

Pathwise Credit Union – 86th Annual and 5th Virtual Annual General Meeting Minutes

Date: April 17th, 2024

Time: 6:00 PM to 7:22 PM

Location: Virtual (Zoom)

Chairperson: Derek Giberson, Chair of the Board of Directors

1. Call to Order

Chairperson **Derek Giberson** called the meeting to order at **6:15 PM**, welcomed attendees, and outlined the meeting procedures.

2. Land Acknowledgement & Moment of Silence

A land acknowledgement was read, recognizing the traditional lands of the **Michi Saagiig, Chippewa, Anishinaabeg, and other Indigenous groups** covered by the **1923 Williams Treaties**. A moment of silence was observed for members who had passed away in the past year.

3. Establishment of Quorum

Ron Beacock, Corporate Secretary, reported that **38 members** were in attendance, along with **six special guests**, confirming that the quorum requirements (25 members) were met under **Article 7, Section 7.07** of the Pathwise Bylaws.

Special Guests in Attendance

- Jeremy Pico (PRA Canada – Internal Auditor)
- Richard Ma (Financial Services Regulatory Authority of Ontario – FSRA)
- John Lee (Financial Services Regulatory Authority of Ontario – FSRA)
- Megan Fejes (Central One)
- Sara Malkin (Matthews Dinsdale & Clark LLP)
- Paul Brocklesby (Tinkham LLP – External Auditor)

Also acknowledged were former board members:

- Terry Rice
- Doug Sanders
- Joe Verona

4. Agenda & Previous Meeting Minutes Approval

The agenda was pre-distributed and did not require a motion.

Approval of 2023 AGM Minutes

- **Mover:** Terry Rice
- **Secunder:** Ken Cameron
- **Poll Results:** Approved
- **Outcome:** Motion carried.

5. Chair's Report – Derek Giberson

Chairperson Derek Giberson highlighted key themes from the **2023 Annual Report**, particularly **adaptability** in the financial sector. Topics covered:

- **Digital Transformation** in financial services.
- **Attracting new members**, including younger, digitally native individuals.
- **Leadership Transition**: Welcoming **John Guido** as CEO (previously CFO).
- **Employee Recognition**: Acknowledging staff for adaptability and resilience.

6. CEO's Report – John Guido

CEO **John Guido** provided an overview of **Pathwise's financial and operational performance in 2023**, including:

- **Economic Challenges**: Rapid **interest rate fluctuations** impacting operations.
- **Financial Resilience**: Pathwise maintained positive net income and increased retained earnings by \$845,000.
- **Supervisory Capital Ratio** improved to **17.92%**, meeting regulatory requirements.
- **Dividend payouts** increased to **4.5% on Investment Shares** and **1.5% on Patronage Shares** – double the previous year's.
- **Digital Enhancements**:
 - New **state-of-the-art ATMs** at Oshawa branch.
 - Improved **online banking services**.
 - Development of an **online account opening system**.
- **Future Challenges**: Preparing for **open banking** and the role of **AI in financial services**.

7. Audit & Operations Committee Report – Ted Paulsen

Ted Paulsen, Chair of the **Audit & Operations Committee**, presented the committee's report.

Highlights

- **Financial Compliance**: The committee **reviewed** quarterly financials, capital reserves, and regulatory requirements.
- **Regulatory Compliance**: Monitored **compliance with the Credit Union and Caisses Populaires Act 2020** and **Financial Services Regulatory Authority of Ontario (FSRA)** standards.
- **Internal & External Audits**: Pathwise worked with **PRA Canada (Internal Auditor)** and **Tinkham LLP (External Auditor)**.
- **Operational Efficiency**: Emphasis on **cost control, risk management, and internal governance**.

Approval of the Audit & Operations Committee Report

- **Mover**: Terry Rice
- **Poll Results**: Approved
- **Outcome**: Motion carried.

8. External Auditor's Report – Paul Brocklesby (Tinkham LLP)

Paul Brocklesby, concurring partner at **Tinkham LLP**, presented the **Independent Auditor's Report**:

- **Unmodified (clean) audit opinion** for **2023 financial statements**.
- Compliance with **International Financial Reporting Standards (IFRS)**.
- **Positive financial standing** despite economic challenges.

