

**HUD Federal Credit Union  
2024 Annual Meeting  
April 6, 2024**

**Declaration of Quorum and Call to Order**

There were ten members in attendance (four online and six in person) in addition to six Board members and one Supervisory Committee member for a total of seventeen voting members. The Board members attending in person were: Mr. Otis Collins (Chairman), Ms. Kim Adams (Secretary) and Mr. Mark Shroder (Treasurer). The Board members in attendance virtually were: Mr. John Bravacos (Nominating Committee Chairman), Mr. Terry Rouch and Mr. Jason Thompson. Mr. Richard Simmons, Supervisory Committee Chairman, also attended in person.

**Welcome and Recognition of Members**

Mr. Otis Collins, Chairman, welcomed members to the 2024 annual meeting.

**Declaration of Quorum.** Ms. Kim Adams, Secretary, noted that there were ten members present and seven members online. A quorum was declared, and the meeting was called to order at 12:06 p.m.

**Approval of Minutes**

Ms. Adams presented the minutes of the 2023 annual meeting for approval and called for a motion to approve the minutes. Mr. Mark Shroder made a motion to approve the minutes; Mr. Eric Johnson seconded the motion. The minutes were approved unanimously.

**Chairman's Report**

Mr. Collins thanked members for attending the meeting and for their support of his chairmanship. He welcomed members of the Board of Directors attending in person and online and thanked them for their service to the credit union as volunteers. He also welcomed the Chairman of the Supervisory Committee, Mr. Richard Simmons, and management staff, Mr. Scott Sabitus, President and CEO, and Ms. Roni Krupnick, Executive Vice President. He thanked the Supervisory Chairman and his committee members for their contribution in ensuring that the credit union is in compliance.

Mr. Collins presented the Chairman's Report. He noted that more work needs to be done to continue to move forward in meeting members' needs and providing the products and services they are looking for. He noted that some goals are not easily accomplished, such as trying to relocate the credit union office from the third floor to the first floor of the HUD building. He added that the Board continues to work on other strategies within the credit union to rebuild the credit union's foundation.

Mr. Collins added that 2023 was a year of cleansing and financial rebuilding that required financial write-offs to ensure compliance with NCUA. Although financial results in 2023 were not strong, the Board and management are working in 2024 towards growth, profitability, and compliance through loan growth, outreach to new members, and new products and services. Mr. Collins added that an affordable loans program had been announced recently to make loans more affordable to members. He also recognized two young people in attendance and added that another Board initiative includes encouraging young people's involvement in the growth of the credit union. Mr. Collins noted that members are welcome to stop by and support the credit union at the monthly Meet and Greet receptions.

### **Nominating Committee Report**

Ms. Adams presented the report of the Nominating Committee in place of Mr. John Bravacos, Nominating Committee Chairman, due to technical difficulties. She reported that no election had been required in 2024 as there had been two incumbents running unopposed for two vacant positions. The incumbents were therefore elected by acclamation. The Board members who were re-elected for three-year terms were Ms. Adams and Ms. Lisa Askew.

### **Treasurer's Report**

Mr. Mark Shroder, Board Treasurer, presented the Treasurer's Report. His first item of business was to report that Ms. Roni Krupnick will be retiring as Executive Vice President and the Board is seeking her replacement.

For the Treasurer's Report, he noted that the credit union is a business that all members own a part of. He added that unfortunately the business lost money in recent years due in part to the COVID pandemic which was harmful to the credit union's operations, and to rising interest rates which had reduced the value of investments and had slowed the demand for loans. The credit union's net worth ratio dipped below 7% of assets and is unacceptable to both the Board and NCUA. He reported that a plan to restore net worth and reduce operating expenses has been developed by the Board and management and has been accepted by NCUA.

With respect to the financial statements, Mr. Shroder pointed out that income increased somewhat in 2023 but expenses had increased significantly. As a result, the credit union reported a loss for 2023. He noted that operating costs must come down and that the credit union is not currently offering mortgages. He also highlighted growth in loans, membership and share certificates in 2023.

In closing, Mr. Shroder noted that in 2024 the Board continues to take the actions necessary to protect members' financial interests. He reported that numerous corrective actions to rectify and strengthen the credit union's financial condition have been taken and that the credit union is recovering and growing to achieve improvement and financial soundness.

### **CEO's Report**

Mr. Scott Sabitus, President and CEO, presented the CEO's Report. He thanked the attendees for attending this year's meeting and expressed his appreciation for the opportunity to serve the credit union as CEO. He noted that improvements are being made in member service and technology. He added that cross account transfers had been implemented and that the credit union has sought to reach more existing and prospective members by participating in HUD's affinity groups and Employee Resource Group Day. He noted that the focus for 2024 will include competitive loan rates, more deposit options, new ATMs, and evaluation of debit and credit card processors for cost effectiveness and efficiency in processing.

### **Supervisory Committee Report**

Mr. Richard Simmons presented the report of the Supervisory Committee. He welcomed all members in attendance. He noted that the Supervisory Committee had been dormant for a period of time but three new members had been nominated recently for the committee and had been approved by NCUA. He reported that the goals of the committee are to: ensure adequate internal controls and audits; recommend and advise for safeguards; review and promote sound accounting policies, principles and practices; and ensure that an annual independent audit is performed. The committee is also working with staff members, consultants and the board to ensure that standard operating procedures and practices are developed which will ensure continuity of the Supervisory Committee's program moving forward.

He noted that the committee also serves as a confidential resource for members regarding practices or services within HUDFCU and he asked that all members reach out to the Supervisory Committee with issues or concerns regarding credit union practices or policies.

Mr. Simmons also reported that an opinion audit had been performed as of September 30, 2023, and that no material findings were reported.

### **Old Business/New Business**

There was no old or new business.

### **Questions and Answers**

Mr. Johnson commented that he had been a member of HUD Federal Credit Union for 37 years and that he had recently retired from HUD. He commended the credit union for its new online banking application. He noted that in the past he had always paid bills with checks, but since the introduction of HUDFCU's new online banking system, he was able to sign up for bill pay and now uses fewer checks to pay bills each month.

Mr. William Kennedy asked if the credit union's growth and expansion plans had been approved by NCUA. Mr. Collins answered that both the Board and management work closely with NCUA and that all strategies and plans are performed in conjunction with NCUA.

Mr. Kennedy also asked if the Board and management have a succession plan in place regarding Ms. Krupnick's retirement. Mr. Collins responded that a formal succession plan is not currently in place but will be a part of future endeavors. He noted that the team of committed, hard-working employees are working at full capacity to rebuild the credit union's foundation and give members the products and services they need. In reference to the retirement of the EVP, Mr. Collins noted that the future organizational structure may be different but will achieve the same results.

### **Door Prizes**

Mr. Sabitus drew the ticket for the winner of the wide screen TV. Ms. Eunice Dawkins was the winner. The winners of \$50 gift cards will be determined in the office on Monday based on in-person and virtual attendance.

### **Closing Remarks**

Mr. Collins thanked the members for attending and for their support.

Ms. Deborah Wimberly asked about the security of sending checks through the mail. Mr. Shroder responded that he had had a check stolen from his mailbox which was then altered. He recommended that all members use bill pay through online banking to send payments electronically and remote deposit capture to deposit checks with a mobile phone. He asked members to consider using these banking applications for the security of their financial transactions which will also reduce the credit union's operating expenses.

### **Adjournment**

Mr. Collins called for a motion to adjourn. Mr. Johnson made the motion; Ms. Adams seconded the motion. The meeting was adjourned at 12:59 p.m.

Minutes prepared by Roni Krupnick, EVP.