

MINUTES OF THE 73rd ANNUAL MEETING

The Brighton Conference and Event Centre
2155 McNicoll Avenue
MONDAY, APRIL 29TH, 2019
6:30 P.M.

OFFICIAL WELCOME AND CALL TO ORDER

There being a quorum of 50 members present, the meeting was called to order by the Chair, Stan Colley, at 6:37 p.m. (147 equity members, 6 non-equity were registered plus 8 guests for a total attendance of 161).

MINUTE OF SILENCE

Silent tribute was paid to Credit Union members, colleagues and friends who had passed away since the previous Annual General Meeting.

INTRODUCTION OF SPECIAL GUESTS

Chair, Stan Colley, acknowledged the special guests present as follows:

Jones & O'Connell LLP	Wayne O'Connell and Edwin Leung
Internal Auditor	Rick Belsby
Members of the Police Credit Union Advisory Committees	All members were asked to stand and were recognized
Director of Uniform Field Services at the TPA and TPA Director on the Ontario Police Memorial Foundation	Jason Tomlinson
York Regional Police Association, Secretary Treasurer	Owen Mashinter
York Regional Police Association, Bookkeeper	Meesan Shariff

Chair, Stan Colley, welcomed those present to the 73rd Annual General Meeting and then introduced the Board of Directors and Management team who were seated at the podium:

Vice Chair	Rod Fraser
Secretary	Bob Spafford
Director	Geri James
Director	George Tucker
Director	Gary Leitch
Director	Mike Sharp
CEO	Andy Doak
Controller	Denzil D'Mello
Executive Secretary	Linda Fernandes
And himself	Stan Colley, Chair

Stan Colley introduced the remainder of the Management team who were seated on the floor:

Human Resources and Training Manager	Karen Zwarych
Manager of Retail Services	Bess Kominos-Estrela
Member Credit Manager	Sheila Carvalho

ADOPTION OF THE AGENDA

The Chair, Stan Colley called for a motion to accept the agenda as presented and included in the annual report.

The Agenda of the Annual General Meeting as detailed in the handouts received in the packages was approved on a motion by Gary James, seconded by Carol Carpenter.

Motion Carried

MINUTES OF THE 73rd ANNUAL MEETING

MINUTES OF PREVIOUS MEETING

Chair, Stan Colley, asked if there were any errors or omission in the minutes of the Annual General Meeting held on April 30, 2018.

The minutes of the previous Annual General Meeting were adopted on a motion by Steve Carpenter, seconded by Mary Spafford.

Motion Carried

PRESENTATION TO THE ONTARIO POLICE MEMORIAL FOUNDATION

Chair, Stan Colley, noted that a presentation was slated for later in the evening however he opted to begin the evening with the official presentation to the Ontario Police Memorial Foundation (OPMF).

Stan Colley 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 OPMF.

Stan Colley called on Jason Tomlinson, Director of Uniform Field Services at the TPA and TPA Director on the Ontario Police Memorial Foundation, to accept a cheque in the amount of \$10,000 on behalf of The Police Credit Union.

REPORT OF THE CHAIR

Chair, Stan Colley, presented the highlights of his report for 2018.

Mr. Colley announced that this was his third and final year as Chair of the Board. He added that it had been his privilege to serve as Chair and he thanked the membership and his colleagues on the Board for allowing him this opportunity.

Mr. Colley commented that in addition to his report, as written in the Annual Report, he wanted to highlight some accomplishments and goals that the Credit Union had in 2018.

Mr. Colley reported that in 2018 the financial markets continued to evolve rapidly, and the Credit Union adapted to meet these changes. He added that the complexities of these issues have resulted in enhanced Board training.

Mr. Colley commented that the Board established four strategic goals for management to achieve in 2018. He noted that success for each goal was measured through a series of key performance indicators that were met by the Credit Union.

Mr. Colley noted that the focus of the strategic goals led to a positive financial report making 2018 a profitable year. He added that the Credit Union was financially sound because assets grew by 10%, and loan volumes increased by the same percentage, creating a positive net income of just over \$670,000.

