

Board of Directors Annual General Meeting

April 5, 2023

6:08 p.m. – 6:34p.m.

Via: WebEx Video Conferencing

Minutes

In Attendance

Brandon Reeve (Chair)
Chuck Hamilton
Jon Schmidt
David Lewis
Ian Williams
Paul Rinkoff
Jason Tomlinson
Madelaine O’Driscoll
Marc Madramootoo
Randy Carter
Chris Scherk

Regrets

Guests

Aleksandra Barnes
Bruce Bolitho
Cailey Ross
Chuck Lawrence
Daphne FitzGerald
Debbie Bland
Erin Benoit
Keith Bland
Pete Lennox
Philip Semple
Rod Spencer
Steve Butt
John Bills
Liam Neilson (RSM Canada) (Joined at 6:13 p.m.)

Staff

Sylvi Karr, President and CEO
Leslie Spaeth, Recording Secretary
Christine Kunanesam, Senior Accountant
Helen Syrbos, Administrator

1. CALL MEETING TO ORDER

There being sufficient Members required to form a quorum, Chair, Brandon Reeve called the meeting to order at 6:08 p.m. and proceedings were recorded.

2. APPROVAL OF MINUTES OF THE 2021 ANNUAL GENERAL MEETING

Motion to approve the Minutes of the 2022 Annual General Meeting held on April 6, 2022.

Moved by Chris Scherk
Seconded by Bruce Bolitho
Motion Carried

3. CHAIR REPORTS 2022

a. Report of the Human Resources and Benefits Committee

Jon Schmidt presented the Human Resources and Benefits Committee Report. The report is attached to the annual report.

b. Report of the Audit Committee

David Lewis presented the Audit Committee Report. The report is attached to the annual report.

c. Report of the Risk Committee

Ian Williams presented the Risk Committee Report. The report is attached to the annual report.

d. Report of the Governance Committee and Board of Directors

Brandon Reeve presented the 2022 Board and Governance Committee report. The report is attached to the annual report.

Motion to receive the reports of the Human Resources and Benefits Committee, Audit Committee, Risk Committee, Governance Committee and the Board of Directors.

Moved by Marc Madramootoo
Seconded by Jason Tomlinson
Motion Carried

4. INTRODUCTION OF EXTERNAL AUDITOR

Brandon Reeve introduced Liam Neilson to the TPWOF Members as an Audit Partner with RSM Canada.

5. AUDITOR'S REPORT PREPARED BY RSM CANADA

Liam Neilson presented the 2022 audited report which includes the Audit Findings Report, the Financial Statements and Notes.

In the auditor's opinion, the accompanying financial statement present fairly, in all material aspects, the financial position of the Fund as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Motion to receive the TPWOF 2022 Auditor's Report.

Moved by Jason Tomlinson
Seconded by Madelaine O'Driscoll
Motion Carried

Motion to appoint RSM Canada as the Auditor for 2023 for the Toronto Police Widows and Orphans Fund.

Moved by Rod Spencer
Seconded by Chris Scherk
Motion Carried

6. NEW BUSINESS

There was no new business.

7. ADJOURNMENT

Motion to adjourn at 6:34 p.m.

Moved by Randy Carter
Seconded by Marc Madramootoo
Motion Carried



Brandon Reeve, Chair



Leslie Spaeth, Recording Secretary

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2023 Audit Committee Annual Report

2023 Audit Committee Members

- David Lewis (Chair)
- Chris Scherk
- Paul Rinkoff
- Jonathan Pinto

The following report highlights the key activities of the TPWOF Audit Committee for 2023.

Investments

The goal of the Board of Directors for management of the assets of the Fund is the achievement of an appropriate investment return, over the long term, to meet the Fund's policy obligations.

Overall, the ALM portfolio value at December 31, 2023 was \$72.528 M and the Surplus portfolio was at \$16.243 M, for a total value of \$91.770 M, up from the Q3 value of \$83.582 M.

ALM Portfolio Update

The ALM portfolio performance in Q4 was 16.62% versus the relative performance objective of 16.64%, for a difference of -0.02%. Year to date 2023, the Fund underperformed the objective by -0.06%.

