

Heartland Credit Union  
82nd Annual Meeting Minutes  
March 17, 2021

Chairman Rex Carlson, at the Heartland Main office in Inver Grove Heights, MN, called the 82nd Annual Meeting to order. The meeting started at 5PM.

There were 26 members present via Zoom and Chairman Carlson declared a quorum.

Chairman Carlson presented the agenda to the members. A motion was made by Jeremy Hjelm to approve the agenda. Nanci Lilja seconded. Motion carried.

In accordance with Article XII, Section 2 of the By-laws, proof of notice of the meeting was read by Nanci Lilja, secretary of the board, as follows: "I, Nanci Lilja, Secretary of the Board of Directors for Heartland Credit Union in Inver Grove Heights, Minnesota, do hereby certify that printed notices of the scheduled Annual Meeting held tonight, March 17th, 2021, were included in the member newsletter mailed on January 1st, 2021, and again in the member statements mailed on February 1st, 2021."

A motion was made by David Seehusen to dispense with the reading of the Minutes of the 81st Annual Meeting. Motion seconded by Dale Lieb. Motion Carried.

A motion to accept the minutes was made by Gene Traxler. Motion seconded by Noel Larson. Motion carried.

Board Member and Nominating Committee member Nanci Lilja presented the Nominating Committee report and acknowledged Kent Zimmer as the other committee member. She reported that a notice calling for volunteers interested in running for election to the Board of Directors was sent in member statements October 1, 2020 and November 1, 2020 and posted in each Heartland office and on the Heartland website between October 1, 2020 and November 20, 2020. Each member who responded was sent a candidate packet.

For the Board of Directors there were two three-year positions available. There was no director election conducted as the following incumbents were the only members to apply for the two positions:

- David Seehusen
- Dale Lieb

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 two additional counties, Anoka and Chisago, to the Heartland field of membership. He also noted the construction of Heartland's newest branch in Hugo, MN.

Heartland Credit Union  
82nd Annual Meeting – March 17, 2021  
Continued

### Management Reports

Chairman Carlson introduced President Kathy Harrington. Kathy reviewed the three strategies that were addressed in 2020: Growth, Product and Technology Development, and Employee Engagement and Retention.

**Growth:** Heartland continued its partnership with the LaMacchia Group to build the Hugo branch, which opened on February 22, 2021. Kathy also noted that the credit union shifted to a mortgage lending strategy to aid in growth.

**Product and Technology:** Kathy reviewed the following accomplishments in this area:

- Upgraded the Mastercard Chip for the instant issue machine
- Upgraded the Main Office and New Prague branch cameras and alarm system
- Implemented a new phone system to enhance the credit union's disaster recovery plan
- Implemented a new Heartland website
- Implemented a new employee Intranet

**Employee Engagement and Retention:** Kathy reviewed the following accomplishments in this area:

- Restructured the organization to revitalize and bring innovative ideas to the management team
- Created a branded benefits package for new hires
- Fostered a safe and healthy environment 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 2020.

Tim reported that in 2020 the credit union growth was very positive. The lenders did \$45.5 million in new loans, which was \$10 million greater than any other single year. From the \$45.5 million, \$26.6 million was in new first mortgage purchases and refinances. The loan growth led to a 13% increase in outstanding loan totals; that 13% increase more than doubles the industry average. The credit union also increased total deposits by \$25 million. Typical annual growth in deposits is only \$4 to \$5 million, but due to COVID-19, 2020 was a very different year. The increased deposits put pressure on the loan to share ratio; however, due to strong lending performance, the credit union was able to keep that ratio up. In reviewing the income statement, Tim reported that during 2020, the credit union's focus was to help its members through COVID-19 and be there for them. The credit union did this by modifying loans and charging fewer fees, which directly impacted the credit union's fee income. Amidst the events of 2020, the credit union was still able to construct the Hugo branch, which did come at an expense. To prepare for possible future losses, a significant amount of income was allocated to the allowance for loan loss, which was equal to 1% of loan balances. This is also reflected in the net income, which reflects the actions the credit union took to help members and set the credit union up for future growth and earnings.

Chairman Carlson thanked Tim Hansen and recognized Kathy Harrington for her work and that of her teams – especially in a year like 2020.

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, 2020 by CliftonLarsonAllen. The audit firm gave Heartland a clean audit report on January 28, 2021. 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 the committee has 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 Nanci Lilja to accept the reports presented by the Chairman, Management, and Supervisory Committee. Motion seconded by Dale Lieb. Motion carried.

Chairman Carlson asked if there was any old business. There was none.

Chairman Carlson addressed, under new business, the change to Heartland's by-laws to include the addition of Anoka and Chisago counties to the field of membership.

Chairman Carlson requested a motion to accept the bylaw amendment as presented. A motion was made by Dale Lieb. David Seehusen seconded. Motion carried.

Chairman Carlson requested a motion to adjourn the meeting. A motion was made by Noel Larson. Shaun Van Deurzen seconded. Motion carried.

---

Rex Carlson, Chairman

---

Nanci Lilja, Secretary