Mr. Colley added that some of the practices that led to the Credit Union success in 2018 was the continued commitment to build on the strong relationships with the core Police Associations and Police Services, by participating in their various sporting and charitable events. In addition, the successful introduction of the Investment Share program enhanced the Credit Union's capital leverage.

Mr. Colley noted that in January of 2018 the newest Branch, in Halton Region, opened, which will be the gateway to additional policing markets in Hamilton, Niagara, Guelph and Waterloo. He added that the Peel Branch relocated to a modern and more customer centric facility. He advised the membership that the Credit Union would continue to explore new technologies and service opportunities to enhance its service deliveries to the membership.

MINUTES OF THE 73rd ANNUAL MEETING

In closing, Chair, Stan Colley thanked the Board members, Chief Executive Officer, Andy Doak, his management team, and all staff members for bringing the vision of the Credit Union to life every day. He also extended his thanks to the members for being part of the Credit Union family and for the loyalty, trust and confidence they place in the Credit Union.

The Chair, Stan Colley moved the report of the Chair, seconded by Ian Russell.

Motion Carried

REPORT OF THE CHIEF EXECUTIVE OFFICER

Chair, Stan Colley, introduced Andy Doak, Chief Executive Officer, to present his report.

Mr. Doak acknowledged the hard work that staff, the Senior Management Team and the Board Directors played in accomplishing the many goals in 2018. He noted that the service levels in all areas of the operations were reflected in the successful accomplishments of 2018.

Mr. Doak was pleased to report that in 2018 The Police Credit Union Assets exceeded \$323.2 million, an increase of \$30.6 million over the previous year end. He commented that the lending activity remained strong in 2018. He added that 1,058 applications were approved versus the 872 applications approved in 2017 however the total dollar amount advanced declined from the previous year and finished at just over \$111.4 million dollars down \$10 million when compared to 2017 results.

Mr. Doak highlighted that the Recruit loans were also strong as the number of loans granted almost doubled (when compared to the previous year) with 291 loans advanced in 2018. He added that the success was because the hiring activity returned to Toronto Police Service and increased hires were noted at the Credit Union's other core police services including Peel, York and Durham. He concluded that throughout the history of the Recruit program, the Credit Union has assisted 5,072 recruits with their dream of becoming a police officer.

Mr. Doak announced that 597 memberships were opened, and there was a net increase of 222 members as a result of members choosing to close their accounts slowed significantly. He added that it should be recognized that a tremendous amount of staff time was required to on-board these new memberships. He added that this process involves providing product and Credit Union information, collecting personal data to complete paperwork and agreements, and seeing that these new members' needs were responded to as efficiently as possible. He thanked all the branch staff for their hard work and efforts to make the member experience a memorable one.

Mr. Doak provided a summary of the accomplishments for 2018:

1. The new Collabria Mastercard launched 8 different types of personal credit cards and an additional 3 business cards to choose from. He noted that this new supplier was more in alignment with The Police Credit Union's values, provides more credit card options matching members' lifecycle needs and provides more rewards opportunities for both members and The Police Credit Union. In addition, he encouraged all members to open a new Collabria Credit Card to ensure the Credit Union maximizes its annual donation to the OPMF.
2. The relocation of the Peel branch was completed during 2018. The new branch opened on April 16th and has been well received by the members as a number of new membership openings were noted along with an increase in deposits and an increase in lending activity.
3. The opening of a new branch in the Halton Region, (Hwy 407 at Applebee Line) on January 3rd completed the co-venture with The Police Credit Union and the Halton Regional Police Association.
4. The Credit Union rolled out a new Flash-enabled MemberCard, as all existing debit cards were replaced during the second quarter.

MINUTES OF THE 73rd ANNUAL MEETING

5. Class B Investment Shares, Series 1, was an exclusive investment opportunity available only to the members of The Police Credit Union. This was a rare investment opportunity and as expected 'sold out' meeting the target maximum amount of \$5.0 million.

