

**STATE EMPLOYEES' CREDIT UNION ANNUAL MEETING  
SHERATON FOUR SEASONS/KOURY CONVENTION CENTER  
GREENSBORO, NC  
OCTOBER 11, 2022  
2:00 PM**

**CALL TO ORDER**

Chairman Ayers called the 85<sup>th</sup> Annual Membership Meeting to order and confirmed a quorum.

**APPROVAL OF MINUTES**

Chairman Ayers noted that copies of the 2021 Annual Meeting Minutes had been available on SECU's website ([www.ncsecu.org](http://www.ncsecu.org)) since November 2021. He asked if there were any changes to the minutes from the 2021 Annual Membership Meeting minutes. Hearing none, Chairman Ayers stated he would entertain a motion to approve the 2021 Annual Meeting Minutes.

**VOTED: Upon motion by Ms. Shannon Whitley, seconded by Ms. Stephanie Collins-Frempong, members in attendance voted and approved accepting the 2021 Annual Meeting Minutes.**

**RECOGNITION OF BOARD AND SPECIAL GUESTS**

Chairman Ayers recognized each of his fellow SECU Board members:

- Ms. Alice Garland, Vice-Chair of the SECU Board
- Ms. Mona Moon, Secretary/Treasurer of the Board
- Ms. Karan Bunn (unable to attend)
- Mr. Mark Fleming (unable to attend)
- Ms. Jennifer Haygood
- Ms. Jo Anne Sanford (unable to attend)
- Dr. Stelfanie Williams (unable to attend)
- Mr. McKinley Wooten
- Mr. Thomas Parrish
- Mr. Bob Brinson, Chair of the SECU Foundation Board

Chairman Ayers also recognized SECU Foundation Board members, Dr. Lee Brown, who was unable to attend the annual meeting, and Dr. Brad McMillen, as well as other former members of the SECU or SECU Foundation Boards who were present. Chairman Ayers further recognized members of the Member Loan Review Committee and their service to SECU. He reported that as SECU's loan review processes have evolved with the establishment of additional review measures, Member Loan Review Committee requests

were dramatically reduced. After careful evaluation of SECU's internal review processes, the decision was made to phase out the Member Loan Review Committee on October 1, 2022.

Special guests were also recognized, including representatives of fellow credit unions, the North Carolina Credit Union Division, the UNC School of Government, and Frank Drake, Parliamentarian for the meeting.

Chairman Ayers acknowledged Board retirements that occurred during 2022. In January 2022, Shirley Bell retired from the SECU Board after more than twenty-three years of service. She served as the former Chair of the SECU and SECU Foundation Boards. Ms. Bell has a long history of volunteerism and decided to continue in another role with SECU following retirement from the Board, she is now a member of the branch Advisory Board in Clayton. Ms. Bell was invited to the podium for remarks. Ms. Bell thanked Chairman Ayers for his remarks and described her history with SECU. She was a member, then served as an advisory board member, and eventually served on the "Big Board." She expressed her pride in this service and the projects and events she has seen over the years. She expressed her thanks to Karan Bunn for setting her on this journey and to members for their support.

Chairman Ayers recognized the retirement of longtime Board member Karan Bunn. Ms. Bunn served on the Board since 1994, including as Chair. With her vast experience in planning and research, she has also been an incredible asset to our Board and the many committees on which she served over the years.

Chairman Ayers also recognized advisory board members, retired SECU employees in attendance, and current SECU staff members.

## **RECOGNITION OF CLEAN FINANCIAL OPINION AUDITS FROM CLIFTONLARSONALLEN, LLP**

Chairman Ayers noted he was proud to report that we obtained clean financial opinion audits in all areas from our CPAs, CliftonLarsonAllen. He added that copies of the audited financial statements are on our website ([www.ncsecu.org](http://www.ncsecu.org)) if anyone would like to review those reports of SECU's financial status, including its loan activity.

