



Your Partner for a
Secure Tomorrow



Member Packet

April 2022

apgfcu
achieve. prosper. grow.®

Aberdeen Proving Ground Federal Credit Union

TABLE OF CONTENTS

Annual Membership Meeting

April 21, 2022
Virtual Meeting via Zoom

Agenda	1
Minutes of 2021 Annual Meeting	2
Treasurer's Report	7
Supervisory Committee's Report	8
Governance Committee's Report	9
APGFCU Scholarship Awards	10

Aberdeen Proving Ground Federal Credit Union

AGENDA

Annual Membership Meeting

April 21, 2022
Virtual Meeting via Zoom

- 6:00 pm Invocation** Cheryl D. Rice
Board of Directors
- Pledge of Allegiance** Windsor L. Jones
Board of Directors
- Business Meeting** Paul D. Eikenberg
- **Call to Order** Chairman, Board of Directors
 - **Quorum - Attendance Announced**
 - **Appointments**
 - Recording Secretary** Stephanie Provenza
Executive Assistant to the CEO
 - **Minutes and Reports** Available Online in Member Packet
 - **Introduction of Board of Directors and CEO** Paul D. Eikenberg
 - **Introduction of Executive Staff** Don W. Lewis
President/CEO
 - **APGFCU Scholarship Awards** Liz M. Monti
Financial Education Director
 - **Chairman of the Board's Remarks** Paul D. Eikenberg
 - **Treasurer's Report** Michael L. Dixon, LTC (Ret.)
Treasurer, Board of Directors
 - **Election of Directors** Marjorie E. Warfield
Chair, Supervisory Committee
 - **Unfinished Business** Paul D. Eikenberg
 - **New Business** Paul D. Eikenberg
 - **Adjournment**

***Door Prize Drawings:** Current volunteers and employees of APGFCU and their immediate families and persons residing in their same households are not eligible to win door prizes. Members must be at least 16 years old to be eligible to win door prizes.

Minutes of the 2021 Annual Meeting
ABERDEEN PROVING GROUND FEDERAL CREDIT UNION
April 22, 2021

1. **OPENING CEREMONIES** – The business portion of the Annual Meeting held virtually via Zoom began at 6:00 pm on Thursday, April 22, 2021.

C. Alston delivered the invocation and the Pledge of Allegiance.

2. **WELCOME** – Chairman Paul Eikenberg welcomed everyone to the Annual Meeting.

3. **CALL TO ORDER** – Chairman Paul Eikenberg announced a quorum of 121 members and 12 guests (total of 133) was registered as of 6:00 pm.

The Chairman appointed Stephanie Provenza as Recording Secretary. He also introduced Marjorie Warfield, Chair of the Supervisory Committee, who would be announcing the election results later in the meeting.

4. **MINUTES AND REPORTS OF AUGUST 20, 2020** – *Motion was made by Kelly Holmes and seconded by Terry O'Brien to accept the minutes of the meeting held on August 20, 2020. Motion carried.* The reports of the Treasurer, Supervisory Committee, and Governance Committee were included in the member packet.

5. **INTRODUCTIONS** – Chairman Eikenberg introduced the APGFCU Board of Directors, beginning with the Executive Committee. Present were: Charles Alston, Donald Burnett, Barry Decker, Danny DeMarinis, Michael Dixon, Antha Edwards, Emanuel Hatton, and Windsor Jones. Cheryl Rice and Wayne Taylor, Associate Directors, were also introduced as well as John Blomquist, Chairman Emeritus.

Chairman Eikenberg then introduced Don W. Lewis, President/CEO. He noted that D. Lewis has served our credit union for 42 years and has been our CEO for 26 years.

He thanked D. Lewis for his leadership, passion for the credit union movement, and his vision for the future.

D. Lewis thanked the Chairman for his comments and welcomed everyone. He thanked the Board of Directors for their leadership and support and also thanked our excellent staff of over 300 credit unionists. He noted that APGFCU is member owned and member driven. D. Lewis then introduced the executive staff: Carol McBrien, Genene LaCour, Scott Weaver, Chuck Kelly, Brian Wilcox, Wayne Beall, Joelle Hash, and Robyn Mannone.

