

CREDIT UNION OF DENVER
89th ANNUAL MEETING
Saturday, May 9, 2020
9277 W. Alameda Avenue
Lakewood, Colorado

Due to the Safer-at-Home order by Colorado Governor Polis expiring May 27, 2020, this meeting was conducted via Zoom. Ms. Dankers took a brief moment before the meeting began to explain the Q&A feature and Chat feature for any questions or concerns during the meeting for all those in attendance.

Chairman Leclerc called the meeting to order at 9:05 a.m. and welcomed everyone to the 89th Annual Meeting of Credit Union of Denver. She ascertained that a quorum of at least 15 members were attending virtually as required by Article 12, Section 5, of the Bylaws, and that if there are no objections Roberts Rules of Order, Newly Revised, would be the parliamentary authority.

Chairman Leclerc noted the minutes of this meeting will be recorded by Ms. Janna Fuentes and added our Parliamentarian, Mr. Mark Robey; Senior Vice-President of Regulatory Affairs for the Mountain West Credit Union Association was joining virtually as well.

She continued noting the Agenda had been provided via the website link ahead of today's meeting. The agenda will be adopted for this meeting unless there are any objections or corrections.

Ms. Dankers confirmed there were no objections or corrections to the agenda communicated on either the Q&A or Chat feature.

Chairman Leclerc moved on stating on behalf of the elected officials, Management and Staff, she welcomed everyone to the 89th Annual Meeting of our credit union. She introduced herself and took a moment to name the other members of the Board as follows: Kris Sapp; Vice-Chairman, Donna Piazza; Secretary Treasurer, Lee Allen; Director, Ken Beebe; Director, Michael Chevarria; Director, Gary Grimstvedt; Director, George Volentir; Director and Joe Walchuk; Director. She added others attending were Mr. Carl Bingham; Supervisory Committee Chairman, Ms. Pauline Borquez; Supervisory Committee Vice-Chairman and Mr. Dave Domagala; Credit Committee Chairman. She added our CPA Auditor from Jones Mertsching CPAs, Flower Mertsching; Vice President of Operations, Tamara Dankers, Chief Financial Officer, Scott Collins and President/CEO, Keith Cowling was also in attendance.

Chairman Leclerc announced that later in the meeting there will be an open forum to address any questions that are submitted via the Q&A feature. She noted we will also allow those attending via telephone a moment to ask their questions should there be any. She appointed Ms. Dankers as the timer for the open forum.

Chairman Leclerc appointed the following individuals to serve on the Annual Meeting Minutes Review Committee; Supervisory Committee Chairman, Credit Committee Chairman and the Vice Chairman of the Board of Directors.

The minutes from the 2019 Annual Meeting have been previously approved, and copies of those minutes were available via the link on the Annual Meeting page of our website.

Chairman Leclerc noted reports of the Chairman of the Board and President/CEO, Treasurer, Supervisory Committee and Credit Committee were contained in the Annual Report. Chairman Leclerc added the Supervisory Committee engaged Jones Mertsching CPAs to audit the credit union's financial statements for year-end December 31, 2019. She is pleased to report that we received a clean, unmodified opinion that the financial statements present fairly, in all material respects, the financial condition of the credit union.

At this time, Chairman Leclerc turned the meeting over to Keith Cowling to present the CEO report.

Mr. Cowling thanked Chairman Leclerc and welcomed everyone to the 89th Annual Meeting. This may be our 89th Annual Meeting, but obviously it is our first virtual Annual Meeting. He thanked everyone for being flexible to be able to attend and apologized the video portion wasn't working. One of the purposes of our Annual Meeting is to review the results of the previous year, but right now, 2019 seems like ancient history. The economy was booming, unemployment was at a 50 year low and the stock market was hitting record highs. Your credit union had a great year in 2019. Loans outstanding grew by over 5%, deposits grew by more than 10% and we had a net increase of over 2,500 members. We had a healthy bottom line of nearly \$9.8 million, our net worth ratio ended the year at over 12%, which exceeds our peer group average and is far above the regulatory minimum of 7% to be considered well capitalized. He added he is happy to report that your credit union is strong and growing, but no matter how much we grow, it doesn't mean much unless we are giving you a great value as well.

