

MINUTES OF THE 74th ANNUAL MEETING

Annual General Meeting of The Police Credit Union held on
Monday June 22, 2020 at 4:00 pm by
Zoom Webcast

CALL TO ORDER

The Chair, Rod Fraser, called the meeting to order, acknowledging that this was the first meeting to be held by virtual webcast. He noted that because of public health risks relating to COVID-19 the Annual General Meeting of The Police Credit Union had been postponed from April 27, 2020 to June 22, 2020.

QUORUM

As evidenced by the Credit Union's By-law 7.11, quorum was present by the 545 members who participated in the online voting process.

WELCOME AND MEETING OVERVIEW

Chair, Rod Fraser, welcomed those present to the 74th Annual General Meeting and paid tribute to the Credit Union members, colleagues and friends who had passed since the previous Annual General Meeting. In addition, a special note of thanks was given to all Credit Union staff and Management for continuing to work through the COVID-19 pandemic. Rod Fraser also acknowledged the policing community and all front-line workers for their dedication and commitment during this time.

It was noted that all attendees would not have video or voice capabilities and any questions should be directed to the dedicated address agmquestions@tpcu.on.ca. All materials for the meeting were made available for download on the Credit Union's website.

Rod Fraser introduced the following panelists:

Andy Doak – CEO of The Police Credit Union

Geri James – Chair of the Audit Committee

Wayne O'Connell – from Jones & O'Connell LLP, our external auditors

Denzil D'Mello – Controller of The Police Credit Union

And himself, Rod Fraser – Chair of the Board of Directors

CHAIR'S REMARKS

Chair, Rod Fraser, referenced that on June 8, 2019, the Financial Services Regulatory Authority of Ontario (FSRA) assumed the regulatory duties of the Financial Services Commission of Ontario and the Deposit Insurance Corporation of Ontario. He added that the Credit Union continues to adhere to the FSRA issued Guidance Notes and Advisories that outline sound business and financial practices.

Mr. Fraser noted that the Board of Directors continues to work with the Regulator (FSRA) to ensure that the organization meets safe operating parameters. Monitoring and compliance continue to be the key areas of focus and the Board was committed to ongoing training courses and attending conferences, to stay abreast of the regulatory framework.

Mr. Fraser announced that the Board of Directors had declared a 4.63% dividend to be paid to Class B, Series 1 Investment shareholders on record on Dec 31, 2019. The total cash distribution was \$231,500 and members received payments to their account before the end of February 2020.

Mr. Fraser acknowledged that this year's election had the largest group of candidates and he thanked all those who had submitted their names for the members' consideration.

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Mr. Fraser extended a thank you to Geri James, Chair of the Audit Committee, and the External and Internal Auditors for their monitoring of the financial reporting. He expressed appreciation to his fellow Board members for their leadership in facilitating his role as Chair and to the staff for their continued dedication to the organization and its members.

In closing, Rod Fraser reminded the membership that the Credit Union, through its Mastercard Program, was committed to donating, annually, a percentage of the revenue sharing profits to the Ontario Police Memorial Foundation (OPMF). He added that to date the Credit Union had donated over \$44,000.

A cheque in the amount of **\$10,000** was provided to the Ontario Police Memorial Foundation on behalf of the Police Credit Union for the 2019 donation.

CHIEF EXECUTIVE OFFICER'S ADDRESS

Chair, Rod Fraser, introduced Andy Doak, Chief Executive Officer, to present his address.

Mr. Doak acknowledged that because of the cooperation of the staff and the Senior Management team the Credit Union remained open and provided uninterrupted financial service to the members throughout the COVID -19 pandemic. He added that although the branches and the Call Centre were still on reduced hours, the College Branch remains closed until TPS eases the restrictions at their Headquarters.

Mr. Doak shared some of the impacts that COVID-19 will have on the Credit Union for 2020. He noted that the unplanned reduction of 1 ½ % to the prime interest rate, which was imposed at the end of March and early April, will reduce the net income levels for 2020 and most likely again in 2021. He added that because of the pandemic, member deposits have been exceeding expectations and the mortgage activity remains robust. Recruit hiring activity has resumed at all Police Services which should positively affect the lending results for 2020.

