

**STATE EMPLOYEES' CREDIT UNION
ANNUAL MEETING
119 N SALISBURY STREET
RALEIGH, NC 27603
OCTOBER 13, 2020
2:00 PM**

Due to the COVID-19 pandemic, and associated governmental restrictions on mass gatherings, and in the interest of maintaining the health and safety of members and employees, the 2020 SECU Annual Membership Meeting in-person attendance was limited to the lesser of (i) the room occupancy limit, or (ii) the maximum number of persons permitted to gather indoors in compliance with governmental order(s) issued in response to COVID-19. The meeting was broadcast virtually, although virtual voting and participation was not available.

CALL TO ORDER

After determining a quorum, Chairman Brinson called the 83rd Annual Membership Meeting to order. He noted that even though the meeting was being livestream broadcast virtually, the minimum attendance requirement had been met.

APPROVAL OF MINUTES

Chairman Brinson noted to members that copies of the 2019 Annual Meeting Minutes had been available on SECU's website (www.ncsecu.org) since November 2019. He asked if there were any changes to the minutes from the 2019 Annual Membership Meeting minutes. Hearing none, Chairman Brinson stated he would entertain a motion to approve the 2019 Annual Meeting Minutes.

VOTED: Upon motion by Mr. Steve Herrell, seconded by Mr. Jamie Applequist, members in attendance voted and approved accepting the 2019 Annual Meeting Minutes.

RECOGNITION OF BOARD AND SPECIAL GUESTS

SECU BOARD

Chairman Brinson recognized each of his fellow SECU Board members:

- Mr. Chris Ayers, Vice-Chair of the Board
- Ms. Alice Garland, Secretary of the SECU Board

- Ms. Shirley Bell
- Ms. Karan Bunn
- Mr. Mark Fleming
- Ms. Jennifer Haygood
- Ms. Jo Anne Sanford, Chair of the SECU Foundation Board and immediate Past SECU Board Chair
- Ms. Mona Moon
- Dr. Stelfanie Williams
- Mr. McKinley Wooten

Chairman Brinson also recognized SECU Foundation Board member, Dr. Lee Brown.

REMEMBRANCE OF TOM KING

Chairman Brinson took a moment to remember Tom King who passed away earlier in 2020. He noted that Mr. King was a long-time servant of State Employees' Credit Union; a Credit Union volunteer who devoted 24 years and countless hours of service to our cooperative. Chairman Brinson commented that Mr. King joined the SECU Board of Directors in 1994 and served as Chairman from 2002-2003, noting he was also the founding Chairman of the SECU Foundation.

Chairman Brinson added that Mr. King always kept the "People Helping People" philosophy at the forefront when he considered a potential new SECU product or service. He commented that, while Tom King will be deeply missed, his mark on this organization and North Carolina communities will never be forgotten and that we wanted to take the opportunity to honor his memory and his fierce advocacy for the members of State Employees' Credit Union.

REPORT OF THE CHAIRMAN

Chairman Brinson then provided the Report of the Chairman. Chairman Brinson's report included comments of strength and hope during 2020 – a year he noted that changed our lives and presented great challenges. He added how proud he was of not only the performance and financial strength of SECU, but also of how our fellow citizens have supported each other during this time. Chairman Brinson noted that our financial cooperative and the member-funded SECU Foundation have made positive differences and fostered hope in many North Carolina communities.

Chairman Brinson spoke of the safety measures SECU took for both employees and members when the pandemic hit. He noted we did temporarily close SECU branch lobbies early in the pandemic and transitioned to drive-thru only service while

encouraging members to use SECU's digital and self-serve channels. Chairman Brinson advised that during this time we have seen a huge spike in SECU digital services.

Chairman Brinson commented on how SECU employees jumped in to offer budgeting guidance and planning and also offered help with loan extensions to members who faced income loss from many COVID-related issues.

Chairman Brinson brought attention to the many good ways in which SECU, along with the SECU Foundation, have both provided aid across North Carolina by offering a multiphase COVID19 disaster relief commitment of up to \$10 million.

