



**MINUTES OF THE ANNUAL MEETING  
OF THE MEMBERSHIP  
MAY 5, 2020**

---

Officials in attendance, *via videoconference*:

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

This meeting was conducted entirely via videoconference. All actions taken herein were duly moved, seconded, and passed unanimously unless otherwise noted. Michael Calcote, CFO, welcomed members, reviewed the videoconference logistics, gave an overview of the agenda, and introduced Board Chair Kate Brown.

**I. CALL TO ORDER**

Board Chair Kate Brown introduced the members of the Board, stating that it is her honor and privilege to serve with such an exceptional Board. She then called the meeting to order at 3:02 p.m.

**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 webinar attendance, 76 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**

Kate Brown appointed Brian Holst as Parliamentarian, and Janay Carlson as Recording Secretary, each of whom accepted the appointment.

**V. APPROVAL OF MINUTES – April 29, 2019**

As moved by Don Cheyne and seconded by Natalie Baumgartner, the motion carried to waive the reading of the minutes of the Annual Meeting of 4/29/2019; there were no corrections, and after a motion from Don Cheyne and a second from Natalie Baumgartner, the motion carried to approve the minutes as posted to [www.elevationscu.com](http://www.elevationscu.com) and distributed to all registered attendees via email prior to the meeting.

**VI. REPORT OF THE BOARD OF DIRECTORS – Chair Kate Brown introduced our newest**

Board member, business leader and attorney Barbara Brohl, who was appointed to the Board in October of 2019. Barbara brings diverse perspective and a wealth of experience to the Board. She then recognized and thanked both Eric Jones and Jim Menghi, who are retiring after each having served for 12 years on the Board of Directors, for their extraordinary service.

Kate 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, Kate 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. Kate also spoke about our involvement during 2019 with the World Council of Credit Unions and the part we are playing in a multi-year Irish-American exchange program. She informed the membership that we were also awarded the Global Women's Leadership Network's Athena Leadership Award, recognizing outstanding contributions to women's leadership in the international credit union movement. Finally, as a Malcolm Baldrige National Quality Award recipient in 2014, Kate assured our members that Elevations continues to use the Baldrige Excellence Framework as one way to stay on our strategic path and advance our commitment to excellence.

Kate then introduced the credit union's President and CEO, Gerry Agnes, to provide his report.

**VII. REPORT OF CHIEF EXECUTIVE OFFICER** – CEO Gerry Agnes thanked Kate, also pausing to recognize Eric and Jim for their tremendous contributions to Elevations over the years and the legacy they leave behind. He then introduced the leadership team of Elevations Credit Union, recognizing this team as being responsible for the credit union's winning strategy, at the center of which is always our membership. He said that this is the best team he's ever 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 way that we measure our members' feedback is through a measurement called Net Promoter Score®. We sought our members' feedback on how best to improve service to the membership and identified and made strategic enhancements through our people, processes and technology. This resulted in expanded and improved member service across all areas of our organization, including making the mortgage application process easier with the launch of a new digital mortgage application; adding mobile wallet offerings so our members can use their Elevations cards however they pay, launching Forever Buffs Banking, a checking account for CU Boulder alumni or those who simply love the Buffs; furthering our support of Elevations Foundation through Elevations Local Change program; continuing to help Coloradans finance energy efficiency and renewable energy projects through the Colorado Residential Upgrade loan program, and being selected by Boulder Community Health to provide financial services to its employees as a value added benefit.

Gerry spoke about our growing commitment to the Northern Colorado community as we celebrated the groundbreaking of our Old Town Fort Collins branch at 221 E. Mountain Avenue, anticipating its opening in early 2021. We added two new leaders to our Northern Colorado Advisory Board, which was established in 2018 to offer recommendations and feedback to the Elevations leadership team. We helped 452 families in Larimer County

purchase homes in 2019, and we're ranked the number three mortgage lender in Larimer County.

Gerry shared that we continue to work toward consideration for the Malcolm Baldrige National Quality Award for a second time, and we achieved a key milestone in 2019 by earning the Peak Performance Award from Rocky Mountain Performance Excellence.