At the Board of Directors meeting in January, the Board declared a cash dividend of 5.10% to be paid to all holders on record of Class B, Series 1 Investment Shares. Members received their payment of dividends on Feb 21st, 2019. Members continued to receive an interest of 4.50% up until November 30th. Dividends for 2018 were paid from December 1 to the 31st and the rate determined was based on the Credit Union's five-year term deposit rate for December 2018 of 3.10% plus a bonus of 2.00%.

Mr. Doak noted that although the Credit Union was no longer selling these Investment Shares, investment opportunities may arise and members interested in these future opportunities are encouraged to have a conversation with their branch staff and ask to be added to the wait list for when these opportunities arise.

Mr. Doak provided a summary of several new initiatives in the process of being completed:

1. **Forge Digital Banking Platform** - During the fourth Quarter of 2019 the Credit Union will be migrating the Public Website, On-line Banking and Mobile Banking platforms to Central1's new Forge Platform. 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.

2. **Email Money Transfers (EMT)** - Improvements will be made to the Rewards membership program as email money transfers will now become less expensive for this group of members during the second quarter of 2019. Rewards members will receive up to 4 free email money transfers per month; beyond that amount, members will be charged \$1.50 fee for this service.

3. **Joint venture with the YRPA** - The York Regional Police Association plans to establish a new 45,000 square foot facility located on Eric T Smith Way in Aurora just off HWY 404 at the Aurora Road off ramp. The Association has selected this new location due to its close proximity to the York Regional Police Headquarters which relocated to Aurora on Don Hillock Drive from Newmarket a few years ago. Mr. Doak commented that he was pleased to report that the Credit Union has completed an agreement with the York Regional Police Association to establish a new "Branch" as part of their development in their Association facility. The existing Association offices are planning to move from Bayview Avenue in Newmarket to the Aurora location in late 2020 or early 2021.

Mr. Doak commented that when the building is completed, the Credit Union's current York facility located on Yonge Street in Newmarket will relocate to this newer facility on the ground level floor occupying approximately 2,000 square feet and will house a lobby style ATM machine with 24 hour access and will be designed with the traditional layout and colours as established at the other branch locations. He added that this will most likely occur during the first quarter of 2021.

Mr. Doak shared that he believed that this new opportunity will 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. He expressed his sincere appreciation to the executives of the York Region Police Association (in particular Owen Mashinter, who was present) for their forward thinking and enthusiasm displayed in establishing this Joint Venture to include a TPCU branch in part of their new facilities. He concluded by noting that the Credit Union was looking forward to continuing to grow and strengthen this solid relationship for many more years into the future.

MINUTES OF THE 73rd ANNUAL MEETING

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".

The Chief Executive Officer, Andy Doak, moved the report of the Chief Executive Officer, seconded by Owen Mashinter.

Motion Carried

REPORT OF THE FINANCIAL STATEMENTS

Chair, Stan Colley, introduced Denzil D'Mello, the Controller, to present the report.

Mr. D'Mello commented that the Credit Union had surpassed its 2017 impressive overall growth in loans to members of \$26.7 million. He noted that in 2018 the overall growth in loans to members were \$30.7 million or 11.6% year over year. He added that this was an indicator of the membership using the Credit Union as their institution to meet their borrowing needs.

Mr. D'Mello noted that three major product lines made up this growth. Residential mortgages made up \$270.1 or 91.7% of the overall loans to members followed by personal loans and commercial mortgages.

Mr. D'Mello noted that The Credit Union adopted a competitive position for member deposits resulting in deposit growth of \$7.9 million or 2.9%.

Mr. D'Mello noted that the financial margin for 2018 grew by 7.8% over 2017. He reminded the membership that 2017 included a one-time investment income amount of \$440 thousand, and once you exclude this one-time investment income the growth is realized.

Mr. D'Mello noted that the operating margin includes Other Income, recovery of losses on loans and gains on foreign exchange. He pointed out again, the growth of 6.3% over 2017 was realized once you exclude the one-time investment income of \$440 thousand.

