

## 2024 Annual Meeting Minutes

The 75<sup>th</sup> Annual Membership Meeting of Piedmont Advantage Credit Union (PACU) was held at Maple Chase Country Club on Tuesday, September 24. Tom Mekis, Chairman of the Board, called the business meeting to order at 6:12 p.m. Chairman Mekis asked Secretary Saunders if we had a quorum. A quorum was determined with a total of 91 attendees. Chairman Mekis recognized all volunteers on the Board of Directors and Supervisory Committee for their service.

Chairman Mekis asked John Reece, Board of Director Emeritus, to lead the invocation.

In lieu of reading the minutes from the prior Annual Meeting, Chairman Mekis advised that a copy of the minutes was provided in a link for those who registered online for this year's Annual Meeting. A copy of the meeting minutes was also included in the 2024 Annual Report. Upon motion by Mr. George Price and seconded by Mr. Mark Linville the minutes from the prior annual meeting were approved.

Chairman Mekis recognized and thanked fellow volunteers. He stated that the Board of Directors and Supervisory Committee serve without compensation to represent the 30,000+ members of Piedmont Advantage Credit Union.

PACU Board members are: Steve Gilliland, Vice Chairman; Mark Linville, Treasurer; Mark Saunders, Secretary; Darren Cranfill, Justine Lerch, Brian Myers, George Price, and Diana Santos Johnson. He mentioned that we also have an Associate Director, Liz Davidson, and four Directors with Emeritus status: Ramon Hoots, John Reece, Gene Sharp, and Jim Taylor (Chairman Emeritus). PACU Supervisory Committee is represented by: Diana Santos Johnson (Chair), Liz Davidson, Toni Douglas, and A.J. Eaker.

Chairman Mekis reminded the group that there was a time when all PACU volunteers were from Piedmont Aviation and Piedmont Airlines. Just as our field of membership had diversified to include other businesses and communities, our volunteer base had also evolved. That's a conscious effort so representatives come from places you work and communities you live. Our volunteers work in aviation, legal, real estate, government, education, industry, and reside in communities that also captures the geographic diversity of our membership.

This year is special as we celebrate our 75<sup>th</sup> Anniversary! What's unique about Piedmont Advantage and credit unions as an industry, is that the more things change, the more they stay the same. Chairman Mekis stated that PACU Volunteers exist to serve you, the member-owners, the same today as we did in 1949. He stated that we're still a financial cooperative, which means profits are returned to the membership by way of low fees, favorable deposit and loan rates, and investment in service delivery channels, such as branches and technology, that benefit the entire membership.

He reminded the group that we invested in a major technology upgrade in 2024 and had invested heavily to build infrastructure in recent years. As we have stated in previous years, we understand keeping up with technology is necessary and important to facilitate future growth and reaching members where they are. However, we never lose sight of the fact that we are in the people business. Therefore, branches are not going away and the friendly faces and knowledgeable staff that serves you in our branches and call center are not going to be replaced by artificial intelligence. We embrace new service delivery options to expand the ways in which we serve you but we haven't forgotten that people

are our most important asset, our members, staff, and volunteers. That will remain the case the next 75 years just as it has since 1949.

Chairman Mekis expressed his appreciation to fellow volunteers, the staff of Piedmont Advantage, and to the member-owners. It is indeed a time for celebration as we have served you well for 75 years. We anticipate a bright future for Piedmont Advantage for many years to come by staying true to what made us successful to this point. He thanked member-owners for the opportunity to serve them. Chairman Mekis then recognized President/CEO Dion Williams to present his report.

Mr. Williams began by recognizing the staff at Maple Chase for hosting the annual meeting once again and for providing wonderful food and a welcoming atmosphere. In addition, he recognized the Administration team and the Marketing team for putting together an outstanding event that required so much work before and during the event.

Mr. Williams stated that this Annual Report reflects on the achievements of 2023, it is being presented in 2024, our 75th anniversary year, a milestone that marked decades of resilience, trust and belonging. As we celebrate this special moment, he encouraged everyone to read the commemorative booklet, The 75-Year Blueprint of Resilience, Trust and Belonging, to learn more about this remarkable journey that we had experienced together. Copies of this booklet are available while supplies last at any of our branches or downloadable from our website, [www.pacu.com/75-Years](http://www.pacu.com/75-Years).

Mr. Williams stated that for the 2023 Annual Report, his remarks would focus on where we've been and the path forward, as we lay the foundation for the next 75 years of growth, innovation and service to our members.

He stated that 2023 was not without its challenges stating that the continued aftermath from the pandemic with high interest rates and other economic pressures made it a difficult year for many financial institutions, including ours. As a result, we experienced a net loss of \$658,632. As the commemorative booklet illustrates, we have weathered many similar, if not worse, challenges in the past.

From the economic turbulence of the 1970s, marked by skyrocketing inflation and interest rates to the impact of 9/11, which hit the aviation-based members hardest, we adapted and strengthened our operations. During the Great Recession in 2008, when many financial institutions were faltering or closing their doors, we doubled down on our commitment to member service and community support, emerging more resilient than ever.