6. **APGFCU SCHOLARSHIP AWARDS** – P. Eikenberg introduced Liz Monti, Financial Education Director, to announce the winners of APGFCU's 2021 annual scholarship competition. L. Monti thanked P. Eikenberg and noted this is the 24th year for the scholarship program. L. Monti stated the program recognizes exemplary graduating high school seniors, as well as returning students and adults who are continuing their education. She thanked the APGFCU financial education department for the scholarships and Community Involvement Committee for participating as judges. APGFCU awarded a total of \$70,000 in scholarships to the following students:

Graduating High School Seniors

<u>Student</u>	<u>School</u>
Katelyn Airey	Bel Air High School
Emily Bean	North East High School
Connor Blevins	North East High School
Maxwell DeLuca	Harford Technical High School
Julia Dietz	Homeschool
Kendall Drzik	Fallston High School
Alyssa Edwards	Notre Dame Preparatory School
Angelina Giglio-Tos	John Carroll School
Anna Harmon	Notre Dame Preparatory School
Connor Hickey	Rising Sun High School
Travis Howell	North East High School
Adrianna Mace	Fallston High School
Christopher Oh	Rising Sun High School

<u>Student</u>	<u>School</u>
Noah Olinger	Harford Christian School
Jordan Patterson	C. Milton Wright High School
Nicholas Saccenti	Harford Technical High School
Daren Sumpter	Havre de Grace High School

Returning Students/Adult Continuing Education

<u>Student</u>	<u>School</u>
Stephanie Baynes	Harford Air Services
Mariah Blackwell	Harford Community College
Destiny Dews	Bowie State University
Marley Downes	Drexel University
Isabela Gomez	Comm College of Baltimore County
William Higgins	Harford Community College
Jaime Jeffers	Harford Community College
Peyton Long	Harford Community College
Brent Lorin	Johns Hopkins University
Kaitlin Magaw	Salisbury University
Alexander Rawlett	Univ of MD Baltimore County
Sean Roesener	Salisbury University
Alexis Rolle	Harford Community College
Jean-Marie Rowe	Cecil College
Katherine Smith	Mount St. Mary's University
Jennifer Stojka	Frostburg State University
Dylan Whitney	Cecil College
Kyle Whitney	Towson Univ in Northeastern MD

7. CHAIRMAN OF THE BOARD'S

REMARKS – P. Eikenberg stated the credit union produced strong results again this year, despite the economic downturn caused by the COVID-19 pandemic. He then highlighted our accomplishments and our financial results – net income of \$10 million, how we grew from nearly 138,000 members to 142,176, and how we grew our assets by more than \$354 million.

P. Eikenberg stated we have learned much over the past year. We learned how to effectively operate in a remote environment. Most of members' transactions can be performed through remote services, such as online and mobile banking, mobile deposits, ATMs, and via phone. Loan requests are now processed and funded remotely using DocuSign. The strides made leveraging technology will carry forward as life returns to "normal."

The health and safety of members and staff are paramount. APGFCU commits

resources to members' security and safety, and risks are managed and mitigated. Our security department investigates numerous cases, including scams that target members for fraud and potential cases of elder financial abuse or exploitation. Our staff are trained to spot potential scams and are often able to prevent members from falling victim. We maintain a healthy net worth ratio, our "rainy day" fund. It remains at a level considered "well capitalized" by the National Credit Union Administration, our federal regulator. We invest in our members and the community. We lend funds with favorable rates and terms, which helps members save on financing costs. Our lending spurs the local economy, and our investment in financial education benefits our members directly. Our work in schools and with community organizations reaches thousands of students and residents each year.

Through all of this, APGFCU has stayed true to its mission and values. As a member-owned and member-driven cooperative, we are listening to you, our members. P. Eikenberg stated that APGFCU is here for its members. We have resources to help, low-rate loans, skip-a-payment requests, and free financial counseling. Our Emergency Assistance Program has been in place since the start of the pandemic, and continues to be available.

