

87TH ANNUAL MEETING

MINUTES

Virtual Meeting
Wednesday, April 15, 2020, 7:00 pm

BOARD OF DIRECTORS PRESENT:

Mr. Zach Gose, Chair
Mr. Ben Lundell, Vice Chair
Mr. Chris D'Abreau
Mr. Evan Gay
Ms. Karen Hunt
Ms. Nancy Woodland

SUPERVISORY COMMITTEE:

Mr. Rodolfo Hurtado, Chair
Mr. Eric Esteban, Vice Chair
Mr. Vikash Chhagan
Mr. John Carpenter
Ms. Zhu Xiao

BOARD EMERITUS:

Mr. Dan Strandy

MEMBERS PRESENT: 24

CALL TO ORDER

The 87th Annual Meeting of Verity Credit Union was called to order by Board Chair, Zach Gose, at 7:07 PM

ASCERTAIN QUORUM

Chair Gose announced that a quorum was present.

APPROVAL OF THE 86TH ANNUAL MEETING MINUTES

Chair Gose asked for a motion to approve the 86th Annual Meeting Minutes.

Mr. Dan Strandy moved to approve the Minutes.
The motion was seconded by Mr. John Carpenter.
The motion passed unanimously.

ELECTIONS

Chair Gose introduced Nominations Chair Woodland.

Nominations Chair Woodland introduced the candidates:

Board Candidates:

- 1) Eric Esteban [3 year term]
- 2) Nick Etscheid [3 year term]
- 3) Michelle Pham [3 year term]
- 4) Michael Grenetz [1 year term]

Supervisory Committee Candidates:

- 1) Karen Hunt [3 year term]
- 2) Vikash Chhagan [3 year term]

Director Woodland explained that according to Verity Credit Union by-laws when only one member is nominated per open position the slate is elected by general consent. As that is the case this year, Director Woodland declared each nominee elected by general consent.

Nominations Chair Woodland reminded all meeting participants that nominees are still being accepted for the Board Associate Program and anyone wishing to be considered may contact Director Woodland or Heidi Hubert on the Verity staff.

REPORT OF THE BOARD CHAIR

Chair Gose recognized and thanked the Verity staff for their response to the COVID-19 situation.

Chair Gose reported on the Chairman's annual report and reviewed the past year.

Chair Gose said that we don't thrive if the community doesn't thrive, and he highlighted several fantastic events where Verity participated in 2019 to build our community.

REPORT OF THE CHIEF EXECUTIVE OFFICER

CEO Zmolek thanked everyone for attending the 87th Annual Meeting and congratulated the new Board members and Supervisory Committee members.

CEO Zmolek shared that 2019 was a great year for Verity. Membership grew by 2,168 members, many coming from referrals. Lending grew close to 10% fueled by mortgages, green auto loans, and small business loans. The Solar loan program expanded and is expected to become a bigger part of Verity's portfolio. We also began a student lending program, helping graduates manage their debt more sustainably. As a result, asset growth was 7.8%. Deposit growth was even greater at 8.3%.

CEO Zmolek shared our plans to open a new branch in the Othello Square project of South Seattle in 2022.

CEO Zmolek shared how in response to the COVID-19 pandemic and economic shutdown we currently face, Verity is continuing to serve our members, especially those with economic challenges, while protecting our community, members and staff. We have moved to a remote work force and are servicing members online, through the call center, and by appointment only in our branches. We are working with impacted members on mortgage and loan forbearances, skip a pays, through Emergency Assistance loans, and loan modifications. Verity is also participating in the SBA Paycheck Protection Program with close to \$5MM in applications, and more than 465 employee jobs protected to date.

CEO Zmolek encouraged everyone to go to our website to read our 2019 Annual Report and 2019 Community Impact report of how we have helped local businesses and member.

CEO Zmolek thanked his Executive team for their leadership, and staff for their flexibility and desire to do whatever it takes to help our members. He thanked the Board of Directors, Supervisory Committee, and Associated for their vision and support, and most of all our members for your loyalty and interest.

SUPERVISORY COMMITTEE REPORT

Chair Gose introduced Mr. Rodolfo Hurtado, Chair of the Supervisory Committee, to give the Supervisory Committee Report.

Mr. Hurtado presented the main duties of the Committee. The committee retained Moss Adams to perform the 2019 annual year-end financial audit. The audit was completed with no major concerns.

RETIRING VOLUNTEERS RECOGNITION

Chair Gose introduced and recognized our retiring volunteers Director Dan Young and Director Emeritus Dan Strandy for their many years of service.

MEMBER QUESTIONS:

Chair Gose asked members to submit their questions through the chat feature.

1. **Question:** Verity has historically been in a strong reserve position, higher than industry standard. What are Verity's current reserve levels and do we anticipate any potential liquidity concerns due to the current economic impact of COVID-19, as was seen in the great recession?

Reply: CEO Zmolek explained that we have maintained a reserve ratio between nine and ten. A well capitalized credit union has over 7%, so we have a cushion of 2% over that. We've been able, most days of the month, to pay down our overnight borrowings to zero. We currently have plenty of liquidity and sources where we can borrow money if necessary.

2. **Question:** Is there, or will there be, a video tutorial on how to deposit a check using a mobile phone?

Reply: CMO Cleveland explained that we do not yet have a video, but we do have step by step instructions on our website under Learn More, within the FAQ section. We are talking about trying to create some additional resources for digital banking since many are using it for the first time.

3. **Question:** If a person can't pay back a Verity loan and it's written off due to the COVID-19 situation, does Verity have any way of making this not adversely affect the person's credit rating?

Reply: CEO Zmolek explained that right now we are not reporting non-payments of loans for the first 90 days, through June 30. If they don't pay the loan back at all, eventually we would be reporting that to the credit bureau and it would hurt their credit rating. He urged members to call us before a deciding not to pay us back.. In many cases we can work out a mutual agreeable solution.

NEW BUSINESS

None.

ADJOURNMENT

With no new business, Chair Gose asked for a motion to adjourn the meeting.

Ms. Karen Hunt moved to adjourn the meeting.

The motion was seconded by Mr. John Carpenter.

Chair Gose declared the meeting adjourned at 7:53 PM.