

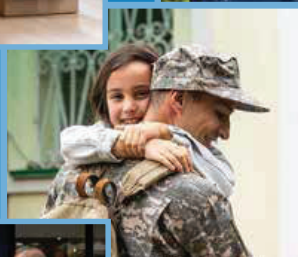
Expanding Horizons to **FINANCIAL WELLNESS**

BALTIMORE COUNTY

BALTIMORE CITY

HARFORD COUNTY

CECIL COUNTY



apgfcu
85 years with 

Aberdeen Proving Ground Federal Credit Union

TABLE OF CONTENTS

Annual Membership Meeting

April 20, 2023
Virtual Meeting via Zoom

Agenda	1
Minutes of 2022 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 20, 2023

Virtual Meeting via Zoom

- 6:00 pm Invocation** Emanuel C. Hatton
Board of Directors
- Pledge of Allegiance** Donald J. Burnett, COL (Ret.)
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 2022 Annual Meeting
ABERDEEN PROVING GROUND FEDERAL CREDIT UNION
April 21, 2022

1. **OPENING CEREMONIES** – The business portion of the Annual Meeting, held virtually via Zoom, began at 6:02 pm on Thursday, April 21, 2022.

C. Rice delivered the invocation, and M. Dixon delivered 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 194 members and 19 guests (total of 213) was registered as of 6:02 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 APRIL 22, 2021** – *Motion was made by Sharon Pelham and seconded by Kristen Maloney to accept the minutes of the meeting held on April 22, 2021. No objections were raised during the period when objections could be raised prior to the meeting. 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: Paul Eikenberg, Donald Burnett, Antha Edwards, Michael Dixon, Cheryl Rice, Emanuel Hatton, Windsor Jones, and Wayne Taylor. Associate Directors B. Daniel DeMarinis, Sherif Eskaros, and Timothy Sherwood 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 43 years and has been our CEO for 27 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 350 credit unionists. He noted that APGFCU is member owned and member driven. D. Lewis then introduced the executive staff: Genene LaCour, Chief Administration Officer; Scott Weaver, Chief Lending Officer; Chuck Kelly, Chief Financial Officer; Brian Wilcox, Chief Marketing Officer; Wayne Beall, Chief Information Officer; Joelle Hash, SVP Member Services; and Robyn Mannone, SVP Consumer Lending.

6. **APGFCU SCHOLARSHIP AWARDS** – D. Lewis introduced Liz Monti, Financial Education Director, to announce the winners of APGFCU's 2022 annual scholarship competition. L. Monti thanked D. Lewis and noted this is the 25th 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 the Community Involvement Committee for participating as judges. APGFCU awarded a total of \$60,000 in scholarships to the following 30 students:

Graduating High School Seniors

<u>Student</u>	<u>School</u>
Marissa Altenburg	North Harford High School
Ziyad Atwain	Aberdeen High School
Danielle Bagarli	Edgewood High School
Emma Chaney	Aberdeen High School
Caleb Daniele	Patterson Mill High School
Stephen Davis	North East High School
Thomas Hoppel	Churchville Christian School
Caleb Horn	Perryville High School
Jordyn Kendall	Patterson Mill High School
Reese Kropp	Eastern Technical High School
Devin LaRocque	Harford Technical High School
Emma Long	Bohemia Manor High School
Emily McElroy	Edgewood High School
Abigail Melick	Aberdeen High School
Isabella Stewart	Patterson Mill High School
Kylie Street	Bel Air High School
Alaina Taylor	Homeschool
Melissa Vu	Bel Air High School

Returning Students/Adult Continuing Education

<u>Student</u>	<u>School</u>
Mariah Blackwell	Harford Community College
Julie Gephardt	Regent University
Connor Hickey	University of Maryland
Bradley Lembach	Johnson University
Adrianna Mace	Gettysburg College
Christopher Oh	University of Maryland
Jordan Patterson	Florida Southern College
Amanda Pugh	Towson University
Pax Saltysiak	McGill University
Renae Stamas	University of Maryland College Park
Dreanna Watson	Bowie State University
Alexa Wright	Stevenson University

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 newest milestone – reaching \$2 billion in assets. While it took 76 years to reach the \$1 billion in assets milestone, it took just seven additional years to reach \$2 billion. This was possible due to the loyalty of member-owners and the dedication of volunteers and staff.

Two elements that help set APGFCU apart from other financial institutions are its commitment to financial education and its community involvement. As the pandemic continued in 2021, the credit union engaged in 979 financial education classes, reaching over 17,000 youth and adults by delivering sessions virtually. APGFCU believes strongly in giving people the knowledge and tools they need to be financially secure. In addition, our Community Involvement Committee allocated more than \$179,000 in donations to help local nonprofits and charitable organizations, exemplifying APGFCU's commitment to the communities it serves, as well as awarding \$70,000 in scholarships last year.

