

ANNUAL MEETING MINUTES  
MARCH 12, 2020

The 89th Annual Meeting of the Pacific Postal Credit Union was held at the Main Office, 1040 Leigh Avenue, San Jose, CA. Chairman Robert Scaletta, called the meeting to order at 7:01 p.m. He welcomed all members, staff, and guests to the meeting. A quorum of 33 members in good standing was present.

Chairman Scaletta announced that for those in attendance who have not completed a ballot for the Amendment to the PPCU By-laws, they have until 7:15 p.m. tonight to do so. Forms are available at the registration desk. At 7:15 p.m. an announcement will be made that the voting is closed. Results would be published when compiled at a later date.

Chairman Scaletta appointed Alex Rocha as Parliamentarian and Paul Lindsley as Sergeant-at-Arms. He then conducted a roll call of Board members and all were present, and a roll call of the Supervisory Committee who were all present except for Joseph Meagher, who was excused. All Credit Committee members were present. He referred everyone to the 2019 Annual Meeting Minutes in the report and asked if there were any additions or corrections. Since there were none, a motion was made by Mike Medlin and seconded by Roger Somer to accept the minutes as submitted, and the motion passed.

Chairman Scaletta gave a short review on the current economic status and accomplishments of the credit union during the past year as reflected in his and the other reports published. He mentioned some challenges we face, such as growing the membership and keeping up with technology. He also reported that we had an excellent year with continued financial growth while keeping expenses down. He thanked the staff and volunteers for their hard work in contributing to the overall success of the Credit Union. Also, to the members who make it all possible.

Chairman Scaletta introduced CEO Fardad Khosravi who gave more in-depth details on some of the various promotions and incentives given to members over the past year. Special rates on both personal and car loans, generous interest rates on CD's, Home Mortgage specials, and the

continuing of the Skip-a-Pay promotion. He also discussed some of the new technology that we are installing which will allow us to store forms and documents, process online forms for membership, and process and approve loan applications online. Fardad introduced all of the staff members and expressed his gratitude for all their dedication and expertise. They make it all happen and make him look good. He turned the meeting back over to Chairman Scaletta.

Chairman Scaletta announced that it was 7:15 p.m. and the balloting was now closed. He asked if there was any Unfinished Business, hearing none he moved to New Business. First order of business, election of Board of Directors and Supervisory Committee. He introduced Michael Medlin, Chairman of the Nominating Committee. Mike explained that nominations for the vacant positions were open to all qualified members until February 12th. Any interested member must have sent a letter of intent by the closing date. One position on the Supervisory Committee was open for election and one letter of interest was received from Joseph Meagher. Mike made a motion to elect Mr. Meagher by white ballot, it was seconded by Roger Somer and approved. There were five positions open on the Board of Directors and three letters requesting consideration were received from Carol Croteau, Robert Scaletta, and Richard Silveria. Mike made a motion to elect all three by white ballot, it was seconded by Marie Furtado and approved. Mike thanked the nominating committee.

Chairman Scaletta stated there was no further New Business items. He thanked the committee and staff for putting together this meeting and for their support. Next year's meeting will be held in March 2021 at a location and date to be announced at a later date. On a motion by Rick Silveria and seconded by Mike Medlin, the meeting was adjourned at 7:17 p.m.

Respectfully submitted,  
Marie E. Furtado  
Secretary/Treasurer

OUR EMPLOYEES

**President & CEO**  
Fardad Khosravi

**Chief Financial Officer**  
Paul Lindsley

**Operations**  
Evelyn Cablayan, Operations Specialist  
Amy Chambers, Operations Specialist  
Shiva Ghanbari, Operations Specialist  
Sally Provost, Operations Specialist  
Vanessa Gutierrez, Operations Specialist  
Jonathan Pierce, Supervisor  
Cyndee Lemon, Manager

**Lending**  
Yvonne Duran, Collector  
Emma Lopez, Loan Interviewer  
John Lombard, Loan Interviewer  
Viviana Farias, Supervisor  
Elsa Pham, Manager

**Marketing**  
Karole Morikawa, Manager

**IT**  
Milad Saei, IT Specialist  
Stephanie Owens, IT Specialist  
David Clark, Manager

**Human Resources**  
Cyndee Lemon, Manager

**Compliance**  
Colleen Murphy, Manager

**San Jose Main Branch**  
Helen Badal, Member Service Representative  
Imelda Lintag, Member Service Representative  
Livier Mandujano, Member Service Representative  
Linh Nguyen, Supervisor

**North San Jose Branch**  
Jo Augustin, Member Service Representative  
Auxiliadora Gutierrez, Supervisor

**San Francisco Branch**  
Chris Greco, Member Service Representative  
Lilliani Ufau, Member Service Representative  
Barbara Black, Supervisor

**Oakland Branch**  
Greer Adams, Member Service Representative  
Loresa Beller, Member Service Representative  
Karen Jay, Member Service Representative  
Erin Sanchez, Supervisor

