

**Civic Federal Credit Union
Minutes of the Annual Meeting
Raleigh, North Carolina
March 22, 2024**

Call to Order

Chairman Jeanne Erwin called the fifth Annual Meeting of Civic Federal Credit Union to order and requested that the Assistant to the Secretary record the minutes of the meeting. The Chairman welcomed everyone to the meeting.

Presence of a Quorum

Chairman Erwin stated the Credit Union's Bylaws require that 15 members be present at the Annual Meeting for a quorum. She noted that, based on the attendance in person and online today, there was a quorum for the meeting. Director Miller gave the invocation.

2023 Annual Meeting Minutes

Chairman Erwin advised the membership that the first order of business is to approve the 2023 Annual Meeting minutes. Civic's 2023 Annual Meeting Minutes are available to members upon request.

On a motion made by Director Jones and seconded by Director Miller, the Membership;

Voted: To approve the 2023 Annual Meeting minutes as presented by staff.

Chair's Report

Chairman Erwin introduced the Civic Federal Credit Union Board Members – Vice-Chairman Dr. Aaron Noble Jr., Secretary Lin Jones, Treasurer Kellie Blue and Directors Ruth Barnes, Tony Brown and Paul Miller. Chairman Erwin then recognized special guests Ken Noland and David Dear, independent directors of Local Government Federal Credit Union. She then advised that the Chairman's Report is available in the 2023 Annual Report to the Membership. A link to the Annual Report is provided on Civic's website.

Supervisory Committee Report

Chairman Erwin introduced Justin Merritt, Chair of the Supervisory Committee, to provide the Credit Union's Supervisory Committee Report.

Mr. Merritt thanked the Chairman for allowing him to present the 2023 Supervisory Committee Report on behalf of the entire Committee.

He advised the membership that the Supervisory Committee must ensure all financial records fairly present the operations of the Credit Union and that procedures and practices are sound, thereby protecting members' deposits and rights.

Mr. Merritt informed the membership that in accordance with the National Credit Union Administration (NCUA) requirements, the Committee approved the required audit being completed by the Audit Services Department, which is the internal audit function available to Civic. The audit found that the financial statements fairly presented the financial position of Civic, accounting practices and procedures are sound, and the system of internal controls is effective for the year reviewed.

Additionally, Mr. Merritt advised that Civic is classified as a variable interest entity (VIE) of Local Government Federal Credit Union (LGFCU). The classification is based upon the management and financial support received from LGFCU. The accounting principles also direct that Civic's financial statements are included in the consolidated financial statements of LGFCU for financial audit purposes. Since the VIE classification is not permanent, there is an annual review to determine if Civic meets the definition.

Finally, Mr. Merritt stated that the Supervisory Committee also reviews policies for fairness, soundness, and efficiency. In addition, Civic employs an Internal Audit department that tests the internal systems and processes. The Internal Audit team conducts periodic consultative, operational and compliance reviews of each function within the Credit Union.

Mr. Merritt concluded by thanking the Board and members, on behalf of the Supervisory Committee, for their confidence in the work they do for Civic. Chairman Erwin thanked the Committee for providing such an important service to the membership and ensuring the sustainability, safety and soundness of the Credit Union.

Loan Review Committee Report

Chairman Erwin introduced Neal Chaloupka Chief Lending Officer, to provide the Loan Review Committee Report.

Mr. Chaloupka stated that he was honored to present the Loan Review Committee (LRC) Report at the fifth Annual Meeting for Civic. He advised that the LRC fulfills two significant roles for the Credit Union. First, the LRC provides members with an opportunity to appeal a loan denial through the Credit Union's usual delivery channels. Second, the LRC offers members a voice in the loan decision process.

He further advised that the LRC includes members with various backgrounds and areas of expertise. They are also fellow Civic members, thus serving to help meet the unique needs of our membership. The right to appear before the LRC is a unique benefit for Civic members. Mr. Chaloupka stated that members are given the option of having their applications reviewed by the Committee via mail, telephone, or an in-person meeting. In every scenario, the member's application is treated equally, confidentially, and respectfully.

