



Building Resilience With U

Member Packet
April 2021

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Aberdeen Proving Ground Federal Credit Union

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Annual Membership Meeting

April 22, 2021
Virtual Meeting via Zoom

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Aberdeen Proving Ground Federal Credit Union

AGENDA

Annual Membership Meeting

August 22, 2021
Virtual Meeting via Zoom

- 6:00 pm Invocation** Charles N. Alston, Sr.
Board of Directors
- Pledge of Allegiance** Charles N. Alston, Sr.
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**

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 win door prizes.

Minutes of the 2020 Annual Meeting
ABERDEEN PROVING GROUND FEDERAL CREDIT UNION
August 20, 2020

1. **OPENING CEREMONIES** – The business portion of the Annual Meeting held virtually via Zoom began at 6:00 pm on Thursday, August 20, 2020.

D. Burnett 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 142 members and 15 guests was registered as of 6:00 pm.

The Chairman appointed Stephanie Provenza as Recording Secretary. He also acknowledged Marjorie Warfield, Chair of the Supervisory Committee, who typically announces the election results during this meeting. M. Warfield was unable to join this meeting, so the results were announced by Beth Bayer, Senior Vice President of Internal Audit, who serves as the staff liaison to the Supervisory Committee.

4. **MINUTES AND REPORTS OF APRIL 10, 2019** – *Motion was made by Joshua Lewis and seconded by Michelle Krecz to accept the minutes of the meeting held on April 10, 2019. 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. Members of the Board of Directors were Donald Burnett, Antha Edwards, Michael Dixon, B. Daniel DeMarinis, Charles Alston, Barry Decker, Windsor Jones, and Wayne Taylor. Emanuel Hatton and Cheryl Rice, Associate Directors, were also introduced as well as John Blomquist and David Gilbert, Chairmen Emeriti.

Chairman Eikenberg then introduced Don W. Lewis, President/CEO. He noted that D. Lewis has served our credit union for 41 years and has been our CEO for 25 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, Brian Wilcox, Chuck Kelly, 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 2020 annual college scholarship competition. L. Monti thanked P. Eikenberg and noted this is the 23rd 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 \$68,000 in scholarships to the following students:

Graduating High School Seniors

<u>Student</u>	<u>School</u>
Marina Bennett	Aberdeen HS
Samuel Boin	Homeschool
Elianna Bolton	Aberdeen HS
Valerie Burke	Fallston HS
Lane Crofton	Fallston HS
Hannah Donohue	Fallston HS
Alexander Flasch	Fallston HS
Katherine Foy	Aberdeen HS
Taylor Gasior	Bel Air HS

<u>Student</u>	<u>School</u>
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Isabela Gomez.....	Catholic HS of Baltimore
Esme Hansing	South Lakes HS
Cole Higgins	C. Milton Wright HS
Kaylyn Jennings	North East HS
Ethan Jew.....	C. Milton Wright HS
Bradley Lembach.....	Homeschool
Emily Linz	Aberdeen HS
Katerina Lomis.....	Patterson Mill HS
Alexander Rawlett.....	Edgewood HS
Lauren Reich.....	C. Milton Wright HS
Renae Stamas	Notre Dame Preparatory School
Connor Streibich	Patterson Mill HS
Brooke Walz	Bohemia Manor HS
Bruce Webb	Joppatowne HS
Christopher Wehberg	Edgewood HS

Returning Students/Adult Continuing Education

<u>Student</u>	<u>School</u>
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Samantha Fruhling	Univ of MD Global Campus
Taylor Gallihue	University of Maryland
Julie Gephardt	Regent University
Julie Hagis	Notre Dame of MD University
Gina Handley	Cecil College
Kit Lombard	Washington and Lee University
Grace Martino	University of Maryland
Joshua Oltarzewski	Harford Community College
Lauren Pahutski	Towson University
Katherine Smith	Mount St. Mary's University