Approval of the Financial Statements & Auditor's Report

- **Mover**: Doug Sanders
- **Poll Results**: Approved
- **Outcome**: Motion carried.

Appointment of External Auditor for 2024

- **Tinkham LLP** was reappointed to continue as **External Auditor**.
- **Mover**: Doug Sanders
- **Poll Results**: Approved
- **Outcome**: Motion carried.

9. By-law Amendments

Three amendments were proposed:

1. **Housekeeping** – Removal of redundant wording from **Definitions (Section 1.01)**.
2. **Membership Eligibility** – Reverting to the correct, **previously approved membership criteria (Section 2.01)**.
3. **Director Eligibility** – Reducing the membership requirement to **six months** before director nomination, which was previously 12 months (**Section 5.05**).

Approval of By-law Amendments

- **Mover**: Terry Rice
- **Secunder**: Ken Cameron
- **Poll Results**: Approved for all three amendments.

10. Nominations Committee Report – Elisabete Ferreira

Elisabete Ferreira, Chair of the Nominations Committee, presented the 2024 Board of Directors slate:

- **Directors Seeking Re-election**: Ron Beacock and Ted Paulsen
- **New Director: Bradley Phillips** (Lawyer in Bowmanville focusing on Real Estate, Mortgage Financing, Wills & Estates and Corporate Law. Currently sitting as a Bowmanville Hospital Foundation Board Member, previously was the Chair of the Board of Directors for Grandview Children's Center, executive member of the Board of Directors of the Clarington Board of Trade and the Durham Regional Law Association.)
- **All candidates acclaimed, no election required.**

11. Swearing-In of Directors

Peter Bocking, past President of the Greater Oshawa Chamber of Commerce, conducted the swearing-in of the **2024-2025 Board of Directors**.

2024 Pathwise Board of Directors:

- **Derek Giberson (Chair)**
- **Arnold DeMan**
- **Elisabete Ferreira**
- **Mike Nomichek**
- **Ron Beacock**
- **Shayn Ballagh**
- **Suresh Kumar**
- **Ted Paulsen**
- **Bradley Phillips**

12. Member Q&A

Key Questions Raised by Members:

- 1. Zoom Meetings vs. In-Person AGMs** – **Chris McClowski** asked why the AGM remains virtual.
 - **Response:** The board is actively discussing a **hybrid model** for future AGMs.
- 2. Financial Expense Increase** – **Sophia** asked why financial expenses doubled.
 - **Response:** Interest rate hikes significantly increased **interest expenses on deposits**.
- 3. Mortgage Strategy for 2024** – **Robert** asked if Pathwise will offer competitive mortgage rates.
 - **Response:** The credit union is actively **preparing mortgage retention strategies** and monitoring **Bank of Canada rate changes**.
- 4. Member Growth Strategy** – **Robert** inquired about attracting new members.
 - **Response:** The focus is on **digital banking enhancements, online account openings, and targeting Durham's growing community**.
- 5. Introduction of New Financial Products** – Are there plans to introduce new financial products or services in the coming year?
 - **Response:** Looking to offer **First Home Buyer Savings Account (FHSA)** by **June 1st**, actively working on this with the **Banking Services, Marketing and Branch Operations teams**, in order to be able to roll out the procedural documentation and components; so that the staff are well-trained. Also, offering **self-serve account opening** aspects.
- 6. Quality + Mitigating Technological Issues** – Can you outline specific steps being taken to address concerns regarding member service quality and technological issues?
 - **Response:** Time and energy has been spent in creating training within and amongst each of the functional areas of the credit union so that we work to document the **process flows** in each of the areas so that as we bring new people on board and new employees; the

process will become as simple as being handed a binder of **procedural steps of how things work** – and any individual should be able to work through the steps to reach a resolution (Ex. **RRIF Workshop**).

13. Gift Card Draw

A **\$150 gift card** was awarded to **Donna Leavens**, selected from members who participated in the **member survey**.

14. Meeting Adjournment

Thanks to Pathwise Leadership Team, staff and volunteers, as well as a special thanks to **Dolly Shanthakumar** and **Vanessa Singh**.

- **Mover:** Sandra Anderson
- **Seconder:** Bradley Phillips
- **Outcome:** Meeting adjourned at **7:22 PM**.