

**Local Government Federal Credit Union  
Minutes of the Annual Meeting  
Raleigh, North Carolina  
March 24, 2023**

**Call to Order**

Chairman Ken Noland called the 40<sup>th</sup> Annual Meeting of Local Government Federal Credit Union to order and requested that the Assistant to the Secretary record the minutes of the meeting. Chairman Noland welcomed everyone to the meeting.

**Presence of a Quorum**

Chairman Noland stated the Credit Union's Bylaws require that at least fifteen members be present at the Annual Meeting for a quorum. He noted that based on the in-person and online attendance, there was in fact a quorum for the meeting. Chairman Noland then requested Director Miller provide the invocation.

**Approval of the 2022 Annual Meeting Minutes**

Chairman Noland put forth the 2022 Annual Meeting minutes and asked if any changes needed to be made. He advised the membership there was a link on the webpage to review the minutes. There were no changes requested.

On a motion made by Secretary Ruth Barnes and seconded by Treasurer Jeanne Erwin, the membership;

**Voted:** To approve the 2022 Annual Meeting minutes as presented.

**Chairman's Report**

Chairman Noland introduced the Local Government Federal Credit Union Board Members – Vice-Chair David Dear, Secretary Ruth Barnes, Treasurer Jeanne Erwin and Directors Tony Brown, Lin Jones and Dr. Aaron P. Noble Jr. In his absence, Chairman Noland also recognized Emeritus member Al Richardson. Chairman Noland then recognized the two independent directors of Civic Federal Credit Union – Kellie Blue and Paul Miller.

Next, Chairman Noland took a moment to pay tribute to Board Member, friend and colleague, Mr. Willie Best, who passed away in 2022. Mr. Best was a well-respected, engaged, and passionate long-time member of both the LGFCU and Civic Boards of Directors. In fact, he was the very first member of Civic. He was a devoted advocate for our credit union members, and especially for those who needed affordable and accessible financial services the most. Mr. Best impacted so many lives through his service and is missed dearly.

Chairman Noland advised that the Chairman's Report is available in the 2022 Annual Report to Membership, the link for which has been provided on our website.

He recognized all Credit Union volunteers, stating LGFCU would not be as successful as it is without the partnership and support of the volunteers. Chairman Noland advised that

members are appointed monthly to serve in various volunteer roles within the organization, and that there are more than 600 members volunteering their time and services on various councils and committees to ensure the success of the Credit Union. This includes seven Board of Directors, 595 Advisory Council members, 5 Supervisory Committee members and 12 Loan Review Committee members.

### **Supervisory Committee Report**

Chairman Noland introduced Emily Lucas, Supervisory Committee Chair, to provide the Committee's report. Ms. Lucas stated that the Credit Union's Supervisory Committee provides an important service to the membership by ensuring the safety and soundness of the Credit Union.

Ms. Lucas stated that it is the duty of the Supervisory Committee to ensure that the financial records of the Credit Union fairly represent the operations of LGFCU, and that procedures and practices are sound, thereby protecting members' deposits and rights.

She advised that in accordance with the requirements of the Credit Union's regulator, the National Credit Union Administration, the Supervisory Committee engaged the CPA firm of CliftonLarsonAllen to perform the annual financial statement audit as of June 30, 2022. Ms. Lucas informed the membership that the audit found the financial records to be a fair representation of the financial position of the Credit Union.

Ms. Lucas further stated that the accounting firm, on behalf of the Supervisory Committee, assists in ensuring the accounting records are an accurate representation of the Credit Union, that internal controls provide adequate protection, and that the Credit Union is operating under established policies and procedures. In addition, the Supervisory Committee reviews Credit Union policies for fairness, soundness, and efficiency.

Finally, Ms. Lucas advised that the Credit Union employs an Internal Audit department that tests the Credit Union's internal systems and processes. The Internal Audit team conducts periodic reviews of each function within the Credit Union.

Ms. Lucas expressed her appreciation for the Board's and members' confidence in the work the Supervisory Committee provides for the Credit Union.