Our strategy over the last several years has been to keep our expenses low so we can return more to our members in the form of interest on deposits, fewer fees and great service. One of the ways we measure our performance is to compare our credit union to the other ten largest credit unions in the state. In 2019 we again had the lowest expense-to-asset ratio and the highest dividends-to-income ratio. That means our expenses, as a percentage of our asset size, were lower than all the other ten credit unions and the interest we paid our members as a percentage of our gross income was the highest.

Our 13-month CD has been especially popular with members and we have consistently paid a very attractive rate on this CD. We paid the same high rate on our one-year IRA CD. In 2019, we opened nearly 4,600 13-month CDs for almost \$200 million. In total, we

paid our members over \$8.5 million in interest on their deposits and our fee income, as a percentage of our asset size continues to be less than half the national average of our peer group. When it comes to service, our goal and our mission is to build loyal relationships with our members, that means being more than just friendly. It is about going the extra mile to help our members solve problems and reach their goals. For example, we received an email last week from a member named LysaMarie. She wanted us to know what a great job Jo in our Call Center did helping her son Kyle who has autism. She said Jo was patient, supportive and thoroughly researched how to fix her son's issue the most efficient way possible and that Jo took the time to explain everything to Kyle and really helped him understand how things work in the banking world. She said Kyle learned so much from Jo and that "Jo is truly a hero."

In late December, we had a member named Christa who stopped at a gas station with an empty tank and little money in her account. She was able to pump only a dollar's worth of gas when the pump stopped because the station put a \$75 hold on her account, which brought her balance to zero. Due to the hold, she was unable to attempt another transaction to fill her tank. So Christa called the credit union to see if we could remove the gas station's hold but we couldn't. She spoke to Luis in our Call Center and told him she would be stranded at the gas station overnight if she couldn't get some gas. Well Luis went into problem-solving mode. He researched her account and noticed Christa had some previous overdraft fees. Luis was able to refund those fees, give Christa a positive balance in her account so she could fill her tank. The next day Christa wrote us an email that said *"I just wanted to say thank you to the customer service rep who helped me at 3:00 p.m. yesterday. I was stuck at a gas station where they put my entire account on hold for a dollar's worth of gas. I had no way of paying for gas any other way and I was on empty. I just wanted to reach out and say how they took care of me meant the world to me. We don't hear enough positive things anymore and I really wanted this to reach the right person. So if you could forward this to their manager and let them know how great they were, and honestly, I will brag to everyone I know about how this was handled."*

The last example is a Google review that was posted earlier this year from a member named Marius about the service he received from Lori, who is a Collector in our Loss Mitigation Department. It isn't easy to get a 5-star review when you are a Collector, but Lori deserved it. Marius wrote *"I rarely take the time out of my day to review anything. It is easy to be upset about a one-off experience and post a negative review. However, I have to say that dealing with Lori in Loss Mitigation has always been above excellent. She is professional and courteous and above all, extremely understanding during rough patches in my life. I felt no judgement on her part and yet she still maintained and explained how important it was to keep my payments as current as possible, which I completely understand and intend to. And more importantly, I am motivated to do more so because they're giving me a chance that I don't want to squander. I'm beyond grateful and anytime anyone mentions banking in any way to me, I always suggest Credit Union of Denver if you want to deal with true human beings and not deal with random corporate robots."*

Another aspect of great service is being there for our members in their time of need and right now many of our members are struggling with pay cuts, reduced hours and job loss due to the pandemic. Some of the ways we are helping our members during this unprecedented time is we deferred loan payments up to 90 days on over 2,200 loans for nearly \$50 million for members who have been impacted by the economic shutdown. We've also granted almost 100 special assistance loans at 5.99% for up to \$2,500 with no payments for 90 days and we have waived the early withdrawal penalty on over 50 CDs to help members who need access to their funds.

Looking forward, 2020 it is going to be a challenging year with unemployment skyrocketing, we are expecting loan losses will increase as members struggle to make their payments and with the Fed slashing interest rates to near 0%, our interest margin will shrink. Fortunately, we are in a very strong financial position as we have built our net worth from less than \$50 million ten years ago to over \$107 million today. Our plan is to use our strong position to continue offering members a good value and prudently assist those who have been affected by the pandemic knowing that our net worth ratio will likely decline this year.