7. CHAIRMAN OF THE BOARD'S

REMARKS – P. Eikenberg stated how in a normal year, this is the point in the meeting where he would give a report on the previous year. He would then also highlight our accomplishments and our financial results – net income, net worth, share growth and loan growth – which were all very strong; how we grew from 130,000 members to nearly 138,000; and how we grew our assets to nearly \$1.5 billion, ranking us as the fourth largest federally chartered credit union in Maryland. However, 2020 is not a normal year, so he encouraged everyone to read more about those results in the annual report. He noted earlier this year, life as we know it changed. We found ourselves at the beginning of a global pandemic. Our state took the proactive measure of issuing a stay-at-home order, which lasted for more than six weeks. While it helped slow the spread

and get the state's numbers trending in the right direction, it took an economic toll. Many non-essential businesses had to shut down temporarily, workers were laid off and, in some cases, businesses permanently closed because they could not withstand the economic impact.

P. Eikenberg stated APGFCU entered the pandemic strong, and remains strong. While the plans and budgets we made and adopted in late 2019 have been impacted by this unprecedented event, we have adapted to the new landscape. APGFCU continues to be here for our members who need us now, more than ever. Under the CEO and past chairpersons, processes, infrastructure, and reserves have been built up to weather economic storms like this. Our net worth ratio, which is our “rainy day” fund, remains at a level considered “well capitalized” by the National Credit Union Administration, our federal regulator. Well before the pandemic and even prior to previous recessions, we prepared for situations such as this (and even more severe) by stress testing our financial ratios quarterly. We have remained fiscally conservative and focused on results, which has enabled us to grow our net worth to remain on solid footing during economic downturns.

APGFCU is in this strong position because of our successful history, which we attribute to our member-owners. Their active participation in this cooperative, turning to us for your borrowing and savings needs – has led to this success. APGFCU is a learning organization. As each week passes, we discover new strengths and build upon them. During this pandemic, we have been tested and have demonstrated:

- Adaptability, by quickly deploying a large percentage of our staff to work remotely;
- Creativity, such as conducting financial education sessions virtually; and
- Commitment, to keeping our members and employees safe. Our decisions are made with the health and well-being of our members and staff as the top priority.

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. In May and July, we

conducted surveys to gauge how members are faring through the pandemic. The results show the majority have not been severely impacted financially, which is good news; however, 8.8% of respondents in May and 6.5% of respondents in July said they have been severely impacted financially. In addition, approximately one out of three members said they have been somewhat negatively impacted financially. 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.

Just as we are here for our members, we are also here for our community. APGFCU continues to support the many fine non-profit organizations that are doing important work in meeting the needs of the people of Harford and Cecil counties. We recognize that now more than ever, these organizations need us to be there for them. Our Community Involvement Committee has a budget of \$148,000 this year for this purpose.

P. Eikenberg also encouraged members to become a volunteer at APGFCU if our credit union's mission and work resonate with them. Our volunteer board and committees are the backbone of APGFCU. We are seeking talented people from all walks of life and generations. This is a great place to help people, leverage your talents, and develop new skills. If members are interested in learning more to please reach out to any board member, contact the credit union, or visit apgfcu.com/volunteers.

APGFCU is committed to being a beacon of hope – a lighthouse, if you will – to its members and community during these times. Together, we will successfully navigate these uncharted waters.

8. **FINANCIAL REPORT** – Michael Dixon, Treasurer of the Board, stated that 2019 was a year of financial growth for APGFCU. Our ratio of net worth to total assets of 9.86% remains well capitalized. Total net

worth as of year-end was 0.02% lower than the previous year. Our assets primarily consist of loans, investments, cash, buildings, and equipment. Our assets increased 8.7% to \$1.48 billion during 2019. APGFCU is currently ranked fourth in size out of federally-chartered credit unions in Maryland. Members' shares ended the year at \$1.32 billion, 8.8% higher than 2018. Members earned \$11.57 million in dividends. Membership grew to 137,963 at year-end. Total loans in the credit union increased 7.7%, ending at \$1.27 billion. Net charge-offs of loans were \$7.26 million. In 2019, \$11.52 million of net income was generated. Our accounting firm, Doeren Mayhew, CPAs and Advisors, pronounced APGFCU healthy and financially sound.