Chairman Brinson thanked SECU's 7,200 dedicated employees, noting they have been Financial First Responders throughout the pandemic. He thanked his fellow Credit Union volunteers statewide – 3,200 of them – for their dedication on various Boards, Committees, and as Secret Shoppers.

Chairman Brinson noted that despite an unprecedented pandemic, SECU has remained financially safe and sound and has never lost sight of who we are and why we are here – a member-owned, financial cooperative here to serve our members.

Chairman Brinson closed by thanking members for the trust they have shown in their cooperative over the past 83 years. He noted our greatest strength is in our service to our members – and that should fill us all with hope as we look to the future.

ELECTION PROCEDURES AND PROCESS/REPORT OF THE NOMINATING COMMITTEE

Chairman Brinson proceeded to the election of Board members noting that Ms. Sara Trexler, SECU Chief Legal Officer/General Counsel, would serve as Parliamentarian. He advised that the Board of Directors' overall duty is to ensure that the Credit Union is operated in a safe and sound manner, in accordance with SECU's bylaws. At that time Chairman Brinson called on Ms. Karan Bunn, Chair of the Nominating Committee, for the report of that Committee.

Ms. Bunn thanked Chairman Brinson and advised that the Nominating Committee was charged with recommending to the membership individuals to fill three expiring Board slots on the SECU Board of Directors. She noted those elected will serve on the Board for the next three years through October 2023.

Ms. Bunn then recognized the Committee noting that, in addition to her, the following Board members served on the Committee:

- Mr. Bob Brinson

- Ms. Jennifer Haygood
- Dr. Stelfanie Williams
- Mr. McKinley Wooten

Ms. Bunn thanked the Nominating Committee members for their service on the Committee.

Ms. Bunn noted the Committee met to review all background information and experience of those members interested in being considered by the Nominating Committee for recommendation to the membership to serve on the SECU Corporate Board. She commented that after studying the needs of the Board, including an appropriate mix of membership representation and expertise on the Board, the Nominating Committee recommended, for a three-Year Term expiring on October 2023, the following:

- Ms. Shirley Bell
 - Formerly with the Department of Health and Human Services; past President of the State Employees Association of North Carolina; And, member of the Board of Trustees of the State Employees' Retirement System.
- Ms. Alice Garland
 - Currently SECU's Board Secretary/Treasurer. She was the former Executive Director, North Carolina Education Lottery; holder of many positions with the North American Association of State and Provincial Lotteries; and Vice President of the Multi-State Lottery Association.
- Ms. Jo Anne Sanford
 - Currently SECU's Foundation Board Chair. She is with the Sanford Law Office, PLLC; she was formerly the Chair, NC Utilities Commission and served as Special Deputy, in the NC Attorney General's Office.

Ms. Bunn advised that SECU Board Election Policies and Procedures require members seeking to self-nominate to submit a completed nominating petition and other documents at least 50 days prior to the Annual Meeting. She noted there were no self-nominations received this year.

Ms. Bunn reiterated that the Nominating Committee recommends to the membership Ms. Bell, Ms. Garland, and Ms. Sanford.

Chairman Brinson thanked Ms. Bunn for her report and asked for a motion to elect the following by acclamation:

For a three-year term (expiring October 2023):

- Ms. Shirley Bell
- Ms. Alice Garland

- Ms. Jo Anne Sanford

VOTE by ACCLAMATION: Upon motion by Ms. Jennifer Hamrick, seconded by Mr. Warren Peacock, members in attendance voted and approved accepting the following slate of candidates by acclamation for a three-year term, expiring October 2023.

- Ms. Shirley Bell
- Ms. Alice Garland
- Ms. Jo Anne Sanford

Chairman Brinson called for a round of applause to congratulate the nominees on their election. He then declared that Shirley Bell, Alice Garland and Jo-Anne Sanford were elected by acclamation to serve three-year terms on the SECU Board of Directors.

Chairman Brinson advised the Election Process for 2020 was concluded.

SECU FOUNDATION REPORT

Chairman Brinson called on Ms. Jo Anne Sanford, SECU Foundation Board Chair, to provide the report of the SECU Foundation.

