



VIRTUAL ANNUAL MEETING MINUTES (60th)

April 26, 2023

Mary Savage, Board Chair, called the meeting to order at 3:05pm and welcomed the members to the 60th Annual Meeting for Providence Federal Credit Union. Mary explained that this was our 1st “in person” Annual Meeting in 3 years and shared in the excitement of being able to gather again as we celebrate our 60th anniversary.

Determination of Quorum

A minimum of 15 voting members are required for a quorum. A quorum was validated with 56 members in attendance.

Introductions

Shortly after the meeting was called to order, Mary introduced and recognized the Credit Union Board of Directors Executive Committee, Board Members, the Supervisory Committee Members. Mary also thanked the staff and management in attendance from the Credit Union. Brad Billiet, the Credit Union’s Internal Auditor was in attendance and introduced as a special guest by Mary. Gabriella Richard and Tim Sievers, the credit union’s financial advisors for the Investment Solutions program were in attendance and introduced as a special guest by Mary.

Minutes from May 25, 2022

The minutes from the prior year’s annual meeting were made available to each attendee at the meeting, on our website and a link was sent to each registered attendee for review. A motion to approve the minutes was made by Mary Savage was seconded by those in attendance. The motion was carried.

REPORTS

Chair Report:

Mary explained that 2022 was an eventful year for PFCU. While still dealing with the aftereffects of the Pandemic and how the credit union and our members were affected, we learned that change is a good thing and that not only does it give you the opportunity to improve but also gives you the chance to see what you can do better. In 2019, we added all of Providence Health locations in 7 states to our field of membership. What this enhancement to our field of membership allowed us to do, is look to see how we can serve these members with the same level of service we have been known for – no matter the distance. While we focus on technology to serve our members from all over, our member service level needed to be at the forefront of what we need to provide to our members. We have increased resources in our call center and lending area anticipating our potential needs via online resources. For example, our Call Center or Member Care is our largest department at the Credit Union which is primarily focused on helping our members via phone, email, Video chat, processing loans, and the ability to set up appointments for all interactions with our members based on their needs. All new accounts are opened online with an efficient process verifying eligibility all in one place. This is the same in the lending process as well. Almost 100% of our loan applications are done online because we have made the process easy for the members and while there are always struggles with online processes our process has improved



tremendously over the last few years. We are excited about this, because we know to remain competitive, we must offer quick and easy processes with access 24 / 7.

Mary explained to the attendees that in 2019, we were approached by an organization in southern California, United Domestic Workers Union or UDW who serve home health care and childcare workers members. The union approached us because of our experience with the healthcare industry and wanted to see if they could offer the PFCU to their union members. After three years of delays due to the pandemic and regulation requirements, we brought them on board in May of last year. Because of our relationship and the ability to serve Providence in California we brought over 1,200 members from UDW to the credit union in 2022. Their headquarters office is based in San Diego, CA along with other locations throughout California. We opened a new credit union location in their San Diego headquarters and brought on two new employees. Mary told the attendees that both employees are with us today. Mary thanked Maria and Katie for being with us. Mary explained that we are looking forward to growing with both Providence Health and UDW being part of our field of membership in the future.

Mary explained that the board of directors approved a strategic plan for the next two years that will focus on member service, member growth, cyber security and product and services enhancements. Mary said that she wants to assure our members that our focus has always been our members and confirmed that we are a financially safe financial institution with good capital of over 10.50%. While these past few years have been challenging for everyone, the credit union has acclimated to stay financially safe and secure. Finally, Mary thanked all attendees on behalf of the Board of Directors for their support of Providence Credit Union and entrusting us with their financial needs.

President/CEO Report:

Shirley Cate, President/CEO took the podium and said that she wanted to echo what Mary said about meeting together in person after 3 years and thanked everyone in attendance for being there. Shirley expressed that she can't believe this credit union has been in business for over 60 years. She mentioned that she has been here for 15 of the 60 years, and during that time, there has been many changes.

Shirley discussed some of the effects of the last few years. Economically speaking, late 2021 and 2022 was marked by two things- inflation and rising interest rates. What she found interesting is that in February 2022 consumer prices rose 7.9% from the prior year, the fastest pace since 1982 (according to the Labor Dept). After experiencing a near zero fund funds rate environment for years, in the summer of 2022, rates began to increase, and lending picked up during 2nd quarter 2022. Since March of last year, the fed has increased rates faster than any time since the early 1980s. The rate increases are a welcome sight for many deposit holders, however, the impact to slow spending, investment and asset prices haven't caught up just yet. This means that rates will likely continue to rise throughout 2023 and possibly level off in 2024. Because we are looking back, Shirley said she remembers way back in 1982 when rates were crazy with some dividend rates over 15% and loan rates even higher. Shirley expressed that she doesn't think it's going to get that crazy this year, and with varying opinions on rates and what to expect – all she can do is watch rates closely and adapt as necessary, at least as a credit union that's what we will do. The normal is no longer normal because of the shift in consumer attitudes; shift in loyalty due to the environment; and as our member dynamic changes due to age and expectations of their financial institutions. Our members want what they want, and they want it NOW. Whether it's better savings



rates, better loan rates, faster access to funds and personalized products and services based on their needs. Providence Credit Union knows our members, but we also know that things are shifting so balancing those shifts is necessary in the years to come.

