

MINUTES OF THE ANNUAL MEETING OF THE MEMBERSHIP APRIL 25, 2022

2nd Floor Community Room, Headquarters at Diagonal Branch

Officials in attendance:

Kate Brown, Chair
Don Cheyne, Vice Chair
Ray Martinez, Secretary
Barbara Brohl, Treasurer
Natalie Baumgartner, Director
Carroll Beach, Director
Monica Coughlin, Director
Nancy Herbert, Director
Todd Gleeson, Director
Garry Woods 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 Kate Brown. Kate introduced the member of the Board and stated that it's a privilege to serve the membership of the credit union.

I. CALL TO ORDER

Board Chair Kate Brown called the meeting to order at 3:05 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, 22 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 Sandy Belisle as Recording Secretary, each of whom accepted the appointment.

V. APROVAL OF MINUTES – April 26, 2021

As moved by Carroll Beach and seconded by Natalie, it was voted unanimously to waive the reading of the minutes of the Annual Meeting of 4/26/2021; there were no corrections, and after a motion from Garry Woods and a second from Ray Martinez, the minutes were unanimously approved as distributed.

VI. REPORT OF THE BOARD OF DIRECTORS – Chair Kate Brown introduced our newest Board member, Monica Coughlin, who was appointed to the Board in October of 2021.

Monica brings extensive experience in the IT industry as well as a proven track record in strategy development, business operations, executive leadership, and relationship building. She then recognized and thanked Carroll Beach, who is retiring after having served for 12 years on the Board of Directors, for his extraordinary service.

Kate shared how Elevations Credit Union continued to band together and show our collective resilience through natural and human-caused tragedies and the continuing global pandemic during 2021. We worked hand-in-hand with Elevations Foundation, actively seeking ways to help, educate, and bring our community together. We also joined forces with other top credit unions in northern Colorado on the *House That Credit Unions Built* project in Fort Collins, a house that is part of the largest development in the history of the Fort Collins Habitat for Humanity. Many of our employees spent their paid volunteer time off contributing to this project and living out the credit union philosophy of People Helping People. Throughout the year, we also continued to lead youth and overall financial literacy. In 2021, we were named the top financial institution volunteer partner of Junior Achievement-Rocky Mountain, Inc., an organization dedicated to helping youth succeed in a global economy. One of our greatest callings has always been to financial education, and even though the pandemic limited our ability to be in classrooms, our award-winning RealityCheck for Youth team still taught over 2,000 school-aged students, both in-person and virtually.

Kate 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 Kate and stated that as a non-profit financial cooperative, we are here for you and appreciate you being here this evening and involvement of the membership means everything to our organization. He then 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 team is second to none and is incredibly proud of everything they do. In 2021, we further strengthened this team with the addition of Darin Atteberry as our Market President in Northern Colorado, who also serves as Senior Vice President of Government Affairs & Strategic Relationships. Darin not only served as the Fort Collins City Manager for 17 years but led the City to earn the prestigious Malcolm Baldrige National Quality Award in 2017.

Gerry spoke about Elevations' continued growth in Northern Colorado, including our new branch in Old Town and our relocated branch on Harmony Road, complete with a drive-thru. We also opened a loan production office in Greeley, offering mortgage loan services to people in Weld County, which will enable us to help even more members' dreams of homeownership come true.

This past year, we worked diligently to improve our members' experience and increase our impact in the community. We offered our members free online educational seminars, financial education programs for our community youth, provided financial solutions for more than 8,000 local businesses, and our employees spent countless hours volunteering in the came communities we proudly serve. Elevations Credit Union proudly supports Elevations Foundation, which provided nearly \$750,000 to the 10 families of the victims of the horrible tragedy at the Boulder King Soopers in March of last year. Elevations Foundation swiftly formed the Victims' Assistance Fund and the Foundation and the Credit Union each committed to match the first \$100,000 raised by our community. He proudly reported that every dollar of the nearly three-quarters of a million dollars raised for the Victims' Assistance

Fund went directly to the families of the victims. Elevations Credit Union is proud to support the significant efforts of Elevations Foundation. The Foundation has now provided more than \$3 million to our neighborhoods and communities since its founding in 2010.