P. Eikenberg expressed appreciation to the hard work, dedication, and commitment to excellence of our staff, board, and volunteers. He also thanked members for choosing APGFCU as their financial partner. APGFCU remains a safe and secure place to save and borrow, and is well positioned for future growth and success. APGFCU continues to be here for our members who need us now, more than ever.

P. Eikenberg then recognized long-time board member Charles Alston, who finishes his most recent term this evening. C. Alston has been a volunteer of APGFCU for 32 years. Over that time, he has seen the credit union grow from approximately \$175 million in assets and 42,500 members in 1988 to nearly \$1.8 billion in assets and over 142,000 members today.

In 2019, C. Alston was inducted into the African American Credit Union Coalition's Hall of Fame, in recognition of his contributions to the credit union movement. In addition, C. Alston has also been active in the community. In 1993, he led the effort to create the local chapter of Habitat for Humanity in Harford and Cecil counties. During his career, Charles served as a senior research analyst at Aberdeen Proving Ground. He was instrumental in laying the foundation for a multi-agency task force for the recruitment of minorities for the scientist and engineer career fields. He has been married to Mildred Hayes Alston for 56 years. They have two children and are also proud grandparents.

The board of directors thanked C. Alston for his many years of service and dedication to the credit union.

8. **FINANCIAL REPORT** – Michael Dixon, Treasurer of the Board, noted that 2020 was a year of financial growth for APGFCU. Our ratio of net worth to total assets of 8.71% remains well capitalized. Total net worth as of year-end was 6.8% higher than the previous year. Our assets primarily consist of loans, investments, cash, buildings, and equipment. Our assets increased 21% to \$1.79 billion during 2020. APGFCU is currently ranked fourth in size out of federally-chartered credit unions in Maryland. Members' shares ended the year at \$1.61 billion, 22.5% higher than 2019. Members earned \$12.33 million in dividends. Membership grew to 142,176 at year end. Total loans in the credit union increased 1.9%, ending at \$1.29 billion. Net charge-offs of loans were \$5.4 million. In 2020, \$9.99 million of net income was generated. Our accounting firm, Doeren Mayhew, CPAs and Advisors, pronounced APGFCU healthy and financially sound.
9. **ELECTION RESULTS** – Marjorie Warfield, Chair of the Supervisory Committee, thanked the Supervisory Committee members, the Internal Audit staff, and the Election Tellers. Members could choose to vote online, by mail, or by

ballot boxes in the branches. All votes were tallied by our vendor, CU Ballot.

Total ballots received: 3,495
 Mail (paper) ballots: 560
 Electronic (website) ballots: 2,918
 In-branch ballots: 17

78 of the total ballots received were invalidated, leaving 3,417 ballots to be counted for final results.

There were four candidates running for three 3-year terms:

Elected to the Board to serve three-year terms were:

C. Rice with 2,470 votes
 P. Eikenberg with 2,259 votes
 W. Taylor with 1,654 votes

Not elected was:

D. DeMarinis with 1,568 votes

10. **UNFINISHED BUSINESS** – There was no unfinished business.
11. **NEW BUSINESS** – P. Eikenberg noted that members had an opportunity to submit questions upon meeting registration. P. Eikenberg advised that Board members would answer submitted questions of broad interest to the majority of the membership.

- *When will lobbies reopen for walk-ins?*
 (Response by Paul Eikenberg.)

We carefully monitor COVID-19 metrics to make informed and responsible decisions regarding our operating structure as we continue to prioritize the health and safety of our members and staff. Recent COVID-19 metrics have shown an upward trend in infection rates. As soon as the metrics support offering wider in-person access, we will make an announcement. Until that time, which we hope will be in the near future, we offer scheduled appointment times, as well as many ways to safely perform transactions without having to visit a branch. Please visit apgfcu.com for more information. Thank you for your continued

patience and understanding, as we continue to take a conservative approach.

- *Will there be a Shred Day this year? If so, when?* (Response from Michael Dixon.)

We are pleased to announce the return of our popular Shred Days, which will be held in June. We are adapting these events to be a contactless experience. Members are asked to put items for shredding in their trunks and to remain in their vehicle at all times. Our crew will unload the items for you. There are four Shred Days planned – with two in Harford County and two in Cecil County. Those days are as follows:

- Saturday, June 5th in Edgewood
- Saturday, June 12th in North East
- Saturday, June 19th in Aberdeen
- Saturday, June 26th in Elkton

All of these events will be held 9 a.m. to 1 p.m., rain or shine. There will be a two-box limit per member in order to allow us to serve as many members as possible.