Mr. Chaloupka shared a video displaying Civic's commitment to improving the lives of our members. The video featured a Civic employee explaining the "Civic difference" and a testimonial from a member who expressed his gratitude to the Credit Union for helping him through a difficult financial situation.

Finally, Mr. Chaloupka thanked the Committee and Board of Directors for their hard work and dedication in this effort.

Chairman Erwin expressed her appreciation for Mr. Chaloupka's report and the work of the LRC.

Nominating Committee Report

Chairman Erwin introduced Dr. Aaron Noble, Chairman of the Nominating Committee, to present the Nominating Committee report. Dr. Noble thanked Chairman Erwin for the opportunity to present the Nominating Committee Report to the membership.

First, Dr. Noble introduced the other members of the Nominating Committee – Directors David Dear and Paul Miller. He then advised that the Nominating Committee is appointed by and serves at the discretion of Civic’s Chair of the Board. The charge of the Nominating Committee is to review the qualifications of prospective Board candidates and make nominations to the membership.

Director Noble advised that the Nominating Committee voted to submit the following nominations: Kellie Blue from Robeson County and Lin Jones from Mebane for three-year terms. He further advised that on behalf of the Nominating Committee, he was submitting these nominations as a recommendation to the membership.

Chairman Erwin stated that the Credit Union Bylaws provide for nominations from the floor if there is an open vacancy on the Board of Directors, as well as nominations via petition to the Board of Directors. She advised that there were no petitions from the membership, nor was there a current vacancy on the Board.

In addition, Chairman Erwin noted that Civic’s Bylaws do not require an election when there are no contested seats. She therefore declared the nominees elected by acclamation and offered her congratulations.

CEO’s Report

CEO Dwayne Naylor stated that today is a day of celebration. It is a celebration of the Board’s vision twenty years ago. We are building a strong community and a strong local economy. Five years ago, the fire service had enough confidence in us to create a Credit Union they could trust, which has brought us to this point. He stated we are going to be independent and thrive in independence. He commended the membership for believing in the vision of the Board. Then, Mr. Naylor shared a video that showcased where the organization has been and where it will be after independence. The video shared the history of LGFCU and Civic and provided the membership with a sneak peek of the experience they will encounter post-independence.

Mr. Naylor transitioned the conversation to Garland Avent Chief Financial Officer. Mr. Avent highlighted Civic’s asset growth in 2023. He stated that Civic showed great growth in assets and deposits. He continued by informing the membership of the relationship between deposit and loan growth. Although loan growth was significantly lower in 2023, the investment portfolio was robust. Net-worth growth comes from earnings and can be used as a rainy-day fund in times of uncertainty. The growth in cost of funds showed the increased value passed on to members in better rates for members.

Mr. Avent acknowledged that the NCUA believes Civic to be a safe and sound organization.

Next, Sandy Steward Chief Technology Officer explained the technology advancements completed in 2023. She discussed the new Unified Communications system that allows us to have more automation and voice-banking. She also discussed the infrastructure upgrades that include the following: modernizing existing systems, preparing for larger member base, preparing for increased transactions, increasing technology staff and exploring sustainable solutions. Ms. Steward also gave the membership peace of mind that their money is safe by explaining the safety measures implemented by staff. These measures include industry standard technology and practices, advanced biometrics with voice banking and maintaining a defensive/proactive security posture.

Chief Impact Officer Ashley Ruffin explained what the Impact department has accomplished in 2023 and showed a video of one of the Credit Union’s partners, which highlighted Civic’s impact within the state of North Carolina. Ms. Ruffin asked Ms. Wells, who is the Executive Director of the NC Recreation & Park Association, to address the membership and share her story. Ms. Wells explained to the membership that

the Civic partnership has been a great experience and how her organization has helped the community through it. Lastly, Ms. Ruffin completed an overview of the 2023 Impact Report. She stated that the report highlights the Credit Union's impact on the state of N.C. The impact website highlights the Credit Union's partnerships, foundation, and overall commitment to bettering the lives of North Carolinians. Ms. Ruffin encouraged the membership to look at the website and review how their local area has been impacted by Civic.

