

## **PATHWISE 4<sup>TH</sup> VIRTUAL AGM MEETING MINUTES 2022**

Zoom Webinar – April 19, 2023

**Call to Order @ 6:00 p.m.**

### **Derek Giberson – Chair of the Board**

Welcomed everyone to our AGM, including the guests.

**Special Guests:** Jeremy Picco (PRA), Copperfield Jean-Louis (FSRA), Dave Birak (CEO, Comtech Fire CU), John Remillard (CEO, Oshawa Community Credit Union), Alexis Callas (Tinkham), Paul Brocklesby (Tinkham), Terry Rice (Former Director)

**No Motion** required to adopt the agenda as part of the By-Laws.

Derek thanked all for attending and began with opening announcements and introductions.

- *Zoom Webinar Introduction*
- *Land Acknowledgement and Reflection of Truth and Reconciliation*
- *In Memoriam | Francine Saunders*
- *Moment of silence to recognize the Members that passed away since our last AGM.*

### **Reviewed the Rules of Order**

*Motion to come from the floor/virtual floor are considered advisory to the Board as the motion must be presented to the Chair in writing.*

### **Introduction to the 2022 Board of Directors:**

Arnold DeMan, Derek Giberson, Doug Sanders, Elisabete Ferreira, John MacDonald, Mike Melnichuk, Ron Beacock, Ted Paulsen.

### **Ron Beacock: Report on Registration & Establishment of Quorum**

As per the Pathwise quorum By-Law 7.07, "at all meetings of the members of the Credit Union twenty-five (25) members shall constitute a quorum." There are 46 members in attendance at this virtual meeting and 5 special guests. I therefore declare a quorum and the meeting can proceed.

**On a motion made by John MacDonald, seconded by Ron Beacock, it was resolved to accept and approve the minutes from the 2021 AGM. Motion carried.**

### **Derek Giberson: Chair of the Board Report**

The past year has been an extraordinary time of transition at Pathwise Credit Union as we moved forward from the pandemic of the past couple of years. The world has changed forever after the covid pandemic, and the way we do business is evolving rapidly. We have adapted and learned a great deal through this journey that will help us build a strong organization in the future. Although it has not always been a smooth ride during this difficult time, we want to thank you for your patience and support. More than ever, we are committed to our vision of ensuring that all our members are on their path to financial success.

This year marks a significant milestone for Pathwise Credit Union as we look back at the founding of our organization 85 years ago. Despite ever-changing landscapes and circumstances since our inception, Pathwise has remained an important part of this community. Today, the Durham Region is growing and evolving faster than ever before, providing

great opportunities for Pathwise to build our brand and attract the next generation of members. We are well positioned and have the financial strength to make strategic investments in technology and people to support our growth and meet the needs of our community and members.

Introducing the Pathwise brand to our community was stalled during the pandemic, but we have ambitious plans to re-energize and connect with our community to build our brand in 2023. To achieve this goal, we have been working with leadership to create a strategy that balances traditional banking offerings with current trends in technology, all while keeping our members' needs at the forefront of everything we do. Our focus on new technology, training, and community will play a large part in our plans for 2023. Our goal remains the same: to make a difference in our members and our community now and in the future.

In 2023, we have strengthened our governance model by adding an Associate Director role and modernizing our bylaws to meet new regulatory requirements.

On behalf of the Board, I want to thank the employees for their dedication and adaptability over the past few years. We would also like to thank our membership for their trust and support over the years, specifically in 2022. We look forward to building on our relationship with you and making a difference on your path to financial success!

#### **Bob Ferris: CEO Report**

I am proud to share with you the accomplishments of our organization over the past year. We have worked tirelessly to rebuild our core strengths, utilize tools to support the member experience, increase accountability, creating structure and stability for our team, and build a community strategy that aligns with our brand. These are critical activities that will help support our existing members and attract the member of the future.