Gerry concluded by speaking about how grateful he is for our entire team, now numbering more than 600 employees, for their persistence and strength of purpose during these unique and challenging times. Due to our ability to be nimble and agile, we continued to find success during the second year of a global pandemic, including growing our business banking and lending portfolios to all-time highs, helping our business members who were negatively affected by the pandemic to use and navigate the complex Paycheck Protection Program, remaining the number one credit union lender in Colorado for residential mortgage loans, and helping members improve their financial wellbeing through dozens of educational courses, including extensive youth financial literacy programs.

This concluded the CEO's report. He thanked all attendees for being members of Elevations Credit Union, then introduced the Board Treasurer, Barbara Brohl.

VIII. TREASURER'S REPORT — Board Treasurer Barbara Brohl began by reporting that Elevations generated earnings of \$16M in 2021, despite operating in a particularly challenging economic environment. This provided additional capital to support continued growth in our ability to serve our membership. She then provided a high-level overview of some key financial performance figures, comparing Elevations with its peer group. She reported that our return on equity of 5% was at the lower end of our established targeted return on equity range of 5-15% and below the median performance of our peer group. Our 2021 return on equity was adversely impacted by the interest rate environment and by recent investments we've made in technology and Northern Colorado, which we expect will provide great value in the future.

Barb informed the membership that our efficiency ratio, which measures the extent to which a dollar of revenue is offset by costs, was 89%. This is higher than the peer median of 74%. However, 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 0.2%. This is a testament 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 by 11% in 2021, above the 8% growth rate of the peer group median. The growth occurred in our residential mortgage and commercial real estate portfolios. Additionally, we experienced 17% growth in our deposit balances, above the 13% growth rate of the peer group median. The deposit growth was driven primarily by the various stimulus actions taken by government agencies in response to the pandemic. The majority of funds received by our membership remain on deposit rather than having been spent.

Our capital position increased by \$15 million in 2021, and our regulatory net worth ratio ended at 10.7%, well above the minimum threshold of 7% to be deemed well capitalized by the National Credit Union Administration. She reported that our loan portfolio grew by \$170M in 2021, while total assets increased by \$432 million. Our deposits grew by \$422M for the year, and we now proudly serve a membership of more than 175,000 members. She concluded by stating that our financial success in 2021 was a demonstration of the resiliency and strength of our membership, and that Elevations Credit Union remains financially strong and well positioned to provide solutions for our members' financial needs.

Barb then introduced Senior Vice President of Credit Risk, Stephanie Camara-Ray, who gave the credit report.

IX. CREDIT REPORT – Stephanie Camara-Ray, Senior Vice President Credit Risk, stated that low interest rates and a strong demand for housing allowed us to increase first mortgage production again in 2021, which has shown an 18% compound growth rate since 2014. She also reported that our business and commercial loan production rebounded in 2021, largely due to a resumption in confidence in the economy. Since 2014, business and commercial loan production has had a 30% compound annual growth rate, allowing us to diversify our loan portfolio. In 2021, we continued to be the leading 1st mortgage lender in Boulder County, significantly outpacing our competition, and in Larimer County, our presence continues to increase and strengthen.

Stephanie then reviewed the makeup of our overall loan portfolio and the extent to which we grew our loan portfolio while also achieving extremely low delinquency and net charge-offs. As a percentage of total loans outstanding, only .25% of our portfolio was delinquent versus .40% for our peer group. Similarly, she reported that our net charge off rate, which is the amount of a loan charged off after any amounts recovered, is at 0.05%, substantially lower than our peer median.