Chief Operations Officer Sherry Bear transitioned the presentation to explaining the displays throughout the conference center. She explained the mock branch, cash solutions, co-locations, and vans. She expressed the staff's excitement to meet each member in their respective locations and to share all the ways Civic is able to help.

Chief Marketing Officer Lamar Heyward informed the membership of staff taking the meaning of "co-creation" seriously and how excited we are to continue to have conversations with members. Staff will continue to have person-to-person connections to hear from the membership and meet the needs of each member. He explained that although we are a digital-first credit union, we still want to have those in-person high-touch conversations.

Mr. Naylor took an opportunity to discuss the vision beyond independence. He assured the membership that post-independence the Credit Union will not look like any other credit union. We are creating an organization and experience that does not exist. He stated we are charged with a duty to better the lives of local government employees and North Carolina.

Lastly, Mr. Naylor opened the discussion to questions and comments from members in attendance in person. The questions/comments, along with staff's responses, included the following:

- *Will the ATM Access Card I am currently using with LGFCU transfer over to Civic? Also, how will the cash withdrawal process work?* Ms. Bear responded by stating that Civic will continue to service those cards at independence and the Cashpoints ATM network will still be available.
- *Will staff be present at the co-locations?* Responding, Ms. Bear noted that currently, we do not have staff at the co-locations; however, she remarked, the co-locations do provide someone to speak with via our digital platforms. Ashlee Battocletti added that if members needed someone to attend an event being held at the co-locations, staff is happy to attend.
- A member shared a story about how she opened business accounts and how easy and efficient the process was.
- *How will the Credit Union handle notification of tax garnishments; and specifically, is there notification the Credit Union can give to members prior to the money being garnished?* Mr. Naylor asked Ms. Bear to work with this member and to investigate to see if something could be done to send a notification to the members being affected. Ms. Bear assured the member she will contact her and that staff would investigate ways to help, adding that the Credit Union takes its people and prosperity values very seriously and always considers both with services, products, and member service.
- *Other than Cashpoints, what ATMs can members use and what are the fees?* Any ATM you see is an ATM that can be utilized, Mr. Naylor responded that Civic currently refunds the surcharge fees.

- *Is there a cash withdrawal limit on the ATMs?* Ms. Bear stated yes that limits are set to manage risk and are controlled by the owner of the ATM. Therefore, your financial institution and the other financial institution both have limits.
- *Why was there a decrease in loans in 2023?* Mr. Naylor responded that we started bringing in deposits and the loan demand was low. He added that staff has discussed strategies to determine how to balance out. Mr. Avent stated that due to the relationship between LGFCU and Civic, we can sell assets to one another. The cash proceeds from a loan sale in April of 2023 affected the balance.
- *How many members does Civic have?* Mr. Naylor responded that Civic currently has 7,300 members.
- *Do the vans have the ability to do everything that a branch can do?* No, Mr. Naylor stated, as there is no cash on the vans; however, he remarked, we can process mortgages or other loans while visiting one of our vans. He added we are investing in people and not buildings.
- *What will HSA accounts look like post-independence?* Ms. Bear explained that HSA accounts will move over from LGFCU, and that a third-party vendor would be engaged to help staff manage those accounts. Staff will communicate clearly with members about this transition very soon, she remarked.
- Finally, a member provided an update on her organization's consisting of local government Human Resource managers, partnership with Civic. She stated that the organization's membership has grown by 59%; that it hosted its first conference, which included hired speakers; and that it had launched a social media campaign and hired a social media manager. She concluded by thanking staff for their hard work and partnership.

New Business

There was no new business during the meeting.

Old Business

There was no old business during the meeting.

There being no further business, the meeting was adjourned at 3:59 p.m.

Respectfully submitted,

Jeanne Erwin, Chairman _____

Lin Jones, Secretary _____

Date approved: _____