

MINUTES OF THE 86th ANNUAL GENERAL MEETING March 23rd, 2023

The meeting was officially called to order by Chair Dewling at 6:15PM.

CHAIR'S WELCOME/INTRODUCTIONS

The Chair introduced himself and welcomed all members attending the 86th PSCU AGM. The Chair spoke about how meeting virtually has provided additional opportunity for those unable to attend the AGM in person, making for a more inclusive meeting.

The Chair welcomed guests:

- Tom Fraize, QC (Fraize Law Office)
- Greg McPhee (Account Manager, CUMIS)
- Colin Lewis (Director Strategic Alliances, Concentra Bank)
- Celina Stoyles (Kids Eat Smart)
- Tammy Mercer (Manager Sales & Training, AC)
- Trevor McCormick (CEO, CUDGC)
- Allison Chaytor-Loveys (Director, CUDGC)

REPORT ON REGISTRATION

The Chair asked Moderator Ian Barrett for a report on registration and if there was a quorum present. Ian advised that a quorum was present.

ADOPTION OF THE RULES OF ORDER

Moderator Ian Barrett reviewed a series of housekeeping items including the parameters around voting in a virtual setting.

The Chair called for a motion to adopt the Rules of Order.

Moved George Smith; Seconded by Sean Brophy

MOTION CARRIED

AGENDA

1. ADOPTION OF AGENDA

The Chair called for a motion to adopt the agenda.

Moved: Shawn O'Reilly; Seconded: George Smith

MOTION CARRIED

2. MOMENT OF SILENCE FOR DECEASED MEMBERS

The Chair asked for a moment of silence from those in attendance to recognize the PSCU's deceased members.

3. MINUTES OF THE 85th ANNUAL GENERAL MEETING

The Chair asked for a motion to adopt the minutes of the 85th Annual General Meeting. There were no errors or omissions noted by the membership.

Moved: Michelle Power; Seconded: Sean Brophy

MOTION CARRIED

4. UNFINISHED BUSINESS ARISING FROM THE MINUTES

The Chair briefly spoke to an item in the previous AGM Minutes that referred to an employee matter. The Chair advised that there will be no further comment on this matter. Under Section 12.7(m) of the By-Law, dealing with New Businesses, it states to deal with other matters that may properly come before this meeting. This matter is not something that is considered appropriate for this meeting. The Chair has instructed those assisting with this meeting to consider any questions posed on this matter to be out of order and to reply to the sender indicating that the question is out of order.

5. REPORT OF THE BOARD OF DIRECTORS

The Chair advised that the 2022 financial results were the best the Credit Union has seen. The Board of Directors, on reviewing the year end results, has approved a patronage refund of \$600,000 to the members, the largest patronage refund in the history of the Credit Union.

From the Regional/Provincial perspective, there were the following momentous events in 2022:

- George Smith is a Director of League Data and continued as a Director of League Savings and Mortgage.
- Doug Dewling continued as a Director of the Atlantic Central Board and as the Chair of the Atlantic Credit Unions Chairs' Association.
- Atlantic Credit Unions continued to fund bursaries and contribute to various community initiatives.
- Further consolidation among Credit Unions is expected in 2023. Members of Atlantic Edge, Eastern Edge, and Hamilton Sound Credit Unions will be voting on a merger proposal in April 2023.
- The PSCU Doug French Memorial and Cooperators' Insurance Scholarships were once again awarded in 2022.

Additional momentous events in 2022 include:

- The Board and its sub-committees continued to provide oversight of the Credit Union and carry out duties including monitoring financial performance and compliance.

- The Governance Committee completed a review of the By-laws to bring them into compliance with the Credit Union Act and Regulations.
- The Audit Committee met to review financial information, report on risk, as well as reports from auditors.
- The Nomination Committee was able to attract candidates to fill the Director positions.
- The Co-operative Social Responsibility (CSR) Committee continued to ensure our Charitable giving aligns with the United Nations Sustainable Development Goals (SDGS) and seven Co-op principles as aligns with existing Credit Union principles and goals.

