

Heartland Credit Union  
81<sup>st</sup> Annual Meeting Minutes  
May 20, 2020

Chairman Rex Carlson at the Heartland CU Main office in Inver Grove Heights, MN, called the 81st Annual Meeting of the Heartland Credit Union to order. The meeting started at 5PM.

There were 15 members present in the branch, 12 via phone and 5 via Facebook live and Chairman Carlson declared a quorum.

Chairman Carlson presented the agenda to the members. A motion was made by Anne Holthusen to approve the agenda. Julia Briner seconded. Motion carried.

In accordance with Article XII, Section 2 of the By-laws, proof of the meeting was read by Rex Carlson, chairman of the board, as follows: "I, Rex Carlson, Chairman of the Heartland Board of Directors, do hereby certify that printed notices of the rescheduled Annual Meeting to be held on May 20, 2020 were included in the member statements mailed on May 1st, 2020 and the member newsletter mailed on May 8th, 2020."

A motion was made by Anne Holthusen to dispense with the reading of the Minutes of the 80th Annual Meeting. Motion seconded by Julia Briner. Motion Carried.

A motion to accept the minutes was made by Greg Sippl. Motion seconded by Brett Black.

Board Member and Nominating Committee member Rex Carlson presented the Nominating Committee report and acknowledged Dale Lieb and Nanci Lilja as the other committee members and reported that a notice calling for volunteers interested in running for election to the Board of Directors was sent in member statements October 1, 2019 and November 1, 2019 and posted in each Heartland office and on the Heartland website between October 1, 2019 and November 15, 2019. Each member who responded was sent a candidate packet.

For Board of Directors there are three three-year positions available. Members nominated for the Board of Directors are:

- Jeremy Hjelm
- Allen Hoppe
- Melvyn Leach
- Gene Traxler
- Kent Zimmer

Chairman Carlson introduced the current Board of Directors and Supervisory Committee. Chairman Carlson reviewed the success of the credit union with strong assets, positive audits and out-performance of peers in key areas. He also noted the addition of a new Heartland branch in Hugo, MN set to open Fall 2020.

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Continued

#### Management Reports

Chairman Carlson introduced President Kathy Harrington. Kathy reviewed the new tagline and logo that was worked on in 2019. She reviewed the four strategies that were worked on in 2019: Technology, Product Development, Employee Engagement and Retention and Growth.

**Technology:** Focused on cyber security for technology and reviewed the items that were conducted to test the systems and operations.

Enhanced employee capability for remote work, which was huge benefit in the light of COVID-19.

**Product development:** Upgraded mobile banking and launched the Card Manager app that allows you to monitor and lock your credit and debit cards. A new debt protection product was also offered to help protect members in the event of job loss and more.

**Employee Engagement and Retention:** The employee benefits package was enhanced and five new benefits were added. The culture was also worked on and defined, in addition to enhancing the training program.

**Growth:** In 2018 the LaMacchia group was hired to evaluate the counties Heartland serves for potential branch location. Land was purchased in Hugo, MN and a new branch will be under construction soon.

We are looking into online account opening and chat for 2020 into 2021 and will focus on the financial stability of the credit union during the COVID-19 pandemic.

Kathy thanked the staff for their work and dedication.

Kathy introduced Tim Hansen, Senior Vice President/CFO. Tim reviewed the financial highlights for 2019.

Tim noted that in 2019 Heartland made significant investments in cyber security and member and employee benefits and still brought in a strong net income at \$692,000 for the year. That income helped support growth of \$4.6 million dollars in assets, which brought the total assets to \$121 million. Looking at where the credit union is now, a couple months into the pandemic, compared to 10 years ago during the recession the credit union was at \$82 million in assets, with \$6.5 million in equity and a net worth ratio just under 8%. Now, 10 year later, Heartland is at \$121 million in assets in 2019, doubled the net worth number to \$13 million and the net worth ratio to 10.71%. The credit union is financially strong and stable and assisting members with loan modifications and other options during COVID-19.

Chairman Carlson thanked Tim Hansen and recognized Kathy Harrington for her work. Carlson then introduced Greg Sippl of the Supervisory Committee. Greg reported that the most recent audit of Heartland's financial statements was completed on September 30, 2019 by CliftonLarsonAllen. The audit firm gave Heartland a clean audit report. In addition to the annual audit, the Supervisory Committee conducts audit procedures on a monthly basis according to an established audit plan, and it was reported that they have

not noted any significant exceptions. Based on all of these auditing activities, the committee believes that Heartland is being well managed and that the credit union records are being maintained properly, honestly and accurately.

A motion was made by Josh Paprocki, to accept the reports presented by the Chairman, Management, and Supervisory Committee. Motion seconded by Amanda Barghini. Motion carried.

Chairman Carlson asked for a motion to destroy the ballots after they have been counted. Motion made by Anne Holthusen to destroy the ballots after they have been counted. Brett Black seconded. Motion carried.

Chairman Carlson requested a motion to adjourn the meeting. A motion was made by Greg Sippl. Josh Paprocki seconded. Motion carried.

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Rex Carlson, Chairman

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Kent Zimmer, Secretary