This year we celebrate a significant milestone in our existence and evolution. As we look back 85 years to the start of our organization, I am reminded that we were an important part of this community, and I am proud to say that this is still true today. It is amazing to see Durham Region growing and evolving like never before and this truly is a great opportunity for Pathwise moving forward. This is also critical for us to focus on to ensure a prosperous future. We have moved through a very challenging time in the world and our organization's history, adjusting to a very different world after the terrible effects of COVID has brought its tests. We have been working with leadership and the Board to develop a strategy that balances and supports our traditional banking offerings with the ever-evolving world of banking and technology. As we adapt, you can be assured that our focus continues to be on our members, our future members and our community and making a difference in the lives of everyone.

I also want to personally recognize that we can do better. It is critical for us to spend more time listening to and understanding the challenges and feedback our members have for us. Recently, I have had the opportunity to talk with many of our members about their experiences at Pathwise and the feedback has been invaluable. We will continue listening and building your feedback into our plans. I am proud to say that we are reaching out to our members to have more feedback through our website and in focus groups on a quarterly basis, going forward. These conversations will help us to better understand members' points of view and also help to keep them informed about some of the projects we are implementing to build a better experience for our members.

In 2023, we will be making significant investments in new state of the art ATM's, a new phone system to support our call center, a new application for online account opening and online loan and mortgage applications. We recognize that members want access to their banking services 24/7 and these enhancements will help improve that. As well, we are working on the member experience behind the scenes to better train our employees and enhance service standards to build more consistency in your experience. We have heard from our members through feedback around areas of

concern such as our hours of operation, call centre experience, product packages and the interest rate structure on savings accounts and I will commit to you that enhancements are coming in all of these areas in 2023.

I see so much potential for Pathwise based on the rich history, strong financial position, and a clear vision for the future. As we look back on 2022 and forward into 2023, we see a time of great change. From a macro perspective, we moved from a long period of low rates, rapidly increasing housing prices, record low unemployment and a new hybrid model of working, into a slowing real estate market, considerably higher interest rates, high inflation, and a more divisive world. This has impacted all of us... a dollar just doesn't go as far as it used to. It is apparent through all of this that our members need us more now than ever to help navigate their needs and plans, for the future.

As we look at the financial performance of Pathwise, I am proud to say that we have once again been able to pay a dividend on both our patronage share investments and our investment shares this year. We were able to increase our retained earnings in 2022 by almost \$730k and improve our capital ratio to 7.31%, which is well above the regulatory minimums. The aging demographic of our membership is evident in the declines of our loan portfolio and member account balances by over \$20 million. This feeds into a drop in total assets of approximately \$17.7 million. With our membership base aging and shrinking, inflation still above acceptable levels and the future direction of banking becoming more digital, we need to become more efficient and focused on balancing the way we manage our finances and invest for the future. We need new members, and we need to be more digitally savvy as an organization, while still meeting the needs of our current members. We are proud to say that we have managed to keep our operational cost increases below 5% in 2022 and in 2023 we anticipate our operational expenses to increase slightly by approximately 1%. These levels are well below Canadian inflationary levels of 6.3% in 2022 and an anticipated level of 3% on 2023. In order to maintain these types of levels, we need to change trajectories and start to grow our business.

I want to thank our entire membership, the Board, our employees, and our community partners for believing in Pathwise and for supporting us. I am excited for 2023 and I look forward to hearing from you and sharing our success in 2023 and beyond, with you.

**Derek called upon Ted Paulsen to present the Report of the Audit Committee.**

**Ted Paulsen: Report of the Audit Committee**

My name is Ted Paulsen and I am the Chair of the Audit and Operational Risk Committee. Please note, a full copy of the report can be found in the 2022 Annual Report.

The Audit and Operational Risk Committee of Pathwise Credit Union is a committee of the Board of Directors and operates under the Credit Unions and Caisse Populaires Act, 2020. The committee was elected in April 2022. The committee held 5 meetings throughout the year and worked closely with the Internal Auditors, PRA, and External Auditors, Tinkham LLP.

The committee reviewed the Credit Union's quarterly Financial Statements, the associated notes and monitored the results of compliance to accounting standards, Capital Reserve requirements, liquidity and interest rate risk requirements as outlined by the Credit Union Caisses Populaire Act of 2020, and Government Regulators. Based on its findings, the Audit and Operational Risk Committee reported to and made recommendations to the Board of Directors with respect to the matters outlined regarding policy, internal controls, legal actions, compliance with the Credit Union Caisses Populaires Act, 2020 and Financial Services Regulatory Authority Ontario. The committee followed up on all issues to ensure that all our recommendations were implemented.

