

Summary Report PACE Credit Union

Chair Board of Directors

Michael Henry, Partner
John Sanders, Partner
Amanda Bugatto, National Director, Search Delivery
Dania Zargarán, Senior Consultant
Sue Mahon, Project Manager

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ODGERS BERNDTSON

Agenda

- About Odgers
- Selection Outreach and Timeline
- Selection Criteria
- Selection Process
- Board Remuneration Framework
- Recommended Candidates



Selection Outreach and Timeline

- November 22nd Announcement of selection process communicated by Mark White, CEO of FSRA, in all members mailing.
- December 6th Posting of opportunity on Odgers website, posted on LinkedIn and posted at the Institute of Corporate Directors website.
- December 6th Posting of opportunity in the Globe and Mail.
- December 20th Closing date for recruitment.



Odgers Berndtson

We are a global firm with Canadian roots, including established offices in Vancouver, Calgary, Toronto, Ottawa, and Montreal.

Financial Services Practice

- **150+ searches** in financial services over the past five years in Canada
- Dedicated Partners who specialize in asset management, capital markets, banking, insurance, FinTech, private equity, real estate investment, and wealth management
- **Global Practice** - 40+ sector experts around the world, including U.S. Asset Management Practice

Board Practice

- A dedicated Board Practice with a proven track record of Chair and Director appointments for some of the country's most prominent public and private sector organizations, including recent Directors for: Canada Infrastructure Bank, Cominar REIT, RioCan, Valeant Pharmaceuticals, Metrolinx, Capital Markets Regulatory Authority, Trans Mountain Corporation, and more.
- Our firm's extensive experience with Board appointments has provided our team with a broad range of national contacts to leverage as candidates or sources.

Our Process

- Emphasis on Diversity and Inclusiveness. We develop informal partnerships with organizations that can assist us in sourcing diverse candidates, and consistently follow best practices and review how we assess candidate qualifications.
- The recent Board searches our team members have led for federal organizations emphasizing diversity and inclusiveness, including for CBC Radio-Canada and Canada Infrastructure Bank, positions us well for this engagement.



Globe and Mail Ad

PACE CREDIT UNION Board of Directors

PACE Credit Union (PACE) is a full-service, member-focused, and community-based credit union that has been serving its 40,000 members for over 60 years. PACE offers a wide range of financial products and services, including personal and business banking, lending and investments, through 16 branches, ABM's, and online banking. Headquartered in Vaughan, Ontario PACE Credit Union has grown to serve 40,000 members holding over \$1 billion in assets through 16 locations.

In September 2018, Deposit Insurance Corporation of Ontario (DICO) placed PACE under administration due to governance-related issues. DICO amalgamated with the Financial Services Regulatory Authority of Ontario (FSRA) effective June 8th. All Credit Unions in Ontario are now regulated by FSRA. FSRA manages the regulation of non-capital market financial services and was established as a modern and dynamic financial services regulator to respond to the rapid pace of change in the financial services marketplace in Ontario while reducing regulatory burden and improving regulatory effectiveness.

The purpose of the administration was to stabilize the credit union, allow for a thorough investigation into its affairs, and ensure that any financial harm which may have occurred was appropriately addressed. To remove PACE from administration, a new Board of Directors is required to support the necessary governance, oversight and other professional skills to ensure the long-term success of the credit union.

Given the unique governance, strategic and operational requirements facing PACE, the Board of Directors will possess a blend of experience that includes: substantial governance expertise, deep understanding of strategic management in complex regulated organizations at all levels; broad understanding of the credit union sector and the financial services environment with a keen interest in relevant policy; risk management; finance and audit; operations and organizational development. Candidates for the Chair role will bring exceptional board leadership experience and be recognized as distinguished members of Ontario's business community.

For all members of the Board, a dedication to create a strong culture of credit union member protection, effective compliance, open communication and collaboration to pursue the highest standards of governance is essential.

Please apply in confidence at www.odgersberndtson.ca/en/careers/16296 or to amanda.bugatto@odgersberndtson.com.

We are pleased to accept applications up to December 20, 2019.