Before closing, Mr. Cowling recognized someone who has been the heart and soul of this credit union for over 40 years, Pattie Miller our Chief Operations Officer. She started working at the credit union in 1977 as a part-time file clerk. Back then, she was one of ten employees and the credit union had less than \$15 million in assets and our only office was a room in Building 67 on the Denver Federal Center. Today, we have about 140 employees and over \$900 million in assets. With her hard work and dedication Pattie quickly moved up and became the Operations Manager and then Senior Vice President of Operations before becoming the Chief Operations Officer in 1992. She helped see the credit union through some very challenging times in the early 1980s, even serving as Acting CEO while she was in her mid-20s. Over the years, Pattie set the example for member service and always said "the members come first." That's how she operated and that's what she expected from the rest of us. Fast forward to last year, she headed up the extensive remodel of our main office. A lot of people were involved in this project, including our Board Member Ken Beebe who is the Chairman of our Facilities Committee, but Pattie was in charge. It was a huge undertaking to completely remodel the interior of that building while continuing to serve our members. It had to be done in stages and Pattie planned for all the logistics. In the end, it was a very successful project. Not only did it come in under budget, but there was never a time we had to disrupt service to our members. It gave a major facelift to our main office, which was long overdue that made it more welcoming and inviting including getting the first floor bathrooms up to ADA standards, more efficient LED lighting and improved security with expanded alarms, cameras and card access. It also gave us more room for our office staff, which we didn't realize at the time, would be critical in providing the social distancing needed to help protect our members and staff through this pandemic. During

that time, she was also dealing with the fact that her husband Carl was having some very serious health issues, but somehow she managed to balance it all.

After 43 years at the credit union, Pattie was planning to phase into a well-deserved retirement this year, but things didn't work out quite like she planned. In January, just a few months ago, Pattie was diagnosed with a brain tumor. She's endured several weeks of chemotherapy and radiation and is currently recovering before starting another round of chemo. He asked that we keep Pattie in our thoughts and prayers. She is an amazing person who dedicated herself to making sure the credit union was successful and that our members were well taken care of.

In closing, Mr. Cowling thanked our Board of Directors, Credit Committee and Supervisory Committee for being thoroughly engaged and acutely aware of the issues and challenges we are facing and for being flexible to adjust our priorities and direction to meet the needs of our members during these unique times, all the while keeping our members and employees safe.

He appreciates that our Board members, especially Chairman Kathy Leclerc, have made themselves available to discuss various scenarios and plans not only at our monthly Board meetings, but in between meetings as well. He added he can't tell you how helpful it is to run ideas past the Board as we have had to make decisions quickly in responding to this rapidly changing environment. Lastly, he thanked our employees, who love helping our members and work hard every day to make a difference in your lives, especially now. So on behalf of our entire team, thank you for choosing Credit Union of Denver, we are grateful for the opportunity to serve you.

Chairman Leclerc thanked Mr. Cowling for his comments and added she is glad the camera isn't working at the moment so you can't see her mascara running. We all miss Pattie so very, very much.

Chairman Leclerc moved on to the election results on behalf of Lee Allen, Chairman of the Nomination Election Committee. This year, the Call for Nominations process resulted in the same number of candidates as open positions for the Credit Committee and fewer candidates than open positions for the Supervisory Committee. Therefore, the candidates for the Credit Committee and Supervisory Committee are elected by acclamation and no vote of the membership was needed. For Credit Committee; Dave Domagala and Cynthia Harris were elected by acclamation. For the Supervisory Committee; Pauline Borquez was elected by acclamation. Congratulations to all of you.

For the Board of Directors, we had five candidates for three open positions. The 3 incumbents plus two additional nominees ran for the open positions. The 3 incumbents were re-elected to their seats. She thanked all the candidates for their interest in running for the Board and congratulated Ken Beebe, Michael Chevarria and Donna Piazza for their re-election.

Chairman Leclerc then asked if there was any new business to be considered during the meeting.

Hearing none, she announced we would move to the open forum portion of the meeting.