I'd like to motion to move this Audit & Operations Committee Report and need a seconder to accept our 2022 Audit & Operations Committee Reports as presented.

**On a motion made by Ted Paulsen and seconded by Arnold DeMan, it was resolved to accept the Audit Report. Motion carried.**

**Ted introduced Paul Brocklesby (Tinkham LLP), who presented the Independent Auditor's Report.**

**On a motion made by Ted Paulsen and seconded by Mike Melnichuk, was resolved to approve the financials as presented by the Independent Auditors Tinkham LLP. Motion carried.**

**On a motion made by Ted Paulsen and seconded by Elisabete Ferreira, it was resolved to appoint Tinkham LLP as our External Auditor for 2023. Motion carried.**

#### **Derek Giberson: Special Resolution to Amend the Bylaws**

As special business, we will now consider a resolution confirming the repeal of the Credit Union's existing bylaws and their replacement with new bylaws as presented to the meeting. The recommended changes have been made available in the branches and online. Significant changes are:

- New and amended definitions;
- Reducing the size of the Board to 9 directors. We do not have sufficient candidates this year to fully constitute a Board of 10 directors.
- Content being removed from the bylaws over to a Board-approved policy, e.g. the procedure for expelling a member, qualifications for directors additional to those required by the Act, nomination and election procedure,
- Greater discretion in the manner of voting at annual general meetings, to permit the Board to deal with circumstances which may require or make preferable a particular manner of voting;
- Clarification of director term limits, permitting stricter enforcement of those limits;
- Modernization of the ways in which notice can be given of a membership meeting; and
- Providing that each annual general meeting will consider a report on the gender diversity of the Board;

**On a motion made by Shayn Ballagh and seconded by Suresh Kumar, it was resolved to accept the amended Bylaws as circulated online and in branches. Motion carried.**

**Called upon Ron Beacock (Nomination Chair).**

#### **Ron Beacock: Nomination Committee Report**

Hello, I'm Ron Beacock and I'm the Chair of the Nomination Committee. As a member-owned and democratically-governed co-operative, the directors on our board are elected by our members – and are elected from among our members. The Nomination Committee is responsible for providing oversight and contributing to the director nomination process.

We use the following guiding principles to choose the best candidates for the board. We look for members who mirror the community and our members. We look for experience, knowledge and skill that can complement and add to our existing board. We look for members who are willing to learn, train and contribute to our vision and mission. And we look for shared values with the credit union and the cooperative principles.

*The Bylaw amendments to article 4 subsection 4.01a – were approved, allowing the board of directors to transition from 10 members to 9. This opened 4 positions on the board, which is quite rare.*

*Derek Giberson is seeking reelection for his position, while Doug Sanders and John MacDonald reached the 12-year term limit and had to be replaced. Two more spots opened due to health reasons, namely Loreen Potter and Francine Saunders resigning their posts. Sadly, Francine passed away earlier this year and will be deeply missed by us all.*

*The board highly recommends the following candidates from the applications received during the nomination period. They are all vetted and approved by the board. The new candidates are Shayn Ballagh, Suresh Kumar & Kirk Sanders. Bradley Philips is our Associate Director.*

**Derek Giberson** is a dedicated community leader, who is a City Councilor, alumnus of Durham College, and the current Chair of Pathwise Credit Union's Board of Directors. He believes in the power of change for the better and improving lives through meaningful opportunities.

**Shayn Ballagh** is a Nuclear Executive with over 20+ years of experience in managing large-scale industrial projects and crisis management. He is offering his advisory skills and expertise to Pathwise, where he could make a significant contribution.

**Suresh Kumar** is a successful business consultant with over a decade of experience in guiding businesses through challenges and promoting entrepreneurship. He will be providing a unique perspective on long-term business strategies that drive growth, help cut costs, and increase efficiency.

**Kirk Sanders** is an enthusiastic learner and dedicated community volunteer. His experience with coaching sports teams and working in various community programs will make a valuable contribution to any organization.