The Chair acknowledged the completion of three-year terms for:

- Michelle Power
- Sean Brophy

The Chair acknowledged the completion of the one-year term for:

- Catherine Chalker

All three Directors have offered themselves for re-election.

In closing, the Chair advised that the Board would like to recognize and congratulate Directors who have completed courses required for the Credit Union Director Achievement (CUDA) designation. The Board thanks PSCU Management and staff for their continued support as well as members for their patronage throughout 2022.

Moved: Dave Dewling; Seconded: Shawn O'Reilly

MOTION CARRIED

6. REPORT OF THE CHIEF EXECUTIVE OFFICER (CEO)

Since March of 2020 when the World Health organization declared Covid-19 a pandemic, our world has certainly proven to be very challenging, for both members and your credit union. Almost overnight, the pandemic changed member behaviors, with an enormous switch to online and digital platforms, and a huge decline in in-branch traffic. PSCU has had a digital presence for many years with offering products and services through our online banking product, Member Direct and through apps for mobile devices as well as offering members the ability to apply for membership and products through our website.

In 2022 we provided an additional digital offering through our ASAPP program, the ability to apply for membership and open deposit accounts both in branch and online. PSCU successfully opened its first membership applications and deposit accounts in 2022, through this Digital Account Opening and Lending (DAOL) program. DAOL provides the ability to apply for new membership and deposit accounts 24/7, at a place and time chosen by the individual, removing the barriers of 9-5 and bricks and mortar.

We believe members will continue to embrace digital banking and enjoy the convenience and security of banking from their home or office. Digital banking will form an important touch point

as part of member relationships going forward, and we'll build on our leadership in this area as we don't expect a change back to previous behaviors.

The CEO spoke about how the PSCU continues to play a significant role in the communities they serve, providing donations and sponsorships to multiple groups. Since 2012, the PSCU has contributed over \$330,000 to various organizations in our communities. This remains a top priority for the PSCU.

Looking ahead in 2023 and beyond, one of our highest priorities for us, as well as all other Credit Unions in the Atlantic, is the conversion to a new banking system, Mambu to replace our legacy banking system Horizon.

In 2022 Concentra Bank and its subsidiary Concentra Trust which is PSCU's trustee for registered products, RRSPs, RRIFs, and TFSAs was sold to Equitable Bank. Concentra Bank and Concentra Trust will become part of the Equitable family and will operate as usual serving Credit Union Members. Members will continue to receive trust services and information directly from Concentra Trust.

In 2022 PSCU celebrated 85 years of providing financial solutions to its members, recognizing the work of current and previous Board of Directors, especially the founding fathers in 1937, its management, employees, and members.

As noted in the Chair's report, Public Service Credit Union Board has approved a \$600,000 rebate to its members for the 2022 fiscal year. The amount that each member will receive is based on the interest earned on deposits and interest paid on loans, therefore the more business those members have with their CU, higher the rebate.

For those members who have mortgages, loans, and deposits with other FIs, the CEO encouraged members to consider switching to PSCU. Also, the CEO encouraged members to refer friends and family members to PSCU.

Members can check their April statement for their rebate which will have a credit to their share and registered accounts such as RRSPs, RRIFs, and TFSAs.

The CEO congratulated the following employees who have reached the following milestones as of December 2022:

- Wanda Keats 25 years
- Michele Thomson 15 years
- Nichole Manning 15 years
- Cathy Clarke 5 years

The CEO also recognized Sharon Tucker, PSCU Manager of Credit & Operations for her dedication and service to the Public Service Credit Union. Sharon has been a significant contributor to the success of our Credit Union and the CEO congratulated her on a well-deserved retirement,

starting this July. The CEO also welcome Kim Hickey who will be replacing Sharon as Manager of Credit & Operations.

The CEO thanked PCSU employees for their continued support and the Board for their leadership, support, and guidance throughout the year. Additionally, the CEO thanked the members, for their continued business and confidence in the Credit Union and the CEO looked forward to building on our Credit Union’s financial success. The CEO stated it is a privilege and honor to serve as CEO for the PCSU.