Ms. Dankers stated Mr. George Volentir asked if the lobby is open and if so, what services are offered and what special procedures are in place.

Mr. Cowling thanked Mr. Volentir for the question. He answered the Tivoli Branch has been closed since March 18th, the Alameda Branch and the Federal Center Branch have been closed since March 23rd. Since then, we have been serving members just through the drive-up at the Alameda Branch with in-person transactions by appointment only. We have been meeting regularly to develop our re-opening plan for the lobby and just made a decision here in the last two days that we are tentatively planning to re-open the lobby on Wednesday, May 27th. That is the day the Colorado Governor's Safer-at-Home executive order expires. Some of the things we are planning on doing, because it will be different, will be having plexiglass shields at every member service station, at the teller line and reception desk. There will be social distancing markings on the floor, limiting the number of members in the lobby at one time and screening members at the door. They will only be able to enter from the south door so we can control the number of people that are in the lobby and all employees will be wearing masks. We will be cleaning the common areas in that building, which we have been doing all along anyway, but we do that three times a day. We go through and do a good cleaning of all handrails and desk areas, bathrooms, etc. We are taking several precautions to try to make sure it is as safe as possible for our employees and our members.

Ms. Dankers noted we have a question from Ms. Donna Piazza. She would like to know if the communication system at the drive-through has been updated.

Mr. Cowling answered our drive-up is about 25 years old and it has gone through a lot of work when we pushed everyone to use the drive-up for the last almost two months. But there are a couple microphones that aren't working and haven't been replaced yet and are scheduled to be fixed the first weekend in June. Mr. Cowling thanked Ms. Piazza and noted we have been able to manage, even though we have had a couple microphones not working.

Ms. Dankers stated we had a question from Roman. He says he spoke with the Call Center yesterday and was told that all debit cards were deactivated due to a system issue and we would need to send a new card. Why was this not communicated to all members proactively? With all that is going on with the pandemic, this would seem to leave members with difficulty accessing their funds.

Mr. Cowling answered, that is a good question and yes, what happened yesterday is that we run a maintenance file every day that we send to our card processor and yesterday's file, we weren't aware, was corrupted. When the file went to our processor they ran it and it deactivated

the cards. We didn't intentionally deactivate any cards. We went into full-crisis mode to get those back up and running again, which we did. Throughout the afternoon, the cards came back up and were live, but yes that certainly was a problem. This started about 10:30 a.m. yesterday morning and was resolved within an hour or so and cards were back online and we apologize for any inconvenience that members went through because of that. We do not need to send members new cards, but initially when members first started calling in, we didn't know what the issue was so we told some members that one of the possibilities was to reissue cards, which we didn't need to do after all.

Ms. Dankers added Roman says that he will check their cards again today, but they were not working last night.

Mr. Cowling stated if they are still not working to call our Call Center who is open today until 12:30 p.m. or if he can give us his phone number we can give him a call after the meeting.

Mr. Cowling read Mr. Leo Kinney's comment stating this was a good meeting, but he misses the coffee and delicious muffins.

Mr. Cowling stated he misses that too. This has been a unique circumstance and added we have been holding our Board Meetings via Zoom as well and have had better luck with the video at those meetings but this is different, it's a different time. He appreciated Mr. Kinney joining us and added Mr. Kinney has attended if not all, most of our Annual Meetings over the last several years.

Mr. Cowling added there were several comments of members that expressed their concern for Ms. Miller and he appreciates that. He can't say enough about her.

Chairman Leclerc stated there weren't any other comments or questions and noted from her, the other Directors and from all the volunteers that she thanks everyone at the credit union, the management and staff for all their hard work, especially during these current times that we are in. She added Mr. Cowling walked her around the lobby last Wednesday to see what we are doing to protect members and staff and it's pretty interesting and hopefully, this is just current times and not anything that is permanent.

With no other business to conduct, Chairman Leclerc continued stating the business of this meeting is concluded and hereby adjourned the 89th Annual Meeting of Credit Union of Denver at 9:32 a.m.

ANNUAL MEETING MINUTES REVIEW COMMITTEE:

Kristina Sapp
Vice-Chairman, Board of Directors

Carl Bingham
Supervisory Committee Chairman

Dave Domagala
Credit Committee Chairman