FOOTHILLS CREDIT UNION

79TH

ANNUAL MEMBERSHIP MEETING

March 25, 2025

VIRTUAL

Wheat Ridge, Colorado

FOOTHILLS CREDIT UNION

LEADERSHIP

Board of Directors

Supervisory Committee

Phil Tenney - Chair
Pam Bales - Vice-Chair
Dan McCasky - Sec/Treas
Don Lombardi
Jeff Streeter
Amira Watters
Jon Groerich
Russ tabor

Charles Wright – Chair Joe Deloy – Sec/Treas Randy Gager Brittany Johnson

Administrative Staff

Scott E. McNeil – President/CEO
Tim Cattau - Chief Lending Officer
Mallory Fischbach – Chief Financial Officer
Matthew Logan – Chief Marketing Officer
Krista Burnell – Chief Operations Office
Kevin Smyth – Information Technology Manager
Becky Sturms - Administrative Assistant / Lending
Kathy Poynter – Accounting Assistant
Leanne Maruhn – Operations Specialist
Mara Calomino – Marketing & Business Development Rep
Brianna Bilbrey – Loan Service Professional

Branch Staff - Lakewood

Erika Sierra – Branch Manager
Thomas Hicks – Lead Teller
Heidi Shannahan – Senior Loan Officer
Preston DeLao – Member Solutions Consultant
Yelena Zelechenko – Member Solutions Consultant
Kyran Rausch – Loan Office II
David Boone – Teller
Azalia Chavez – Teller
Renee Hemosillo – Part-Time Teller

Branch Staff - Loveland

Amber Sonnenburg – Branch Manager Teresa Oswald – Member Solutions Consultant / Marketing Machelle Egle – Member Solutions Consultant Nichole Lihudis – Loan Officer II Kelsie Greybar – Part-time Teller Alexis Marceleno – Teller Rachel McGuire – Lead Teller

Branch Staff – Wheat Ridge
Lisa McCallister – Branch Manager
Tina Carrasco – Lead Teller
Andrea Borja – Member Solutions Consultant
Tyler Edwards - Loan Officer II
Trenton Robinson – Member Solutions Consultant
Dianna Long – Teller
Rufina Aragon – Loan Officer / Collections

FOOTHILLS CREDIT UNION SEVENTY NINTH ANNUAL MEETING AGENDA

- 1 Call to Order
- 2. Ascertainment of a Quorum
- 3. Parliamentary Procedures
- 4. Reading and Approval or Correction Of Annual Meeting Minutes Dated March 26, 2024 Virtual via Zoom
- 5. Reports
 - A. Chairman's Report
 - B. Secretary/Treasurer's Report
 - C. Supervisory Committee Report
 - D. President's Report
- 6. Financial Report
- 7. Unfinished Business
- 8. Report of The Nominating Committee Chair
 - A. Elections
- 9. New Business
- 10. Adjournment

ADOPTED AND APPROVED BY THE BOARD OF DIRECTOR'S AS A PERMANENT POLICY ON MARCH 19, 1980 THAT THESE PARLIAMENTARY PROCEDURES BE USED AT ALL FUTURE ANNUAL MEETINGS OF FOOTHILLS CREDIT UNION

- 1. Without exception, the State of Colorado Credit Union By-Laws and Robert's Rules of Order will be recognized as the parliamentary authority for this meeting.
- 2. When a member desires to address this meeting, he or she shall rise, address the Chair as "Mr./Madam Chair", and state his or her name before proceeding.
- 3. Debate shall be limited to five (5) minutes, unless the time is extended by the vote of the members.
- 4. Debate on any one subject presented to this annual meeting shall be limited to thirty (30) minutes, unless the time is extended by the vote of the members.
- 5. No person taking the place of an absent member shall participate directly in a voice vote on any subject before this annual meeting.
- 6. Voting shall be by acclamation except when there are more candidates than vacancies, then there will be a ballot taken. One ballot will be a valid ballot for multiple candidates.
- 7. Nominating speeches for all candidates shall be limited to five (5) minutes. No more than two (2) seconding speeches shall be made for any candidate, and such speeches are not to exceed three (3) minutes.
- 8. Members and persons recognized by the Chair shall be entitled to a respectful hearing. The Chair has the power to clear the room or have the person or persons escorted from the floor who may create any disturbance(s) which interfere with the orderly procedure of the annual meeting.



