



**HUD Federal Credit Union  
2020 Virtual Annual Meeting  
November 7, 2020**

**Call to Order and Declaration of Quorum**

There were twenty members in attendance and a quorum was declared. The meeting was called to order at 11:03 a.m.

**Adoption of Agenda**

Mr. Otis Collins, Board Vice Chair, made a motion to adopt the agenda as presented. Mr. Mark Shroder, Board member, seconded the motion. The agenda for the 2020 virtual annual meeting was approved unanimously.

**Board Elections**

Ms. Catherine McDermott, President and CEO, reported that no election had been required in 2020 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 Mr. John Biechman and Ms. April Mitchell.

**Welcome and Recognition of Members**

Mr. Collins welcomed all members in attendance. He introduced the new CEO, Ms. McDermott. He also noted the Board's commitment to delivering top quality member service and announced the roll-out of a new customer care program. He added that implementing a new phone system had been the first initiative of the program. He announced that, going forward, members will have more opportunities to voice their concerns and he invited them to participate in Board committees and focus groups.

**Introduction of Board Members**

Ms. McDermott introduced the Board members in attendance and thanked them for their support in guiding and advocating for the credit union. She also thanked the attendees for their membership and continued support.

**Approval of Minutes**

Ms. McDermott presented the minutes of the 2019 annual meeting for approval. Mr. Shroder made a motion to approve the minutes. Ms. Leslie Frasier, Supervisory Committee member, seconded the motion. The minutes were approved unanimously.

**Chairman's Report**

Mr. Terry Rouch, Board Chair, presented the Chairman's Report. He noted the tremendous challenges that had to be overcome in 2020 by both members and staff and thanked members for their patience and understanding as the credit union worked through those challenges. He added that the pandemic crisis had forced the Board to accelerate its plans to modernize the credit union's systems and that the new phone system was a major improvement that had been accomplished in only thirty days. He also noted that members will be excited to see what is in store over the next year as more enhancements are implemented to

improve credit union operations. He said that the credit union's success cannot be measured just on the balance sheet or income statement but also must be measured in the benefits provided to its members. In that regard, he reported that 1,273 new loans were made in 2019 and more than \$158 thousand in dividends had been paid out. Mr. Rouch added that the Board's strategic goals include: improving the member experience; upgrading credit union systems; adding education and financial literacy tools; and partnering with the membership to grow the credit union and make it a viable investment.

### **Treasurer's Report**

Mr. Jason Thompson, Board Treasurer, presented the Treasurer's Report. He reported that the credit union had increased its loan portfolio by 15.6% in 2019 but that along with the notable loan growth had come an increase in delinquencies. He noted that the Supervisory Committee is reviewing loans to ensure adequate documentation and underwriting standards. He added that a decision had been made to move away from outsourced collections and that the collections function had been brought in-house. He noted that after the net loss of (\$122) thousand in 2018, net income had rebounded to \$179 thousand in 2019. Financial goals for 2020 are to improve profitability by reducing expenses and improving income.

### **President and CEO's Report**

Ms. McDermott presented the President and CEO's Report. She noted that she had come on board in June 2020 and that she hoped to be in the branch more to meet members once the HUD building re-opens. She expressed appreciation for members' business and reported that 223 new members were welcomed in 2019. She added that the net worth ratio at year-end 2019 was 9.16%, well in excess of regulators' 7% threshold for well-capitalized credit unions.

### **Supervisory Committee Report**

Mr. Patrick Durant, Supervisory Committee Chair, delivered the Supervisory Committee's report. He introduced the Supervisory Committee members in attendance and noted the Committee's oversight responsibility for identifying risks and safeguarding members' assets. He reported that no deficiencies or weaknesses in credit union controls had been identified in any exams or audits in 2019. He added that the Supervisory Committee will continue to ensure that the credit union is operating in a manner consistent with fostering the sustained prosperity of its members.

### **Old Business**

There was no old business.

### **New Business**

Mr. Thompson reiterated that the Board is looking for volunteers from the membership to fill committee seats and participate in focus groups.

### **Questions and Answers**

Mr. Shroder commented that mobile deposit services had been restored and that members can readily download the Sprig mobile application and deposit checks via mobile phone.

A member asked if the credit union makes loans to businesses. Ms. McDermott responded that although the credit union offers deposit accounts for its members' businesses, loans are not offered for member-owned businesses.

A member asked about the process for opening new accounts in the current environment. Ms. McDermott responded that members may call, come into the branch or go online to open a new account securely. She noted that an upgrade to online account opening will be implemented in 2021.

Mr. Thompson added that the Board had established an IT Modernization Committee charged with identifying and implementing improved systems and services to deliver superior online and mobile member experiences.

Mr. Roosevelt Jones, a long-time credit union member and previous Board member commended the current Board members for their service. Ms. McDermott thanked Mr. Jones for his attendance at the meeting and for his past service to the credit union.

**Door Prizes**

Ms. McDermott announced that drawings for door prizes in amounts from \$25 to \$100 will be performed randomly by credit union staff and deposited in members' savings accounts. Winning members would be notified by email on Monday, November 9, 2020.

**Closing Remarks**

Mr. Collins thanked the members for attending and emphasized the credit union's mission to help people and make a difference in their lives.

**Adjournment**

The meeting was adjourned at 11:45 a.m.

*Minutes prepared by Roni Krupnick, Interim CEO and CFO.*