

# HONDA

Federal Credit Union

## 58<sup>th</sup> Annual Meeting Agenda

Wednesday, September 25, 2024

4:00 pm EST/1:00 pm PST

Room 100-2E-13, Building 100, Honda Campus, Torrance CA

Live Broadcast to Virtual Attendees:

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### Agenda

- Call to Order
- Determination of Quorum
- Welcome Remarks – Dave Cottone
- Approval of Minutes – September 27, 2023
- Introduction of the Board of Directors
- Reports
  - Chairman’s Report – Carl Coe
  - Treasurer’s Report – Steven Nicholson
  - Supervisory Committee Report – Stephen Rader
  - CEO Message – Ken Fischbach
- Old Business
- New Business
- Announcement of Election Results – Stacie Carper
- Adjournment

## **Honda Federal Credit Union 2023**

### **57<sup>th</sup> - Annual Virtual Meeting Minutes**

**September 27, 2023**

#### **CALL TO ORDER**

Mr. Cottone called the annual meeting of the Membership of Honda Federal Credit Union to order at 2:00 PM (PT)/5:00 PM (ET) on Wednesday, September 27, 2023, virtually via GoToWebinar.

#### **DIRECTORS PRESENT**

Carl Coe, Chairman

Allison Neumann, Vice Chairwoman

Charles Harmon, Treasurer

Steven Nicholson, Secretary

Paul Brumfield

Bruce Garfield

Stacie Carper

Fred Payne

Stephen Rader, Supervisory Chairman

#### **QUORUM**

With 82 members in attendance virtually and in-person, Mr. Cottone determined that a quorum was present, in accordance with the Bylaws of Honda Federal Credit Union (HFCU), at least 15 members constitutes a quorum; calling this meeting to Order.

In addition, Mr. Cottone described the virtual poll voting function to accept the Minutes of last year's Annual Meeting, and questions process, which will be answered by him and CFO, Ken Fischbach. In addition, recognized 40 years of service by Mr. Coe on the HFCU Board, and briefly shared Mr. Coe's professional background.

#### **MINUTES**

Mr. Harmon made a motion to approve the Minutes of the 2022 Annual Meeting held on September 28, 2022. The motion was seconded by Mr. Nicholson and carried by vote of the membership present. Mr. Cottone announced closing of the voting poll, and shared the members have voted to accept the Minutes of the 2022 Annual Meeting Minutes.

Chairman Coe made welcoming remarks and introduced the Board of Directors and Supervisory Committee Chairman to the members.

## **CHAIRMAN'S REPORT**

Chairman Coe mentioned highlights from the year:

- Assets were stable at \$1.12 billion
- Loans increased from \$899 million to \$953 million, a \$54 million increase
- At year end, cash stood at \$50 million, up \$12 million from last year
- At the close of business year the Credit Union had \$583 million in mortgage loans
- Served 814 members with mortgage products, funding \$99 million in loans
- We served 182 members with new home loans during the year, funding \$99 million in loans
- Completed 18 Honda Associate relocations by financing \$5.4 million in relocation loans
- Refinanced almost \$10 million in home loans for 49 members
- Provided nearly 5,000 members with financing to purchase or refinance vehicle loans, totaling \$120 million
- At the end of the business year, we had \$253 million in vehicle loans, up \$4 million from last year
- \$50 million in Visa loans, up \$2 million from last year
- We has \$51 million in other lending product, up another \$3 million from last year
- HFCU lending was up an impressive 6.5% from the previous year
- Our loan to share ratio stands at 99.9% up 5% from where we were at last year
- Over 200,000 transactions performed in HFCU branches
- Welcomed 5,493 new members
- Processed over 19,000 loan application, funding over 16,000 new loans, for a total of nearly \$113 million
- Members performed 346,000 ATM withdrawals and \$25 million total deposits
- ATM deposits totaled \$25 million during the same period
- HFCU Contact Center received 211,000 calls and completed 80,000 transactions

Chairman Coe shared each spring the Board and Management team meet for strategic dialogue and to set direction for the coming year. We meet regularly to review activity and ensure goals are being met. Our theme this year was "Should We". Discussions are ongoing on the best ways to improve the HFCU experience.

Mr. Coe further noted one of the Credit Union's major challenges during the year was supporting Honda's payroll changes. We processed over 16,400 payroll and bridge loans, for a total of over \$34 million. Sharing the contact center is now fully staffed and the call abandon rate is improving. The Credit Union was flooded with calls during the payroll change rollout, peaking at over 25,000 calls in November.

