

MINUTES OF THE 75th ANNUAL MEETING

**Annual General Meeting of The Police Credit Union held on
Monday April 26, 2021 at 4:00 pm by
Zoom Webcast**

CALL TO ORDER

The Chair, Rod Fraser, called the meeting to order at 4:00 p.m. He noted that because of public health risks relating to COVID-19 the Annual General Meeting of The Police Credit Union was being held by virtual webcast.

QUORUM

As evidenced by the Credit Union's By-law 7.11, quorum was present by the 84 members and 1 guest totaling 85 viewers as recorded by the Zoom attendee report.

WELCOME AND MEETING OVERVIEW

Chair, Rod Fraser, welcomed those present to the 75th 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.

In addition, Mr. Fraser explained the process by which members were to move and carry the motions to approve the minutes of the previous meeting and the appointment of the External Auditor under the New Business agenda item.

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, began by acknowledging the Credit Unions annual donation to the Ontario Police Memorial Foundation in the amount of \$10,000. He 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 \$54,000.

Mr. Fraser thanked the Management team, staff, and the members of the Credit Union for their support and understanding in managing the challenges brought on by the pandemic.

Mr. Fraser recognized that The Police Credit Union celebrated its 75th anniversary. He noted that since its creation in 1946 the organization has grown and continues to be a financial solutions leader for

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Civilian, Uniform, Recruits, Senior Officers, Police Associations, and their family members throughout Ontario. He added that he looks forward to a brighter future of 'taking care of our own'.

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 3.81% dividend to be paid to Class B, Series 1 Investment shareholders on record on Dec 31, 2020. The total cash distribution was \$190,500 and members received payments to their account before the end of March 2021.

Mr. Fraser informed the membership that a Nominating Committee was established, and a process created for applicants. He continued by noting that this year three Board of Directors positions were open and three applied: two incumbents and one candidate. The Nominating Committee reviewed the applicant's submissions, and all were recommended by the Committee. Mr. Fraser concluded that all three members were acclaimed so an election was not required.

Mr. Fraser paid a special tribute to long time Board Member, Mr. Bob Spafford who decided to step down and not seek re-election. He noted that Mr. Spafford was elected to the Board in 2003 and remained a dedicated and knowledgeable Board member for the past 18 years. Mr. Fraser thanked Mr. Spafford for all his hard work, wealth of knowledge, and commitment to the Board of Directors.

In closing, Mr. Fraser extended a thank you to the TPCU management team, staff, and his fellow Board Members, for their ongoing support, commitment, and everyday hard work.

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 and commitment of the staff and the Senior Management team the Credit Union remained open and provided uninterrupted financial service to the members throughout Wave 1 and 2 of the COVID -19 pandemic. He added that the branches, along with the Call Centre, were still on reduced hours and the College Branch remains closed until TPS eases the restrictions at their Headquarters.

Mr. Doak thanked the Members for being accepting and embracing the changes made to the business practices which included booking appointments ahead of time and wearing masks when entering the branches. In addition, he recognized all the frontline workers and the police communities for keeping everyone healthy and safe.

Mr. Doak shared some of the impacts that COVID-19 had on the Credit Union for 2020. He noted that the unplanned reduction of the Bank of Canada rapid prime interest rate decreases in late March and into April resulted in no loans delinquency and a positive outcome for 2020. He added that the profit before taxes was \$794 thousand, and Assets finished at \$356.6 million compared to the previous year's results at \$342.1 million.

Mr. Doak turned his attention to the highlights and accomplishments of the Credit Union for 2020.

Mr. Doak noted that the roadmap to digitization of member products and service took significant strides during 2020 with the launch of the Forge Digital Banking Platform on October 22. The new website was rolled out to members who were also provided an upgrade to a new On-line Banking and Mobile App featuring the new logo and branding colours.

Mr. Doak commented that the lending activity was down 19% with 899 applications approved compared to 2019 when 1,103 applications were approved. He added that the total lending volume (or Dollars)

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finished at \$99 million, 978 thousand an increase of 32% compared to 2019 volumes of \$75 million, 323 thousand.

Mr. Doak announced that 535 memberships were opened bringing the total active membership base to 11,973. He added that a high number of closed memberships took place in 2020 because of a dormant membership clean-up (2019 was the other).

Mr. Doak reflected on the achievements of the Recruit loans, which was down 31% from 2019, totaling 277 loans granted in 2020. He added that throughout the history of the Recruit program, the Credit Union has assisted 5,776 recruits with their dream of becoming a police officer.

Mr. Doak informed the membership that during 2020, as part of the dedication to the Recruit Program a part-time Financial Services Officer (FSO) was hired and is located on the premises of the Ontario Police College. He noted that this staff member is available after a recruit finishes their training day to assist with any of their financial needs, from helping with setting up banking, to loans, mortgages, and other financial questions.