Time and time again, we've shown that our resilience is grounded in the ability to innovate and remain member-focused, even during the most difficult times. This past year is no different. With a net loss at year-end, we remained well-capitalized with a net worth of \$34,518,612 and net worth ratio of 8.86%. A well-capitalized credit union has a net worth ratio of 7.00% and above.

Already in 2024, we're emerging stronger by continuing to invest in our employees and programs that support members through every stage of their financial journey. More and more member faced employees are earning a financial counselor credential so that they have skill-sets and confidence to help member-owners make the best financial decisions.

Our youth program, featuring our K-12 MoneyY-ZER financial learning series, is flourishing due to our talented staff's creativity to present age-appropriate financial activities in a manner that's fun, yet memorable.

Our Investment Solutions program continued to grow, managing more than \$100 million in assets and offering personalized wealth management strategies. This program is a testament to our dedication to helping member-owners manage and grow their wealth.

He stated that our commitment to the community remained stronger than ever. The PACU Foundation is leading the way in charitable giving, with a focus on financial literacy, education and disaster relief. By the end of 2024, we will have raised and distributed \$100,000 to support residents in the Triad and Charlotte areas who are overcoming financial hardship. This is just the beginning of our efforts to give back to the communities we serve.

We are also proud to continue offering scholarships for higher education, including the Piedmont Advantage and Davidson Family Aviation Scholarship Program at Forsyth Technical Community College. This program supports students pursuing careers in aviation systems technology, staying true to our aviation roots while investing in the next generation of professionals.

In 2023, we introduced Simply Service® Day, where PACU staff volunteered at local charities throughout our communities. From cooking and cleaning to organizing and stocking supplies, our employees came together to make a tangible impact. We're excited to continue this tradition for many years to come.

We also launched the Headlines and Fine Print podcast, which provides valuable insights into today's most pressing financial topics. Available on YouTube and Spotify, this podcast helps members navigate the often-confusing world of finance, empowering them to make better-informed decisions.

As technology continues to evolve, so does PACU. Last year, we started a core banking system upgrade, which we completed in June 2024. This upgrade allowed us to offer more customized digital banking services, making it easier than ever for members to manage their finances online and on the go.

We're also working on a new website, scheduled to launch in early 2025. Our goal is simple to create a streamlined, user-friendly platform that acts as a virtual branch, giving you quick and easy access to the services you need with minimal effort.

While we continue to enhance our digital offerings, we remain committed to providing personal, face-to-face service. We recognize that our members have diverse needs, and we are working to expand our branch network with smaller, more accessible branches. This way, you can choose the banking experience that best suits you, whether that's in person or online. At PACU, our people will always come first, and we are committed to blending the best of both worlds: Technology and human interaction.

Mr. Williams highlighted the upcoming changes to the credit card program, which will launch this fall in 2024 with Elan Financial Services. These enhancements will provide more reasons for members to make PACU their card of choice, and we are confident that this proactive approach will keep us competitive in an increasingly regulated financial landscape.

He stated that the key to the Credit Union's success is the sense of belonging that we offer. At PACU, members are part of something bigger, a financial institution that prioritizes people, community and solutions. He invited attendees to spread the word, to bring in family members, friends and colleagues, and to experience what makes PACU truly unique.

Mr. Williams recognized the Piedmont Advantage Credit Union \$1,000 scholarship recipients; Ms. Maggie Clement of Pilot Mountain attending Western Carolina University, Ms. Sofia Ugalde of Winston Salem Baret Scholars, Mr. Bryce James of Pfafftown attending Appalachian State University, Ms. Ellie Hunt of Greensboro attending College of William and Mary, Ms. Lauren Brickey of Summerfield attending Elon University, Mr. Joshua Hay of Mooresville attending Mitchell Community College. The recipient of the PACU and Davidson Family Aviation Scholarship was Mr. Marco Alvarez of Winston Salem. Mr. Alvarez attends Forsyth Tech Community College in the Aviation Systems Technology Program.

Upon the conclusion of his remarks, Mr. Williams recognized Supervisory Committee Chair Diana Santos-Johnson to present the Supervisory Committee report.

As required by the bylaws, PACU's Board of Directors appoints a Supervisory Committee each year to audit the financial statements. The committee represents the membership by reviewing the credit union's records and activities to promote safety and soundness. Chairperson Diana Santos-Johnson stated that the committee retained Butler and Burke to perform the annual audit and review the Credit Union's conformity with generally accepted accounting principles. The audit was for financials for year-end, December 31, 2023. Ms. Santos-Johnson was pleased to announce that a clean opinion was rendered. The engagement with Butler and Burke also includes the annual verification of members' accounts, an analysis of our policies and procedures and an audit of our 401(k) plan.

During the year, the Credit Union Division of the North Carolina Department of Commerce and the National Credit Union Administration examined the credit union to ensure our compliance with all applicable laws, rules and regulations.