Mr. D'Mello commented that the operating expenses increased by \$0.05 million over 2017 operating expenses. He noted that the increases could be attributed to the following:

- Increase in overall staffing costs that included the additional staffing for the Halton Branch that opened for business at the start of 2018;
- Re-location of the Peel Branch also meant additional capital expenditures which resulted in higher amortization costs;
- Higher deposit insurance premiums mostly resulting from changes to the deposit insurance coverage from \$100,000 in 2017 to \$250,000 in 2018.

Net income before taxes in 2018 was \$807,284. Mr. D'Mello noted that excluding the one-time investment income of \$439,816, Net Income before Taxes was \$844,010 in 2017. This resulted in a decrease in 2018 of (\$36,726) or (4.4%) over 2017.

Mr. D'Mello informed the membership that the Credit Union's objective is to maintain the appropriate quantity, quality and composition of capital needed to: reflect the inherent risks of the Credit Union; support current and planned operations; and support the distribution of dividends and redemption of membership shares.

He continued by noting that the Credit Union's policy is to maintain regulatory capital at 4.75% of total assets and 11.00% of risk weighted assets. In addition, the Act requires Credit Unions to maintain regulatory capital at 4% of total assets and 8% of risk weighted assets.

MINUTES OF THE 73rd ANNUAL MEETING

Mr. D'Mello noted that the Credit Union's Regulatory Capital was at 6.15% and the risk weighted asset ratio was at 14.77%. He commented that the growth from last year in the Credit Union's Capital Ratio and Risk Weighted Ratio was driven mostly from the strong member participation with the Class B Series 1, Investment Shares.

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

The Controller, Denzil D'Mello moved the Financial Statement Report, seconded by Ian Russell.

Motion Carried

AUDIT COMMITTEE REPORT

Chair, Stan Colley, introduced Rod Fraser, Chair of the Audit Committee, to present the report.

Chair of the Audit Committee, Rod Fraser, provided an overview of the committee's responsibilities and their activities for 2018 as presented in the report.

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.

Mr. Fraser thanked Rick Belsby, the Internal Auditor for all his reporting and recommendations throughout 2018. In addition, he thanked Wayne O'Connell, of Jones and O'Connell LLP, the External Auditor for the detailed information they provide to the Audit Committee.

In conclusion, Mr. Fraser acknowledged the other members of the Audit Committee for their support throughout the year.

Chair, Rod Fraser moved the Audit Committee Report, seconded by Steve Carpenter.

Motion Carried

REPORT OF THE EXTERNAL AUDITOR

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

Mr. O'Connell advised the membership that the auditor's report could be found on page 23 of the annual report. He also noted 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 upon request and at the registration desk upon entering the meeting.

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 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 25, 2019.

The report of the External Auditor was moved on a motion by Carol Carpenter, seconded by Mary Spafford.

Motion Carried

MINUTES OF THE 73rd ANNUAL MEETING

NEW BUSINESS

(a) APPOINTMENT OF EXTERNAL AUDITOR

On the Audit Committee's recommendation, Chair, Stan Colley called for a motion from the floor to appoint Jones & O'Connell LLP as External Auditors for 2019.

The appointment of Jones & O'Connell LLP as External Auditors for 2019 was approved on a motion by Tom Froud, seconded by Arnie Eggertson.

Motion Carried

QUESTIONS FROM THE FLOOR

Jim Karpik inquired if the Annual General Meeting could be held in the west end of the city to accommodate the members in that area.

Stan Colley replied that the Board will have a discussion and review this request at their Planning Seminar to be held in September. He added that he could appreciate the distance members need to travel to attend the meeting and special attention will be given to this topic.

Ian Russell inquired that, with the Credit Union moving to newer technology in their banking platform, if it has considered making online voting an option to alleviate travelling for some of its members. In addition, he noted that the voting and tabulation of the online voting could take place prior to the Annual Meeting with the final votes, tabulation and announcement of the election results concluded at the AGM.

Stan Colley replied that the Board has considered the option of online voting in the past and has taken steps to initiate that process. He added that the by-laws have been updated to allow for this option and the next phase of the process will be discussed at the Board Planning Seminar in September.