Ms. Sanford proceeded to provide an update on the SECU Foundation noting that over the last sixteen years, the SECU Foundation has promoted local and community development across North Carolina through the funding of projects that make significant impacts in the areas of education, housing, healthcare, and human services.

Ms. Sanford advised that when the COVID-19 pandemic struck, the SECU Foundation and State Employees' Credit Union moved quickly to deliver help, hope, and relief to many people and communities in North Carolina. She noted she was proud to inform the membership that the SECU Foundation awarded over \$8 million in COVID-19 relief grants with a focus on food security, shelter, financial assistance, and healthcare support.

Ms. Sanford advised that while COVID-19 may have changed the needs of our state's citizens and non-profits, what has not changed is the resilience of the membership of SECU and our members' desire to help others. She noted this is evident in the accomplishments of the SECU Foundation this year and over our 16-year history. Ms. Sanford commented that members should be proud of the difference that they can make through the "Power of a Dollar" noting their \$1 monthly contribution of the checking account fee to the SECU Foundation has been, and continues to be, a powerful force for community good here in North Carolina.

Ms. Sanford advised that over the life of the SECU Foundation members have contributed nearly 200 million dollars in initiatives statewide that are uplifting people and giving them hope. She thanked members for their continued support of the SECU Foundation.

In closing, Ms. Sanford introduced a video which included efforts of the SECU Foundation during the past year. She noted that each project or grant highlighted in the video reflects the marvelous work being done for the people of North Carolina by SECU members through *their* Foundation!

Chairman Brinson noted we are all very proud of the positive impacts our SECU Foundation continues to have on the lives of our members and the citizens of North Carolina.

REPORT OF THE PRESIDENT

Chairman Brinson then called on SECU President and CEO Mike Lord, to present the Report of the President.

Mr. Lord advised that this was SECU's first livestream broadcast Annual Meeting. He commented he did regret that the meeting was not able to be held in-person this year and hoped that we would be able to meet in person again next year.

Mr. Lord noted that SECU was formed in 1937 with 17 members and \$437 in assets adding that though we have come a very long way in 83 years we have not strayed from our mission! He advised SECU was formed because a small group of State employees needed loans at reasonable rates and terms and pooled their money together to form SECU.

Mr. Lord commented that over 83 years SECU has grown tremendously and currently serves 2.5 million members, has \$45 billion in assets, 270 branches, 7,200 employees, 1,100 ATMs, an interactive website (www.ncsecu.org), a Voice Response service, Mobile App, and at least one branch in all 100 North Carolina counties. He advised that SECU has had a positive impact on and improved the lives of thousands of members over the decades.

Mr. Lord thanked SECU members noting that we will continue to listen to members to learn how we can better serve them. He added that SECU is not perfect but will continue to its best to serve our members. Mr. Lord reached out and urged members who might be having financial difficulties because of a loss of income due to COVID-19 or for any other reason to contact us. He advised, "We are here to help!"

Mr. Lord next thanked our volunteers. He recognized the SECU Corporate and SECU Foundation Boards of Directors which meet frequently to set the direction of the Credit Union and the Foundation and he noted that we owe them our gratitude and thanks. Mr. Lord thanked the 3,200 Advisory Board Members and Secret Shoppers – and advised that they are “the eyes and ears” of our organization which help us improve services. He thanked the 7,200 SECU employees who serve our members and noted that they have worked diligently to help our members through the COVID 19 pandemic while their lives were also disrupted. Mr. Lord noted that the health and well-being of all these groups remains our priority.

Mr. Lord reported that very early on in the COVID-19 pandemic SECU took actions to protect members and employees. These actions included securing gloves and masks, plexiglass shielding in our branches and back office facilities, temporarily closing branch lobbies, instituting work schedule rotations for employees and significantly increasing our work-from-home capabilities to protect employees and sustain member service. He added that we supported employees with underlying health conditions and with childcare issues. Mr. Lord thanked our members for their patience during these trying times and assured them that helping our members in times such as these is what SECU was formed to do.