Minutes of the 78th Annual Meeting March 26, 2024 Virtual Meeting -- Zoom

Phil Tenney, Board Chair, officiated the meeting while Scott McNeil, President of Foothills Credit Union, ran the meeting. Mr. Tenney called the meeting to order at 5:00 PM on Tuesday March 26, 2024. The meeting was held virtually using Zoom.

Scott McNeil, introduced a handful of members and volunteers who were in attendance for our Annual Meeting. He then introduced the staff members of Foothills Credit Union and expressed his appreciation for the staff who were able to attend the meeting.

Mr. Tenney asked Mallory Fischbach to confirm the ascertainment of a quorum, she confirmed that we had over the number of members required. Mallory Fischbach is the Recording Secretary, April Audett was named as her back-up. Mr. Tenney then stated that per our bylaws and procedures we do follow Roberts Rules.

Mr. Tenney asked for a motion to accept the Minutes from the annual meeting held March 23, 2023, the motion was made by Susan Pfaff, seconded by Dan Fessler, and the motion carried.

Mr. Tenney asked if any of the reports – Board Chair, Board Secretary/Treasurer, Supervisory Committee, and the President's – needed to be read. None were requested by the floor. Mr. Tenney asked for a motion to accept the reports, the motion was made by Kevin Coffey, seconded by Susan Pfaff, and the motion carried.

Mr. Tenney turned the meeting over to Mr. McNeil, who gave an update on our expansion projects. Wheat Ridge opened in March 2022, he expressed that new buildings take about 3 years to become profitable and we knew we were going to experience some hard months through the growth and economic environment. He then stated that in 2024 we are budgeting to break even and have had two strong months to start out the year. He also gave an update on the Clear Creek Crossing area and growth around our new facility. The hospital is scheduled to open this summer, Lifetime Fitness is scheduled to open next month, and the Hampton Inn is ahead of schedule and should open this year, which should drive some good traffic to our new branch. He also reported that we currently lease space out of all three facilities, both Lakewood and Loveland are fully leased and we are working to get a complete lease in Wheat Ridge.

We have included our two-year financials in our Annual Meeting Packet. Mr. McNeil then gave an overview of our Strategic Plan for 2024. He stated we are focusing this year on technological upgrades, increasing our fraud safeguards, which are a high priority for safety to our membership, and succession planning. He then went on to state that with the economic challenges we are still focusing on our financials and closely monitoring these this year, we are forecasting interest rates to stay stable and possibly 2-3 smaller rate drops for the year and are continuing to be aggressive in our short-term investment rates for our members.

Mr. McNeil opened up the floor to questions.

- 1. Dan Fessler, asked if we were having any ongoing issues with staffing.
 - a. Mr. McNeil stated that as of today we are fully staffed, that we have had some additional turnover since we opened our Wheat Ridge staff, but very pleased with the staff we have in place at all three locations.
- 2. Mr. Fessler also asked about the debit rewards program that was just implemented and was wondering why we do not have one associated with our Visa Credit Cards.
 - a. Mr. McNeil stated that we have looked at rewards in the past and pricing has been prohibited into moving forward with this process. However, our new products team is looking into the COOP and other rewards programs that we may be able to utilize.
- 3. Anjanette Hays then asked why we do not have tap to pay for our cards yet.
 - a. Ms. Fischbach gave an update on this project and stated that we are working with COOP to get this rolled out and should be live with Contactless sometime in June 2024. Mr. Logan also stated that we do currently have the ability to add our cards to your mobile wallet, which does allow for tap to pay.
- 4. Susan Pfaff had a follow up question on if the tap option is safer or just good to not touch things.
 - a. Ms. Fischbach gave an update on the difference between chip, mag stripes and contactless.
- 5. James Foster asked if we would charge for these card upgrades.
 - a. Mr. McNeil did state that these would have a fee if they were not up for natural reissue.
- 6. Joe Deloy asked if their were any mergers on the horizon.
 - a. Mr. McNeil stated their was nothing to report on that horizon.