- *The security questions verifying membership can be too strict. Example: What is the exact amount of your last purchase and what store?* (Response from Donald Burnett.)

We understand security questions may be challenging at times; however, the goal is to ensure we are speaking to the right person – to keep your account safe. We do offer a pre-verification option, where members may utilize their e-services PIN (also known as their ABBY PIN) to authenticate their identity and skip the additional security questions. Some transactions considered higher risk, such as an outgoing bank wire, may still require additional layers of security; however, a vast majority of member interactions can be conducted using the pre-verification option. If you do not have an e-services PIN, you may request one by submitting a request via secure

message in online or mobile banking or by contacting our call center.

- *Is it possible to use online chat if it will not involve your account number? Or someone that could answer emails?* (Response from Paul Eikenberg.)

Prior to the pandemic, we had an online chat option during business hours; however, due to high volume, it is temporarily unavailable so representatives can focus on answering calls and responding to emails. You may contact the credit union by email using two different options. Within online or mobile banking, we offer a secure email option, which allows you to ask more complex questions, since you have been authenticated through your online banking log-in credentials. For general questions not involving private account information, we offer an email option: ContactUs@APGFCU.com. Our goal is to respond to email requests within 24 business hours.

- *Previously, we could tag our expenses as groceries, books, etc., in online banking. Can you provide this feature?* (Response from Michael Dixon.)

This feature can be accessed by selecting "Personal Finance Manager" from the navigation menu in online banking. You can assign categories using the full desktop version. In mobile banking, you can view the categories. In addition, Personal Finance Manager allows you to create and monitor a budget, set savings goals and aggregate accounts from other institutions.

- *Do you feel that interest rates will go up on certificates by fall?* (Response from Donald Burnett.)

Our nation and region are currently in a low-interest-rate environment. People can borrow at a lower cost, but deposits are also earning less. Most economists predict this could last for an extended period of time, well beyond the fall.

Our Asset/Liability Management team meets every week to review and set rates for deposits and loans. We examine the competitive picture and make rate decisions in the best interests of our overall membership. Our deposit rates are consistently among the best of local competitors. Currently, we are offering 24-month certificate special with an annual percentage yield of 0.75%. The certificate is available through April 30.

- *What is the best thing about awarding scholarships?* (Response from Paul Eikenberg.)

At APGFCU, our mission is to empower our members to use and control their money to improve their economic and social condition. We believe the key to doing so is through the impartation of knowledge. That is why we are so focused on financial education and also why we have offered a scholarship program for 24 years. The best part about awarding scholarships is knowing we are helping to make education a reality for our member-owners, so they can gain the skills needed to improve their economic and social condition.

- *COVID-19 has accelerated the digital changes for APGFCU. What is APGFCU doing to enhance or support the digital world for members?* (Response from Michael Dixon.)

We are continually looking for ways to improve the digital experience for our members. Over the past year, we introduced mobile wallets, the ability to send or receive transfers to or from other institutions using online and mobile banking, and implemented DocuSign software to remotely complete loan signings. There are regular new releases for online and mobile banking. Later this year, we are rolling out an improved online account opening system. As the digital world continues to evolve, APGFCU will continue to enhance its

technology to offer improved service and greater convenience for members.

- *How is APGFCU dealing with the COVID-19 pandemic, and what are the goals going forward?* (Response from Donald Burnett.)

From the beginning of the pandemic, APGFCU has taken a conservative approach to help ensure the health and safety of our member-owners and staff. The majority of our workforce continues to work remotely. Initially, branch service was limited to drive-thru service at four hub branches, which eventually expanded to the opening of all drive-through locations. As metrics improved, we added the availability of appointments for members who needed access to a lobby to complete transactions, with safety protocols in place. We also educated our members on remote channels and introduced new features, as previously described. We will continue our conservative approach as we look to further opening access to our lobbies, and we will continue to leverage the strides we have made in serving members through remote channels.