Moved: Michelle Power; Seconded: Jim Anstey

MOTION CARRIED

7. REPORT OF THE INDEPENDENT AUDITOR

Ian Barrett, PCSU Manager of Finance, presented the Independent Auditor’s Report. Ian advised that a clean audit opinion was issued; and that the financial statements present fairly, in all material respects, the financial position of the PCSU and comply with all International Financial Reporting Standards.

8. REPORT OF THE MANAGER OF FINANCE

Ian advised of the following financial metrics for 2022:

Public Service Credit Union Limited - Statement of Financial Position As at December 31,			Public Service Credit Union Limited - Statement of Comprehensive Income For the Year Ended December 31,		
	2022	2021	2022	2021	
Assets					
Cash & cash equivalents	\$ 18,777,790	\$ 23,427,279	Interest income - loans & mortgages	\$ 2,169,935	\$ 2,115,441
Deposits - interest bearing liquidity accounts (Note 4)	4,254,243	3,727,784	Investment income	506,210	148,622
Investments (Note 4)	1,725,116	1,665,340	Investment expense	2,676,145	2,764,063
Loans & mortgages receivable (Note 6)	50,817,873	49,381,778	Cost of Funds		
Current income taxes receivable	10,586	12,458	Interest on members' deposits	215,187	190,903
Other assets (Note 8)	423,682	20,259	Financial margin	2,460,958	2,073,160
Future income taxes receivable	23,632	29,530	Other income		
Property, plant, & equipment (Note 7)	1,336,200	1,371,215	Service charges	256,306	268,133
	\$ 77,369,122	\$ 79,635,643	Other (Note 14)	53,905	58,737
Liabilities					
Accounts payable & accrued liabilities	\$ 759,323	\$ 468,796	Insurance commissions	121,147	132,895
Rebates payable	600,000		Interac fees	42,141	34,958
Accrued severance pay	368,443	335,105	Income before operating expenses	2,934,457	2,548,181
Members deposits (Note 9)	68,644,646	72,197,516	Operating Expenses		
Payroll taxes payable	11,757	12,273	Member security (Note 15)	112,951	109,461
	70,384,169	73,013,690	General business (Note 16)	1,920,191	1,739,631
Members' Equity					
Retained Earnings	6,984,953	6,621,953	Occupancy	69,934	63,429
	\$ 77,369,122	\$ 79,635,643	Amortization	46,115	63,980
			Provision for impaired loans (recovery)	(229,616)	133,338
			Net income before income taxes & patronage rebates	1,601,875	2,098,800
			Patronage rebates	1,012,582	449,381
			Income taxes	600,000	
			- future (recovery)	5,898	(273)
			- current (Note 10)	43,684	54,271
			Total Comprehensive Income	\$ 365,000	\$ 595,385

- **Asset and Deposit Growth**
 - Loan portfolio increased by \$1,148,000.
 - Assets decreased by \$2,267,000.
 - Cash and investments decreased by \$4,063,000.
 - Deposits decreased by \$3,553,000.
- **Liquidity**
 - \$23,032,000 in total liquidity
- **Loan Loss Risk**
 - There was a reversal of expense for impaired loans of (\$230,000).
 - Loans written-off for the year total \$59,000.
- **Capital Adequacy**
 - Total capital of \$7,340,000 for a shortfall of \$203,000.
- **Income Statement:**

- After a rebate of \$600,000 and taxes of \$50,000 the profit for 2022 is \$363,000.
- Other income decreased from \$475,000 to \$473,000.
- Total operating expenses increased by \$418,000.

In conclusion, Ian stated that the PSCU was strategically positioned to be positively impacted by the Bank of Canada's rate increases that permeated the financial landscape in 2022. Ian also stated that the PSCU is pleased, despite a turbulent economic environment, with the financial performance of the credit union and look forward to its continued success.

Moved: Shawn O'Reilly; Seconded: Richard Sparkes

MOTION CARRIED

9. REPORT OF THE AUDIT COMMITTEE

At the 2021 AGM, the members confirmed the appointment of Byron Smith, CPA, LLP as auditor for the 2022 External Year End Audit.