Chairman Noland expressed his appreciation to the Committee for the work they do on behalf of LGFCU and their fellow members.

### **Loan Review Committee Report**

Next, Chairman Noland introduced Wilbert McAdoo, Loan Review Committee Chairman, to provide the Committee's report.

Mr. McAdoo stated that he is honored to present the Loan Review Committee (LRC) report at the 40<sup>th</sup> Annual Meeting for LGFCU. He advised that the LRC fulfills two significant roles for the Credit Union. First, the LRC provides members with an opportunity to appeal a loan denial through our usual delivery channels. Second, the LRC offers members a voice in the

loan decision process. LRC members are not Credit Union staff; they are fellow members appointed by LGFCU's Board of Directors who are willing to volunteer their time. The right to appear before a committee of peers is a rare benefit that makes LGFCU membership exceptional.

He advised that members are given the option of having their applications reviewed by the Committee via mail, telephone, or through an in-person meeting. In every scenario, the member's application is treated equally, confidentially, and respectfully.

He stated that in 2022 the LRC met as often as needed to consider the needs and requests of the members. This Committee reviewed 26 appeals last year and approved 31% of these applicants.

Finally, Mr. McAdoo thanked the LRC, as well as the Board, for their work in this effort. He stated that the LRC is truly making a difference in the lives of Credit Union members and their families.

Chairman Noland expressed his appreciation for Mr. McAdoo's report and the work of the LRC.

### **Nominating Committee Report**

Chairman Noland introduced Director Noble, Chairman of the Nominating Committee, to present the Nominating Committee report. Director Noble thanked Chairman Noland for the opportunity to present the Nominating Committee report to the membership.

He first introduced the other members of the Nominating Committee – Director David Dear and Paul Miller. Director Noble advised the membership that the Nominating Committee is appointed by and serves at the discretion of LGFCU's Chairman of the Board. The charge of the Nominating Committee is to review the qualifications of prospective candidates for the Board and make nominations to the membership.

Director Noble then presented the following nominations on behalf of the Nominating Committee: Ruth Barnes from Atlantic Beach for a three-year term; Tony Brown of Halifax County for a two-year term; Ken Noland from Wilkesboro for a three-year term; and Jeanne Erwin from Cary for a three-year term. He stated that the Nominating Committee is submitting these nominations as a recommendation to the membership.

Chairman Noland advised that the Credit Union Bylaws provide for nominations from the floor if there is a vacancy on the Board of Directors, as well as nominations via petition to the Board of Directors. He advised that there were no petitions from the membership nor was there a current vacancy on the Board.

In addition, Chairman Noland noted the LGFCU bylaws do not require an election when there are no contested seats. He therefore declared the nominees elected and offered his congratulations.

## **CEO's Report**

CEO Naylor stated that it's important to talk about where we are coming from in order to talk about where we are going. Forty years ago, LGFCU was created when SECU was directed by the courts to expel local government members that were being served by SECU. At that time local government leaders were brought together with SECU leadership and the first innovation of creating LGFCU occurred in 1983. The second innovation was in 2013, when SECU decided that they were no longer going to serve non-profits or business accounts; this created an opportunity for LGFCU to launch Civic FCU to step in and serve those members. Fast forward to 2023, and LGFCU overlapping boards and staff have positioned Civic as one of the fastest growing, most innovative credit unions in the industry, Mr. Naylor stated. He continued to thank SECU for all of the hard work they have done for LGFCU, in 1983, 2013 and 2023 as we move to independence.

Mr. Naylor acknowledged that both cash deposits and a physical presence are important and stated that Civic will have solutions for these. He noted that a physical presence can be encompassed in many ways, and that Civic is currently tripling the number of employees in the field across the state and sending staff to meet members anywhere in the state to do business. Although LGFCU is asking a lot of its members this year, Mr. Naylor stated, staff is currently developing solutions to address member concerns and will report them back to the membership as soon as we can. LGFCU has a statewide network of peers, the infrastructure and the leadership required to serve North Carolina local government better than anyone.

