



**MINUTES OF THE ANNUAL MEETING  
OF THE MEMBERSHIP  
APRIL 29, 2019**

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Officials in attendance:

Nancy Herbert, Board Chair  
Eric Jones, Treasurer  
Ray Martinez, Secretary  
Natalie Baumgartner, Director  
Carroll Beach, Director  
Don Cheyne, Director  
Katie Cowan, Director  
Todd Gleeson, Director  
Jim Menghi, Director

All actions taken herein were duly moved, seconded, and passed unanimously unless otherwise noted. Michael Calcote, CFO, welcomed members, gave an overview of the agenda, and introduced Board Chair Nancy Herbert.

**I. CALL TO ORDER**

Board Chair Nancy Herbert called the meeting to order at 3:07 p.m. at the Boulder Diagonal Branch of Elevations Credit Union at 2960 Diagonal Highway in Boulder.

**II. ADOPTION OF AGENDA – Adopted as presented.**

**III. DETERMINATION OF A QUORUM**

The Chair informed those in attendance that 15 members constitute a quorum, according to the credit union bylaws. Pursuant to the sign-in sheet, 39 members were verified to be present for the meeting. Accordingly, the Chair declared that a quorum was present.

**IV. APPOINTMENT OF PARLIAMENTARIAN AND RECORDING SECRETARY**

Nancy Herbert appointed Brian Holst, Esq., as Parliamentarian, and Janay Carlson as Recording Secretary, each of whom accepted the appointment.

**V. APPROVAL OF MINUTES – April 25, 2018**

As moved by Carroll Beach and seconded by Dennis Paul, it was voted unanimously to waive the reading of the minutes of the Annual Meeting of 4/25/2018; there were no corrections, and after a motion from Natalie Baumgartner and a second from Ray Martinez, the minutes were unanimously approved as distributed.

**VI. REPORT OF THE BOARD OF DIRECTORS –** Nancy Herbert, Chair, thanked the membership for allowing her to serve as Chair of the Board of Directors. She introduced the members of the Board and stated that it is her privilege to serve with such outstanding leaders.

Nancy shared that Elevations Credit Union achieved record highs in five performance areas:

membership, net worth, assets, loans outstanding, and shares. To realize continued success for Elevations, Nancy stated that our high performing Board of Directors continually seeks to adopt best practices in governance and helps to set the strategic path for the organization. She shared Elevations' dedication to our member-centric strategy, which is built on three key elements: high performance culture, financial sustainability, and member loyalty. As a Malcolm Baldrige National Quality Award recipient in 2014, Elevations continues to use the Baldrige Excellence Framework as one way to stay on our strategic path and advance our commitment to excellence.

Nancy then introduced the credit union's President and CEO, Gerry Agnes, and welcomed him to the podium to provide his report.

**VII. REPORT OF CHIEF EXECUTIVE OFFICER** – CEO Gerry Agnes thanked Nancy and introduced the leadership team of Elevations Credit Union. He recognized this team as being responsible for the credit union's winning strategy, at the center of which is our membership. He said that this is the best team he's every worked with, and he's incredibly proud of everything they do.

Gerry then stated that we have been extremely focused on our members' experience in order to enhance member loyalty, one of the three key elements that comprise our member-centric strategy. One of ways we've made significant progress toward this goal is through the use of agile methodology. This, along with the investments we've made to transform our organization technologically, has helped us to significantly enhance our members' experience.

Gerry also shared that we celebrated the official grand opening of our new Midtown branch in Fort Collins in 2018 and that we'll be breaking ground on our branch in Old Town later this year. We're extraordinarily proud to be part of the Northern Colorado community and look forward to building on our commitment for years to come. In addition to Fort Collins, we also expanded our mortgage and wealth management offices at our new facility at 1 Environmental Way in Broomfield. This allows us to better serve our members in the Denver metro area. Our mortgage and wealth management teams continue to be market leaders known for exceptional, personalized service.

Gerry concluded by speaking about the growth we've experienced in our business banking membership following the successful 2017 launch of our new suite of business banking products and services. We expect this trend to continue in 2019 and beyond.

This concluded the CEO's report. He then introduced the Board Treasurer, Eric Jones.

**VIII. TREASURER'S REPORT** – Board Treasurer Eric Jones began with a high-level overview of some key financial performance figures, comparing Elevations with its peer group. He reported that our 2018 return of 7% was in the lower end of our established targeted return on equity range of 5-15% and below the median performance of our peer group. He shared that we're currently in an investment phase in order to provide increased convenience and enhanced service levels for our membership. He indicated that we're investing in technology, additional branches, and process improvements, adding that these investments lower our near-term financial performance but add significant value for our membership. This is evidenced by the increased member loyalty scores that Gerry presented. He indicated that our efficiency ratio of 85% was higher than the peer median of 76%, due primarily to the investments he previously mentioned. Our delinquency ratio, which measures the percent of our loan portfolio where the member is more than 60 days past due on their loan, is well below that of our peer group at 0.1%. This is a testament both to the strength of our

membership and the performance of our local economy. He also stated that while our loan growth was slightly below peer group median, our deposit growth was slightly higher than that of our peer group.

