



**Annual Meeting of Members
May 23, 2023**

The Annual Meeting of SharePoint Credit Union was held on May 23, 2023 at the SharePoint Administrative Office, 5300 Hyland Greens Drive, Bloomington, Minnesota and via video conference.

Board Member, Joe Budnick, called the meeting to order at 5:03 PM. A copy of the official notice of the meeting is attached and made part hereof. With 32 Members present (25 Members present via phone and 7 present in-person), constituting a quorum, the Secretary declared the meeting lawfully convened.

2022 Annual Meeting Minutes: A motion was made and seconded by confirmed Members to dispense with the reading of the May 17, 2022 Annual Meeting minutes. The motion carried.

Board Chair's Report:

Mr. Budnick noted that the Board Chair, Mr. Schmidt and the Vice Chair Mr. Corbo were unable to attend and requested that Mr. Budnick present the Chair's report. Mr. Budnick recognized the Board members who served and thanked them for their dedication and leadership over the last year. Mr. Budnick also introduced the Supervisory Committee and staff of SharePoint Credit Union and thanked them for their dedication and continued leadership over the past year. Mr. Budnick highlighted the sound financial stewardship in 2022, providing high-quality financial services while complying with all applicable laws and regulations in a position of strength. He then introduced Mr. Phil Kopischke, SharePoint's President and CEO.

President's Report:

Mr. Kopischke introduced himself to the Members and summarized the 2022 operating results. Mr. Kopischke discussed the Credit Union's efforts for the continued implementation of technology to meet our Members' demand for on-line and mobile applications. With a solidly profitable year, our strong capital position has been maintained during a year of rising interest rates as we continue to provide insured deposits of \$500,000 per Member. There were written Member questions received on the Alloya Loan and change in Allowance for Loan Losses which were responded to subsequent to the meeting (Exhibit A).

Supervisory Committee Report:

Ms. Sarah Nelson reported that during 2022, a total of 2,208 loan requests were made. Of that number, 1,709 loans were granted in the gross amount of \$72,151,811. Total cash disbursed was \$61,834,446. The CPA firm of Wipfli LLP was retained to audit the records of SharePoint Credit Union as of December 31, 2022. Loan and Share Accounts were also verified for the same period. The results of that audit and the final report were issued and with a favorable opinion with no material exceptions noted. Accordingly, it is the committee's opinion that the records of the Credit Union are complete and that the transactions made comply with required

procedures. A copy of the Supervisory Committee Report was submitted to the State Commerce Department. Members reported no material discrepancies. The balance sheet account and bank balance proved correct as of December 31, 2022.

NEW BUSINESS:

Bylaw Amendments:

Mr. Budnick reported that there were no Bylaw amendments to report which were previously approved and adopted by the Board of Directors in accordance with Article VII, Section 2 of the Bylaws.

Director and Supervisory Compensation.

Mr. Budnick asked for a motion from the floor to maintain the hourly rate of compensation for Directors and Supervisory Committee at its current rate of \$90 per hour. (As permitted by Minnesota Statute 52.09, Sub. 3) A motion was made and seconded by confirmed Members. The motion carried.

Report of Nomination Committee

Mr. Weicht identified himself, Mr. Corbo, and Mr. Budnick as members of the Committee tasked with the due diligence to identify 2023 Board candidates and confirm his/her desire to serve. It was noted that for next year there have been fifteen (15) expressions of interest and five (5) Members who have completed the application process for consideration in 2024. To maintain experience, diversity, and continuity the following three (3) current nominations to the Board of Directors were presented. Ms. Jean Gallo was nominated for a one-year term, Mr. Joe Schmidt was nominated for a three-year term, and Ms. Sarah Nelson was nominated for a three-year term.

Mr. Budnick asked for nominations from the floor. There being no nominations, a motion was made and seconded to accept the slate of candidates as a vote of acclimation by confirmed Members. The motion carried. Mr. Budnick congratulated the three (3) board members.

ADJOURNMENT: After thanking the Members for attending and with no further business to discuss a motion was made and seconded to adjourn the meeting by confirmed Members. The motion passed. The meeting was adjourned at 5:26 PM.

Exhibit A

Response to written Member Questions received subsequent to Annual Meeting.

1) Can you explain the Loan Advance to Alloya?

As the Federal Reserve raised rates aggressively in 2022, our investment portfolio of bonds decreased in value. Additionally, deposits moved from one financial institution to another looking for the highest rate in the market. To balance our liquidity position and continue to make loans, SharePoint maintains a \$16.5 million line at Alloya (our upstream corporate Credit Union). Rather than sell the bond investments at a loss, SharePoint advanced \$5 million for a six month period to help fund this liquidity position. This advance provided liquidity for business purposes without forcing SharePoint to recognize a loss on the sale of investments. This advance is currently paid off, but will be available to re-advance if needed. SharePoint also maintains other lines of liquidity sources for funding operations.

2) Can you provide some clarity around the increase to the provision for loan loss between 2021 and 2022?

Actually, the Allowance for loan loss decreased during this time period. At the end of 2021 the Allowance held \$1.8 Million in reserves, but by the end of 2022 the account held \$1.3 million in reserves – a free up of \$500K. I assume the question is general and in regards to the change in balance positions. The allowance account is impacted by many variables...advances, pay downs, risk ratings, positions, and economic impacts. All of these factors did play a role in the Allowance balance required. However, the single most impactful adjustment was the unwinding of the Covid 19 reserve placed in the Allowance account as the pandemic hit the Nation. As the pandemic hit, SharePoint added \$950k to its Allowance for Loan Loss account to provide for losses associated with the shut-down of the Nation. SharePoint had the capital and earnings to set aside these funds to help members through a difficult time in the economic cycle. During 2022 it was recognized that many of these anticipated losses were not going to be realized and that the stimulus money provided by the Government was enough to help members keep loans current. SharePoint, like many credit unions reversed a portion of the Covid 19 reserve causing this change in the Allowance Balance and moving a portion of these funds to income.