

HUD Federal Credit Union
2023 Annual Meeting
April 29, 2023

Declaration of Quorum and Call to Order

There were eighteen members in attendance (7 online and 11 in person) in addition to nine Board members and two Supervisory Committee members. The Board members attending in person were: Mr. Otis Collins (Chairman), Ms. Kim Adams (Secretary) and Mr. John Biechman. The Board members in attendance virtually were: Mr. Jason Thompson (Vice Chairman), Mr. Mark Shroder (Treasurer), Ms. Lisa Askew, Mr. John Bravacos (Nominating Committee Chairman), Mr. Patrick Durant and Mr. Terry Rouch. There were two Supervisory Committee members in attendance: Ms. Leslie Frasier and Ms. Crystal Martinez.

A quorum was declared and the meeting was called to order at 12:03 p.m.

Approval of Minutes

Ms. Adams, Secretary, welcomed members to the meeting. She presented the minutes of the 2022 annual meeting for approval and called for a motion to approve the minutes. Mr. Eric Johnson made a motion to approve the minutes. Mr. Biechman seconded the motion. The minutes were approved unanimously.

Nominating Committee Report

Mr. Bravacos presented the report of the Nominating Committee. He reported that the Nominating Committee had met and had voted unanimously to not recommend any nominees for re-election in 2023 in the interest of reducing the number of the Board members.

Mr. Bravacos also reported that there was a vacancy on the Board. Ms. Adams asked if any of the meeting attendees wished to be considered for nomination. No members responded and Ms. Adams reported that there was no need to hold an election.

Welcome and Recognition of Members

Mr. Collins, Chairman, welcomed members to the annual meeting and thanked them for their loyal membership in the credit union. He also introduced the Board and Supervisory Committee members in attendance and expressed his appreciation for their service. Mr. Collins noted that the Board is looking for volunteers for the Supervisory Committee and asked interested members to indicate their interest by emailing the credit union.

Chairman's Report

Mr. Collins presented the Chairman's Report and welcomed all attendees to the 87th annual meeting. He noted the Board's focus for 2023 is rebuilding the credit union and he emphasized the importance of members' support in accomplishing this goal. He added that the Board will reach out to members and their families to better understand their financial services needs and to engage them in the process of rebuilding. He added that financial literacy programs will be offered. He stated that the Board will ask members to engage, roll up their sleeves and lend a hand so that the credit union can become a premier financial institution for members and their families. He indicated that the credit union had been chartered 87 years ago and the Board wants the credit union to continue for another 87 years. He noted that members can be a part of that pursuit.

Treasurer's Report

Mr. Mark Shroder, Treasurer, presented the Treasurer's Report. He thanked the members for their attendance and provided a summary of the financial results. He noted that the credit union is solvent but not complacent and always seeking to improve its financial standing. He noted that after the pandemic the credit union had to write off some delinquent loans which had resulted in the decline of the net worth ratio to a level below the industry standard. He added that the credit union has work to do to return to profitability and he encouraged the meeting attendees to spread the word to old and new HUD employees to think of the HUD Federal Credit Union when they need to borrow.

Mr. Shroder asked if there were any questions. Mr. Bill Kennedy asked if NCUA had placed any restrictions on the credit union due to its financial performance. Mr. Shroder replied that he was not aware of any restrictions and that credit union management and the Board are working to improve the net worth ratio.

CEO's Report

Mr. Scott Sabitus, President and CEO, thanked members for attending the annual meeting and said he had enjoyed meeting many members during his first year as CEO. He noted that over the past year he and credit union staff had worked to improve member service and call answering. He added that new online and mobile banking applications had been implemented and that ATMs would be replaced in 2023. He noted that he and the Board are also working on strategies to better serve employees assigned to the regional HUD offices.

Mr. Kennedy asked about the financial results of the first quarter of 2023. Mr. Sabitus reported that earnings in the first quarter of 2023 had improved compared with the same quarter in 2022 as a result of improved loan income and lower provisions for loan losses.

Mr. Francis Campbell asked if the new ATMs will be more accessible than the current ATMs in the HUD headquarters building. Mr. Sabitus responded that the Board and management are working with HUD facilities to locate one of the new ATMs in the vestibule of the south lobby which will not require users to go through security to access the ATM.

Supervisory Committee Report

Mr. Jamal Bouaichi, Supervisory Committee Chair, was not present for the meeting. Mr. Sabitus read the Supervisory Committee Chair's report in his absence which listed the Committee's responsibilities for: conducting independent internal reviews of credit union activities; ensuring that an annual external audit is performed; and assisting the credit union in developing strategies to mitigate audit and exam findings.

Recognitions

Mr. Collins recognized two special Board members. He recognized Mr. Marvin Turner, Board Chairman Emeritus, who passed away on February 5, 2023. He noted that Mr. Turner's vast business knowledge and financial acumen are greatly missed.

Mr. Collins also recognized Mr. Biechman who is retiring from HUD and the credit union's Board. He expressed gratitude for Mr. Biechman's many years of service and support. Mr. Biechman shared his appreciation for the credit union and noted that HUD Federal Credit Union is like family.

Old Business/New Business

With respect to a question regarding the use of Zelle to send payments from credit union accounts, Mr. Sabitus noted that there has been extensive fraud on consumer accounts with the Zelle application. He added that the credit union's bill pay application can be used to send funds out of the credit union to make payments. Mr. Collins added that he will assemble an IT Committee to update the credit union's electronic banking and payment systems.

Door Prizes

Mr. Collins announced that all members in attendance would be entered into a random drawing for a \$50 Visa gift card. Members attending virtually would also be entered into a drawing to win a \$50 gift card. Random drawings will be held on Monday, May 1, 2023, by credit union staff.

Closing Remarks

Mr. Collins thanked the members for attending and for their support. He also thanked Ms. Valerie Murphy of Val Murphy Marketing, Communications and Consulting for her donation of two \$50 Visa gift cards.

Adjournment

Mr. Biechman made a motion to adjourn the meeting; Ms. Adams seconded the motion. The meeting was adjourned at 1:06 p.m.

Minutes prepared by Roni Krupnick, EVP.