Jean Harding noted that the Term Investment letters are no longer mailed and asked if the Credit Union would consider putting a message on the statements to indicate that rates have gone up so members could call and inquire about options to reinvest their cashable term deposits. In addition, she stated that she would like to receive notice for the cashable term deposit when it comes due and after the first 6 months.

Andy Doak replied that the cashable term deposit is a five-year investment which does allow the member to cash it out after the first 6 months if desired. He added that the onus for this product is on the member to be responsible for its re-investment. In addition, one of the features of the cashable term deposit is that if the rates go up it can be cashed and re-invested and if the rates go down the rate remains the same.

Andy Doak acknowledged that although the Term Letters do not get mailed out, the process is that staff are to make the phone calls upon maturity of the term deposits to review the best option for the member.

Andy Doak added that he would investigate the issue with management and investigate if a general term message can be placed on the member's statement if the rates have changed.

(b) ELECTIONS- BOARD OF DIRECTORS

Chair, Stan Colley announced that an election would take place this year and called upon Mr. Wayne O'Connell of Jones & O'Connell LLP to explain the process to the membership.

Mr. Colley noted that for the purposes of the elections it was noted 147 equity members and 6 non-equity members plus 8 guests were registered prior to the meeting for a total attendance of 161. Actual registered equity members, including late arrivals, are now 150, 6 non-equity were registered plus 8 guests for a total attendance of 164.

MINUTES OF THE 73rd ANNUAL MEETING

Mr. O'Connell began by acknowledging that the applications received were reviewed and found to be in good order and received 90 days prior to the AGM in accordance to the Act and the Credit Union's by-laws. He added that in the members' package a brief biography of the candidates was included.

Mr. O'Connell noted that there were two (2) vacancies to be filled and both for a three (3) year term.

He explained that each candidate would confirm that they agreed to stand for election upon hearing their name in alphabetical order. The nominees were Carol A. Carpenter, Rodney Fraser and Geraldine James.

Mr. O'Connell allowed each candidate to give a brief speech to the membership. He explained to the membership that they must vote for 2 candidates. He noted that the two candidates with the highest number of votes would be elected for three (3) year terms. Mr. O'Connell also explained that any ballots marked with more or less than the required 2 votes would be considered spoiled.

The ballots were collected, and Wayne O'Connell, his associate Edwin Leung, and Internal Auditor Rick Belsby were the scrutineers to count the ballots.

STAFF AWARDS

Chair, Stan Colley asked Andy Doak and Linda Fernandes to make the presentations for the staff awards. Staff Awards included:

Outstanding Sales Achievement

Katarina Rakic

Outstanding Sales Development

Jeanette Wood

Best Support Staff

Carmencita Canivel-Sibug
Roya Ghahremani

For 10 years of service:

Sandra Costanza
Tamara Pitter

For 15 years of service:

Donna Aleksovski
Bess Kominos-Estrela

For 30 years of service:

Sue Van Winckle

Draws were held for several prizes.

ELECTION RESULTS

Mr. O'Connell announced that 140 ballots had been received and 1 was spoiled, therefore 139 ballots were accepted.

Mr. O'Connell announced the number of votes per candidate as listed in alphabetical order. Carol A. Carpenter 35 votes, Rodney Fraser 125 votes and Geraldine James 118 votes.

Mr. O'Connell declared Rodney Fraser and Geraldine James directors for the 3-year terms.

Mr. O'Connell called for a motion from the Chair, Stan Colley, to destroy the ballots.

Destroying of the ballots was approved on a motion by Ian Russell, seconded by Arnie Eggertson.

Motion Carried

MINUTES OF THE 73rd ANNUAL MEETING

CLOSING REMARKS

Chair, Stan Colley, thanked all in attendance for taking the time to attend the AGM.

ADJOURNMENT

There being no further business, the meeting was adjourned at 8:24 p.m. on a motion by Laurie Young, seconded by Sandra Morgan.

Motion Carried

MINUTES APPROVED this 24th day in June 2019.



Rod Fraser, Chair



Bob Spafford, Secretary