

Board of Directors Annual General Meeting

April 6, 2022

6:05 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
Scott Baptist

Regrets

Guests

George Cowley
Paul Qureshi
Peter Lennox
Shane Stephenson
Melissa Kulik
Michael Thompson
Keith Bland
Debbie Bland
Bob Stafford
Dennis Ewaniuk (TPPA)
Liam Neilson (RSM Canada)

Staff

Sylvi Karr, President and CEO

Leslie Spaeth, Recording Secretary

1. CALL MEETING TO ORDER

There being sufficient Members required to form a quorum, Chair, Brandon Reeve called the meeting to order at 6:05 p.m. and proceedings were recorded.

2. INTRODUCTION OF THE LIAM NEILSON OF RSM CANADA

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

3. AUDITOR'S REPORT PREPARED BY RSM CANADA

Liam Neilson reported for RSM Canada. The 2021 audit was clean. Members have a copy of the financial statements attached to the annual report.

Motion to receive the Auditor's Report.

Moved by Chris Scherk

Seconded by Scott Baptist

Motion Carried

Motion to appoint RSM Canada as the Auditor for 2022.

Moved by Paul Rinkoff

Seconded by Jon Schmidt

Motion Carried

4. APPROVAL OF MINUTES OF THE 2021 ANNUAL GENERAL MEETING

Motion to approve the Minutes of the 2021 Annual General Meeting held on April 8, 2021.

Moved by Scott Baptist

Seconded by Marc Madramootoo

Motion Carried

5. CHAIR REPORTS 2021

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

Scott Baptist presented the Audit Committee Report. The report is attached to the annual report.

c. Report of the Risk Committee

Chuck Hamilton 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 2021 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 Chris Scherk
Seconded by Ian Williams
Motion Carried

6. CORRESPONDANCE

There was no correspondence.

7. NEW BUSINESS

There was no new business.

8. ADJOURNMENT

Motion to adjourn at 6:34 p.m.

Moved by Chris Scherk
Seconded by Melissa Kulik
Motion Carried



Brandon Reeve, Chair



Leslie Spaeth, Recording Secretary

Toronto Police Widows and Orphans Fund

2022 Human Resources and Benefits Committee Annual Report

2022 HRBC Committee Members:

- Jon Schmidt (Chair), Board Member Director (Retired TPS Police Officer),
- Madelaine Tretter, Board Member Director (Serving TPS Police Officer),
- Jason Tomlinson, Board Member Director (Servicing TPS Police Officer, TPA Rep.),
- Daphne Fitzgerald, Committee Member (Retired Sr VP Corp Development, Zurich Can)
- Angelo Cristofaro, Committee Member (Retired TPS Civilian Director),
- Debbie Bland, Committee Member (Retired TPS Police Officer).

On behalf of the Board, the Human Resources and Benefits Committee (HRBC) provides oversight of the Funds human resources, which includes employees, Directors and Committee members. HRBC oversees compensation and benefits, regulations, as well as membership eligibility and growth, and recommends actions to the Board where necessary. HRBC also provides oversight of the Funds marketing strategies and both its insurance and non-insurance benefits. In 2022, Committee membership consisted of myself (Jon Schmidt), Madelaine O’Driscoll, Jason Tomlinson, Daphne FitzGerald, Angelo Cristofaro, and Debbie Bland. In 2022, demands on Fund staff increased due to both new processes demanded by our regulator the Office of the Superintendent of Financial Institutions (OSFI) and the implementation of new technology. This facilitated the need for part time help. Fund staff continued to work predominantly from home and travelled into the office as needed. This practice continued to work well, productivity levels were high, and there was no interruption in Service. Board and Committee meetings were predominantly on-line with one Face to face meeting in December. A new permanent full-time administrator, Helen Syrbos, was hired in May 2022. She has a strong administrative background. Debbie Bland transitioned to temporary part-time duties in September with a primary focus on the implementation of the new administration system. HRBC members worked with the CEO to finalize a Benefits Booklet, Director and Committee member position descriptions, a CEO Succession Plan, and a Board Handbook. These initiatives were implemented in 2022 to ensure that Fund practices are clear and transparent. In addition, members of the HRBC continue to review our Staff Handbook, along with our HR and benefits policies and practices to help keep the fund current. Toronto Police Widows and Orphans Fund Director compensation was reviewed. Directors unanimously agreed that the Widows and Orphans Fund is a Fraternal organization that works to better the benefits of its members and that an increase in Director fees was not being pursued. A formal review of Director Compensation is scheduled for every three to five years. The annual Board and Committee evaluations were administered, analyzed, and discussed in early 2022. The purpose of these evaluations is to both look for areas where the Board and committees are operating well and where they can focus more attention. In 2022, practices were identified to help improve Board and Committee member effectiveness.