**Also, I want to introduce our Associate Director**

**Bradley Phillips** is a Partner at a law firm in Bowmanville. He was also the chair of the Grandview Children's Centre and is an executive Board member of the Clarington Board of trade. Bradley is a highly respected lawyer, and his wealth of experience in corporate and commercial law makes him a valuable asset to our board.

*The 3 new nominees & our new associate Director for Pathwise's board of directors have impressive qualifications and together will form a formidable team to support the company's growth and reach its goals.*

As we have a full complement of Directors an election will not be required, as all are acclaimed.

**Derek introduced John Duvall**

John Duvall is a passionate advocate for Pathwise Credit Union, an avid classic car enthusiast, and an active member of Durham Alliance Association Social Club (DAASC), a not-for-profit organization that fosters a positive and safe community environment for the LGBTQ community in Durham Region. With 18 years of experience on the DAASC board, John is an integral member who currently serves as both a Board member and treasurer of DAASC. He is also the treasurer of Durham Alliance Outreach, which is the charitable division providing essential goods and clothing through its bank. John's deep commitment to serving the community is an invaluable asset to these organizations.

Thank you for being here today.

All Directors, please turn your video on for the swearing in. Mr. Duvall, please proceed with swearing in our directors.

**John Duvall: Oath of Office**

John Duvall swore in the Directors:

“Do you hereby pledge on your honour to perform to the best of your ability your duties as an officer of this Credit Union, mindful of the democratic collective self-help ideals of the organization and the dominant authority of the membership; to treat with confidence all information in your possession respecting the accounts, loans or other personal matters of all members; that you will consider all Credit Union money as a sacred trust and pledge to keep operational expenses to a minimum consistent with efficiency; to treat employee problems with a co-operative rather than corporate attitude while recognizing at all times the role of the employee as separate from policy; to hand over any properties or records of the Credit Union to your successor at the end of your term and at all times to conduct yourself as becomes an officer of this Credit Union, keeping in mind all policy resolutions of our Credit Union by-laws, and the provisions of The Credit Unions and Caisses Populaires Act, and Regulations thereunder?”

Directors: “I do”.

John Duvall: Thank you and congratulations.

**Derek introduced the 2023 Board of Directors**

Arnold DeMan, Derek Giberson, Elisabete Ferreira, Mike Melnichuk, Ron Beacock, Ted Paulsen, Kirk Sanders, Shayn Ballagh, and Suresh Kumar.

**Derek handed the floor over to Bob Ferris (CEO) to address the questions that were provided in advance.**

**Question and Answer Period**

Question was raised regarding the e-transfer fee associated with Golden 1 accounts.

Answer: Our Golden 1 account provides many services for members, e-transfers are currently under review within our product review and following this, we hope to offer many e-transfer activities as part of the account. There are also new offerings coming to the members who are of high-usage with e-transfer. We are reviewing other credit union’s products during this process to ensure that we stay competitive.

Question was raised regarding why members do not pay interest in the savings accounts on the first \$10,000.00.

Answer: After the banking system conversion, a decision was made as part of this conversion to pay interest on both chequing and saving accounts. We are currently reviewing this within our product review. Since the decision was made, it was decided to not pay interest on the first tier, which is \$10,000.00.

Question was raised regarding branch hours.

Answer: The approach is based on our overall services. We are looking at ways we can offer services to our members 24/7. To kick this off, we will be renovating our ATMs at both branches, which will include a new design within our Oshawa branch to have the ATM face outwards. We are reviewing the branch hours, as well as analyzing what kind of services are likely required to be available.



**Thank you to all staff, Management & Directors**

**Derek:** I'd like to thank the Pathwise Leadership team, staff, and volunteers for making this AGM a success. The business of the AGM is complete. We will now take a motion to adjourn and ask for a seconder.

Moved by Kirk Sanders and seconded by Ron Beacock.

It is now 7:01 p.m. I declare the 2022 Annual Meeting of Pathwise Credit Union is now adjourned. Thank you for coming and thank you for your support of Pathwise Credit Union.

The **2022** Annual meeting of Pathwise Credit Union is now Adjourned.

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Board Chair

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Director