Selection Criteria: Ideal Candidate Profile

Based upon the need to have a strong Board that would enable the Credit Union to be placed out of administration, clear criteria for the ideal candidate was selected:

- Governance Experience
- Experience in at least one of the following: credit unions, banking or other deposit taking, investment, lending, asset management or ancillary financial services businesses (e.g. insurance; financial services technology);
- Experience in at least one of the following: business leadership, finance/accounting, retail or commercial lending or investments, financial services regulation, government relations, development and execution of business strategies, risk management, large technological transformation and change management;
- Background in at least one of the following: strategic planning; risk management, human resources and compensation, financial products, technology, finance, and legal;
- A strong educational background; and,
- Willing and able to devote the time and energy needed to fully participate on an inaugural Board with an important fiduciary responsibility.



Selection Criteria: Skills Matrix

CORE SKILLS

General

- Experience in corporate organizational governance and ethics
- Executive and organizational management/ leadership experience in the private/ public sector
- Financial knowledge and literacy

Credit Union and Financial Services

- Expertise in credit union operations
- Hands on experience and expertise in the financial services sector with insight into operations, strategy, strategic planning, and market factors
- Expertise in personal banking, corporate commercial banking, lending services, investment management and other financial services sectors



Selection Criteria: Skills Matrix

TECHNICAL SKILLS AND EXPERIENCE

Finance and Audit	<ul style="list-style-type: none">▪ Experience and expertise in accounting and audit, including development of, and/or oversight responsibility for, internal controls in financial services/investment industry
Risk Management	<ul style="list-style-type: none">▪ Experience and expertise in investment, financial, strategic and operational risk management at the enterprise level
Legal/ Regulatory	<ul style="list-style-type: none">▪ Experience and expertise in corporate law and/or compliance with regulatory regimes within financial services
Human Resources, Talent Management	<ul style="list-style-type: none">▪ Experience in human resource management with particular emphasis on executive compensation and change management
Information Technology and Digital	<ul style="list-style-type: none">▪ Experience with IT, technology-enabled business transformation, digital transformation, systems management and cyber security
Client Relations / Service Delivery	<ul style="list-style-type: none">▪ Applicable experience in client relations and service delivery in the financial services sector



Selection Criteria

OTHER CONSIDERATIONS

Location

- Representation of the different regions in which PACE Credit Union operates

Diversity

- Representation of Employment Equity Groups (Aboriginal peoples, Racialized, Persons with disabilities, per the Employment Equity Act)

Gender

- Representation of Women

Membership

- A member of PACE Credit Union



Selection Process: Advisory Panel

FSRA established a panel of:

Brent Zorgdrager is a member of the FSRA Board of Directors. He was previously CEO of Kindred Credit Union. Under his leadership, Kindred grew to become the tenth largest credit union in Ontario with assets of more than \$1 billion and membership of more than 22,000.

Blair Cowper-Smith is a member of the FSRA Board of Directors, and he brings expertise in the areas of mergers and acquisitions, governance and stakeholder issues. He has served as an adviser to many boards of directors on business transition, transformation and governance.

Kelly Kimens is Chief Human Resources Officer for FSRA. Kelly has extensive expertise and experience in both the public and non-profit sectors in employee and labour relations, learning and organizational development, compensation and benefits, employee engagement, and health, safety and wellness.

Shivdeep Panaich, is the Senior Manager, Examinations for the Credit Union & Prudential division at FSRA. In the initial stages of administration, Shivdeep worked alongside many PACE staff members and got to know them well. Shivdeep holds a Bachelor of Commerce degree from the University of Alberta and a Masters of Business Administration from the Schulich School of Business (York University).

Advisory Panel supported by: **Michael Henry** is a Partner with Odgers Berndtson's Financial Services and Board Practices. He has led 60+ Chair and/or Board of Director searches for a broad range of organizations, including recent engagements for Hydro One, FSRA, OPB, University Pension Plan, Payments Canada, Royal Ontario Museum, and more. During his time at Odgers, Michael has completed 150+ executive searches for senior level executives across the public and private sectors, with an emphasis on senior risk, regulatory, and compliance engagements.

Amanda Bugatto is a National Director, Search Delivery for Odgers Berndtson, based in Toronto. She has more than 18 years of executive search experience in both the private and public sector, with a focus on candidate assessment and client communications. Amanda has extensive experience dealing with committees, developing qualified candidates and managing the background search process.



