



**MINUTES OF THE 63rd ANNUAL MEETING
TUESDAY, MARCH 23, 2021**

The 63rd Annual Meeting of the Meijer Credit Union Membership was held on Tuesday, March 23, 2021, via teleconference.

Tom Riddle, Chairman, called the meeting to order at 5:31pm with the following members present per voice roll call:

Sheila Marshall
Tom Riddle
Adrian Lewis
Betty Honicutt
Jeff Powers
Keith Morrison
Bryan Richards
Mike Davey
Sandy Siedlecki
Mary Kimbrough
Dan Zimolzak

Total number of members in attendance: 11

Sheila Marshall, Board Secretary acknowledged that a quorum was present constituting an official meeting of the membership. According to our bylaws a quorum exists with not less than 7 members present.

MINUTES OF THE PREVIOUS MEETING

The minutes of the 62nd Annual Meeting were reviewed. A motion to approve the minutes was made by Bryan Richards and seconded by Sheila Marshall. Motion carried.

REPORTS

A. Elections Committee

See attached report.

B. Chairperson

See attached report.

C. Treasurer

See attached report.

D. Member Services and Member Development

See attached report.

E. Lending Department

See attached report.

F. Supervisory Committee

See attached report.

G. President

See attached report.

OLD BUSINESS

There was no old business presented.

NEW BUSINESS

There was no new business presented.

ADJOURNMENT

A motion to adjourn the meeting at 5:51pm was made by Adrian Lewis and seconded by Keith Morrison. Motion carried.

Respectfully Submitted,

Tom Riddle, Chairman

Sheila Marshall, Secretary



**63rd ANNUAL MEETING
TUESDAY, MARCH 23, 2021 ■ 5:30 pm**

Call to Order

APPROVAL OF THE PREVIOUS ANNUAL MEETING MINUTES

A. 62nd Annual Meeting Minutes

See attached minutes

REPORTS

A. Elections Committee

See attached report.

B. Chairperson

See attached report.

C. Treasurer

See attached report.

D. Member Services & Business Development

See attached report.

E. Lending Department

See attached report.

F. Supervisory Committee

See attached report.

G. President

OLD BUSINESS

There was no old business presented from the last Annual Meeting.

NEW BUSINESS

ADJOURNMENT



**MEIJER CREDIT UNION
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ELECTIONS COMMITTEE REPORT**

The Elections Committee members include Sheila Marshall and Adrian Lewis.

Two Board of Director positions are up for election and the committee nominated Tom Riddle and Mary Kimbrough for re-election.

Matt Yanoschik, President & CEO, has confirmed that no other nominations were received from the membership. As a result, the Credit Union bylaws state that the Secretary is to cast a unanimous vote for those nominated.

The term for each director will be 3 years.

The Credit Union would like to thank these individuals for volunteering their time to serve on the Board of Directors.

Sheila Marshall
Secretary



**MEIJER CREDIT UNION
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Chairman Report**

On March 13, 2020, the United States declared that the COVID-19 pandemic constituted a national emergency, and we remain under that emergency today.

The pandemic posed many challenges which allowed us to be more creative in our ability to serve the Meijer Team Member on a day-to-day basis. Our Meijer CU team went to great lengths to protect the health of our members and employees. At various times throughout the year, we closed our lobbies and went to “appointment only” during the times that the State of Michigan implemented more restrictive guidelines to protect the public from the pandemic. Our members expanded their use of online and mobile banking during the year. We educated our members to ensure they had access to their accounts when they needed it, and we expanded debit cards and ATM deposit access to those who did not have it previously.

To help our members suffering from the downturn in the economy, we implemented loan payment relief for consumer and mortgage loans and waived all the typical fees associated with the programs.

Even during the pandemic, the credit union continued to grow in membership, assets and in reserves. The Credit Union moved 85% of the team to working remotely, and the Board of Directors held its meetings with the use of Microsoft Teams.

The pandemic showed us the resilience of the Meijer Credit Union’s Board, Staff, and membership. We were well prepared and made changes to our processes and procedures as the response to the pandemic changed the way we met the needs of our members. The collaboration across our Meijer credit union team was key to making sure that we met the needs of the members.

I want to thank the entire Meijer Credit Union team for their on-going due diligence while maintaining day-to-day operations during difficult times.

Tom Riddle
Chairman



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March 23th, 2021
Year Ended 12/31/2020
TREASURER'S REPORT

Member Equity and Total Assets both increased from 2019.

	<u>2020</u>	<u>2019</u>
Member Equity Change	\$13,942,000 23.4%	\$2,262,000 4.0%
Total Assets Change	\$14,251,000 21.2%	\$2,808,000 4.4%

Loan income and the loan portfolio both decreased from 2019.