Toronto Police Widows and Orphans Fund

Examples of this included a face-to-face meeting, training, and broader access to information needed to better understand policies and practices. Relationships between the Fund, the Toronto Police Service, the Association, Senior Officers Organization, Amateur Athletic Association, and Pensioners Organization is strong. Management and staff are made aware of all new hire classes and have an opportunity to speak to them to explain the benefits of Fund membership; speaking to individual civilian hires remains a challenge. The Service, however, through their onboarding process, is making WOF information available to these individuals and they are encouraged to contact the Fund for further information. HRBC committee members continue to encourage all Fund members to ensure that beneficiaries are kept up to date, that they have an up to date Will, and that their Powers of Attorney for both medical and financial oversight are current. Do not hesitate to contact the office to update beneficiaries. It is a privilege to work for members of the Fund and I welcome your comments.

You can contact me directly at jonschmidt3@icloud.com if you have any questions or suggestions.

Thank you Jon Schmidt, Toronto Police Widows and Orphans Fund Human Resources and Benefits Committee (Chair)

Toronto Police Widows and Orphans Fund

2022 Audit Committee Annual Report

2022 Audit Committee Members

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

The following report highlights the key activities of the TPWOF Audit Committee for 2022.

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.

The combined value of the TPWOF portfolios as of December 31st, 2022, was \$90,517,898.

To comply with new insurance accounting standards, IFRS-17, commencing January 1, 2023, TPWOF will maintain 3 specific portfolios: an Asset Liability Matching (ALM) portfolio, a Surplus portfolio and a Contractual Service Margin portfolio. Each is uniquely structured.

TPWOF adopted a new investment policy in the fourth quarter in response to IFRS 17. The new policy sets out the asset mix target allocations for the ALM Portfolio by pooled fund. This is in contrast to the prior approach whereby the ALM Portfolio was managed according to a liability benchmark. This new asset mix was determined by the Fund's actuary in order to minimize the tracking error of the portfolio with respect to the IFRS 17 liabilities. The transition to this new asset mix took place in November.

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.

The following will detail specifics regarding the structure of TPWOF's ALM and Surplus portfolios.

ALM Portfolio

As of December 31st, 2022, the TPWOF ALM portfolio was valued at \$82,203,057. The key rate duration of the ALM portfolio was 14.03 years.

Toronto Police Widows and Orphans Fund

For calendar year 2022, bond market performance was meaningfully negative, as a result of the sharp rise in yields experienced through the first half of 2022. Through prudent and careful management, we were able to minimize the adverse effect on the ALM portfolio.

The ALM Portfolio performance for 2022 was -26.30%; +0.76 above the Benchmark of -27.06%.

Surplus Portfolio

As of December 31st, 2022, the TPWOF Surplus portfolio was valued at \$8,314,841.

As noted above, bond market performance was negative during 2022. Similarly, equity markets were challenged with substantial volatility. Again, through prudent and careful management, we were able to minimize the adverse effects on the ALM portfolio.

The surplus portfolio performance for 2022 was -5.52%; 1.97% above the benchmark of -7.49%.