Looking forward, the bond market is pricing a meaningful decline in short-term yields, while long-term yields are expected to be slightly lower over the next 12 months. The dominant theme for bonds centered around "higher-for-longer" yields for much of the year; however, this narrative shifted meaningfully in the fourth quarter following a perceived pivot from central banks. In the near term, yields may continue to exhibit heightened volatility.

The ALM portfolio is allocated as follows:

- 70% PRisM Long Corporate Bond Trust
- 30% PRisM Long/Mid/Short Funds (20%/5%/5%)

The Contractual Service Margin portfolio is invested in a portfolio of Guaranteed Investment Certificates in order to reduce interest rate risk.

Surplus Portfolio Update

Over the quarter, the account performance remained consistent. The Surplus portfolio exceeded the benchmark in Q4 by 0.22%, and year to date 2023 by 0.38%.

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Overall, the portfolio maintained its medium level of risk over the quarter. Tactical management of the portfolio's duration and yield curve contributed to value-added, as the portfolio had a long duration position during the first half of the quarter when yields were declining. Yield curve positioning was a positive contributor, as the portfolio was overweight the shorter end of the curve, which saw the largest decline in yields.

Compliance

For 2023, the Toronto Police Widows & Orphans Fund portfolio managed by PH&N Institutional was in compliance with:

1. all applicable Income Tax Act (Canada) and Ontario Insurance Act regulations; and
2. all guidelines/restrictions contained in the Toronto Police Widows & Orphans Fund Investment Policy.

Independent Review of the Appointed Actuary

An independent external peer review of the work of Mr. Clayton Zaluski, the Appointed Actuary (AA) of the Toronto Police Widows & Orphans Fund, for the year ended December 31, 2023, was completed by B. Gordon Challes, Fellow of the Canadian Institute of Actuaries. The scope of the review included the material valuation changes, subject to the Reliance and Limitations described in the report.

In the opinion of B. Gordon Challes, the methodology and assumptions employed in the year-end 2023 valuation are consistent with the Canadian Institute of Actuaries Standards of Practice and accepted actuarial practice. Again, in the opinion of B. Gordon Challes, in selecting assumptions, the Appointed Actuary has utilized the Company's experience to the extent available, and when available, industry experience and publicly available data was analyzed, and it is reflected in the valuation assumptions where appropriate. As well, experience was monitored on an annual basis and assumptions were modified when appropriate. The report concludes with B. Gordon Challes stating that he is in agreement with the valuation changes made and agrees that no further changes are warranted.

OSFI Supervision

The Office of the Superintendent of Financial Institutions conducts supervisory work to assess the institution's safety and soundness, and its compliance with the Insurance Companies Act and

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other regulatory requirements. The supervisory work included a review of the institution's quarterly and annual regulatory filings and audited financial statements.

Operating Budget and Expenses

The Audit Committee reviewed the quarterly budget variance reports throughout 2023. The annual budget of the TPWOF was reviewed in detail and recommended to the TPWOF Board for approval. The Audit Committee remains satisfied that TPWOF is operating in a fiscally responsible and prudent manner.

Annual Audit

RSM Canada LLP is the TPWOF external auditor for 2023.

RSM Canada LLP completed the annual audit of the TPWOF for the year ended December 31st, 2023. RSM reviewed the significant accounting policies selected and applied by management. RSM issued an Audit Report stating that, in their judgement, the accounting policies are, in all material respects, acceptable under International Financial Reporting Standards and are appropriate to the particular circumstances of TPWOF.

Conclusion

In conclusion, I would like to thank the members of the Audit Committee for their assistance and dedication in discharging their fiduciary responsibilities on behalf of the TPWOF membership. It is my sincere belief that the membership is well and truly served by this group of committed individuals.

Sincerely,

David Lewis, MBA, CFA, PhD
Chair, Audit Committee

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2023 Human Resources and Benefits Committee Annual Report

2023 HRBC Committee Members

- Jon Schmidt (Chair)
- Jason Tomlinson
- Debbie Bland
- Daphne FitzGerald
- Madelaine O'Driscoll

The following report highlights the key activities of the TPWOF HRBC Committee for 2023.

