

Agenda
Airline Financial Credit Union Limited
Annual General Meeting
September 22, 2020

1. Call to Order – Karen Routliffe, Board Chair
2. Vote on By-Law Amendment: Changes to permit meetings via electronic means and vote by mail, in branch or electronically
3. Adoption of Agenda – Karen Routliffe, Board Chair
4. Adoption & approval of minutes of the last AGM June 20, 2019 – Karen Routliffe, Board Chair
5. Chairperson’s Remarks and Report – Karen Routliffe, Board Chair
6. Auditor’s Report – Joe Bates of MNP LLP
7. Audit Committee Report – Jeanne Balaban, Audit Committee Chairperson
8. Appointment of Auditors – Jeanne Balaban, Audit Committee Chairperson
9. CEO’s Report – Tracy Harris, Chief Executive Officer
10. Credit Report – Lydia Koperdraad, Credit Manager
11. Acclamation for the Board of Directors: 3 Incumbent Directors

Doug Currie
Bob Newson
Donna Johnson
12. New Business
13. Adjournment
14. Door Prizes Draw

**BY-LAW TO AMEND THE BY-LAWS OF AIRLINE FINANCIAL CREDIT UNION
LIMITED (the “Credit Union”)**

WHEREAS, in light of the current Ontario state of emergency due to COVID-19 and the potential for future impact of this virus even after the current state of emergency is lifted, the Board and membership of the Credit Union believe it is necessary to remove the current prohibitions in the Credit Union’s by-laws regarding virtual meetings and remote voting;

NOW THEREFORE BE IT ENACTED, and it is so enacted as a by-law of the Credit Union as follows:

1. The Credit Union’s By-law No. 1, as most recently amended by confirmation of the membership on **June 20, 2019** (the “General By-law”) be hereby further amended by deleting section 7.02 thereof, and replacing it with the following:

Electronic Meetings

7.02 A membership meeting may, if the Board determines by resolution to do so, and pursuant to such conditions, rules and procedures which may be approved by the Board, be held by telephonic or electronic means. A member who, by such means, votes at the meeting or establishes a communications link to the meeting shall be deemed for all purposes, including, without limiting the generality of the foregoing, the calculation of quorum pursuant to section 7.07 hereof, to have been present at the meeting.

2. The General By-law be hereby further amended by deleting section 7.11 thereof, and replacing it with the following:

Mail, Electronic and Branch Balloting

7.13 Members may, if the Board determines by resolution to do so, and pursuant to such conditions, rules and procedures which may be approved by the Board, vote at meetings of members by mail, or by in-branch, telephonic, or electronic means. A member who, by such means, casts a vote shall be deemed for all purposes, including, without limiting the generality of the foregoing, the calculation of quorum pursuant to section 7.07 hereof, to have been present at the meeting.

3. In all other respects the General By-law be hereby ratified and confirmed.

PASSED by the Board of Directors of Airline Financial Credit Union Limited at a meeting duly constituted this 21st day of July, 2020.

CONFIRMED by the affirmative votes of at least two thirds of the votes cast at a meeting of members of Airline Financial Credit Union Limited duly constituted this 22nd day of September, 2020.

WITNESS the corporate seal of Airline Financial Credit Union Limited

Chair

Corporate Secretary

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Directors present

Karen Routliffe	Chairperson
Donna Johnson	Vice-Chairperson
Bob Newson	Director
Jeanne Balaban	Director
Kevin Phillips	Director
Doug Currie	Corporate Secretary

Directors absent

Pantelis Paspaliaris On assignment

Management present

Tracy Harris	CEO
Lydia Koperadraad	Credit Manager

Others Present

Joe Bates	MNP (Auditors)
Mariam Gobran	Lawrie Insurance
Nick Best	C.C.U.A.
Kate Rochefort	C.C.U.A.

Call to Order

Ms. Karen Routliffe, Chairperson of the Board of Directors called the meeting to order.

A Quorum was reached as there were 37 members in attendance.

Agenda

Motion. That we adopt the agenda for the 69th Annual Meeting as presented in the documents.

Moved by Mr. Zenon Chwaluk seconded by Mr. Alf Gilchrist.

Carried

Chairperson's opening remarks

Ms. Karen Routliffe welcomed the members to the 69th annual meeting of Airline Financial Credit Union. The Board of Directors and the guests present were introduced to the membership. Nick Best CCUA, Kate Rochefort, CCUA, Joe Bates MNP, Mariam Gobram, Dan Lawrie Insurance Brokers.