M. Dixon introduced Beth Bayer, Senior Vice President of Internal Audit, who reviewed the election of directors.

9. **ELECTION RESULTS** – On behalf of Marjorie Warfield, Chair of the Supervisory Committee, B. Bayer 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:	2,332
Mail (paper) ballots:	586
Electronic (website) ballots:	1,688
In-branch ballots:	60

39 of the total ballots received were invalidated, leaving 2,293 ballots to be counted for final results.

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

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

Donald Burnett with 1,674 votes
Antha Edwards with 1,617 votes
Emanuel Hatton with 1,360 votes

Not elected was:

Wayne Taylor with 1,199 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 from Donald Burnett.)

Since the start of the pandemic, the safety of our member-owners and employees has remained our top priority. We are continually monitoring conditions and have taken proactive measures with the goal of minimizing business interruptions while keeping everyone safe. The best way for us to balance safety with service at this time is by making lobbies accessible by appointments, which were recently expanded, rather than walk-in traffic. This is the approach many other local financial institutions have taken as well. We encourage members to use our many self-service options, which are listed in the back of the member packet, available at apgfcu.com/AnnualMeeting. We are committed to being a lighthouse, guiding our members through these times and providing critical services, while keeping our members and employees safe.

- *Is there consideration for a Chestertown branch?* (Response from Michael Dixon.)

We are delighted by the invitation extended by our members in neighboring Kent County. Our current field of membership is comprised of Cecil and Harford counties, and as such, prevents us from building a branch in Chestertown. Moving into Kent County would require a charter conversion with our federal regulator, NCUA. Please see our “Alternate ways to complete your transactions” document, which is included as the last page of the member

packet, available at apgfcu.com/AnnualMeeting. We appreciate your membership.

- *During this economic uncertainty, how does your business stand up from the rest in helping your members?* (Response from Paul Eikenberg.)

APGFCU is built on the philosophy of people helping people. As such, we are always considering ways to help members in need. At the start of the pandemic, we activated our Emergency Assistance Program to members. Available upon request, this program includes fee waivers for qualified Skip-a-Payment requests; modified or extended payments on loans, credit cards or lines of credit; refunds of late fees and non-sufficient funds (NSF) fees, where applicable; penalty-free certificate withdrawals; reduced rates on share secured loans; expedited credit decisions for line increases and new loan requests; and free financial counseling, debt management services and financial education tools. More information can be found at apgfcu.com or by calling 410-272-4000.

- *In online banking, can we assign categories to our expenses as we could before?* (Response from Donald Burnett.)

Yes, this feature can be accessed by selecting "Personal Finance Manager" from the navigation menu. You can assign categories using the full desktop version of online banking. 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.

- *When do you see rates increasing on CDs and decreasing on Visa?* (Response from Michael Dixon.)

We continually evaluate our performance to ensure APGFCU is maintaining the appropriate balance of meeting both the savings and lending needs of our entire membership. 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. 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 26-month certificate special with an annual percentage yield of 1.10%. The certificate is available through August 26, 2020.

Most of our Visa credit card pricing is based on the Prime Rate, plus a margin. When Prime Rate dropped earlier this year, so did the rates on most of our Visa cards. Currently, our Visa Platinum Rewards card offers a standard APR as low as 8.99%. We also offer limited-time promotional rates on balance transfers.

- *When will you have more shredding events?* (Response from Paul Eikenberg.)

APGFCU typically hosts shred days each spring and fall for the convenience of our members. The events have become popular as people look for ways

to safely discard of documents containing sensitive information. Due to the pandemic and challenges holding these events in a manner that adheres to social distancing and other CDC guidelines, we found it necessary to cancel the dates in the spring. As the pandemic continues, we are not planning to schedule dates for the fall. We look forward to bringing these events back to our members when there is a safe environment to do so.