During the year, the Audit Committee reviewed and recommended their approval to the Board the following:

- Financial Statements for the year ending December 31, 2021.
- 2021 Year-End Management Letter from our External Auditors and management response.
- 2021 Internal Audit Report and management response.
- 2022 Biennial Fintrac Review and management response.
- Quarterly financial statements and reports prepared by management and external parties such as Atlantic Central.
- Quarterly reports submitted by the CU to the Regulator and the Credit Union Deposit Guarantee Corporation (CUDGC).
- Reviewed regular reports on the key risk areas of the CU, its operations and monitoring any action as required.

During the year, the Audit Committee also:

- Met with the External Auditor Byron Smith to review the draft Audit Financial Statement and Management Letter.
- Met with Internal Auditor Brian Scammell to develop the internal audit plan and review the draft report.

Ian concluded by thanking, on behalf of the Committee, management, and staff of the Credit Union, both auditors and their teams, for their work during the past year.

Moved: Dave Dewling; Seconded: Richard Sparkes

MOTION CARRIED

10. APPOINTMENT OF THE INDEPENDENT AUDITOR

The Audit Committee moves that Byron Smith as Auditor for the External 2023 Year End Audit.

Moved: Shawn O'Reilly; Seconded: Dave Dewling

MOTION CARRIED

11. NOMINATION COMMITTEE & ELECTION OF DIRECTORS

The three incumbent Directors, who were up for re-election, reoffered:

- Sean Brophy
- Catherine Chalker
- Michelle Power

There were 3, 3-year term positions to be filled. Having received three nominations for three positions the nominees were acclaimed.

The Chair thanked the nominees, committee members, management support person, as well those who assisted the Committee.

Moved: Dave Dewling; Seconded: George Smith

MOTION CARRIED

12. BY-LAW RESOLUTIONS/AMMENDMENTS

The Board of Directors of the Public Service Credit Union prepared a Resolution to its Share Requirement for new members going forward and series of mandatory amendments to its By-laws in 2022.

Proposed Amendments

The chair asked for a motion to approve the amendment of 6.01(4) which refers to minimum shareholding for new members. The proposed amendment indicates that new members shall be required to hold only the minimum number of shares required under the Act and Regulations.

Moved: George Smith; Seconded: Sean Brophy

MOTION CARRIED

Mandatory Changes

The Board of Directors of the Public Service Credit Union have prepared the following changes to its by-laws.

The Act and Regulations which are administered by the Provincial Government of Newfoundland & Labrador, have been revised within the past two years requiring changes to PSCU's By-laws. Many of these changes are necessary to ensure that the By-laws are compliant with the Credit Union Act and Regulations.

The Chair asked for a motion to approve the following by law changes:

By-Law (Current)	Proposed Change	Rationale
Section: 2.01 (g) “director” means an individual occupying the position of Director on the Board of the Credit Union;	Section: 2.01 (g) “director” means person occupying the position of Director on the Board of the Credit Union by whatever name that person is called, and "directors" and "board of directors" includes a single director.	Applying definition from the Act
Section: 2.01 (o) “special resolution” means a resolution passed by a 2/3 majority of the votes cast by the persons who voted in respect of that resolution or signed by all the persons entitled to vote on that resolution as per the Act.	Section: 2.01 (o) “special resolution” means a resolution passed by a majority of not less than 2/3 of the votes cast by the persons who voted in respect of that resolution or signed by all the persons entitled to vote on that resolution.	Applying definition from the Act
Section 5.02 (1): Membership may be extended to a person under 19 years of age as per Section 48 (3) of the Act.	5.02 (1) Membership may be extended to a person under the age of majority as per Section 48 (3) of the Act.	Aligning terminology with the Act
Section: N/A	(New) Section: 5.07 A member who relocates outside the province may retain their membership.	Aligns with Regulation 33(5)(g)
Section: 7.01 (2) Notwithstanding Section 7.01 (1) of these By-laws the Credit Union may at any time require the member to give up to 90 days’ notice in writing of their intention to withdraw the whole or any part of their deposit with the same power of extending this notice as provided for notice of share withdrawals in Section 6.04 of these By-laws.	Section 7.01(2) to be deleted.	Not permitted in the new legislation.
Section: 7.01 (3) Section 35 (3) of the Act and Section 7.01 (1) of these By-laws do not apply in relation to deposits placed with the Credit Union for a stated term or an amount contained in a deposit account on which a bill of exchange payable on demand may be drawn.	Section 7.01 (3) to be deleted.	Redundant - covered in the Act
Section: 7.02 (1) If on the death of a member, there is an executor of a will or administrator of the estate, the Credit Union shall subject to Section 6.02 of these By-law	Section: 7.02 (1) If on the death of a member, there is an executor of a will or administrator of the estate, the Credit Union shall subject to Section 6.02 of these By-law and Section 13 of the Regulations transfer or pay an amount equal to the value of the shares and other interest to	Adding Regulation number as directed by Regulator. Changing on the advice of regulator to eliminate