## **REPORT OF THE CHAIRMAN**

Chairman Ayers then provided the Report of the Chairman. Chairman Ayers stated he has found it to be an honor and privilege to serve an organization that makes such a tremendous economic impact and that advances the well-being of our members. He reflected on the past fiscal year, which included the 85<sup>th</sup> anniversary of the founding of SECU, during which time assets have grown from \$437 to over \$53 billion. SECU now has 273 branches, over 1,100 ATMS, 24/7 service centers, a website and a mobile app that allow SECU to continue its rich history of serving others. He commented there

continues to be a concerted effort to modernize and enhance our digital channels, financial products, and services to better serve members, wherever they are on their financial journey.

Chairman Ayers discussed the growth of SECU from 17 members at founding, to 85 members at the first annual meeting, to there being 2,697,888 members today. He addressed there had been several very challenging years, beginning in 2020, and recognized the impact of COVID, which produced unprecedented economic turmoil and social uncertainty, causing members to lose jobs and loved ones, and to change or end careers. He commented that these events were not foreseeable or something that could have been adequately planned for. However, he noted that during each of these three years, SECU was recognized by Forbes as the number one credit union in North Carolina. He commented that this recognition is a testament to our employees' and volunteers' commitment to serve members through the most challenging of times.

Chairman Ayers further commented that SECU cannot become complacent in pursuing ways to better serve members; the marketplace and member expectations are changing and we must evolve accordingly. He stated SECU recognizes members are asking for modernization and we are working on digital enhancements, evaluating and enhancing products and services to ensure we are meeting all of our members' needs, and implementing back-end solutions that, while not visible to the average member, will make SECU more efficient and effective at delivering service. He states this may include afterhours call center support, loan approvals, rewards cards, and assisting with navigation of rough patches. Chairman Ayers stated that as we continue to navigate this change, we continue to live our philosophy of People Helping People and stepping up for North Carolina communities through corporate social responsibility including financial education presentations, volunteering in the community, fundraising and scholarships, summer camp awards, and SECU Foundation programs.

As we celebrate the past and embrace the future, the Chairman noted that we are here to serve members, advance their well-being, and make a positive difference in their lives and communities. On behalf of the Board, the Chairman expressed thanks for members' support as we look ahead.

## **ELECTION PROCEDURES AND PROCESS/REPORT OF THE NOMINATING COMMITTEE**

The Chair proceeded to the election of Board members and reported that Mr. Frank Drake, attorney with Smith Debnam Narron Drake Saintsing & Myers, LLP, would serve as Parliamentarian.

An overview of the election process was provided on the tables throughout the room. A document titled "Election of Board of Director Positions" listed the Nominating Committee recommendations, an overview of Board member responsibilities, and the 2022 Election Procedures Schedule. A bio for each candidate was also included.

Chairman Ayers called upon Ms. Alice Garland, Nominating Committee member, for the report of that Committee.

Ms. Garland presented the report of the Nominating Committee, which consisted of herself, Ms. Karan Bunn as Chair, Mr. Chris Ayers, Mr. Bob Brinson, Dr. Stelfanie Williams, and Mr. Jim Johnson.

Ms. Garland reported the committee met to review all background information and experience of the members being considered by the Nominating Committee for election to the Board of Directors. She reported that after studying the needs of the Board, including an appropriate mix of membership representation and expertise on the Board, the committee recommended the following names for four three-year term vacancies (expiring October 2025) and one one-year term vacancy (expiring October 2023):

For a Three-Year Term (expiring October 2025):

Mr. Chris Ayers  
Ms. Jennifer Haygood  
Ms. Mona Moon  
Mr. Ben McLawhorn

For a One-Year Term (expiring October 2023):

Mr. Thomas Parrish

SECU Board Election Policies and Procedures call for members interested in being considered for nomination, including self-nomination, to submit information for distribution to the members at least 50 days prior to the Annual Meeting, which would have been August 22, 2022. There were no self-nominations received this year.

Ms. Garland then concluded her report.

Chairman Ayers thanked Ms. Garland for her report and asked for a motion to elect the following individuals by acclamation:

Mr. Chris Ayers  
Ms. Jennifer Haygood  
Ms. Mona Moon  
Mr. Ben McLawhorn

each to serve a three-year term expiring October 2025. And, for

Mr. Thomas Parrish

to serve a one-year term expiring October 2023.