Gerry concluded by speaking about how the credit union actively reinvests in the places we call home. Our employees volunteered in excess of 4,580 hours in 2019, and in June we invited our members to join us in giving back to our Front Range communities through our first ever Elevations Prosperity Month – we exceeded our 1,000 volunteer-hour goal with 225 participants, including 149 Elevations employees and 76 Elevations members. The credit union provided \$539,489 in monetary and in-kind donations to Elevations Foundation, and we provided 99 free educational seminars hosted for more than 2,000 seminar attendees in our community.

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 2019 return on equity of 9% was in the middle of our established range of 5-15% and slightly below the median performance of our peer group. He shared that we continue to be 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. 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. This is a testament both to the strength of our membership, the quality of our loans and the fact that our local economy has performed better on average than the nation overall. Our loan portfolio grew at the same pace as our deposit balances. The growth rate of our loan portfolio was below peer group median, due to the combination of two factors: we don't retain fixed rate mortgages in our portfolio like our peers do, and we experienced significant payoffs on our home equity loans in 2019, as our members took advantage of low mortgage rates and refinancing. Our deposit growth was also below peer group because our peers issue more certificates of deposit than we do.

Our capital position increased by the \$28 million of earnings we generated in 2019, and our regulatory net worth ratio increased from 10.5% to 11.1% in 2019, which 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 \$105 million in 2019, while total assets increased by \$125 million. He reported strong growth in deposits and in our number of members. 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 Operating Officer, reviewed highlights for 2019, which included incredible success in mortgage lending. Mortgages are one of the largest needs of our members, and we're very proud of the way we continue to provide mortgage solutions in superior fashion. We did see purchase transactions drop a bit in 2019, which was a result of members taking advantage of the low interest environment to refinance their existing mortgages to lower interest rates. We continue to be the number one mortgage lender in Boulder County, and we finished as the number two mortgage lender in Larimer

County after having entered that market. We continued to see growth in one of our newer lines of business, Business and Commercial lending, with a 31% rate of growth year over year.

Ray reviewed our loan portfolio, noting the strong increase in Business Loans from 1% in 2013 to 11% in 2019. 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 very proud and fortunate to be able to work with our members when they are in fact struggling financially to help them find solutions to remain in good standing, which benefits both those members and the organization.

Serving our members is our largest mission, and Ray reviewed several highlights from 2019: we were the number one credit union mortgage lender in Colorado; we were the only Colorado mortgage lender ranked nationally in Scotsman Guide's Top Mortgage Lenders; we partnered with Boulder County Energy Smart, City of Fort Collins Utilities, and Colorado Energy Office RENU Loan on Energy Lending; as of May 4, we had deferred payments on 2,168 consumer loans and 677 mortgage loans to members adversely impacted by COVID-19; and we are working with the Small Business Administration to offer loans through the Paycheck Protection Program (PPP) for businesses in our community also adversely affected by the impacts of the virus.

Ray concluded by stating that we are extremely proud of this organization and all that we are able to do to assist our members and our community. He then introduced Don Cheyne to give the Report of the Audit & Risk Committee.

- X. REPORT OF THE AUDIT & RISK COMMITTEE** – Don Cheyne, Committee Vice Chair, stated that the Audit & Risk Committee is responsible for providing oversight of the financial reporting process, the system of internal controls and compliance with laws and regulations, and the management of enterprise risk. He stated that the Audit & Risk Committee is comprised of a subset of the Board of Directors, 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 Moss Adams LLP to perform the annual audit of the credit union's financial statements as of December 31, 2019. The firm issued an unmodified opinion at the conclusion of their audit. He shared that Moss Adams' audited financials can be found in the 2019 Annual Report online.

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 Kate Brown.

Kate then introduced Mr. Carroll Beach, member of the Governance & Nominating Committee, to provide the Committee report.