	<u>2020</u>	<u>2019</u>
Loan Income	\$ (412,000) (13.0%)	\$ (100,000) (3.1%)
Net Loans	\$(7,109,000) (17.0%)	\$(7,709,000) (14.4%)

Our net worth ratio decreased to 9.0% which is below our goal of 10.9%.

Total operating expenses had a slight increase of \$189,000 or 4.6% over 2019 but were under plan by \$129,000.

2020 saw continued strong growth in member equity and total assets. The loan portfolio and loan income both decreased for the second consecutive year. The COVID pandemic played a large role in the loan portfolio reduction as consumer spending reacted to the pandemic. The loan portfolio saw a second year of reduced losses from loan write offs and helped narrow the gap in the reduction to loan income.

The Credit Union had net income of \$366,000 for the year, an improvement of \$7,000 from the prior year.

Controlling the operating expense growth will be very important as the Credit Union continues to focus on expanding the loan portfolio in the responsible manner that resulted in the lower loan losses realized the last two years.

Jeff Powers
Treasurer



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VP of Member Service & Business Development Report

2020 was an interesting year. The Global Pandemic taught us how to work differently and how to interact differently with our members across all departments.

Member Services

2020 presented Member Service with many challenges and opportunities. As in the previous year, we continued to grow our membership base welcoming almost 3800 new members to the credit union and ending just shy of 14,500 members. That is a net growth of 7.58% and 1018 net new memberships.

Well before the Pandemic was declared, we had started discussions around the possibility of a pandemic and put our plans in place. In mid-March for the safety of our employees and members, we made the decision to close our lobbies and operate on an appointment only basis. We continued this until June 15 when we reopened our lobbies with appropriate safety precautions. During this time, we educated our members on self service options such as online and mobile banking and more. It was a good opportunity to introduce some new products and services to our members and we saw nice increase in usage.

At the same time that we closed our lobbies to walk in traffic, we sent our Contact Center staff to work remotely from home. We had a couple of glitches in the beginning, but it ended up working much better than I could have imagined. We continued to operate with a remote contact center thru the end of the year and into 2021. Our Contact Center experienced higher than normal volume throughout the year due to COVID-19 with large spikes when the Stimulus checks were released.

During the summer, we implemented Microsoft teams and our Branch Manager of Member Service did a great job using Teams for virtual meetings and employee interactions. We had several internal promotions out of member service which meant new hires and she developed processes and tools to train our new hires virtually thru Microsoft Teams.

Marketing and Business Development

A global pandemic creates the need for lots of member communication in addition to our normal messaging. Constant Contact is our vehicle we use to send emails to our membership and potential members. We acquire names thru Meijer's onboarding of new employees where a Meijer Team Member is given the option to "opt in" to receive communication from the Credit Union. During 2020, we were able to add around 50,000 new names to our global contact list. That means when we send out a global email it goes to almost 80,000 people. Constant Contact also allows us to send custom lists which can be current members only, Michigan only, or other smaller targeted groups. During the year, we sent around 120 email communications.

Another communication method for us is social media and we relaunched our social media in the spring focusing on Facebook and Instagram. Our posts are aimed to educate and share information and we continue to grow our followers each month.

During 2020, we ran several successful promotions including our Spring Loan Campaign, Winter Auto Loans, and MTM loans. We also ran our first Cyber Monday special which generated many new memberships and loans.

The Pandemic prevented our Business Development officer from making onsite Meijer Visits for a portion of the year and we also had to cancel several Meijer events that we had planned to participate in. Sheila made sure to stay in contact thru phone conversations and email communications.

As mentioned before, the Credit Union implemented Microsoft Teams during the year. One of the tasks assigned to marketing is employee morale and fun activities. With most of the team working remotely, keeping us all connected was challenging at times. Marketing did a great job using Teams to host virtual coffee events, share success stories, post gratitude/thank you messages to each other and even hold a virtual retirement party for our CEO.

In the spring, our Marketing Specialist welcomed a new baby into her family. While she was on maternity leave, we were able host an internship for one of our member service team members who is studying marketing at Davenport. This was our first official internship, and we plan on doing more in the future. It was a great experience for all.

Payment Solutions

The Payment Solutions department worked hard in 2020 and mid-year we made the decision to add a 3rd person to the department. It was an internal promotion out of Member Service. This has allowed the team more time to work our delinquent lists and expand our recovery efforts. In 4th quarter, we began filing small claims cases against members with charged off balances and who we knew were still employed. We saw immediate results in that some members called us to pay after being served. Others are going thru the process and making regular installment payments. We have had one that needed to go as far as garnishment.