There was a question from the floor, that question being if all members nominated were present. Chairman Ayers answered that all those nominated were present.

**VOTE by ACCLAMATION: Upon motion by Ms. Sherry Washington, seconded by Mr. Carl Daniel, members in attendance voted and approved accepting the following slate of candidates by acclamation for the terms specified below:**

**For a Three-Year Term (expiring October 2025):**

**Mr. Chris Ayers  
Ms. Jennifer Haygood**

**Ms. Mona Moon  
Mr. Ben McLawhorn**

**For a One-Year Term (expiring October 2023):**

**Mr. Thomas Parrish**

Chairman Ayers called for a round of applause to congratulate the nominees on their election. He then declared that Mr. Chris Ayers, Ms. Jennifer Haygood, Ms. Mona Moon and Mr. Ben McLawhorn were elected by acclamation to serve three-year terms on the SECU Board of Directors and declared Mr. Thomas Parrish was elected by acclamation to serve a one-year term on the SECU Board of Directors.

Chairman Ayers advised the Election Process for 2022 was concluded.

## **SECU FOUNDATION REPORT**

Chairman Ayers called on Mr. Bob Brinson, SECU Foundation Board Chair, to provide the report of the SECU Foundation.

Mr. Brinson reported that since 2004, the Foundation has grown tremendously and has been established as a strong and valuable resource for many non-profits. He commented this is a sign of our longstanding commitment to helping others and the tangible difference being made in our communities and throughout North Carolina. He highlighted a few projects that have a broad reach and represent the impact of the Foundation's work. He provided an update and description of the Mission Development Grant program along with a description of the program's impact.

Mr. Brinson reported that thanks to members' support, the Foundation had an incredible year and over the course of its eighteen-year history, has provided \$235 million for initiatives that are uplifting people and delivering hope in times of great need. He looks forward to new and exciting ventures on the horizon and would like to thank you for your help in making such a positive difference in our state.

Mr. Brinson then introduced a video that highlighted a sampling of initiatives representing the heart of SECU Foundation's mission in action.

Chairman Ayers thanked Mr. Brinson for his report.

## **REPORT OF THE PRESIDENT**

Chairman Ayers then called on SECU President and CEO Jim Hayes, to present the Report of the President. Mr. Hayes joined SECU in September 2021, and gave the following report:

Mr. Hayes' credit union career spans approximately twenty-five years, and he described coming to SECU as special. He expressed his thanks to the Board for inviting him here. As Chairman Ayers mentioned, he has been visiting branches over the past year, including for advisory board meetings and member appreciation events, and he has

learned so much. He noted he is the first outside CEO and expressed appreciation for the warm reception received, and for allowing him to be a leader at SECU. He noted the range of state and local awards won by SECU and the branches as well as the reach and accomplishments of the Foundation.

Mr. Hayes noted we will be making some pivots around technology to modernize how we do business. He reported we will see more technology to make employee jobs easier and to make it easier for members to interact with the credit union. He commented that while technology changes will be seen, and you will see some changes in practice, the credit union will never lose the people helping people focus because every day is about serving members; we want to provide more modern and better tools to be able to do that.

Mr. Hayes discussed the amount of assets, number of new and current members, number of branches, and how the way members interact with SECU has changed. He reports more mobile activity has been noted, and we are paying attention to how members are interacting with the credit union so that those channels may be expanded.

Mr. Hayes addressed questions he has been asked on his travels, including if branches will be closed. He reported this is not the case; we are committed to the branch network, and SECU will continue to be in every county. He reports SECU will spend some time growing digital delivery, the call center, and branches. He states our goal is to meet you where you are via the route you choose, whether that is by the mobile app or in a branch.

Mr. Hayes expressed a desire to be a lender of choice for our members and to create products to support that. He discussed his review of lending when he came to SECU, and how this review showed a decrease in the number of members who were doing their lending with SECU. Mr. Hayes reported that as Chairman Ayers mentioned, a rewards card is planned.