**XI. REPORT OF GOVERNANCE & NOMINATING COMMITTEE** – Carroll Beach thanked Committee Chair Ray Martinez and Committee members Natalie Baumgartner and Nancy Herbert for their service on the Committee. Carroll stated that there are two positions open on the Board of Directors, both of which are for three-year terms. He shared that Ray Martinez has recused himself from the nominating process, as he is up for re-election to the Elevations Credit Union Board of Directors. The Governance & Nominating Committee nominated Barbara Brohl and Ray Martinez, both of whom currently serve 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 Kate Brown.

**XII. ELECTION OF DIRECTORS** – Because there are two nominated candidates for two open positions, and no nominations by petition, Chair Kate Brown declared that the two nominated candidates, Ms. Barbara Brohl and Mr. Ray Martinez, are elected by acclamation:

**Barbara Brohl – 3-year term ending at the annual meeting in 2023**  
**Ray Martinez – 3-year term ending at the annual meeting 2023**

Kate thanked the Governance & Nominating Committee for their service.

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

**XIV. NEW BUSINESS** – There was none, and thus, Kate turned the meeting over to Gerry Agnes for questions from the membership.

**XV. MEMBER QUESTION AND ANSWER OPPORTUNITY** – Gerry stated that Parliamentarian Brian Holst would facilitate the question and answer portion of the meeting by reading the questions submitted by members via the Q&A function of the webinar during the meeting.

Brian Holst directed the first member question to CEO Gerry Agnes: What specifically is Elevations doing to incorporate cooperative membership other than having a few membership activities? How can member owners actually be involved in the running and decision-making of the company? Gerry responded that for decision-making capabilities, the only two ways to become involved are either by becoming an employee of the credit union or by serving on the Board of Directors. Other member involvement is in an advisory capacity, community involvement, or through recommendations.

The second member question was directed to Chief Operating Officer Ray Lindley: There is currently no drive-up window in Fort Collins, only ATMs. Is there a plan to add a drive-up window to the Fort Collins Midtown branch? Ray responded that in recent years, we have noticed the number of transactions at drive-thrus has declined; however, in the current pandemic environment, the needs and demands for those facilities have changed. It is definitely an issue that is forefront for us, and we will be reevaluating the need for drive-thrus in existing locations as well as future locations. Michael Calcote added that we are expanding our Loveland branch this year and will be converting one of the ATM lanes to a full-service drive-thru lane.

The third member question was directed to CEO Gerry Agnes: What is the status of the bank acquisition? Gerry responded that we are unable to move forward with the bank acquisition because the Colorado State Banking Commission halted the process. It would require a change in law for a credit union to purchase substantially all the assets of a bank, and thus we are not moving forward with the acquisition.

The fourth member question was directed to COO Ray Lindley: Regarding the deferment of mortgage payments due to COVID-19, will these deferred payments simply be added to the backend of the loan by extending the loan term duration, or, if not, how will these deferred payments be made? Ray responded that we have recently received new guidance from the government-sponsored enterprises with three options: 1) make all due payments at once upon reaching the end of the deferment period; 2) enter into a repayment agreement with the credit union to make those deferred repayments over time; or 3) have the loan rewritten, reamortizing the amount due, which essentially adds the repayments to the end of the loan. We will work with all members to determine which options is most reasonable and viable for them.

The fifth member question was directed to CFO Michael Calcote: Will government stimulus checks be deposited electronically into members' checking accounts? Michael responded that they will be deposited electronically, and many deposits have already been made. We are taking steps to ensure that members receive the full benefit of those deposits. For example, certain of our members who are receiving the stimulus checks may currently have negative checking balances due to the circumstances surrounding COVID; normal banking practice dictates that we would apply those funds to a negative balance. However, in those cases, we are foregoing applying the deposits to negative balances, which gives members full access to their entire stimulus deposits.

The sixth and final member question was directed to COO Ray Lindley: What is the reason for the lease of space in Denver? Ray replied that, with all of the success we've experienced with our mortgage team, we have determined that we have a great opportunity to expand down into the Denver area by opening a Loan Production Office. We will be able to hire loan officers to serve this market, and we're very excited to bring value to our membership in Denver.

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

**XVI. ADJOURNMENT** – Kate Brown adjourned the business meeting at 3:35 p.m.

---

Kate Brown, Chair

Date

---

Ray Martinez, Secretary

Date