The Credit Union continues to grow, we recently opened new branch offices in Swepsonville and Burlington, North Carolina, and other branch offices are in the process of being upgraded. We are working for a successful and rewarding future as we move forward in a changing world; it has been an honor and a privilege serving our members.

## **TREASURER'S REPORT**

Mr. Harmon presented the Treasurer's report, noting it was another successful year, sharing in his report the evidence of an organization you can trust, and gives priority to your financial security as a goal. He highlighted the Credit Union's financial accomplishments:

- Total revenue increased by 16%, for year ending June 30, 2023, as behavior continued to normalize post Covid
- Total Cost of Operations increased by 10%, due primarily to increases in Compensation Expense and Office Operations
- The Credit Union paid \$5 million more in Dividends to members, passing on the benefits of higher market rates
- Regulatory Reserves set aside in 2023 to cover prospective Loan Losses decreased by \$716,000 reflecting in change in methodology, which required additional reserves to be set aside in the previous year
- The resulting effect on Net Income was a decrease "year over year" of \$249,000. The 2022 Income was approximately \$240,000 over budget
- 2023 Income was approximately \$840,000 under budget
- Capital Reserves increased from \$89 million to \$92 million; this resulted in a Capital to Asset Ratio of 8.2% (GAAP):
  - Regulatory Capital Ratio was 9.4%

Mr. Harmon noted the Credit Union continued to remain a "Well Capitalized" Credit Union, well above the minimum Regulatory threshold of 7.0%.

## **SUPERVISORY COMMITTEE REPORT**

Supervisory Committee Chairman, Mr. Rader, delivered the following report:

- The Supervisory Committee is an essential part of the Credit Union's management, required by the Federal Credit Union Act and most credit union laws. It's major responsibilities are to ensure internal and annual audits are performed, and that any findings are resolved and appropriate changes are implemented.
- The Committee is also responsible to oversee periodic member account verifications at least once every two years, reviewing performance of the officials and employees, and making recommendations to HFCU Board of Directors for improvements in the safety and soundness of the Credit Union. In addition, the Supervisory Committee ensures that proper practices and procedures are in place, safeguarding and protecting the interests of the members, assets and financial soundness of the Credit Union.
- Further, the Committee employs certified public accountants and other qualified persons to perform audits and account verifications.
- On behalf of the Supervisory Committee, Mr. Rader shared the Supervisory Committee is pleased to report that all results of audits performed and reviews of Honda Federal Credit Union's practices and procedures during the 2023 Fiscal Year would support that the Credit Union is being managed and operated in a financially safe and sound manner.

## **CEO REPORT**

Normally our CEO Mr. Brandon delivers a few comments about the status of the Credit Union. Due to an emergency, Mr. Brandon was unavailable. Our Chief Financial Officer, Mr. Fischbach delivered this year's message. Mr. Fischbach briefly introduced the HFCU Management Team, and then highlighted the Financial Strength, which we maintained a strong income in 2023, and strengthened our regulator capital regulatory ratios and maintained very low loan losses. For our Members, we expanded our lending in all categories continuing to have credit available when our members needed. This included providing support to all Honda Associates during Honda's Payroll and Compensation system transition.

Mr. Fischbach shared the challenge for all Financial Institutions last year revolved around skyrocketing rates. We are happy to report we navigated that environment very well thus far and maintained our margins and profitability. Challenges this year were supporting members against persistent inflation, a weaker job market, weakening consumer credit, housing affordability (or unaffordability), and a potential recession.

## **OLD BUSINESS**

There was no old business to report.

## **NEW BUSINESS**

There was no new business to report.

## **ELECTION RESULTS**

Mr. Garfield, Nominating Committee Chairman, noted four vacancies on the HFCU Board of Directors. The Nominating Committee nominated four members and recognized that the membership did not present other nominees via petition. In accordance with the Bylaws, the four members nominated by the Nominating Committee were declared duly elected. Newly elected Board members were as follows:

- Carl Coe
- Allison Neumann
- Fred Payne
- Stacie Carper

Mr. Cottone noted to the audience of attendees that the meeting would now be open to address questions to be answered by Mr. Fischbach and himself. Mr. Cottone proceeded to share and answer various questions that were submitted prior to the Annual Meeting.

## **ADJOURNED**

Chairman Coe adjourned the meeting at 2:54 pm (PT) / 5:54 pm (ET).