In closing, Mr. Hayes reminded members that People Helping People is engraved in stone on the side of the SECU building and will always be a top focus. He expressed appreciation for a great year and recognized staff for having done a great job. He commented we are going to continue to make this credit union really relevant for the next 85 years.

Chairman Ayers thanked Mr. Hayes for his report, leadership, and vision.

## **OLD BUSINESS**

None.

## **NEW BUSINESS**

Mr. Jim Blaine indicated he had new business and was asked by Chairman Ayers to present his question. Mr. Blaine caused to be presented to the attendees at the meeting a documented titled, "A Resolution to the Board of Directors of State Employees Credit

Union Annual Membership Meeting” and stated he would like to discuss its contents. Mr. Blaine reported he had been asked by staff and members to present a motion for consideration by members. Mr. Blaine then read from the resolution. Mr. Blaine presented the following questions contained within his document:

1. How would open membership in SECU benefit the existing member-owners?
2. How would this merger have been beneficial to the current member-owners of SECU?
3. How is charging higher loan rates to member-owners who have always repaid their SECU loans justified? Does profiling members by credit score best serve the member-owners?
4. How does entering into business/commercial lending benefit the current members of the credit union? Is it worth the tax-exempt status of the CU? How much would that loss cost the member-owners of SECU?
5. Why was the elimination of the tax preparation service viewed as a benefit to the member-owners?
6. How does regional expansion of the services of SECU help improve the financial condition of current member-owners?
7. Who are we? Where are you leading us? Why are you taking us there?

Mr. Blaine made two motions, the first being:

Motion 1. The Board of Directors review and respond to the above seven questions, after statewide discussions with the staff and all advisory boards; and that the results of those discussions be published to all member-owners of the State Employees’ Credit Union as soon as practical.

Mr. Joe Leimenstoll seconded this motion.

Chairman Ayers invited individuals who would like to speak on the first motion. Members took the opportunity to speak regarding the motion and to ask clarifying questions. Chairman Ayers recognized Pepper Hines, who called for the question, which was seconded by Mr. Mike Latta. The motion to call the question carried. Chairman Ayers restated the original motion and asked that members vote by standing.

**VOTED: Upon motion by Mr. Jim Blaine, seconded by Mr. Joe Leimenstoll, members in attendance voted and approved that the Board of Directors review and respond to the above seven questions, after statewide discussions with the staff and all advisory boards; and that the results of those discussions be published to all member-owners of the State Employees’ Credit Union as soon as practical.**

Mr. Blaine's second motion was as follows:

Motion 2. In addition, it is requested that the Board of Directors update, publish, and make available to all member-owners its' Strategic Plan for SECU no later than 90 days prior to the 2023 Annual Meeting. The Strategic Plan should clearly explain the Board's recommendations for a new culture and new direction for SECU.

Chairman Ayers restated the motion and the motion was seconded by Mr. Bob McKeel.

Chairman Ayers asked for discussion or debate. Members took the opportunity to speak regarding the motion, including Ms. Jennifer Haygood, member of the Board of Directors, who spoke in support of the motion. Upon conclusion of discussion and debate, Chairman Ayers called for a vote, and asked that members vote by standing.

**VOTED: Upon motion by Mr. Jim Blaine, seconded by Mr. Bob McKeel, members in attendance voted and approved that the Board of Directors update, publish, and make available to all member-owners its' Strategic Plan for SECU no later than 90 days prior to the 2023 Annual Meeting. The Strategic Plan should clearly explain the Board's recommendations for a new culture and new direction for SECU.**

## **ADJOURNED**

After calling for any further New Business and hearing none, Chairman Ayers called for a motion to adjourn the Annual Meeting.

**VOTED: Upon motion by Ms. Shannon Whitley, members in attendance voted and approved adjournment of the meeting.**

Chairman Ayers announced that the 2022 Annual Meeting of the Members of State Employees' Credit Union was adjourned. On behalf of the Board, he thanked everyone for their attendance and expressed his hope that the program was informative and provided an opportunity to celebrate.

Respectfully submitted for,

Mr. Chris Ayers, Chairman

Ms. Mona Moon, Secretary/Treasurer