Shirley said that she is proud to report that by the end of 2022, we originated over \$110 million in gross loans an increase of over 25% from the prior year. Our savings dropped, due to consumer confidence growing somewhat in spending. Our members are utilizing their values in their homes with home equity loans and continue to purchase primarily used cars in 2022. During 2022 your credit union also worked hard to improve and offer relevant products for the rising rate environment. We remained competitive along all product lines.

In late 2022, we started the process of updating our website, which was complete and rolled out on Ground Hog Day this year. Additionally, we offered some CD promotional rates and continued this in 2023. Another area of focus that doesn't get much attention until it hits us personally was fraud. During 2022, fraud increased for the credit union. We are looking at many steps behind the scenes to defend against the daunting increase of fraud - both in branch, plastic cards and through virtual channels.

Shirley said that we ended with strong Capital in 2022, and while expenses increased due to fraud, liquidity and losses suffered on our loan portfolio, we continue to be strong financially. We continue to support many communities where our members work and live, with the primary focus on the employee (consumer) – our giving was down in both 2020 and 2021, we were able to give back more in 2022 which shows in the Annual report. We are proud of this and our dedication to our members and their communities.

Shirley shared that later this year we will be updating our online and mobile banking systems with enhanced services available through both, with more security, and abilities to personalize your online experience. We are very excited about this project and look forward to going live in October of this year.

Shirley expressed her thanks to the leadership team and the credit union's dedicated team members. She mentioned that they have stepped up with the changes over the past few years and have adapted well. Their commitment to the credit union and serving our members is so much appreciated. Shirley asked all of the staff of the credit union to stand up and be recognized. Shirley said that, all of us here at PFCU, strive daily to help our members, their families and of course our communities achieve financial security. The precious gifts of time and relationships are perhaps more in focus than ever before and I think that credit unions, Providence Credit Union, was born for just this. We will continue to move forward, adapt as needed, and help our members and our communities.

Shirley thanked the attendees for their membership and confidence in Providence Credit Union and their continued trust over these past 60 years.

Supervisory Committee Report:

Supervisory Committee Chair, Bill Borquist, provided a summary of the annual independent audit performed by Hauser Jones and Sas, PLLC. The annual audit of the financial condition, related statement



of income, changes in members' equity, and cash flows were completed for the period ending March 31, 2022. The audit was conducted and Hauser Jones and Sas, PLLC issued the following opinion:

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Providence Federal Credit Union** as of **March 31, 2022**, and the results of its operation and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Bill took a moment to give special recognition to Bert and Rebecca, who have faithfully served on the Supervisory Committee. Bill also thanked the PFCU staff, Board of Directors and Brad Billiet for their continued support with keeping the credit union financially sound. Bill gave a brief description as to the responsibilities of the Supervisory Committee, which are properly safeguarding the assets of the credit union, ensuring regulations are adhered to, ensuring our financial statements follow GAAP (generally accepted accounting principles), and ensuring internal policies and procedures are followed. In conclusion, Bill encouraged those who are interested in participating on the supervisory committee to contact the credit union.

Nominating Committee Report:

Mary Savage explained that the Nominating Committee was appointed by the Board of Directors in May 2022. Mary served on this committee along with Keven Matheny. Mary provided a summary of the Nominating Committee duties, which are to contact members who have interest in running for the Board as well as seek potential candidates that have the leadership skills and strategic vision to help provide sound direction for the good of the membership and the Credit Union. Volunteer Application packets were made available online via the credit union's website for qualified members interested in serving as a volunteer. Once we receive the list of nominees, we send out a notice to the entire membership at the beginning of this year. The notice not only announces the names of interested candidates for the open positions, but qualified members interested in running could petition 1% of the membership to get added to the ballot. The deadline was the middle of April 2023. There were no nominations received by petition. The Committee is required to nominate at least one person for each open position. In Summary, there were (2) two candidates nominated for (2) two open position and that was: **Robert Berry and Henry Vera.**

According to our Bylaws, because the nominees equaled the number of positions to be filled, no ballots were mailed and no nominations from the floor were accepted. ***Congratulations to both Bob and Henry and thank you again for your continued service for the next three years.*** Because there is currently a vacant position on board, the Nominating Committee will continue to look for a volunteer to fill that position. When found, this person will be appointed to the board to fulfill the term of the open position. If any member is interested in serving on the Board of Directors or on a committee, please contact the credit union directly or you can go to our website and complete the volunteer application.

Closing Remarks

Mary gave closing remarks to those in attendance and recognized the staff and the Leadership team at the Credit Union. Mary explained that 2022 continued to follow in the footsteps in previous years of challenges, opportunities for growth, stepping out of our comfort zone and working so well as a team. Mary then thanked all of the volunteers for their continued support to the credit union and showed her



appreciation. Mary thanked everyone for attending and supporting Providence Credit Union today and over the past 60 years.

Mary asked if anyone had any questions and no questions were brought forward.

With no further business, the 60th Providence Federal Credit Union Virtual Annual Meeting was adjourned at 3:33pm.

Respectfully Submitted:

Acting Board Secretary

Mary Savage

Mary Savage, Board Chair