Compliance

For 2022, 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, 2022, 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 2022 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.

Toronto Police Widows and Orphans Fund

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 other regulatory requirements. The supervisory work included a review of the institution's quarterly and annual regulatory filings and audited financial statements. OSFI assigned the best possible rating to the Toronto Police Widows and Orphans Fund.

Operating Budget and Expenses

The Audit Committee reviewed the quarterly budget variance reports throughout 2022. 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 2022.

RSM Canada LLP completed the annual audit of the TPWOF for the year ended December 31st, 2022. 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

2022 Risk Committee Report

Risk Committee Members

- Ian Williams (Chair)
- Chuck Hamilton
- 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 **2022 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. New this past year, 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%.

Toronto Police Widows and Orphans Fund

As of December 31, 2022, the Fund's LICAT ratio was 162.3%, down from 203% on December 31, 2021, but increased approximately 8% over last quarter and is above our internal target levels threshold. These ratios reflect the ongoing capital strength of the Fund. The Fund remains well capitalized to ensure the provision of future benefits.

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 2023 calendar year.

CYBER AND TECHNOLOGY RISK

The Risk Committee monitors management's efforts to strengthen the Fund against cyber attacks and lessen technological risk. We are pleased with management's actions that include additional training on cyber and technological risk for staff and directors, improved malware protection, strengthened sign-in protocols and testing, as well as assessments by external experts. The Fund is taking appropriate steps to protect the privacy of member's information.

I thank all committees for their ongoing attention to risks, and extend equal thanks to the Risk Committee members for their assistance and dedication throughout the year. I also thank the 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 members.

Sincerely,
Ian Williams
Chair, Risk Committee

Toronto Police Widows and Orphans Fund

2022 Chairs Report

Board Members

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

Governance Committee Members

- Brandon Reeve (Chair)
- Chuck Hamilton
- Scott Baptist
- Jon Schmidt
- Ian Williams
- David Lewis

Looking back on 2022, I’m thankful for another successful year with the Widows and Orphans Fund. 2022 seemed like a return to normalcy this year, in many aspects. The office doors were open to members again, and we were able to get out to events, gatherings, and presentations to current and prospective members of the fund. Meeting with our members face to face is always a pleasure. I take great pride in being able to share our message with the membership and let them know about all the great work that goes on behind the scenes.

Great strides were taken this year to modernize our technology systems that supports the day-to-day operations of the fund. A new vendor has been selected and work is well under way to have it up and running in the near future!

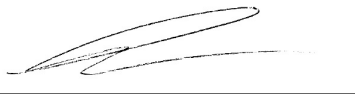
Unfortunately, the year was also a tough one with the loss of several active members. Including for the second year in a row, the loss of a member in the line of duty. The murder of Constable Andrew Hong in September was a devastating loss to us at the fund and to the greater police family as a whole. As a reminder to all of you, in the event of a tragic loss like this, the fund remains dedicated to its mission to be the “First to Respond” to the needs of your family and loved ones in their time of greatest need. That promise has not and will not change.

Toronto Police Widows and Orphans Fund

On a personal note, this will be the last Annual Chairs Report that you will read from me. It has been my pleasure to serve on this board for the past 9 years, the last 3 as its Chair. I cannot reiterate enough how important the work done by the staff and directors is to the success of the fund and its membership. As hard as it is to do, it has come time for me to step back and pass on the torch to a new Chair. I'd like to take this time, to introduce Chuck Hamilton as the new Chair of the Toronto Police Widows and Orphans Fund for the 2023 board year. I know that the fund is safe in Chuck's capable hands.

Despite stepping back I still enjoy speaking with our membership regarding the Fund and as such I encourage any of you to contact me at brandon.reeve@torontopolice.on.ca if you have any questions about your benefits, or suggestions for improvements from us. We are here to serve you and I am always listening.

Fraternally yours,



Brandon Reeve,
Chair- Toronto Police Widows and Orphans Fund