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Chairperson's Board Report

Board Report

It is my privilege to chair the 69th Annual General Meeting of Airline Financial Credit Union, for the year ended March 31, 2019.

The Board of Directors' role is to establish a strategic direction for the credit union, develop and maintain the credit union's policies, hire and oversee the CEO and ensure compliance with all regulatory and legal requirements. The Board is responsible for making sure the credit union is operating in a prudent manner and adhering to the standards of sound business practices established by the Deposit Insurance Corporation of Ontario (DICO).

We had a challenging year, but had some great accomplishments including the replacement of all of our ATM cards and moving our head office to a new, easier to find location with lots of room. Going forward, we ask for the membership's support in opening our bond to those that don't work at Pearson in order to continue our growth and success. For 2020, we are moving ahead with improvements to our technology to offer our members more convenience and enable the staff to give better service.

I would like to recognize and thank our Board of Directors, Management and Staff for their diligence and commitment to Airline Financial Credit Union. The credit union exists to serve our members, and we thank you for your continued support.

Karen Routliffe
Chairperson, Board of Directors

Moved by Mr. Alf Gilchrist seconded by Ms. Linda Haywood to accept the Board Report.

Carried

Previous minutes

The minutes of the last annual meeting held on June 20, 2018, were accepted as read.

Moved by Mr. Bob Haywood seconded by Mr. Tom Galloway to accept the minutes as read.

Carried

External Auditors Report

Mr. Joe Bates of MNP LLP the Auditing firm presented the External Auditors report to the membership.

Report attached to the minutes of the meeting.

Moved by Ms. Bev Galloway seconded by Mr. Roland Klemme to accept the report of the External Auditors.

Carried

Chief Executive Officer's Report – Ms. Tracy Harris

CEO's Report

I am happy to report that Airline Financial Credit Union has had another solid year. We grew over 12% to a size of \$40 million in assets, moved our head office and introduced tap-enabled cards for all of our members. We finished the year with a small loss due to all of this activity, which will pay off in the future.

We are moving ahead this year to open our bond to non-airport employee members, so that we won't have to turn anyone away who wants to borrow or invest with us. At present, we are limited to only about 60 members who come from outside our bond, and we have strong demand for both investments and mortgages from this market. By opening the bond to other residents of Ontario, we will be able to accept a more diverse group of members and strengthen our balance sheet. Our financial reserves and loan portfolio remain very strong, and the credit union is well-positioned for the coming year. I'd like to thank the employees for their hard work, loyalty and commitment to our members, the Directors for their trust and support, and the Members for their continued investment in the credit union.

Respectfully,

Tracy Harris
Chief Executive Officer

Moved by Ms. Maureen Cameron seconded by Ms. Lynda Hurley to accept the report.

Carried

Audit Committee Report

Audit Committee Report for the Fiscal Year ended March 31, 2019

The Audit Committee of Airline Financial Credit Union fulfills responsibilities set out in the Credit Union & Caisses Populaires Act and accompanying regulations as well as other governance duties related to finance and risk management.

The Committee consists of three members appointed by the board from among the directors and assists the board in monitoring the integrity of the credit union's financial statements, the qualifications and performance of the credit union's auditors, and the credit union's compliance with legal and regulatory requirements.

The Committee must meet at least quarterly, and met 6 times in the past fiscal year to carry out its duties, which included:

- Serving as the liaison between the Board of Directors and the external auditors, the internal auditor and the Deposit Insurance Corporation of Ontario
- Reviewing the annual financial statements

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- Reviewing the reports of Auditors, Regulators and Management, and ensuring that findings are addressed and corrected
- Reviewing policies, procedures and controls, including those pertaining to liquidity, capital adequacy, interest rate management, risk management, anti-money laundering and privacy protection
- Confirming the availability of director training to ensure required competencies are met for continuing good governance

It is our opinion that policies and procedures are being appropriately followed and the Credit Union is operating in the best interests of the membership.

Respectfully submitted by the Audit Committee:

Jeanne Balaban, Chair
Bob Newson, Director
Doug Currie, Director

Moved by Mr. Tom Galloway seconded by Mr. Roland Klemme to accept the Audit Committee Report.