Mr. McNeil then asked if there were any other questions, there were none. Mr. McNeil turned the meeting back over to Mr. Tenney.

Mr. Tenney asked three times if there was any unfinished business that needed to be discussed, there was none.

Mr. McNeil then read the Report of the Nominating Committee, as prepared by Scott Clausen, Nominating Committee Chair on March 22, 2024. He stated we needed to vote on the current ballot and ratify the new members.

Mr. Tenney asked if there were any nominations from the floor. He did so three times and there were none. Mr. Tenney then asked for a motion to cast a white ballot. The motion was made by Susan Pfaff seconded by Dan Fessler and the motion carried. A white ballet was cast, and all incumbents maintain their positions. Dan McCasky and Jeff Streeter will remain on the Board of Directors for a three-year term expiring in 2027. Randy Gager will remain on the Supervisory Committee for two-year terms expiring in 2026.

Mr. Tenney asked three times if there was any new business that needed to be discussed. There was none.

Mr. Tenney asked for a motion to adjourn the meeting. The motion was made by Dan Fessler, seconded by Joe Deloy and the motion carried. The meeting was adjourned at 5:32 P.M.

Dan McCasky

Secretary/Treasurer

Mallory Fischbach Recording Secretary

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Board Chairman's Report

I am pleased to report to the membership that we have had a profitable year in 2024 and beat our budget expectations in doing so. With that being said, I want to express our return to profitability, after our expansion projects between 2019 – 2022, was a battle each and every month. With our expansion projects completed in 2022 we've settled in to our new locations very nicely with "a return to profitability" always our primary goal. The dedication and hard work at all three locations is keeping us financially strong and healthy.

I'm pleased to report to the membership that our net income came in 200% over our projected goal. We had asset growth in 2024 of over 5%. This was all accomplished during some of the most volatile times I have been a witness to. As was expected, our delinquencies and charged-off loans started to rise dramatically, and our staff is working hard to collect recoveries and keep our delinquency levels manageable. Financial institutions are required to keep an account funded for loan losses, a fund that is monitored monthly, and this does cut into our bottom line. Even with large fundings in 2024 we still managed a profit.

The development where our branch and administrative offices are in Wheat Ridge is seeing a tremendous amount of development. We're aggressively marketing to our new neighbors as these businesses open up including the new 240-unit apartment complex. This last year truly showcased our staff and their ability to take on challenges the credit union hasn't seen before. A tough economy, a competitive interest rate environment, and staffing challenges demanded dedication and excellent work and the Board's expectations were entirely met.

Rest assured the staff and volunteers will continue to navigate the future with the same caution and confidence which has brought us to a close of another successful year. I am proud to be a member of such a capable team and truly hope you all see the efforts your staff is doing to keep the credit union strong and solvent. I thank you all for your continued support of Foothills Credit Union.

Thank you,

Phillip W. Termey, Chairman of the Board

SECRETARY/TREASURERS REPORT

2024 was expected to be another challenging year financially for Foothills Credit Union. Following the completion of our expansion projects early in 2022, we had negative earnings in both 2022 and 2023. Our budget for 2024 was to break even. We outperformed and had solid earnings of \$250,897, a very impressive turnaround to earnings. Member loan demand slowed but was overall steady. We had very good liquidity for much of the year. We hit most of our expense goals in 2024 except for the large funding of our allowance for loan losses. The interest rate environment had a small shift downward.

As in 2023, we managed our asset growth to protect our Capital. The interest rate environment changed slightly to down but stable. With earnings, our Net Worth Ratio ended at a solid 7.53%. This ratio was a good accomplishment and keeps us in the "Adequately Capitalized" range for credit unions. We continue to closely monitor this key ratio for capital adequacy. Member growth was below expectations again in 2024 and is an area of focus for 2025. Delinquency, an industry problem, was our nemesis in 2024. That trend is expected to continue is 2025. We remain competitive with our deposit pricing and it is a very competitive environment. For 2025 we're expecting to fight hard for loans to increase loan interest income, look for increased non-interest income opportunities, manage expenses, and manage liquidity, another challenge in a higher interest rate environment. We are forecasting to break even for earnings for the year but recognize the challenges ahead of us to achieve that.