Mr. Doak turned his attention to the highlights and accomplishments of the Credit Union for 2019.

Mr. Doak was pleased to report that in 2019 The Police Credit Union assets exceeded \$342.1 million, an increase of \$18.9 million over the previous year end. He commented that the lending activity remained strong in 2019. He added that 1,103 applications were approved, however the total dollar amount advanced declined from the previous year and finished at just over \$75.3 million, down \$36.1 million when compared to 2018 results.

Mr. Doak reflected on the achievements of the Recruit loans, which were 47% higher than 2018, totaling 427 loans granted in 2019. He added that the success was because of the hiring activity throughout the core police services. He concluded by saying that throughout the history of the Recruit program, the Credit Union has assisted 5,499 recruits with their dream of becoming a police officer.

Mr. Doak announced that 739 memberships were opened, however, there was a net decrease of 229 members. He added that the excessively high amount of closed memberships was because of a clean-up of unused memberships that was completed towards the end of 2019.

Mr. Doak summarized the future direction of the Credit Union for 2020:

1. Forge Digital Banking Platform - During The fourth quarter of 2020 the Credit Union will be migrating the public website to the new Forge platform and the new on-line banking and mobile apps are expected to be in service in the first quarter of 2021.

Mr. Doak noted that mobile devices are the centre point of today's digital lives and Forge's responsive mobile first design ensures that the website will look great no matter what device is being used: desktop, tablet or mobile. He added the membership will be updated regularly as the migration process continues.

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2. *New branding and logo for TPCU –*



Mr. Doak shared the new logo and branding colours with the members. He noted that with the implementation of the Forge digital platform, the Board of Directors and management felt that it was appropriate to review the branding strategies.

With the assistance of Central 1's marketing team, "the Agency", the new logo uses a chevron, with emphasis on THE POLICE or TPCU and adopts blue colour palettes. He explained that the rationale for using the Chevron was because of its representation of the Police and the core members the Credit Union serves. The eternal chevron shape serves to embody the motto 'Taking care of our own' and upon closer observation you get the feeling of two hands, one on top of the other, which transitions nicely from the current "Hands and Globe" in use today.

Mr. Doak concluded that the new logo and branding colours will be adopted into the new digital platforms and a rollout schedule will be determined for the remaining product brochures and signage.

3. *Joint venture with the YRPA* – Mr. Doak reminded the membership that it was mentioned last year that the Credit Union made an agreement with the York Regional Police Association to establish a new Branch as part of their Association facility currently under construction on Eric T Smith Way in Aurora within proximity to the York Region Police Headquarters. He added that the Credit Union's current York facility, located on Yonge Street in Newmarket, would relocate to this newer facility on the ground level during the second quarter of 2021.

Mr. Doak noted that this new opportunity would be a mutual benefit for the employees of the York Regional Police Service, the members of the York Regional Police Association and the members of the Police Credit Union.

In closing Mr. Doak thanked the membership for putting their faith in The Police Credit Union and expressed that he hoped that all the collective efforts made by the Credit Union represents that we "take care of our own".

REPORT OF THE AUDIT COMMITTEE

Chair, Rod Fraser, introduced Geri James, Chair of the Audit Committee, to present the report.

Chair of the Audit Committee, Geri James, provided an overview of the committee's responsibilities and their activities for 2019 as presented in the report. She noted that the Committee had fulfilled all the required duties under the Credit Union Act and had met six times during the year. In addition, there were no matters which the committee believed should be reported to the members or which were required to be disclosed pursuant to the Act or the Regulations.

In conclusion, Ms. James acknowledged the other members of the Audit Committee for their support throughout the year and the co-operation of the Credit Union's Management team.

INDEPENDENT AUDITOR'S REPORT

Chair, Rod Fraser, introduced Wayne O'Connell, of Jones & O'Connell LLP, to present the report.

Mr. O'Connell advised the membership that the summarized financial statements in the annual report were excerpts taken from the full audited financial statements that were made available to the members for downloading on the Credit Union's website.