Carried

Credit Report – Lydia Koperdraad – Credit Manager

Report on Lending

For the Year Ended March 31, 2019

In 2019, we advanced, \$8,517,748 in loans with the following breakdown:

148 Personal loans with a total of \$619,048
13 Personal Lines of Credit with a total of \$264,600
2 Bridge loans with a total of \$680,300
18 Mortgages with a total of \$5,619,800
11 Flex and Home Equity Lines of Credit with a total of \$1,334,000

In comparison, in 2018, a total of \$9,805,246 was advanced. This included 25 mortgages, at a total of \$7,966,000 compared to 2019 with 18 mortgages at a total of \$5,619,800.

On March 31, 2019, there were 3 loans considered impaired for a total of \$7,805, with a specific reserve allowance of \$7,805 in anticipation of losses. In the previous year, 2018, we had 6 loans considered impaired for a total of \$13,813.

In 2019 the net loans write off is a total of \$9,094, and recovery is a total of \$8,757. Further details on the loan portfolio can be found in the Audited Financial Statements.

Thank you to the staff and management of Airline Financial for our professional lending

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services. We work diligently in the best interest of our member's financial goals, while adhering to Credit Union policy.

Respectfully submitted

Lydia Koperdraad
Credit Manager
Airline Financial Credit Union

Moved by Mr. Milligan Hurley seconded by Ms. Bev Galloway to accept the Credit Report.

Carried

Board of Directors elections (2) Board Members

Member of the Nominating Committee Ms. Donna Johnson spoke to the Membership.

Notification of the election was listed on the internet web site, at our offices and sent to all members in the newsletter. As per the regulations a member wishing to run for office must submit a written nomination as per bill C-134.

Two positions are up for election. Held by Board Members, Ms. Karen Routliffe and Ms. Jeanne Balaban.

Nominations were received from Ms. Karen Routliffe and Ms. Jeanne Balaban.

Therefore I would like to inform you that they will be elected by acclamation to the full three year terms.

Motion to approve the above members to the above positions.

Moved by Mr. Larry Hutchison seconded by Mr. Roland Klemme.

Carried

Selection of the auditors for the next fiscal year.

The Board of Directors is recommending that the Auditing firm of MNP be appointed as our Auditors for the next fiscal year.

Moved by Mr. Tom Galloway seconded by Ms. Linda Haywood to approve the motion

Carried

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Bylaw Change Airline Financial Credit Union

BY-LAW TO AMEND THE BY-LAWS OF AIRLINE FINANCIAL CREDIT UNION LIMITED (the “Credit Union”)

WHEREAS the Board and membership find it expedient to provide for a broader bond of association for the Credit Union;

NOW THEREFORE BE IT RESOLVED as a by-law of the Credit Union as follows:

1. The Credit Union’s by-laws, as most recently amended on May 28, 2015 (the “General By-law”), be hereby further amended by deleting section 2.01(a) thereof, and replacing it with the following:
 - (a) Persons, who, if individuals, whether minors or adults, reside or are employed in the Province of Ontario;
2. The General By-law in all other respects be hereby ratified and confirmed.

PASSED by the Board of Directors of Airline Financial Credit Union Limited at a meeting duly constituted this **19th** day of **June**, 2019.

CONFIRMED by the affirmative votes of at least two-thirds of the votes cast at a meeting of members of Airline Financial Credit Union Limited duly constituted this **20th** day of **June**, 2019.

WITNESS the corporate seal of Airline Financial Credit Union Limited.

Chair

Corporate Secretary

Moved by Ms. Bev Galloway seconded by Mr. Larry Hutchison to approve the bylaw as proposed.

Carried

Questions

The Chairperson, Ms. Karen Routliffe opened the floor for questions from the membership.

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Door prizes

The door prizes were drawn for.

Adjournment

Being no further business, the Chairperson, Ms. Karen Routliffe adjourned the meeting and invited the membership to join us for dinner.

Karen Routliffe
Chairperson

Doug Currie
Corporate Secretary

Attachments

- 01.** Report on lending – Lydia Koperdraad, March 31, 2019
- 02.** Agenda – Annual Meeting – June 20, 2019.
- 03.** Chairperson of the Board report. – Karen Routliffe.
- 04.** Auditors Report (MNP) Joe Bates.
- 05.** Audit Committee report – Jeanne Balaban
- 06.** CEO Report – Tracy Harris
- 07.** Nominations for the Board – Jeanne Balaban, Karen Routliffe.
- 08.** Bylaw Amendment AFCU.
- 09.** Credit Report – Ms. Lydia Koperdraad, Credit Manager.