Our member Penetration Rate as of Q4 is 66%. Risks were reviewed and no changes were recommended to the Risk Register. We reviewed HRBC's current Workplan. No changes were recommended. The CEO advised that there were eight outstanding Insurance claims in 2023. - One was paid in January of this year, - Three are before the courts, and - Four will remain open for 15 years to satisfy the Ultimate Limitation Provision. Although our goal was for 70% of class attendees to join the Fund, the uptake for 2023 was 52%. That was offset by thirty missed membership applications that enrolled. With regard to total new applications, there were 312 new members in 2023, which was 89% of our target number.

We discussed the implementation of our new Administration System. As of year end 2023 the Actual spend was at 92%.

Will reimbursements were discussed and moving into 2024 the expectation is that about 2% of membership will avail themselves to this benefit.

We reviewed changes to the Director's Booklet, discussed the Marketing, Communications Enhancements and discussed future plan enhancement considerations. Strategic and business objectives were also discussed. It was determined that one of the objectives, however, would require a considerable amount of work and for that reason, the Chair, myself and Sylvi developed a terms of reference for that work.

The 2024 HRBC Committee Evaluation was tabled for discussion. HRBC has six members on the committee. Four are members of the Board and two are non-Board committee members. All six members responded to the evaluation (100%). A summary of the evaluation was prepared and discussed. There were no concerns noted in the HRBC Evaluation summary, which was an overview of all six responses. There were, however, suggestions noted to improve the Committee process.

Sincerely,

Jon Schmidt
Chair, HRBC Committee

2023 Risk Committee Report

Risk Committee Members

- Ian Williams (Chair)
- David Lewis
- Randy Carter
- Marc Madramootoo

In concert with Management and the Board, the Risk Committee provides oversight and guidance in all risk matters important to the ongoing operations of the Fund. The following report details the **2023 activities** of the Toronto Police Widows and Orphans Fund Risk Committee.

SCOPE OF THE RISK COMMITTEE'S WORK

The Risk Committee is tasked with oversight of the Board-approved policies related to enterprise risks, insurance coverage, outsourcing, pricing and claims management, capital management and adequacy, privacy, reinsurance and disaster recovery/business continuity in the event of a disruptive event. The Risk Committee reports its work, and makes recommendations, to the Board of Directors. It also works closely with other committees to ensure the financial soundness of the Fund. All committees now include a discussion on risks appropriate to their work and inform the Risk Committee of any new or emerging risks to be monitored.

POLICY REVIEW

Throughout the course of the past year, the Risk Committee reviewed, and recommended that the Board approve, all of the policies mentioned above that fall within the scope of the committee's work.

CAPITAL ADEQUACY

The Fund assesses the adequacy of its capital using the Life Insurance and Capital Adequacy Test (LICAT) framework as required by OSFI, the Fund's regulator. Under this framework, the adequacy of capital is expressed as the ratio of available capital to required capital (expressed as a percentage). The minimum requirement, as determined by OSFI, is to have a LICAT ratio of 100% (i.e., available capital equal to required capital).

The Fund has a Capital Policy that requires it to maintain capital in excess of these regulatory requirements. This additional target capital allows the Fund to maintain benefits through periods of volatility. The Fund's Capital Policy requires it to maintain a LICAT ratio in excess of 130%.

In Q4, 2023, the Fund's LICAT ratio was 255.3%. This ratio reflects the ongoing capital strength of the Fund. The Fund remains well capitalized to ensure the provision of future benefits.

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FINANCIAL CONDITION TESTING

The Fund's Appointed Actuary conducted the annual Financial Condition Testing of the Fund. This report highlights plausible threats to the Fund's solvency and recommends mitigating actions to those threats. The report considers the past, present and future financial positions of TPWOF and the sensitivity of surplus to changes in various experience factors and management policies. The Actuary issued a satisfactory report on the future financial condition of the Fund.