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

14. **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

Antha W. Edwards, Secretary

Treasurer's Report

Michael L. Dixon, LTC (Ret.), Treasurer
Annual Membership Meeting
April 22, 2021

2020 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 8.71% remains well capitalized. Total net worth as of year-end was 6.8% 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 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. You and your fellow members earned \$12.33 million in dividends.

The variety and quality of the services we offer prompted 9,009 people to join the credit union and become owners of their own financial institution. Overall membership stood at 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.

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 \$66.3 million, while miscellaneous income amounted to \$21 million. Interest on investments was \$1.1 million. In 2020, our credit union was able to generate \$9.99 million of net income, which was used to increase our net worth.

Your credit union received its annual audit by our accounting firm Doeren Mayhew. I am proud to report they pronounced your credit union healthy and financially sound.

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 22, 2021

The 2020 Supervisory Committee:

Marjorie E. Warfield, Chair
Charles C. Gibson, Secretary
John J. Salser, Member
Sandra J. Sasser, Member
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 control, 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 assures you this credit union is very healthy in all of the areas for which it has responsibility. The annual audit and all of the work associated with it was conducted by our external audit firm, Doeren Mayhew CPAs and Advisors. The auditors have given us a good report with no major findings. The financial reports, as printed in the Annual Report, are 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.

Respectfully submitted,

Marjorie E. Warfield
Chair

Governance Committee's Report

Michael L. Dixon, LTC (Ret.), Chair

Annual Membership Meeting

April 22, 2021

Our election was conducted during the period January 4, 2021, to March 28, 2021. 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 2020 Governance Committee was comprised of:

Michael L. Dixon, LTC (Ret.), Chair
John A. Blomquist
Donald J. Burnett, COL (Ret.)
Barry D. Decker, CSM (Ret.)
Antha W. Edwards
Paul D. Eikenberg

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 2021 slate of candidates running for the three positions on the Board of Directors:

Paul D. Eikenberg
B. Daniel DeMarinis
Wayne G. Taylor
Cheryl D. Rice

P. Eikenberg recused himself from the vote.

Respectfully submitted,

Michael L. Dixon, LTC (Ret.)
Chair

APGFCU Scholarship Awards

Annual Membership Meeting

April 22, 2021

The winners of the 2021 APGFCU annual scholarship competition are:

Graduating High School Seniors

Student

Katelyn Airey
Emily Bean
Connor Blevins
Maxwell DeLuca
Julia Dietz
Kendall Drzik
Alyssa Edwards
Angelina Giglio-Tos
Anna Harmon
Connor Hickey
Travis Howell
Adrianna Mace
Christopher Oh
Noah Olinger
Jordan Patterson
Nicholas Saccenti
Darren Sumpter

School

Bel Air High School
North East High School
North East High School
Harford Technical High School
Homeschool
Fallston High School
Notre Dame Preparatory School
John Carroll School
Notre Dame Preparatory School
Rising Sun High School
North East High School
Fallston High School
Rising Sun High School
Harford Christian School
C. Milton Wright High School
Harford Technical High School
Havre de Grace High School

Returning Students/Adult Continuing Education

Stephanie Baynes
Mariah Blackwell
Destiny Dews
Marley Downes
Isabela Gomez
William Higgins
Jaime Jeffers
Peyton Long
Brent Lorin
Kaitlin Magaw
Alexander Rawlett
Sean Roesener
Alexis Rolle
Jean-Marie Rowe
Katherine Smith
Jennifer Stojka
Dylan Whitney
Kyle Whitney

Harford Air Services
Harford Community College
Bowie State University
Drexel University
Community College of Baltimore County
Harford Community College
Harford Community College
Harford Community College
Johns Hopkins University
Salisbury University
University of Maryland Baltimore County
Salisbury University
Harford Community College
Cecil College
Mount St. Mary's University
Frostburg State University
Cecil College
Towson University in Northeastern Maryland

Congratulations to the Scholarship Class of 2021!