Mr. Lord reminded members that the **Mission** of SECU is to be their trusted provider of financial services (***Send Us Your Mama!***); the **Vision** is to improve our members’ economic and social condition, encourage thrift, be a source of credit, and broaden economic awareness (***People Helping People!***); and the **Values** include being equitable and offering fair and simple products to our members at a better value and convenience, while promoting Diversity, Equity, and Inclusion (***Do the Right Thing!***).

Mr. Lord noted SECU was more than just a credit union. He reminded that SECU included other entities which were formed to benefit our members. He noted the structure of SECU which included:

- SECU - The Credit Union
- SECU Life Insurance Company
- SECU*RE Property Management Company
- CU Investment Services, Inc. & SECU Brokerage Services, Inc.

Mr. Lord also noted that SECU provides a broad array of services to members and supports other credit unions. He mentioned the following highlights in that regard:

- Tax Preparation
- Trust Services
- Financial, Estate & Retirement Planning
- Data Processing
- Provide Services to 4 other Credit Unions

He made special mention of the good works in communities across North Carolina by the member funded SECU Foundation (www.ncsecufoundation.org).

Mr. Lord advised he was glad to report that SECU received excellent results from outside auditors and regulatory entities. He noted the unqualified “clean” opinions from the auditors.

- Regulatory Exams (Clean Opinions)
- Financial Statement CPA Audit (Clean Opinion)
- Rep and Brokerage CPA Audits (Clean Opinions)
- SECU Foundation CPA Audit (Clean Opinion)
- SECU Life and SECURE CPA Audit (Clean Opinions)
- SECU 401K Plan CPA Audit (Clean Opinion)
- SSAE 18 (SAS 70) CPA Audit (Clean Opinion)
- Branch/Corporate Internal Audits (Positive)

Lastly, Mr. Lord summarized and reviewed some of the financial numbers and Key Ratios. He noted that SECU grew in assets, loans, deposits and capital during fiscal year 2020 and noted that operating expenses were lower than last year at a low 2%. He advised that delinquency and loan losses remain low and all numbers for the year were excellent.

Fiscal Year 2020 (at June 30)

	2019	2020	Growth
Assets	\$ 40.6 Bil	\$ 45.2 Bil	\$ 4.6 Bil
Loans	\$ 23.6 Bil	\$ 24.6 Bil	\$ 943 Mil
Deposits	\$ 37.1 Bil	\$ 41.3 Bil	\$ 4.2 Bil
Capital	\$ 3.40 Bil	\$ 3.61 Bil	\$ 211 Mil
Expense-to-Assets	2.02%	2.00%	-0.02%
Asset Growth	6%	11%	5%

In closing, Mr. Lord commented that his entire 45 year career has been spent at SECU. He noted during that time we have seen hurricanes, floods, fires, tornadoes – and even an earthquake. Mr. Lord noted that we have also experienced recessions, periods of high interest rates, periods of low interest rates, and other economic cycles. He stated

that he is fully confident that we will get through the COVID-19 pandemic just as we have gotten through the storms and economic cycles of the past. He reiterated that SECU was formed in 1937 to help members – and that was exactly what we would continue to do. He again thanked the Board, employees and members for their support and again asked members to please contact us if they need help. He finished by asking all to take care and stay healthy.

Chairman Brinson thanked Mr. Lord for his report and noted that the Board sincerely appreciates the strong leadership he has provided SECU this year.

OLD BUSINESS

None.

NEW BUSINESS

None.

ADJOURNED

Chairman Brinson called for a motion to adjourn to adjourn the Annual Meeting.

VOTED: Upon motion by Leanne Phelps, seconded by Ed Hoffman, members in attendance voted and approved to adjourn the meeting.

Chairman Brinson announced that the 2020 Annual Meeting of the Members of State Employees' Credit Union was adjourned.

On behalf of the Board, Chairman Brinson thanked members for attending the livestream broadcast of the 2020 SECU Annual Meeting. He noted that he hoped that the program had been informative and had provided members with an update on State Employees' Credit Union and the SECU Foundation. Chairman Brinson advised members to please stay safe and added that we hope to see members in person at the 2021 Annual Meeting.

Respectfully submitted for,

Mr. Bob Brinson, Chairman

Ms. Alice Garland, Secretary/Treasurer