Our Asset/Liability Committee (ALCO), which consists of our CEO, CFO, CLO, and Board Member Don Lombardi, did an admirable job, in tandem with our Asset/Liability management (ALM) business partner McQueen Financial Advisors, in managing our assets and liabilities throughout a difficult year. Rate decisions are sound and based upon not only the competition but what is in the best interests of the credit union and membership relative to what is happening in the local, state, and national economy.

We're proud to be serving not only the Lakewood, Loveland and Wheat Ridge communities, but all of Jefferson and Larimer counties. Thank you for your trust in our management and staff at all three locations.

Dan McCasky Secretary/Treasurer

SUPERVISORY COMMITTEE REPORT

The Supervisory Committee consists of four (4) volunteer members from the Credit Union. These contributions are essential to safeguarding the interests and financial assets for the members of the Credit Union. The primary responsibility of the Supervisory Committee is to ensure that members' funds are protected and that the Credit Union operates with the highest standards of integrity and compliance.

Throughout the year, the Supervisory Committee convened regularly to review Credit Union activities, audit financial records and procedures, and verify compliance with applicable rules, regulations, and bylaws.

SUPERVISORY COMMITTEE RESPONSIBILITIES

During each meeting, the Committee reviewed several critical documents, including:

- End-of-Year Financial Audit
- Annual Member Verification
- Internal Operations Overview
- New and Closed Accounts
- Monthly Maintenance Reports
- Loan File Reviews, including insider loans
- Overdrawn Shares Trial Balance
- General Ledger Account Inquiry
- Charged-Off Loan Transactions
- Surprise Cash Count
- Employee Account Review
- Insider Expense Reimbursements

The Committee also conducted a thorough review of the Credit Union's adherence to the guidelines established by the National Credit Union Administration (NCUA) and the Credit Union's internal policies.

In 2024 the Committee reviewed the annual audit, semi-annual internal audits, and the NCUA Examination Report, as well as several internal audit findings, including:

- BSA Compliance
- ACH Transactions
- SAFE Act Compliance

- Commercial Centennial Lending Report
- Website Compliance
- IT Penetration Testing
- Other Miscellaneous Annual Risk Assessments

As in previous years, the outcomes of the audits and periodic reviews have demonstrated that the Credit Union is managed with integrity, accuracy, and transparency.

In 2024, the Credit Union underwent an examination conducted by the Colorado Division of Financial Services, in conjunction with the NCUA, resulting in a "Report of Examination." Foothills Credit Union received a rating that affirms its status as a safe and sound financial institution.

I believe the Supervisory Committee has carried out its duties with professionalism and commitment throughout the past year. I would like to express my personal gratitude to the following individuals for their exceptional dedication and continued support during a challenging year: Randy Gager, Joseph R. DeLoy, and Brittnay Johnson.

Charles Wright

Chair, Supervisory Committee

Foothills Credit Union

PRESIDENT'S REPORT

I would like to start by thanking our three staff's and our volunteer Board and Supervisory Committee members for their efforts this past year. It's a pleasure to serve with such a dedicated group, and they truly do have our members' best interests at heart. We continue to offer financial stability, safety and soundness, and quality products and services to our members. A return to profitability in 2024, and beating the budget projection, was very satisfying and a great staff effort.

It appears like the rising interest rate environment has given way to one more stable and possibly declining. We are forecasting that to be true and have a budget that reflects interest rates slowly decreasing twice in 2025. That should spark some loan demand, but it is a battle to compete as everyone is seeking quality loans. I use the word "quality" because delinquency continues to be a problem and we're forecasting higher loan losses again in 2025. Our liquidity position improved this past year. Member deposits were up and loan demand didn't keep pace. It did allow us to do more investing, but those earnings didn't always offset high deposit rate expenses. We're pleased to have had the ability to offer competitive loan and deposit rates for the membership.