Stephanie highlighted specific ways we fulfilled on our mission, including having helped over 3,600 members refinance their mortgages in 2021; having worked with over 2,500 members to help them purchase new homes; adding four commercial loan officers and originating \$176M in new loans; and continuing to support our business members through PPP loans and navigating the loan forgiveness process. She noted that 100% of our members' PPP loans have been forgiven.

Stephanie concluded by stating that we have a responsibility to our membership to lend in a very safe and sound manner. Our delinquent loans and charge-offs are well below the levels of our peers, stating how proud we are of this as an organization. She then brought forward Don Cheyne to give the Report of the Audit & Risk Committee.

X. REPORT OF THE AUDIT & RISK COMMITTEE – Don Cheyne, Committee Chair, stated that the Audit & Risk Committee of the Board is 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 Moss Adams, Certified Public Accountants, to perform the annual audit of the credit union's financial statements as of December 31, 2021. The firm issued an unmodified opinion at the conclusion of their audit. He shared that Moss Adams's audited financials can be found in the 2021 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 Kate Brown, who called Ray Martinez forward to deliver the report of the Governance & Nominating Committee.

- XI. REPORT OF GOVERNANCE & NOMINATING COMMITTEE Ray Martinez, Governance & Nominating Committee Chair, thanked Natalie Baumgartner, Carroll Beach, Monica Coughlin, and Nancy Herbert for serving on the Committee. Ray stated that there are four positions open on the Board of Directors. He shared that both Natalie Baumgartner and Monica Coughlin 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 to a 3-year term, Kate Brown to a 3-year term, Monica Coughlin to a 1-year term, and Todd Gleeson to a 3-year term. Each of the nominees is 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, Mr. Martinez turned the meeting over to Vice Chair Don Cheyne to conduct the election, as Chair Brown is a nominee.
- XII. ELECTION OF DIRECTORS Because there are four nominated candidates for four open positions, and no nominations by petition, Vice Chair Don Cheyne declared that the four nominated candidates, Ms. Natalie Baumgartner, Ms. Kate Brown, Ms. Monica Coughlin, and Mr. Todd Gleeson are elected by acclamation:

Natalie Baumgartner – 3-year term ending at the annual meeting in April 2025 Kate Brown – 3-year term ending at the annual meeting in April 2025 Monica Coughlin – 1-year term ending at the annual meeting in April 2023 Todd Gleeson – 3-year term ending at the annual meeting in April 2025

Don thanked the Governance & Nominating Committee for their service, at which point he returned the meeting to Chair Brown.

- XIII. UNFINISHED BUSINESS There was none.
- **XIV. NEW BUSINESS –** There was none, and thus Kate invited Gerry to the podium to address questions from the membership.
- XV. MEMBER QUESTION AND ANSWER OPPORTUNITY Facilitated by CEO Gerry Agnes A member in attendance commented that many financial institutions that offer checking accounts are moving away from overdraft fees and asked if Elevations had plans to offer other solutions, such as nonstandard loans, to members. Gerry responded that we are always looking at creative solutions for our members but there is no easy answer. Fees are most definitely in the conversation and there is work ahead of us in determining what is best for our members.

A member commented that he was unable to find anything on the website regarding the Annual Meeting. He did acknowledge that he received notice of the membership meeting in the mail. Gerry thanked the member for bringing this to our attention and added that we would work to improve the notification process.

Annual Meeti	ng of	Member	ship
April 25, 2022	2		

Gerry thanked everyone for the	ir attendan	as and for their lovel member				
Gerry thanked everyone for their attendance and for their loyal membership.						
VI. ADJOURNMENT – Kate Brown adjourned the business meeting at 3:39 p.m.						
rown, Chair	Date	Ray Martinez, Secretary	Date			
	ADJOURNMENT – Kate Brown	ADJOURNMENT – Kate Brown adjourned	ADJOURNMENT – Kate Brown adjourned the business meeting at 3:3	ADJOURNMENT – Kate Brown adjourned the business meeting at 3:39 p.m.		