By-Law (Current)	Proposed Change	Rationale
transfer or pay an amount equal to the value of the shares and other interest to the person or persons as may appear to the Board to be the executor of a will or administrator of the estate.	the person or persons determined to be the rightful beneficiary of the estate.	implication that the Board must review all estate transactions.
Section: 12.01 Pursuant to the Act, a general meeting of the members shall be held at least annually at a time and place to be decided by the Board.	Section: 12.01 Pursuant to the Act, a general meeting of the members shall be held at least annually at a time and in the manner to be decided by the Board.	Enables meetings to be held virtually pursuant to the new legislation. "In the manner" are the words used in the Act.
Section: 12.03 Notices of all meetings shall be given not less than 14 days and not more than 30 days before the meeting to each member entitled to vote at the meeting per Act Section 57 (1). Notices calling special meetings shall clearly state the nature of the business to be transacted and only the business specified in each notice shall be transacted at a special meeting.	Section: 12.03 Notice of the time and date of a meeting of the members and the manner in which it is to be held shall be given not less than 14 days and not more than 30 days before the meeting to each member entitled to vote at the meeting per Section 57(1) of the Act. Notices calling special meetings shall state clearly the nature of the business to be transacted and only the business specified in each notice shall be transacted at a special meeting.	Requires notice to include the format of the meeting (for example in-person, virtual or hybrid). Applying consistent style to the reference to the Act.
Section 12.04 No member, individual, or group shall have more than 1 vote at any meeting of the Credit Union. When shares are held by 2 or more members jointly the one designated by the group may vote. If more than one person is present at any meeting, and there is no designation, only the one whose name appears first on the records shall be entitled to vote. There shall be no voting by proxy and no person shall vote both as a designated representative and a member.	Section12.04 No member or group shall have more than 1 vote at any meeting of the Credit Union. When shares are held by 2 or more members jointly the one designated by the group may vote. If more than one person is present at any meeting, and there is no designation, only the one whose name appears first on the records shall be entitled to vote. If the member is not a natural person, the member must designate a person to vote on their behalf not less than 7 business days prior to a meeting. This designation will remain in effect until changed or revoked by the member. There shall be no voting by proxy.	Provides for orderly designation of voter for members who are corporations or associations. Also implements direction from regulator that a person can vote both as an individual member as designated voter(s).
N/A	Insert new 12.05 The Board may determine a telecommunications system or service by which some or all of the persons participating in a meeting may do so remotely, provided that all persons participating in the meeting are able to hear each other, and all persons participating in the meeting in that manner shall be considered to be present at that meeting.	Enables the Board to determine if meeting can include virtual participants, pursuant to the new legislation.