We have a very good Strategic Plan outlined for 2025. Staying profitable remains a key, but we have some new product rollouts, revised training and career development schedules for staff and volunteers, continued new product research, digital marketing, and increased staffing goals designed to enhance our member experience that will increase expenses. We continue to support our communities through event sponsorships. Our management team has restructured a bit with new faces, a new IT position, and promotions. Our Board of Director's are dedicated and well tenured, and our Supervisory Committee, while undergoing some changes to their scope of work, are well equipped to handle their challenges. We're rolling out a new checking account program in 2025 and expect that our membership will like the rewards tied to two of our options. We're starting to get some new neighbors near our Wheat Ridge branch – a long time in coming – which brings in more traffic and visibility. We aren't immune to the economic challenges and to those in our industry, but we are prepared to deal with all contingencies. Change is always a part of our work and personal lives, and we're preparing ahead of the game for change(s) that could impact our credit union.

As always, thank you for your patronage. I've been blessed to be your President at Foothills Credit Union for 29 years in August, and we've been through a lot together. We want to reaffirm to you our commitment to remain a dependable, service oriented, and financially responsible credit union, with our members' needs firmly as our focus.

Scott E. McNeil President

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Account Descriptions		12/31/2024		12/31/2023	DIFFERENCE		% Change
Loans to Members	\$	112,674,715.73	\$	111,280,356.98	\$	1,394,358.75	1.25%
Less: Loan Loss Allowance	\$	(921,247.74)	\$	(742,299.12)	\$	(178,948.62)	24.11%
Accounts Receivable	\$	1,086,242.59	\$	538,071.42	\$	548,171.17	101.88%
Cash	\$	1,040,572.01	\$	1,028,298,40	\$	12,273,61	1.19%
Investments	\$	28,790,835.31	\$	21,388,735.92	\$	7,402,099.39	34.61%
Prepaid Expense	\$	224,688.86	\$	236,033.70	\$	(11,344.84)	-4.81%
Land & Building	\$	13,613,794.47	\$	14,381,335.60	\$	(767,541,13)	-5.34%
Other Fixed Assets	\$	659,156.73	\$	840,859.78	\$	(181,703.05)	-21.61%
All Other Assets	\$	4,122,910.80	\$	4,232,036.63	\$	(109,125.83)	-2.58%
Total Assets	\$	161,291,668.76	\$	153,183,429.31	\$	8,108,239.45	5.29%
Accounts Payable	\$	(1,235,867.30)	\$	(851,068.18)	\$	384,799.12	45.21%
Notes & Interest Payable	\$	-	\$	-	\$	€	0.00%
Dividends Payable	\$	-	\$	30	\$		0.00%
All Other Liabilities	\$	(509,702.34)	\$	(509,414.82)	\$	287.52	0.06%
Shares of Members	\$	(147,403,240.73)	\$	(139,940,177.79)	\$	7,463,062.94	5,33%
Total Liabilities & Deposits	\$	(149,148,810.37)	\$	(141,300,660.79)	\$	7,848,149.58	5.55%
Reserves	\$	(1,442,882.95)	\$	(1,442,882.95)	\$	2	0.00%
Undivided Earnings	\$	(10,699,975.44)	\$	(10,439,885.57)	\$	260,089.87	2.49%
Net Income (Loss)	\$	-	\$	±	\$	*	0.00%
Undistributed Net Income	_\$_	_	\$		\$		0.00%
Total Capital	\$	(12,142,858.39)	\$	(11,882,768.52)	\$	260,089.87	2.19%
Total Liabilities & Capital	\$	(161,291,668.76)	\$	(153,183,429.31)	\$	8,108,239.45	5.29%
BALANCED	\$		-				