Mr. O'Connell noted that Jones & O'Connell LLP's responsibility as the external auditors was to review and audit the financial statements and express an audit opinion based on the audit. Performance of the

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audit is governed by the standards in accordance with the Canadian Auditing Standards (CAS) 810, Engagements to Report on Summary Financial Statements.

Mr. O'Connell noted that Jones & O'Connell expressed an unmodified opinion on the financial statements in their report dated February 24, 2020.

REPORT ON THE FINANCIAL STATEMENTS

Chair, Rod Fraser, introduced Denzil D'Mello, the Controller, to present the report.

Mr. D'Mello commented that the Credit Union continued to meet the members' borrowing needs which had resulted in Loans to Members that grew from \$294.4 million in 2018 to \$301.0 million in 2019. That represents a growth of \$6.6 million or 2.2%.

Mr. D'Mello noted that three major product lines made up this growth. Residential mortgages made up \$273 or 91% of the overall loans to members followed by personal loans and commercial mortgages.

Mr. D'Mello noted that members' deposits saw a significant growth from 2018. Deposits grew by \$17.6 million or 6.3%, from \$277.5 million in 2018 to \$295.1 in 2019.

Mr. D'Mello noted that the financial margin for 2019 grew by \$303 thousand or 4.9% and that the operating margin for 2019 increased by \$322 thousand or 4.3% over the previous year. He commented that the stronger the operating margin the higher the profitability and the more the Credit Union could invest in technology solutions and business operations to deliver valuable services to the membership.

Mr. D'Mello commented that the operating expenses increased by \$93 thousand over the 2018 operating expenses. He added that the increase of 1.5% was reasonable for a year over year increase with no major projects or initiatives undertaken in 2019.

Mr. D'Mello noted that the Credit Union's income before taxes grew by \$228.9 thousand or 28.4% over the previous year.

He continued by noting that the Credit Union's policy is to maintain regulatory capital above 5.00% of total assets and 11.00% of risk weighted assets and that the Act requires Credit Unions to maintain regulatory capital above 4% of total assets and 8% of risk weighted assets.

Mr. D'Mello noted that the Credit Union's regulatory capital was at 6.01% and the risk weighted asset ratio was at 14.74%. He commented that on both measures the Credit Union exceeded both its regulatory and policy requirements.

Mr. D'Mello concluded that the Credit Union was following all applicable regulations and policies.

NEW BUSINESS

Chair, Rod Fraser, commented that the members were asked to participate in voting electronically for the minutes of the April 29, 2019 Annual General Meeting, the appointment of the External Auditor for 2020, and the Director Elections through Simply Voting in advance of the AGM. Voting opened on June 15th at 7 am and closed on June 21st at 8 pm.

The results were as follows:

(a) ADOPTION OF THE MINUTES OF THE PREVIOUS MEETING

In the matter of the adoption of the minutes of the previous meeting of April 29, 2019 the membership approved them.

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(b) APPOINTMENT OF EXTERNAL AUDITOR

In the matter of the appointment of the external auditor, the membership approved the appointment of Jones & O'Connell as the External Auditor for 2020.

(c) ELECTION- BOARD OF DIRECTORS

In the matter of the Election – Board of Directors, there were 7 candidates on the ballot and all the applications were reviewed and found to be in good order. The applications were also received 90 days prior to the AGM in accordance with the Act and the Credit Union's by-laws.

There were two (2) vacancies to be filled and both are for a three (3) year term.

There were 545 ballots cast in the election and the two (2) candidates with the highest votes would be declared Directors.

Chair, Rod Fraser, announced the number of votes per candidate as listed in alphabetical order.

Leslie Baylis	92 votes
Carol A. Carpenter	147 votes
Stan Colley	289 votes
James D. Harris	62 votes
Owen Mashinter	98 votes
Elaine Nobel Tames	68 votes
George Tucker	334 votes

Rod Fraser declared George Tucker and Stan Colley Directors for the 3-year terms.

CLOSING REMARKS

Chair, Rod Fraser, thanked all in attendance for taking the time to attend the AGM.

ADJOURNMENT

There being no further business, the meeting was adjourned at 4:37 p.m.

MINUTES APPROVED this 24th day in August 2020.



Rod Fraser, Chair



Bob Spafford, Secretary