Our capital position increased by \$15 million in 2018, and our regulatory net worth ratio increased from 10.4% to 10.5% in 2018 and is well above the minimum threshold of 7% to be deemed well-capitalized by the National Credit Union Administration. He reported that our loan portfolio grew by \$82 million in 2018, while total assets increased by \$129 million. He concluded that Elevations Credit Union remains financially strong and well positioned to provide solutions for our members' financial needs.

- IX. CREDIT REPORT** – Ray Lindley, Chief Credit Officer, reviewed highlights for 2018, which included being the #1 mortgage lender in Boulder County, #2 mortgage lender in Larimer County and #4 mortgage lender in Broomfield County; being the #1 credit union mortgage lender in the nation; partnering with Boulder County Energy Smart, City of Fort Collins Utilities, and the Colorado Energy Office RENU Loan Program on energy lending; having financed \$5M in affordable housing projects and initiatives; and having granted 89 loans for a total of over \$500,000 at 0% to government employees who were affected by the recent government shutdown. We continue to make progress in strengthening and diversifying our loan portfolio, both in products, volume, and where we lend. He reported that 49% of our loan portfolio is made up of first lien mortgages, 24% in second lien mortgages and lines of credit, 10% in both auto loans and business loans, and 7% in credit cards, student loans and other types of loans.

We have a responsibility to our membership to lend in a very safe and sound manner. As our Treasurer Eric Jones indicated earlier, our delinquent loans and charge-offs are well below the levels of our peers. We are extremely proud of this as an organization. He then brought forward Don Cheyne to give the Report of the Audit & Risk Committee.

- X. REPORT OF THE AUDIT & RISK COMMITTEE** – Don Cheyne, Committee Vice Chair, shared that during 2018, Elevations Credit Union expanded the oversight responsibilities of the Audit Committee to include enterprise-wide risk management. Due to their expanded role, the committee was renamed Audit & Risk Committee. It is now responsible for providing oversight of the financial reporting process, the audit process, the system of internal controls and compliance with laws and regulations, and the effectiveness of the credit union's risk management framework. He then introduced the committee members and stated that it has been an honor and privilege to serve.

Don explained that the Audit & Risk Committee is responsible for ensuring records are accurately maintained and reported, and that the established practices and procedures are sufficient to safeguard members' assets. This verification and review allow the Committee to determine that management activities are carried out in accordance with credit union policies and procedures as well as federal and state regulations. The Committee engages audit firms and internal staff to perform operational and financial audits and to assure effectiveness of our internal controls as well as compliance with credit union policies and procedures. Risk management and audit staff have direct access to the Committee and provide transparency into how risks are managed at levels within the Board's risk appetite statement.

The Audit & Risk Committee retained Doeren Mayhew, Certified Public Accountants, to perform the annual audit of the credit union's financial statements as of December 31, 2018. The firm issued an unmodified opinion at the conclusion of their audit. He shared that Doeren Mayhew's audited financials can be found in the 2018 Annual Report online or in the copies of the Annual Report that were available as everyone walked in this evening.

In conclusion, Don stated that the Audit & Risk Committee is satisfied that the records accurately reflect Elevations Credit Union's financial condition and that the operations are generally executed in accordance with Board policies and management procedures. He then returned the meeting to Chair Nancy Herbert.

**XI. UNFINISHED BUSINESS** – There was none.

**XII. NEW BUSINESS** – There was none.

**XIII. REPORT OF GOVERNANCE & NOMINATING COMMITTEE** – Ray Martinez, Governance & Nominating Committee Chair, thanked Natalie Baumgartner, Carroll Beach, and Katie Cowan for serving on the Committee. Ray stated that there are four positions open on the Board of Directors, all of which are for three-year terms. He shared that both Natalie Baumgartner and Carroll Beach have recused themselves from the nominating process, as they are up for re-election to the Elevations Credit Union Board of Directors. The Governance & Nominating Committee nominated Natalie Baumgartner, Carroll Beach, Kate Brown, and Todd Gleeson, all of whom are currently serving on the Board. The bylaws of Elevations Credit Union provide for additional nominations by petition; none were received. Upon the conclusion of the Governance & Nominating Committee report, the meeting was turned back over to Nancy Herbert.

**XIV. ELECTION OF DIRECTORS** – It was moved by Don Cheyne, seconded by Eric Jones, and passed unanimously to elect the four nominated candidates by acclamation:

**Natalie Baumgartner – 3-year term ending at the annual meeting in April 2022**  
**Carroll Beach – 3-year term ending at the annual meeting in April 2022**  
**Kate Brown – 3-year term ending at the annual meeting in April 2022**  
**Todd Gleeson – 3-year term ending at the annual meeting in April 2022**

Nancy thanked the Governance & Nominating Committee for their service, at which point she turned the meeting over to Gerry Agnes for questions from the membership.

**XV. MEMBER QUESTION AND ANSWER OPPORTUNITY** – facilitated by CEO Gerry Agnes  
A member in attendance asked about a cash back program on our credit card, and Chief Marketing Officer Susan Green shared that we do indeed have a cash back program with our Signature Visa Card and committed to connect with the member after the meeting adjourned.

Gerry thanked everyone for their attendance and for their loyal membership.

**XVI. ADJOURNMENT** – Nancy Herbert adjourned the business meeting at 3:35 p.m.

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Nancy Herbert, Chair

Date

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Ray Martinez, Secretary

Date