Selection Process: Applications and Short List

- The Ideal Candidate Profile and Competency Matrix were used as the guides for determination of candidates under serious consideration by the Advisory Committee.
- 157 individuals applied to the role by the application deadline. Of this group, 11 individuals specifically declared that they are a member of PACE Credit Union.
- Odgers also conducted research, networking and candidate identification. In total, over 200 individuals were considered for a role as a Chair or Director.
- Odgers conducted 24 in-depth interviews for candidates in consideration for the Director or Chair position. Of these 24 individuals, 5 were PACE members.
- 18 candidates were interviewed by the Advisory Committee including 3 PACE members, given the relative competencies that they brought to the table.



Board Remuneration Framework

FSRA and Odgers Berndtson undertook a review of compensation through benchmarking of the Canadian credit union market. Odgers Berndtson recommended, and FSRA has approved, the following Board Remuneration Framework:

Annual Director Retainer:	\$15,000
Annual Committee Chair:	\$5,000 (in addition to Director Retainer)
Annual Chair Retainer:	\$10,000 (In addition to Director Retainer)
Meeting Attendance Premium:	\$500 for less than 4 hours and \$1,000 for more than 4 hours.



Recommended Board Chair and Directors

CANDIDATE	CURRENT OR PAST COMPANY/ ORGANIZATION	TITLE	COMPETENCY SUMMARY	
George Cooke (Chair)	OMERS Administration Corporation; The Dominion of Canada General Insurance Company	Chair; Former Chief Executive Officer	Corporate Governance Executive Management Financial Literacy	Financial Services Sector Finance and Audit Legal/ Regulatory
Karen Hacker	Toronto 2015 Pan American & Parapan American Games	Former Senior Vice President HR & Volunteers, General Counsel and Corporate Secretary	Corporate Governance Executive Management	Legal/ Regulatory Human Resources
Cliff Jenkins *	IBM; City of Toronto	Former Client Executive; Former City Councillor	Corporate Governance Financial Literacy	Credit Union Expertise Client Relations/ Service Delivery
Ross Lamont	Trillium Mutual Insurance; Meridian Credit Union	Board Chair; Former Board Director	Corporate Governance Financial Literacy	Credit Union Expertise Risk Management
Marissa Lauder	Street Capital/Street Capital Bank	Former Chief Financial Officer	Executive Management Financial Literacy Financial Services Sector	Finance and Audit Risk Management
Allison Mendes *	Toronto Parking Authority; Manulife Asset Management	Board Director; Former Managing Director, Senior Portfolio Manager	Financial Literacy Financial Services Sector	Finance and Audit Risk Management
Mary Ann Mooney	Kindred Credit Union	Former Chief, Member Experience and Brand Integrity	Executive Management Credit Union Operations	Financial Services Sector Client Relations/ Service Delivery
Shelly Rae	People R Us Inc.; OLG	Founder, Board Director	Corporate Governance Executive Management	Financial Services Sector Human Resources
Philippe Sarfati	Concentra Bank	EVP, Chief Risk Officer	Executive Management Financial Literacy Credit Union Expertise	Financial Services Sector Risk Management Legal/ Regulatory

* - Indicates current PACE Credit Union member



Closing

Our dedicated Board Practice includes specialists who have spent years building deep relationships with skilled candidates — both nationally and globally.

We understand the nuances and challenges of maximizing board effectiveness while ensuring cultural fit and commitment and have supported many businesses in the selection of Board members considering their existing talent and corporate objectives.

In undertaking the process of candidate development, assessment and interviewing of candidates under the guidance of the Advisory Committee, Odgers Berndtson overall assessment is this is a skilled, diverse and experienced board.

These individuals in aggregate comprise a board with the capabilities and attributes to both understand PACE and provide strong leadership and governance, including selecting and overseeing management. They are engaged and willing to commit to the responsibilities that serving on the Board of PACE Credit Union requires.





ODGERS BERNDTSON

APPENDIX



Board Chair Nominee: George Cooke

George Cooke retired as the Chief Executive Officer of The Dominion of Canada General Insurance Company in 2012 following a tenure of over 20 years with the organization.

Mr. Cooke has been a longstanding contributor to Ontario's business and social fabric through community leadership, governance, and public policy.