During the Pandemic, we looked for ways to help our members. We made changes to our skip pay program that allowed members to skip additional payments and provided a self-serve option. We also processed forbearances for a handful of mortgages. With other members, we just had conversations and listened and offered advice. We found many of our members used their stimulus money to get caught up on loans or pay us back on charged off loans.

2020 was a strong year for Payment Solutions. Our net recoveries improved from 14% to 26%. We also charged off \$250,000 less than 2019.

Sandy Siedlecki
Vice President of Member Service & Business Development



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Lending Department Report**

Consumer Lending

In 2020 the lending department continued their mission of serving our member base by providing fair & sound underwriting decisions and education & counseling when needed. The independent loan reviews completed in 2020 continued to reveal that our practices and training improved our lender's ability to underwrite with safe and sound lending practices. We expect that these will help us to continue to lower delinquencies in the 2020 pools and beyond. Our lenders increased their cross-selling focus to help our members refinance their debt, while saving them time, money, and adding piece of mind. In 2020, our training and focus on the concentration analysis allowed us to de-risk parts of our consumer portfolio.

In 2020 our loan officers performed monthly autopsies on charged-off and delinquent loans which reinforced our current lending practices and supplemented their training & education. It also allowed them to seek out new attributes that may indicate risk and understand the value of good underwriting.

The Meijer Team Member Loan has continued to drive membership growth, but demand was mostly stagnant compared with 2019 demand due to the pandemic and 2 stimulus deposits. The 2020 volume was slightly higher than 2019 with 2,486 loans written for \$2,142,253! We hope that previous modifications to this loan allow us to continue to offer it to all Meijer Team Members in the future.

We opened 3,226 loans in 2020 which was an increase of 3.3% over 2019, which is again, the highest number of loans the Meijer Credit Union has ever done in a single year.

Our total loan portfolio decreased this year by 16% which brought us from \$42,681,826 to \$35,517,052 in total portfolio loans. The yield on the portfolio decreased from to 6.927% to 6.825% over the year due to a declining rate environment. Increasing our portfolio is critical to the long-term success of the credit union and we are focused on this goal in 2021.

Mortgage Lending

In 2020 the Mortgage Lending team had \$19,204,654 in production, which was a 76% increase over 2019. The average loan amount also increased by 17% to over \$168K with 114 loans booked.

In June 2020 we officially started to take Freddie applications which enabled us to give better rates to our members and we made more income on the yield spread.

We obtained an additional waiver from Mortgage Guaranty Insurance Corporation (MGIC) to offer mortgage insurance (MI) secured niche products for their "Community Pro" program which is designed for low income and lower credit score (640+). We set our program income levels at 2.5 times the MSHDA state median income for each county.

We are approved for the Michigan State Housing Development Authority down payment assistance program covering the entire state of Michigan! In addition, we are very close to receiving approval for the City of Grand Rapids down payment assistance program.

Matthew Yanoschik, CEO
Nick Hutzler, Consumer Lending Manager
Angie Patterson, Mortgage Operations Manager



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SUPERVISORY COMMITTEE REPORT

The Supervisory Committee is a voluntary committee made up of four credit union members including: Mike Davey - Chairperson, Steve Schrems, and Phil Keibler.

The purpose of the Supervisory Committee is to ensure that:

- Management's financial reporting objectives have been met
- The Board of Directors works in the best interests of the members
- Policies and procedures are maintained and followed
- The assets of the Credit Union are properly safeguarded

In meeting these objectives, the Supervisory Committee participates in training sessions, meets independently each month and participates in the yearly planning session. At least one member of the Supervisory Committee attends the monthly Board of Director's meeting. The Supervisory Committee also performs several independent reviews throughout the year including compliance with the SAFE Act, and an Interest Rate Risk review. All results are reported to Management and the Board of Directors.

The Supervisory Committee meets with and contracts an external audit firm to perform a comprehensive annual audit and a bi-yearly membership verification audit. The Supervisory Committee also attends the exit meeting with The State of Michigan's Department of Insurance and Financial Services (DIFS) upon the completion of their examination and monitors the implementation of recommendations.

The Supervisory Committee also reviews audits performed by external auditors and monitors the implementation of recommendations.

The results of the audits and examinations completed for year ending December 31st, 2019 by the Financial Standards Group indicate that the financial of the Meijer Credit Union are properly stated and the internal control environment is adequate.

Respectfully Submitted,

Mike Davey
Supervisory Committee Chairperson