12. **ADJOURNMENT** – Chairman Eikenberg thanked everyone who attended the meeting. The business meeting adjourned at 6:45 pm.

13. **DOOR PRIZE DRAWINGS** – P. Eikenberg stated that everyone who attended today's meeting will receive a complimentary gift from the credit union via U.S. mail. In addition, as we have done in the past, members attending today's annual meeting will be entered into a door prize drawing. He then reviewed the rules of eligibility to win door prizes.

Paul D. Eikenberg, Chairman of the Board

Anthia W. Edwards, Secretary

Treasurer's Report

Michael L. Dixon, LTC (Ret.), Treasurer
Annual Membership Meeting
April 21, 2022

2021 was a year of financial growth for your credit union. Our deliberate efforts to increase capital continue to be successful. Net worth represents your credit union's accumulated net earnings over the years. It serves as a "rainy day" fund to help us weather hard times. Our ratio of net worth to total assets of 8.48% remains well capitalized. Total net worth as of year-end was 9.6% higher than the previous year.

When financial experts and regulators refer to the size of a credit union, they typically refer to the amount of its assets. Our assets primarily consist of loans, investments, cash, buildings, and equipment. Our assets increased 12.6% to \$2 billion during 2021. APGFCU is currently ranked fourth in size out of federally-chartered credit unions in Maryland.

Members' shares ended the year at \$1.8 billion, 12.9% higher than 2020. You and your fellow members earned \$9.7 million in dividends.

The variety and quality of the services we offer prompted 11,796 people to join the credit union and become owners of their own financial institution. Overall membership stood at 146,654 at year-end.

Total loans in the credit union increased 6.3%, ending at \$1.4 billion. Net charge-offs of loans were \$4.7 million.

The interest on loans to members is our primary source of income, followed by miscellaneous income and interest on investments. These three sources together make up gross income. Gross income pays for your dividends, NCUA share insurance, provision for loan losses, the cost of running the credit union, and increases in our reserves. Interest on loans reached \$65.5 million, while miscellaneous income amounted to \$23.7 million. Interest on investments was \$1 million. In 2021, our credit union was able to generate \$15.1 million of net income, which was used to increase our net worth.

Your credit union received its annual audit by our accounting firm CliftonLarsonAllen LLP. I am proud to report our auditor has issued an unmodified opinion on the financial statements, which means the statements present fairly, in all material respects, the financial position of the credit union as of December 31, 2021, and the results of its operations and cash flows for the year then ended.

The financial statements in your annual report spell out in more detail the financial condition of our credit union.

Respectfully submitted,

Michael L. Dixon, LTC (Ret.)
Treasurer

Supervisory Committee's Report

Marjorie E. Warfield, Chair
Annual Membership Meeting
April 21, 2022

The 2021 Supervisory Committee:

Marjorie E. Warfield, Chair
Charles C. Gibson, Secretary
Joseph A. Traino, Member

The primary responsibilities of the Supervisory Committee are to ensure the effectiveness of internal checks and balances, for example, the system of internal controls, and adherence to established policies and procedures, which contribute to the overall safety and soundness of your credit union. In accordance with NCUA's Rules and Regulations, the Supervisory Committee is responsible for:

- Annual financial statement audit
- The review and verification of member accounts

Further duties and responsibilities of the committee are:

- Verification of newly opened accounts, closed accounts, and charged-off loans
- Examination of accounting records and transactions, loan documentation, and meeting minutes of your Board of Directors
- Ensure that effective internal controls are established and maintained
- Ensure all departments are carrying out the policies and procedures for which they are responsible

In addition to these regulatory duties and responsibilities, the Board of Directors has delegated the responsibility to oversee the Annual Election process, ensure the ballots are counted by the independent third party according to the predetermined time schedule and report

the results to the Board Chairman prior to the Annual Meeting.

The Supervisory Committee ensures the credit union is healthy in all areas for which it has responsibility. An annual audit and all the work associated with it was conducted by our auditing firm, CliftonLarsonAllen LLP.