Other engaged services included The Legge Groupe to review internal controls, policies and procedures; FIRM Consulting conducted the Bank Secrecy Act audit, wire transfer audit, loan operations audit, and vendor management audit; Feather CU Services audited ACHs; and SilverSky to perform an IT security and risk audit. Upon the conclusion of the Supervisory Committee report, Mr. Williams recognized Board Treasurer Mark Linville.

Mr. Linville, the Board Treasurer for Piedmont Advantage Credit Union, here to present the Treasurer's Report for the year ended December 31, 2023 and stated that Credit Union ended the year with \$384,914,274 in assets. There was a net loss for the year of \$658,632. The higher interest rate environment contributed to a considerable increase in cost of funds relative to previous years, led to the negative earnings in 2023. The same environment persists in 2024.

Members' equity was \$34,518,613, which equates to a net worth ratio of 8.86%. A credit union is considered well capitalized if its net worth is greater than 7%; therefore, Piedmont Advantage Credit Union is well capitalized. A credit union's equity can also be thought of as its "rainy day fund". The "rainy day fund" has been extremely beneficial in recent years from the pandemic to the current cycle of inflation and elevated interest rates.

Mr. Linville stated that the credit union remains safe and sound with a strong balance sheet. With the elevated interest rate environment and tight liquidity in the financial services sector as a whole, he assured the group that Piedmont Advantage had more than ample liquidity sources to meet the needs

of its member-owners. In addition, asset quality remained a strength of the credit union as the combined ratio for loan losses and delinquent loans had been and continues to be less than 1%.

Mr. Williams introduced Winston Salem Mayor, J. Allen Joines, who presented the Credit Union with a proclamation, as the city deemed December 10th as Piedmont Advantage Credit Union Day effective immediately.

The Board appointed the following members to serve on the 2024 Nominating Committee: Mark Saunders, Diana Santos Johnson, and Tom Mekis. Mr. Saunders, the Committee Chairman, presented the Nominating Committee report and stated that the committee is responsible for nominating at least one candidate for each vacancy created by the Directors whose term expires in 2024.

The three directors with expiring terms are Darren Cranfill, Justine Lerch, and Steve Gilliland. Mr. Saunders, on behalf of the committee, extended thanks to outgoing Director and Vice Chairman, Steve Gilliland, for his eleven years of service as he did not seek another term.

There was one candidate for each vacancy and no candidates via petition. Darren Cranfill, Justine Lerch, and A.J. Eaker were presented to the membership for election. Upon motion by Mr. Price and seconded by Mr. Saunders the motion was approved as presented.

Mr. Williams reflected on the collaborative and team effort among the staff and volunteers of PACU. He recognized the Executive team of Jeanette Stark, Chief Legal Officer and General Counsel, Charles Skara, Chief Financial Officer, and Sandy Milton, Chief Operations Officer.

The PBS Viewpoint with Dennis Quaid Documentary that aired earlier in 2024 was viewed by the group. Mr. Williams explained the footage from the documentary has been utilized throughout the year in various marketing efforts and ties into the commemorative booklet distributed to attendees at the meeting.

Mr. Williams introduced State Senator Paul Lowe of Forsyth County, who presented the Credit Union with a certificate of recognition from the NC Legislature.

Mr. Williams thanked Lindsey Dowling with the Carolina's Credit Union League and Senator Lowe and welcomed Mr. Richard Moxley from Senator Budd's office who read a letter of recognition from Senator Budd.

Mr. Williams thanked Mr. Moxley and welcomed Ms. Kristina Ray with the NCCUD who presented a plaque to commemorate PACU's 75<sup>th</sup> anniversary. Ms. Ray stated Piedmont Advantage is the eleventh oldest existing North Carolina stated chartered credit union.

Mr. Williams introduced Ms. Jean Golden-Rumer who is the AVP of Organizational Development for the Credit Union as well as the President of the PACU Foundation.

Ms. Golden-Rumer presented highlights from The PACU Foundation which was established in January 2020. She advised that all aspects of running the PACU Foundation are performed by volunteers affiliated with Piedmont Advantage Credit Union. In addition to volunteering their time, many of the credit union staff members are also donors.

Ms. Golden-Rumer stated that since our inception, the PACU Foundation has gifted \$69,000 to organizations that support efforts in all 100 counties across the state. And earlier today, the PACU

Foundation board approved \$31,200 to be gifted for 2024. This brings our total funds distributed to over \$100,000!

She thanked those in attendance who have donated to the PACU Foundation and stated the Foundation would not be able to accomplish these milestones without their generous contributions.

Chairman Mekis thanked everyone for their attendance and for being part of our 75<sup>th</sup> Anniversary celebration. Seeing as there was no old business or new business to discuss, Chairman Mekis adjourned the 2024 Annual Membership Meeting upon motion by Mr. Mark Saunders and seconded by Mr. Darren Cranfill.