Mr. Naylor then introduced Mr. Caverly to discuss the "2022 at a Glance" slide, which showed the performance of LGFCU over the past year and what the state of the institution will look like going forward. Mr. Caverly emphasized how LGFCU has grown in every financial metric, comparing very favorably to peer credit unions. He noted that deposit growth is strong and outpacing that of our peers, and further announced that LGFCU is very close to eclipsing \$4 billion in assets. LGFCU also experienced a 30% growth in loans in 2022 and granted \$1.7 billion in new loans last year alone. The one financial metric that appears low for 2022 is investments, which is solely a function of loan growth. The fact that loans are growing so significantly means that the Credit Union is shifting money out of investments and back into our members through loans, Mr. Caverly explained. He also informed the membership that LGFCU is now 400,000 members strong!

When discussing how LGFCU compares in provisions for loan losses and charge offs, Mr. Caverly advised that unfortunately not every member pays back their loans and the credit union has to write them off as a loss. However, that's okay, he states, because that means we are living out our mission of supporting our members and extending credit to members in need. Mr. Caverly then discussed safety and soundness with the membership, touching on the differences between Silicon Valley Bank (SVB) and LGFCU and how unlike SVB, LGFCU does not chase yield. He assured the membership that their funds are safe and secure at LGFCU.

Next, Mr. Heyward emphasized celebrating our local government employees and ensuring that this community is being honored and elevated. Moving forward, LGFCU wants to take this message outside of this community and expand it throughout the state in a broad and meaningful way. What the LGFCU marketing team has learned throughout this

independence journey is that brand awareness and recognition is important and powerful even if not everyone can join, because it builds trust, awareness and appreciation. Our main goal is to shine the spotlight on our local government employees throughout the state and extend that appreciation throughout local government in a meaningful way, Mr. Heyward stated.

Ms. Ruffin then presented on the Local Government Summits that were recently held throughout the state, noting the importance of these events was to talk to LGFCU members and hear their needs and wants for the organization. LGFCU hosted five summits across North Carolina in February and March. She noted that of the 31 councils that make up the state, 22 of them were represented at the summits. Also, of the 100 counties in North Carolina, 50 of those were represented at the summits. Ms. Ruffin then shared some comments that staff heard from members during these events, which were powerful reflections of how the participants felt at the time. A cool thing that staff observed during these summits was that when members were asked to think about all the ways that they use digital services, they realized that they use digital services far more often than they originally thought!

Ms. Ruffin transitioned into a discussion on LGFCU's evolution into values-based banking, putting people first, the planet always and prosperity for all. Without our members, we wouldn't have a purpose. Ms. Ruffin also shared with the membership the exciting news that Civic is the first credit union in North Carolina to successfully launch a solar array on our building. She noted that moving forward, LGFCU will host additional summits and smaller scale meetings as well. We are going to look into holding some of these virtually, having different types of interactions with members and hosting events in a shorter time frame. Ms. Ruffin thanked all who participated in the summits and stated that she is looking forward to the future.

Lastly, Mr. Naylor opened the floor to questions from the membership. A member in the audience asked if Civic will be the new name for the credit union after independence. Mr. Naylor advised that after 40 years of building the LGFCU brand, we are planning to transition the name to Civic as after independence, the Civic name will decrease brand conflict with the SECU branches. He added that Civic means cities, towns, counties and elected officials in local communities. The end state organization will be named Civic, even though the LGFCU charter for doing business will be the surviving credit union.

Chairman Noland concluded the discussion by thanking Mr. Naylor for his report and thanking the membership for being a part of LGFCU's 40<sup>th</sup> annual meeting.

### **New Business**

There was no new business noted for this meeting.


### **Old Business**

There was no old business noted for this meeting.


There being no further business, the meeting was adjourned at 1:41 p.m.

Respectfully submitted,

Ken Noland, Chairman

  
Ken Noland  
May 1, 2023 11:04 AM EDT

Ruth Barnes, Secretary

  
Ruth Barnes  
Sep 17, 2023 3:02 PM EDT

Date approved: \_\_\_\_\_