Mr. Doak summarized some of the key deliverables of the Credit Union for 2021:

Remote Account Openings and Loan Applications - The digitization roadmap will see significant resources deployed. The Credit Union will offer remote account openings and loan applications to members which will provide new opportunities for Police and their families to conduct business from anywhere in the Province of Ontario.

Continuation of the Forge Digital Platform - Members can expect to see an upgrade to the On-line Banking platform and Mobile Apps towards the end of the second quarter of 2021, soon thereafter members will also have access to the Apple Pay and Google Pay payment processing platforms.

Joint venture with the YRPA – Mr. Doak commented that the Credit Union will become a tenant of the York Regional Police Association at their new location being developed on Eric T Smith Way in Aurora. The branch will be located on the ground level floor occupying approximately 2,000 square feet. Efforts to construct the branch are expected to begin in the second quarter of 2021 with an anticipated relocation by the end of Q3 barring any unforeseen construction delays do to further provincial lockdowns.

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.

Mr. Doak paid tribute to retiring Director Bob Spafford for his dedication to the Credit Union. He added that it has been an honour working with him for the past 23 years. He thanked Mr. Spafford for his words of wisdom and support over the years and wished him and his wife Mary happiness and health in his 2nd retirement.

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 2020 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.

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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 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 22, 2021.

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 \$301.0 million in 2019 to \$308.9 million in 2020. That represents a growth of \$7.9 million or 2.6%.

Mr. D'Mello noted that three major product lines, personal loans, commercial loans, and residential mortgages made up this growth. He added that the residential mortgages made up \$282 million representing 91% of the overall loans to member's balance.

Mr. D'Mello noted that members' deposits saw a significant growth from 2019. Deposits grew by \$22.6 million or 7.3%, from \$295.1 million in 2019 to \$317.7 in 2020.

Mr. D'Mello noted that the financial margin declined \$0.1 million or if expressed in thousands declined by 100 thousand or 1.6%. He added that the impact of the lower interest rates in 2020 was the primary reason for the decline in financial margin from 2019. In addition, the Operating Margin for 2020 declined by \$0.2 million or \$200 thousand if expressed in thousands, which was a decrease of 2.6%.

Mr. D'Mello noted that the Credit Union's income before taxes declined \$242 thousand or 23.4% compared to 2019. He added that the impact of the interest rate cuts during the first quarter of 2020, due to the pandemic, was the primary reason for the decline in the income before taxes.

Mr. D'Mello noted that the Credit Union's regulatory capital was at 5.90% 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, reiterated the process by which members were to move and carry the motions to approve the minutes of the previous meeting and the appointment of the External Auditor.

The results were as follows:

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(a) ADOPTION OF THE MINUTES OF THE PREVIOUS MEETING

In the matter of the adoption of the minutes of the previous meeting of June 22, 2020, the Chair, Rod Fraser called for a motion to approve them.

The minutes of the previous Annual General Meeting were adopted on a motion by Georgina Bellamy, seconded by Sheila Carvalho.

Motion Carried

(b) APPOINTMENT OF EXTERNAL AUDITOR

On the Audit Committee's recommendation, Chair, Rod Fraser called for a motion to appoint Jones & O'Connell LLP as External Auditors for 2021.

The appointment of Jones & O'Connell LLP as External Auditors for 2021 was approved on a motion by Carol Carpenter, seconded by William Ritch.

Motion Carried

(c) ELECTION- ACCLAMATION OF THE BOARD OF DIRECTORS

The Chair, Rod Fraser, called on Wayne O'Connell of Jones & O'Connell to review the process of the acclamation of the Board of Directors.

Wayne O'Connell noted that in the matter of the Acclamation of Directors there were (three) 3 vacancies to be filled and each were for a three (3) year term. The Nominating Committee received three (3) applications, 90 days prior to the AGM in accordance with the Act and the Credit Union's by-laws. The individuals who submitted applications were:

Gary Leitch- incumbent

Mike Sharp- incumbent

Robert Todd

The applications were reviewed by the Nominating Committee, found to be in good order and all received a recommendation to stand for Election.

The Corporate Secretary cast a ballot for each of the candidates and he declared Gary Leitch, Mike Sharp, and Robert Todd Directors for the 3-year terms.

CLOSING REMARKS

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

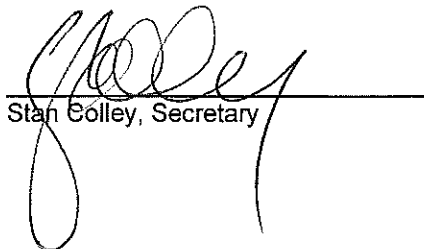
ADJOURNMENT

There being no further business, the meeting was adjourned at 4:42 p.m.

MINUTES APPROVED this 28th day in June 2021.



Rod Fraser, Chair



Stan Colley, Secretary