The credit union is excited and optimistic for the future. Recently, the National Credit Union Association, its federal regulator, approved APGFCU to extend its membership eligibility beyond Harford and Cecil counties. Now, those who live, work, worship, attend school, or volunteer in Baltimore County and Baltimore City can also become members of APGFCU. This will enable APGFCU to help more people improve their financial lives. The credit union remains committed to its roots at Aberdeen Proving Ground, as well as in Harford and Cecil counties.

P. Eikenberg thanked two long-time board members who completed their most recent terms with this meeting, choosing not to run for re-election. B. Decker has been a volunteer for 35 years, starting in 1987 on the Credit Committee. He was elected to the board in 1989 and, during his tenure, served on the Executive Committee for a total of 21 years in the roles of assistant treasurer, treasurer, vice chair, and chair. W. Jones has been a volunteer for 30 years, starting in 1992 as an alternate member of the Credit Appeals Committee. He was elected to the board in 1998, and served on the Executive Committee for a total of four years as assistant treasurer. He is a founding member of the Technology Committee, which was started in 1996. He served on it for a total of 22 years, chairing it for a total of 11 years.

On behalf of the board of directors, P. Eikenberg thanked B. Decker and W. Jones for their many contributions and years of service to the credit union.

Volunteers are the backbone of our credit union. Members were encouraged to visit our website at apgfcu.com/volunteers if they, or someone they know, would be interested in serving as a volunteer at APGFCU.

8. **FINANCIAL REPORT** – Michael Dixon, Treasurer of the Board, noted that 2021 was a year of financial growth for APGFCU. 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. 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. Members earned \$9.7 million in dividends. Membership grew to 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. In 2021, \$15.1 million of net income was generated. Our accounting firm, CliftonLarsonAllen LLP, 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.
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: 2,340
Mail (paper) ballots: 447
Electronic (website) ballots: 1,872
In-branch ballots: 21

36 of the total ballots received were invalidated, leaving 2,304 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:

M. Dixon with 2,002 votes
J. Traino with 1,413 votes
B. Daniel DeMarinis with 1,286 votes

Not elected was:

S. Eskaros with 772 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.

- *The Federal Reserve Bank started to raise interest rates in 2022 and may continue. What actions or impact will that have here? (Response by Paul Eikenberg.)*

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. We gather and analyze rates from local area financial institutions including other credit unions, savings banks and commercial banks. These institutions are the market leaders in our region.

Following the Federal Reserve's mid-March rate announcement, we increased the annual percentage yield on savings and money market accounts by 10 basis points, effective April 1st, 2022. Our savings, checking, and money market rates are currently among the best available in the local marketplace, and our deposit pricing strategy has helped us rank number one in deposit market share for Harford and Cecil counties combined for many years.

In terms of loans, variable-rate products, such as credit cards and home equity lines of credit, are tied to the Prime Rate, which changes with the moves made by the Federal Reserve. With the most recent Federal Reserve action, Prime Rate increased by a quarter percent. As a result, variable-rate credit card and home equity line of credit rates increased by a quarter percent. Fixed-rate loans, such as auto loans and personal loans, aren't directly tied to Prime Rate and typically do not experience an immediate impact; however, over time, those rates tend to move up or down based on the frequency and general direction of the Federal Reserve's moves.

APGFCU will continue to monitor the environment to ensure members are receiving fair rates of interest that are among the best in the market.

- *Will you be considering the reduction or elimination of overdraft fees like other banks and credit unions?* (Response by C. Rice.)

We are currently evaluating our existing overdraft program. The competitive and regulatory landscape is evolving, particularly in light of increased scrutiny by the Consumer Financial Protection Bureau related to overdraft fees. Many of the changes to overdraft programs

recently reported in the news have occurred at some of the largest U.S. banks in response to feedback from the Consumer Financial Protection Bureau related to their overdraft fee programs.

At APGFCU, our mission is to help our members protect and build their wealth. To that end, our goal for all of our fees is to ensure they are fair, transparent, and clearly disclosed to members. We also provide education for members to help them avoid unnecessary fees. Our evaluation of our current program will include consideration for our competitors' overdraft fee practices, as well as any emerging regulatory guidance.

- *Can IRAs be serviced without having to go into a branch?* (Response by W. Jones.)

You can initiate the opening or servicing of an IRA online by going to apgfcu.com/IRAs and clicking "Access Our Online IRA Service Center." The portal walks you through the documents required for account opening and servicing needs, such as withdrawals and beneficiary changes. Once forms are printed and signed, members have the option of visiting a branch, mailing in forms, or attaching the form to the secure email function within online banking. In addition, phone assistance is available for IRA services by calling our main number and selecting option 4 for the Member Service Center. If a branch visit is needed, appointments are available for your convenience and can be requested on our website.