Mr. Cooke is currently the Chair of the Board of Directors of OMERS Administration Corporation, and brings extensive governance leadership experience as both a Director, Committee Chair, and Board Chair from a variety of organizations within the public and private sectors, including as Chairman of the Insurance Bureau of Canada, and Board roles with the Property & Casualty Insurance Compensation Corporation, Ontario Lottery and Gaming Corporation, Empire Life, Hydro One and Atomic Energy Canada Limited.

Earlier in his career, Mr. Cooke was a Special Advisor on Policy to Ontario's former Deputy Premier and Minister of Finance, and in 2018, he co-wrote a report for Ontario's Minister of Finance on financial services regulation, which led to the creation of FSRA.

Mr. Cooke holds an MBA and Honours Bachelor of Arts degree from Queens University. He is the recipient of an Honourary Doctor of Laws Degree (LLD) from Assumption University in Windsor, Ontario. He was awarded an Honourary Chartered Insurance Professional designation by the Insurance Institute of Canada.



Board Director Nominee: Karen Hacker

Karen Hacker's legal and executive career spans more than 30 years and includes ten years practicing law at Goodman and Carr as well as senior roles at Cineplex Odeon Corporation, Irwin Toy, Spin Master Ltd. and St. Joseph Communications.

In 2010, Ms. Hacker was appointed General Counsel and Corporate Secretary for the Toronto 2015 Pan/Parapan American Games Organizing Committee and, in 2014, added responsibility for human resources, volunteer recruitment and workforce planning to her portfolio. She served as interim Chief Operating Officer at U Sport, formerly Canadian Interuniversity Sport, in 2016.

Ms. Hacker now dedicates her expertise in the areas of law, governance and sport to a number of not-for-profit boards. She currently sits on the boards of Upper Canada College, Commonwealth Games Canada, and rare Charitable Research Reserve. She is a member of the governance committee for the board of Curling Canada.

Ms. Hacker has an LL.B. from the University of Toronto. She was called to the Bar in Ontario in 1985.



Board Director Nominee: Cliff Jenkins

Cliff Jenkins has been a PACE Credit Union member for over 40 years. He is a former IBM professional, having spent over 30 years with IBM Canada in marketing and sales management dealing primarily with clients in the public sector.

Mr. Jenkins began his career as a Mathematics Teacher in North York before joining IBM in the private sector.

After leaving IBM, Mr. Jenkins was elected City Councillor in Toronto two terms representing Ward 25 Don Valley West. During his time as City Councillor, Mr. Jenkins was appointed to the Board of Directors of the Municipal Property Assessment Corporation (MPAC) for 5 years from 2005 until 2010.

Mr. Jenkins has been a Board Director of BigBlue Pensioners Association since 2017.

Mr. Jenkins holds a Master of Science in Mathematics from the University of Toronto, a Bachelor of Science in Mathematics from McMaster University, and a Bachelor of Education from the University of Toronto.



Board Director Nominee: Ross Lamont

Ross Lamont retired from Bruce Power in 2011 after a 33-year career that spanned across the power and utilities industry, including community and government relations mandates where he was responsible for developing and maintaining relations with all levels of government.

He began his career with Ontario Hydro holding a variety of finance positions.

Since his retirement, Mr. Lamont has served on the Board of Meridian Credit Union for two terms and currently is a Board of Director at Trillium Mutual Insurance. He has been an active member in his community and has served on various local, provincial and national boards and associations.

Mr. Lamont holds a Bachelor of Art in Economics and a Master of Art in Leadership from University of Guelph. He has completed the ICD.D program and has received accreditation from the Ontario Mutual Insurance Association as well as the National Associate of Mutual Insurance Companies.



Board Director Nominee: Marissa Lauder

Marissa Lauder is a seasoned financial executive with experience as a Chief Financial Officer and Senior Executive in small to mid-size publicly listed financial services companies.

Ms. Lauder most recently held the role of Chief Financial Officer and Corporate Secretary of Street Capital Group Inc. and Street Capital Bank of Canada.

She has held roles with Home Trust as Senior Vice President Finance and Senior Vice President Risk Management, and with Ernst & Young and the Office of the Superintendent of Financial Institutions. With OSFI Ms. Lauder held the role of Senior Specialist, Regulation Division, Capital, Accounting and Research Contributing to OSFI's rule making process and the supervisory risk assessment and intervention process for Banks and Insurers, by addressing capital, accounting and auditing issues and developments that had a regulatory/supervisory impact.