	YTD						
Account Descriptions	12/31/2024		. =	12/31/2023		DIFFERENCE	% Change
Income From Loans	\$	6.646.142.03	\$	5,770,483.67	\$	875,658,36	15.17%
Investment Income	\$	1,107,493.25	\$	525,089,49	s	582,403,76	110.92%
Fees and Charges	S	326,161.98	\$	323,111.04	\$	3.050.94	0.94%
Misc Operating Income	\$	919,983,12	\$	837,714.70	s	82,268.42	9.82%
Other Non-Operating Income	\$		\$		\$	02,200.12	0.00%
Total Income	\$	8,999,780.38	\$	7,456,398.90	\$	1,543,381.48	20.70%
Employee Compensation	\$	2,195,868.96	\$	2,156,479.11	\$	39.389.85	4 0004
Employee Benefits	\$	491,976.92	\$	441.933.36	\$	50,043.56	1.83% 11.32%
Travel & Conference Expenses	\$	45,807.66	\$	22,647.61	\$	23.160.05	102.26%
Association Dues	\$	24,449,47	\$	29,936,13	\$	(5,486.66)	-18.33%
Office Occupancy	\$	1,087,911.02	\$	1,123,093,69	\$	(35,182.67)	-10.33% -3.13%
Office Operations	\$	857,019.49	\$	817,238,99	\$	39,780.50	4.87%
Marketing	\$	107.887.17	\$	101.078.25	\$	6,808.92	6.74%
Loan Servicing	\$	709,327.48	\$	646,260.38	\$	63,067,10	9.76%
Professional & Outside Services	\$	482,329,37	\$	395,552.64	\$	86,776,73	21.94%
Provision for Loan Loss	\$	588,515,52	\$	222,346.99	\$	366,168,53	164.68%
Exam & Supervision Fees	\$	11,600.00	\$	13,562.00	\$	(1,962,00)	-14.47%
Cash Over/Short - Overdrawn Acct	\$	44,994.54	\$	34,110.90	\$	10.883.64	31.91%
Interest on Borrowed Money	\$	1,245.93	\$	131,499.17	\$	(130,253.24)	0.00%
Annual Meeting Expense	\$	272.39	\$	101,400.17	\$	272.39	0.00%
Misc Operating Expenses	\$	(56,376,97)	\$	79.116.78	\$	(135,493.75)	-171.26%
Total Operating Expenses	\$	6,592,828.95	\$	6,214,856.00	\$	377,972.95	6.08%
Income or Loss from Operations	\$	2,406,951.43	\$	1,241,542.90	\$	1,165,408.53	93.87%
Dividends/Interest-Shares & CD	\$	2,278,326.11	\$	1,357,734.19	\$	920,591.92	67.80%
Non-Operation Income/Expense	\$	12,285.72	\$	(6,947.77)	\$	19,233.49	-276.83%
Gain (Loss) on Disp of Assets	\$	(181,509.95)	\$	37,678.84	\$	(219,188.79)	-581.73%
Other non-operating income/Expense	\$	46,953.05	\$		\$	46,953.05	0.00%
Total Dividends & Expenses	\$	8,748,883.88	\$	7,603,321.26	\$	1,145,562.62	15.07%
NET INCOME OR LOSS	\$	250,896.50	5	(146,922.36)	\$	397,818.86	-270.77%



March 21, 2025

Annual Meeting - Nominating Committee Report

I certify this to be the statement from our committee. We received the following nominations for the committee positions listed on the Ballot;

Board of Directors

Phil Tenney – Incumbent (Board - 16 years)

Pam Bales – Incumbent (Board - 7 years)

Amira Watters – Incumbent (Board – 7 years)

Incumbents require no qualifications.

Supervisory Committee

Charles Wright – Incumbent (Supervisory Committee - 3 years)

Joseph Deloy – Incumbent (Supervisory Committee – 9 years, Board of Directors – 3 years)

Brittany Johnson – Incumbent (Supervisory Committee – 2 years)

Incumbents require no qualifications.

Mr. Chairman, this concludes our report. As such, the ballot as printed is deemed valid and able to be voted on unless nominations are presented from the floor.

Committee Chair

BOARD OF DIRECTORS

Three Year Term to Expire in 2028. Vote for THREE.						
() Phil Tenney – Incumbent						
() Pam Bales – Incumbent						
() Amira Watters - Incumbent						
()						
()						
SUPERVISORY COMMITTEE						
Two Year Term to Expire in 2027. Vote for THREE.						
() Charles Wright - Incumbent						
() Brittany Johnson – Incumbent						
() Joseph Deloy - Incumbent						
()						