BONUS RATE FOR DEATH BENEFITS

The Risk Committee reviews the financial position of the Fund – as measured by its capital strength - to assess what level of bonus benefits, if any, can be paid on death benefits provided by the Fund. This bonus rate is reviewed annually and set by the Board of Directors who consider a recommendation from the Risk Committee. The Risk Committee recommended that a bonus death benefit rate of 20% be approved for the 2024 calendar year.

CYBER AND TECHNOLOGY RISK OVERSIGHT

The Risk Committee monitors management's efforts to strengthen the Fund against cyber threats and the impact of technology risk. We are pleased with management's actions that include additional training on cyber risk for staff and directors, improved malware protection, strengthened sign-in protocols and testing and assessment by external experts. The Fund is taking appropriate steps to protect the privacy of members' information. Further, management is continuing to implement technological changes that support the Fund and our membership.

I thank the members of the Risk Committee as well as all Committee's for their assistance and dedication to addressing risks to the Fund throughout the year. I also thank staff for their important role in supporting the Risk Committee's work and for their day-to-day operation of the Fund on behalf of its members.

Sincerely,

Ian Williams

Chair, Risk Committee

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2023 Board of Directors and Governance Committee Report

TPWOF 2023 Board of Directors

Board Members

Charles Hamilton (Chair)

Ian Williams (Risk Chair)

David Lewis (Audit Chair)

Jon Schmidt (HRBC Chair)

Brandon Reeve (Past Chair)

Chris Scherk

Marc Mandramootoo

Randy Carter

Paul Rinkoff

Jason Tomlinson

Madelaine O'Driscoll

Daphne FitzGerald

Non-Board Committee Members

Debbie Bland

Angelo Cristofaro

Jonathan Pinto

TPWOF 2023 Governance Committee

Chuck Hamilton (Chair)

David Lewis (Audit Chair)

Brandon Reeve (Past Chair)

Jon Schmidt (HRBC Chair)

Ian Williams (Risk Chair)

2023 was a successful year for the Toronto Police Widows and Orphans Fund. All Member benefits were maintained for the year and will continue into 2024. As the committee Chairs have reported, the Fund had a successful financial result for the year and received a clean audit opinion from our external auditor, RSM Canada. Identified risks in the fund were well managed.

I thank all members of the Human Resource and Benefits, Audit, and Risk committees for their efforts to ensure a strong and thriving Fund.

I can report that the Board remains committed to the principles of good governance, risk oversight, and regulatory compliance to ensure the long-term sustainability of the Fund.

In the area of Governance, all policies receive an annual review by Management and changes are brought to the Board for approval. In 2023, we had a renewed focus on potential risks facing the Fund, and a risk discussion is now included in each Committee and Board meeting to address emerging risks. Our focus on Director education, succession planning, and regulatory requirements puts the Fund in a strong position for the future.

Toronto Police Widows and Orphans Fund

All that the Fund has achieved in 2023 has come under the direction of Sylvi Karr, the President and CEO of the Fund. Sylvi developed and delivered on both the Strategic and Operational goals of the company – which included the transition to a new IFRS accounting standard. This transition has been many years in the planning and was successfully completed by year end.

Sylvi has also concluded the upgrading of the Fund’s technology to include new financial reporting systems and a new administrative system which will go live later in 2024.

Her presence in the Policing community – which included staff and Director involvement at new-hire classes, retirement events, golf days, TPAAA Athletic awards and other events - has attracted many new members to the fund. Additionally, her leadership in the marketing efforts to Members is increasing the engagement of Members overall.

I thank Sylvi, and her dedicated team, for their work on behalf of all Members of the Fund.

On a final note of thanks, I would like to recognize Brandon Reeve for his continued support as the Fund’s Past Chair in 2023. Brandon’s continued commitment to the Fund and its members had made the Fund better. Brandon will step down from the Board this year and I thank him for his many years of dedicated service.

It’s been an honour to serve Members this year, and I look forward to the years ahead.

Yours fraternally,

Chuck Hamilton
Chair of the Board
Toronto Police Widows & Orphan’s Fund