Board Report

It is my privilege to chair the 70th Annual General Meeting of Airline Financial Credit Union, for the year ended March 31, 2020.

The Board of Directors' role is to establish a strategic direction for the credit union, develop and maintain the credit union's policies, hire and oversee the CEO and ensure compliance with all regulatory and legal requirements. The Board is responsible for making sure the credit union is operating in a prudent manner and adhering to the standards of sound business practices established by the Financial Services Regulatory Authority of Ontario (FSRA).

Our meeting is unfortunately a little different this year due to the pandemic, which has also affected our financial statements. We have had to put away extra funds in case of default, due to many of our members struggling with employment. Let's hope that next year we can meet in person once again.

We have had a big year, moving into our new office and replacing our entire technology system, preparing us for future growth and security. I would like to recognize and thank the Board of Directors, Management and Staff for their hard work and commitment to the Credit Union. Most of all, I would like to thank our members for their continued loyalty and support.

Karen Routliffe

Chairperson, Board of Directors

Audit Committee Report for the Fiscal Year ended March 31, 2020

The Audit Committee of Airline Financial Credit Union fulfills responsibilities set out in the Credit Union & Caisses Populaires Act and accompanying regulations as well as other governance duties related to finance and risk management.

The Committee consists of three members appointed by the board from among the directors and assists the board in monitoring the integrity of the credit union's financial statements, the qualifications and performance of the credit union's auditors, and the credit union's compliance with legal and regulatory requirements.

The Committee must meet at least quarterly, and met 6 times in the past fiscal year to carry out its duties, which included:

- Serving as the liaison between the Board of Directors and the external auditors, the internal auditor and the Financial Services Regulatory Authority of Ontario
- Reviewing the annual financial statements
- Reviewing the reports of Auditors, Regulators and Management, and ensuring that findings are addressed and corrected
- Reviewing policies, procedures and controls, including those pertaining to liquidity, capital adequacy, interest rate management, risk management, anti-money laundering and privacy protection
- Confirming the availability of director training to ensure required competencies are met for continuing good governance

It is our opinion that policies and procedures are being appropriately followed and the Credit Union is operating in the best interests of the membership.

Respectfully submitted by the Audit Committee:

Jeanne Balaban, Chair
Bob Newson, Director
Doug Currie, Director

CEO's Report

Our 70th year has brought many changes for Airline Financial Credit Union. We made a move from Cargo 3 to Eglinton Avenue, and planned and executed a replacement of our banking system.

When COVID hit, we closed the Viscount branch and brought everyone to our Head Office. The parking garage remains closed and we are not sure when we will be able to resume operations there. COVID has also affected our balance sheet, forcing us to allocate over \$100,000 to loan reserves in case our unemployed members are unable to repay loans. In addition, transactions and lending are down due to the pandemic.

Despite the changes and uncertainty, our financial reserves and loan portfolio remain very strong, and the credit union is well-positioned for the coming year, though it will be a challenging one. I'd like to thank the employees for their hard work, loyalty and commitment to our members, the Directors for their trust and support, and the Members for their continued investment in the credit union.

Respectfully,

Tracy Harris

Chief Executive Officer

Report on Lending

For the Year Ended March 31, 2020

In 2020, we advanced, \$11,603,402 in loans with the following breakdown:

162 Personal loans with a total of \$925,837
21 Personal Lines of Credit with a total of \$221,625
4 Bridge loans with a total of \$661,150
31 Mortgages with a total of \$8,413,790
15 Flex and Home Equity Lines of Credit with a total of \$1,381,000

In comparison, in 2019, a total of \$8,517,748 was advanced. This included 29 mortgages, at a total of \$6,953,800 compared to 2020 with 46 mortgages at a total of 9,794,790.

On March 31, 2020, there were 3 loans considered impaired for a total of \$8,887, with a specific reserve allowance of \$8,887 in anticipation of losses. In the previous year, 2019, we had 3 loans considered impaired for a total of \$7,805.

In 2020 the net loans write off is a total of \$693, and recovery is a total of \$12,123. Further details on the loan portfolio can be found in the Audited Financial Statements.

Thank you to the staff and management of Airline Financial for our professional lending services. We work diligently in the best interest of our member's financial goals, while adhering to Credit Union policy.

Respectfully submitted

Lydia Koperdraad
Credit Manager
Airline Financial Credit Union