CliftonLarsonAllen LLP has issued an unmodified opinion on the financial statements, which means the financial statements present fairly, in all material respects, the financial position of the credit union as of December 31, 2021, and the results of its operations and its cash flows for the year then ended. The financial report as printed in the annual report is extracted from the audited financial statements. A complimentary copy of the audited financial statements is available by calling (410) 272-4000 and asking for the Marketing Department.

All members of the Supervisory Committee are currently enrolled in or have completed a volunteers' training course. Additional training is scheduled throughout the coming year to ensure all committee members are kept up-to-date on regulations and procedures.

The next year promises to be busy for the Supervisory Committee. A plan has been drafted for the committee activities for the coming year; regularly scheduled cash counts, the annual audit, and many other activities are scheduled to help ensure your credit union continues to be healthy and sound.

In closing, the Supervisory Committee can be contacted at P.O. Box 335, Churchville, MD 21028-0335 or SupervisoryGroup@apgfcu.com.

Respectfully submitted,

Marjorie E. Warfield
Chair

Governance Committee's Report

Cheryl D. Rice, Chair
Annual Membership Meeting
April 21, 2022

Our election was conducted during the period January 3, 2022, to March 27, 2022. While ballots were mailed to all primary members, electronic voting was offered as an enhancement to the voting process, and ballot boxes were available in the branches. Special measures were established to ensure the integrity and security of the voting process and the protection of member information. The Supervisory Committee has been charged with the responsibility of ensuring that the election is carried out according to Board policy.

The Board of Directors is pleased that the availability of electronic voting, combined with mail ballots, has given members greater opportunity to participate in the selection of those who will direct their credit union. The results of the election balloting are presented by the Supervisory Committee at the Annual Meeting.

The 2021 Governance Committee was comprised of:

Cheryl D. Rice, Chair
Donald J. Burnett, COL (Ret.)
Barry D. Decker, CSM (Ret.)
Michael L. Dixon, LTC (Ret.)
Antha W. Edwards
Timothy Sherwood

According to Board policy, the committee was charged to nominate a minimum of four candidates to fill three 3-year terms.

The Governance Committee considered all current credit union volunteers as potential candidates for nomination. Criteria considered included the qualifications as set forth in the Board's Volunteer Participation Policy as well as performance in their current volunteer positions, willingness, and ability to serve.

The committee determined that the following four individuals were fully qualified and nominated them to comprise the official 2022 slate of candidates running for the three positions on the Board of Directors:

Michael L. Dixon, LTC (Ret.)
B. Daniel DeMarinis
Sherif Eskaros
Joseph A. Traino III, LTC (Ret.)

Respectfully submitted,

Cheryl D. Rice
Chair

APGFCU Scholarship Awards

Annual Membership Meeting

April 21, 2022

The winners of the 2022 APGFCU annual scholarship competition are:

Graduating High School Seniors

Student

Marissa Altenburg
Ziyad Atwain
Danielle Bagarli
Emma Chaney
Caleb Daniele
Stephen Davis
Thomas Hoppel
Caleb Horn
Jordyn Kendall
Reese Kropp
Devin LaRocque
Emma Long
Emily McElroy
Abigail Melick
Isabella Stewart
Kylie Street
Alaina Taylor
Melissa Vu

School

North Harford High School
Aberdeen High School
Edgewood High School
Aberdeen High School
Patterson Mill High School
North East High School
Churchville Christian School
Perryville High School
Patterson Mill High School
Eastern Technical High School
Harford Technical High School
Bohemia Manor High School
Edgewood High School
Aberdeen High School
Patterson Mill High School
Bel Air High School
Homeschool
Bel Air High School

Returning Students/Adult Continuing Education

Mariah Blackwell
Julie Gephardt
Connor Hickey
Bradley Lembach
Adrianna Mace
Christopher Oh
Jordan Patterson
Amanda Pugh
Pax Saltysiak
Rena Stamas
Dreanna Watson
Alexa Wright

Harford Community College
Regent University
University of Maryland
Johnson University
Gettysburg College
University of Maryland
Florida Southern College
Towson University
McGill University
University of Maryland College Park
Bowie State University
Stevenson University

Congratulations to the Scholarship Class of 2022!