By-Law (Current)	Proposed Change	Rationale
<p>Section: 12.05 Voting shall be by a show of hands, except where a ballot is demanded by a member entitled to vote at the meeting. All questions, including elections, shall be determined by a majority vote except where a larger than majority vote may be required by the Act, the Regulations, or the By-laws. In the case of a tie, the motion shall be deemed lost. Only members over the age of 19 are entitled to vote. Associate members are not entitled to vote at a meeting of the credit union.</p>	<p>Renumber 12.05 to be 12.06, to read as:</p> <p>Section: 12.06 Voting at meetings where all persons entitled to vote are physically present shall be by a show of hands, except where a ballot is demanded by a member entitled to vote at the meeting. If the meeting includes persons participating remotely pursuant to section 12.05 the Board shall determine the mechanism for voting, provided that the voting process maintains anonymity and the voting outcome is verifiable. Associate members are not entitled to vote at a meeting of the credit union.</p>	<p>Provides for the Board to determine voting mechanism where some or all members are attending virtually; Removes redundant material covered in the Act/Regulations.</p>
<p>Sections: 12.06 12.07</p>	<p>Renumber Sections</p> <ul style="list-style-type: none"> • to be 12.07 <p>12.07 to be 12.08</p>	
<p>Section: 13.06 A Director may participate in a meeting of the Board of Directors through the medium of appropriate telecommunications, provided all persons participating are able to clearly hear and understand each other. A Director so participating shall, for all purposes, is deemed to have been present at that meeting.</p>	<p>Section 13.06 to be deleted.</p>	<p>Redundant – covered in the Act</p>
<p>Sections 13.07 – 13.11</p>	<p>Renumber Sections to be 13.06 – 13.10</p>	
<p>Section: 13.11 (c) in addition to Sections 70(d),(e),(f) and (h) of the Act, must not have been an individual in any of those described positions in the past two years;</p>	<p>The renumbered Section 13.11(c) to read as:</p> <p>Section: 13.10 (c) in addition to Sections 70(2)(d), (e), (f) and (h) of the Act, must not have been an individual in any of those described positions in the past two years.</p>	<p>Correct the reference to the section number of the Act</p>
<p>Section: 14.01 The Lending Committee shall be established pursuant to the Act. The Committee will consist of the Chief Executive Officer and two</p>	<p>Section: 14.01 The Lending Committee shall be established pursuant to the Act and Section 18 of the Regulations. The Committee will consist of the Chief Executive Officer and two other Credit Union employees pursuant to the Lending Policy.</p>	<p>Adding reference to regulation number as directed by Regulator.</p>

By-Law (Current)	Proposed Change	Rationale
other Credit Union employees pursuant to the Lending Policy.		
Section: 14.03 The Lending Committee shall review all requests for credit from Directors, employees and Committee Members and family members of Directors and Committee Members as defined by the Regulations. When reviewing a request for credit by a Lending Committee Member or by a family member of the Lending Committee, that Member shall be excluded, and a replacement person shall be sought as per Sections 14.01 and 14.06.	Section: 14.03 The Lending Committee shall review all requests for credit from Directors, employees and Committee Members and family members of Directors and Committee Members as defined by the Regulations. When reviewing a request for credit by a Lending Committee Member or by a family member of the Lending Committee, that Member shall be excluded.	Redundant
Section: 14.06 If the Lending Committee is unable to obtain a quorum, the following shall become temporary members of the Lending Committee in this order of precedence: Chair, Vice-Chair and Secretary of the Board, but only in sufficient numbers to form a quorum.	Section 14.06 to be deleted.	Directors are not permitted to be members of the Lending Committee under the Act. The issue of quorum is addressed in policy further to section 14.01
Section: 17.02 The Audit Committee shall perform its duties as per the Regulations and shall:	Section: 17.02 The Audit Committee shall carry out its duties as per Section 103 of the Act, and the Regulations, and shall:	Adding Act section number as directed by Regulator
Section: 28.01 The Credit Union may be dissolved by the consent of 2/3 of its members, but only in the way and manner provided by the Act.	Section: 28.01 The Credit Union may be dissolved in the manner provided by the Act.	Aligns with the Act.
Section: 29.02 Notwithstanding 28.01 an amendment or repeal of the By-laws is not effective until it is approved by the Superintendent.	Section: 29.02 Notwithstanding 29.01 an amendment or repeal of the By-laws is not effective until it is approved by the Credit Union Deposit Guarantee Corporation.	Correcting typo; Updating terminology to comply with legislation.

Moved: Richard Sparkes; Seconded: Jim Anstey

MOTION CARRIED

13. NEW BUSINESS

No New Business presented.

14. ADJOURNMENT

Meeting Adjourned by Chair Dewling at 7:05PM