- *When will the Rising Sun Branch be re-opened?* (Response by M. Dixon.)

We anticipate reopening the Rising Sun branch, as well as the Amyclae branch, soon. As of today, 13 of our 15 branch locations have re-opened. Only Rising Sun and Amyclae remain closed. As many

businesses have experienced, the employment market is very dynamic, creating staffing challenges. We are actively working on our staffing plan to ensure we hire the best and the brightest to re-open the final two locations as soon as possible. We thank you, our members, for the incredible patience you have shown as we've navigated through this unique environment.

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.

The following individuals were declared winners of the door prize drawings: Sharon Gandy, Isabella Steward, Caleb Horn, Barbara J. Williams, Kristin J. Dixon, Alexa Wright, Jan Kolakowski, Amanda Pugh, Mike Faulkner, and John Arthur.

Paul D. Eikenberg, Chairman of the Board

Antha W. Edwards, Secretary

Treasurer's Report

Michael L. Dixon, LTC (Ret.), Treasurer
Annual Membership Meeting
April 20, 2023

2022 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 8.61% remains well capitalized. Total net worth as of year-end was 8.4% 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 6.7% to \$2.2 billion during 2022. APGFCU is currently ranked fourth in size out of federally-chartered credit unions in Maryland.

Members' shares ended the year at \$1.9 billion, 6.5% higher than 2021. You and your fellow members earned \$9.9 million in dividends.

The variety and quality of the services we offer prompted 16,038 people to join the credit union and become owners of their own financial institution. Overall membership stood at 155,129 at year-end.

Total loans in the credit union increased 18.2%, ending at \$1.6 billion. Net charge-offs of loans were \$6.2 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 \$72.6 million, while miscellaneous income amounted to \$22.6 million. Interest on investments was \$6.4 million. In 2022, our credit union was able to generate \$14.4 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, 2022, 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 20, 2023

The 2022 Supervisory Committee:

Marjorie E. Warfield, Chair
Charles C. Gibson, Secretary
Barry D. Decker, CSM (Ret.)
Kurt J. Wilhelm

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:

- The 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 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 an 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 accounting 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, 2022, and the results of its operations and 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's activities for the coming year; regular 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 20, 2023

Our election was conducted during the period January 4, 2023, to March 26, 2023. 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 2022 Governance Committee was comprised of:

Cheryl D. Rice, Chair
Donald J. Burnett, COL (Ret.)
Michael L. Dixon, LTC (Ret.)
Antha W. Edwards
Timothy Sherwood
Wayne G. Taylor

According to Board policy, the committee was charged to nominate a minimum of four candidates to fill three, three-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 2023 slate of candidates running for the three positions on the Board of Directors:

Donald J. Burnett, COL (Ret.)
Sherif Eskaros
Emanuel Hatton
Timothy Sherwood

D. Burnett and T. Sherwood recused themselves from the vote.

Respectfully submitted,

Cheryl D. Rice
Chair

APGFCU Scholarship Awards

Annual Membership Meeting

April 20, 2023

The winners of the 2023 APGFCU annual scholarship competition are:

Graduating High School Seniors

Student

Mason Darsney
Sarah Beall
Mackenzie Ellinghaus
Allison Pierce
Stephen Lewis
Elisabeth Holmes
Cambria Stansfield
Eli Weston
Alexander Gudavich
Natalie Vitak
Marielle Fitzgerald
Nathaniel Flatau
Paige Racine
Candace Cole
Faith Smeltzer
Christina Rasa
Sienna Puhalla
Jhadiel Lopez Camacho
Melissa Shipley
Anna Callaghan
Avery Lane
Mathias Mingle

School

Bohemia Manor High School
Edgewood High School
North Harford High School
North East High School
Reach Cyber Charter
North Harford High School
Harford Technical High School
Rising Sun High School
Bel Air High School
Perryville High School
Rising Sun High School
Aberdeen High School
Bohemia Manor High School
Edgewood High School
Edgewood High School
Tome School
C. Milton Wright High School
North East High School
Havre de Grace High School
Rising Sun High School
Harford Technical High School
The John Carroll Scholl

Returning Students/Adult Continuing Education

Brooke Walz
Dylan Whitney
Jiana Stamas
Emma Chaney
Haley Hardiman
Marina Kuper
Megan Martin
Alaina Taylor
Abigail Melick
Emily McElroy
Mariah Blackwell
Olumayowa Dada
Anna Harmon
Gerald Brown

University of Maryland
Cecil College
University of Delaware
University of Maryland Baltimore County
Harford Community College
Stevenson University
Towson University
University of Maryland Baltimore County
University of Maryland College Park
Towson University
Harford Community College
ECPI University
University of Maryland College Park
Johns Hopkins University

Congratulations to the Scholarship Class of 2023!