its board meetings must be protected from disclosure even to its members, but that there are no good reasons why some of the information that CCU now conceals should not be available for viewing by its members. We understand that some credit unions actually do permit their members to observe much of what transpires in the board's meetings. We believe that there could be productive mediation to reach common ground on those differences between the parties on these concrete issues.

I hope that you and your clients will agree that the issues described above might be productively resolved through mediation, and we ask that they agree to participate in such a process. Thank you.

Very truly yours,



Douglas A. Schafer

cc: Officers of SaveCCU  
Susan L. Carlson, Asst. Attorney General