Ms. Lauder is a Board Director for Trichome Financial where she holds the role of Chair of the Audit Committee.

Ms. Lauder is a CPA, CA, and holds a Bachelor of Commerce from the University of Toronto, and she has completed the ICD.D program.



Board Director Nominee: Allison Mendes

Allison Mendes is a current PACE Credit Union member. She is a retired financial services professional, who was most recently a Managing Director at Manulife Asset Management.

She began her career in equities research before joining Manulife Asset Management in 2003, where she co-managed the Canadian, North American, and Global Large Cap Equity Growth portfolio.

Since retiring, Ms. Mendes has since undertaken a number of Board mandates: she served as the Vice Chair of the Board of Four Villages Community Health Centre for four years, where she participated in the Nominating, Governance and Finance Committees as both a Member and Committee Chair; she is currently on the Board of CorHealth Ontario, where she serves as Chair of the Business Services and Audit Committees; and, she is currently a Board Director for the Toronto Parking Authority.

Ms. Mendes holds an MBA with specialization in finance from the Schulich School of Business, as well an Honours Bachelor of Science from the University of Toronto. Ms. Mendes is a Chartered Financial Analyst and has completed the Canadian Securities Course. She is pursuing the Directors Education Program at Rotman School of business.



Board Director Nominee: Mary Ann Mooney

Mary Ann Mooney is the former Chief Operating Officer for Mennonite Savings & Credit Union/Kindred Credit Union, where she led a team responsible for branch operations, member service, sales, marketing and investments.

Throughout her career, Ms. Mooney has held a variety of executive roles across operations, service delivery, and client services within the technology and financial services sectors. At Blackberry, Ms. Mooney led the shared services organization in the Customer Support division. Prior to joining Blackberry, Ms. Mooney was the Assistant Vice President, Individual Operations at Equitable Life Insurance Company, Vice President, Operations at B2B Trust and Vice President, Operations, Individual Insurance at Manulife Financial.

She is a past Board Member of United Way Kitchener-Waterloo, past president of Send'em Off Smiling and founding Committee Member for Women Empowering Women. She is currently semi-retired, dividing her time between providing chaplaincy services to federal offenders, teaching business at Conestoga College

Ms. Mooney has a Masters of Catholic Thought from St. Jerome's University, Waterloo and an MBA from Wilfrid Laurier University, Waterloo.



Board Director Nominee: Shelly Rae

Shelly Rae is the Head of Human Resources Consulting at People R Us. Ms. Rae has more than 25 years of experience in the Human Resources profession across a broad range of industries, including financial services, manufacturing, retail, consumer packaged goods and the public sector.

Prior to starting up People R Us, Ms. Rae held the role of Senior Vice President, Human Resources & Corporate Development with The Dominion of Canada General Insurance Company. Ms. Rae's previous roles with The Dominion of Canada General Insurance Company include Vice President Human Resources and Assistant Vice President, Compensation, Pension & Benefits. Earlier in her career she held progressively senior human resource roles with the Municipality of Metro Toronto and Hallmark Cards.

Ms. Rae currently is a member of the Board of Directors of Ontario Lottery & Gaming (OLG) and is a Member of the Finance Committee of The Donalda Club.

Ms. Rae holds a Certificate in Human Resource Management and a Certificate in Personnel Management from the University of Toronto.



Board Director Nominee: Philippe Sarfati

Philippe Sarfati is the Executive Vice President and Chief Risk Officer of Concerta Bank. He brings extensive domestic and international experience in risk management governance and regulatory compliance, with a particular focus on integration of credit, market, operational, reputational, legal and regulatory risks.

Mr. Sarfati's nearly three-decade career in the financial services industry has seen him serve in a myriad of roles including within the Canadian credit union system, Bank of Montreal, Canada Pension Plan Investment Board and with the Office of the Superintendent of Financial Institutions in the role of Senior Director Supervision Support responsible for a Division which provides specialist risk assessment expertise related to credit, market, and operational risk. Most recently Mr. Sarfati was with Promontory Financial Group as Managing Director.

Fluently bilingual in English and French, Mr. Sarfati holds an MBA in Finance and International Business from HEC, Montreal, and a Bachelor of Commerce from McGill University.