BOARD OF DIRECTORS

Robert Scaletta, Chairman  
Richard Silveria, Vice Chairman  
Marie Furtado, Secretary/Treasurer  
Carol Croteau  
Michael Medlin  
Johanna Rocha  
Roger Somer

SUPERVISORY COMMITTEE

Joseph Meagher, Chairman  
Jude Miel  
Alex Rocha

CREDIT COMMITTEE

Elsa Pham, Chairwoman  
Viviana Farias  
Fardad Khosravi  
Cyndee Lemon

BRANCH OFFICES

**San Jose Main Branch**  
1040 Leigh Avenue  
San Jose, CA 95126-4129  
800.696.6009

**North San Jose**  
1750 Lundy Avenue  
P.O. Box 612602  
San Jose, CA 95161-2602  
408.437.8888

**San Francisco**  
175 Mendell Street  
San Francisco, CA 94124-1741  
415.550.7207

**Oakland**  
480 Roland Way, Suite 101  
Oakland, CA 94621-2052  
510.568.7150

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 **Pacific Postal**  
CREDIT UNION  
**2020**  
ANNUAL REPORT

CHAIRMAN’S MESSAGE

The pandemic of 2020 has deeply affected so many people – our members, employees, family, and friends. Our hearts and condolences go out to everyone who has experienced loss during this difficult time.

When the crisis struck, we adapted and reshaped how we conduct business to protect and assist those we serve. We continued to provide full service to our membership while exercising new policies to keep you and our staff safe. We also assisted members with loan forbearance and fee waivers to help alleviate financial stress. And we reached out to our community with donations to the local Second Harvest Food Bank and the Red Cross.

I am proud of how our credit union quickly adapted to the challenges, and, despite the difficult climate, closed 2020 on a successful note. PPCU experienced a 9% growth in deposits and a healthy 8% increase in loans. This is a testament to the commitment and skill of our employees, and the relationships we have developed with our family of members.

While we have prospered, we cannot deny that the economy has slowed, affecting demand for services and return on investments. The year 2021 will no doubt prove to be a tough one. As we have always done, we will forge ahead to provide the high value you deserve with a focus on membership growth, service quality, product development, technology, and training. Regarding membership growth within the postal

sector, global USPS policies have restricted our access to their employees, therefore limiting outreach to postal employees and their families. We will continue to seek and take advantage of other opportunities to expand membership.

On behalf of the Board of Directors, I would like to extend my gratitude to our credit union employees, under the leadership of Fardad Khosravi, President & CEO, for their professionalism and dedication to PPCU. They have served our members with the utmost care during this difficult time. Undoubtedly, we have asked much more from our staff than ever before, and the result of that effort is undeniable.

I have enjoyed serving as the Chairman of the Board of Directors these past two years. I want to thank my fellow board members and the supervisory committee members for their assistance. I believe that 2021 will bring many new challenges; however, with your support, the resilience of our staff, and our long track record of weathering the storm, we are well-positioned for further growth.

Respectfully submitted,  
Robert W. Scaletta  
Chairman

SUPERVISORY COMMITTEE REPORT

The Supervisory Committee actively monitors various credit union procedures to make certain that all assets and liabilities are accounted for, investments are sound and all loans are properly handled. We review many key areas, including new accounts, loan documents, corporate VISA transactions, and budgets.

To assist the committee in determining if the credit union is conducting business in accordance with acceptable accounting procedures, we employed Carroll and Associates Certified Public Accountants. We are pleased to report that Carroll and Associates issued an unqualified report, which indicates there were no problems or deficiencies in the reporting of financials.

The pandemic created a very different business environment this year. The committee would like to acknowledge how the credit union adapted and made the adjustments necessary to continue providing services safely without interruption in this “new” environment. We also send a big thank you to President Fardad Khosravi and his management team. And we thank all the employees for their hard work and dedication – they are key to our ongoing success.

To our members, thank you for making PPCU your financial institution of choice. It is your support that has enabled PPCU to be a financially sound and successful credit union.

Respectfully submitted,  
Joseph W. Meagher  
Chairman



OUR MISSION - To create a better financial life for our members

TREASURER’S REPORT

Thanks to our Management, staff, and especially our members, Pacific Postal Credit Union continues to be a sound and prosperous financial institution. Our excellent rates, products and varied programs ensure the best quality and stability for all.

As of December 31, 2020, our total assets were \$243,282,824.67, an increase of 7.8% from the previous year-end balance. Our net loans increased 5.8% from \$74,922,096 to \$79,572,126.33 partly due to new programs, special promotional offerings and loans designed to assist those affected by the COVID-19 Pandemic. Our membership is currently 13,795. We continue to promote family membership to our current members and are reaching out to new employees where possible to introduce PPCU. Our net income for the year was a solid \$869,410. Overall, it was a fair year considering the market volatility due to COVID-19. We received more deposits from our members despite the economic outlook throughout the year and were able to maintain our reserves.

COMPARATIVE BALANCE SHEET

ASSETS	Dec-19	Dec-20
Cash and Equivalents	\$18,162,863	\$20,306,988
Investments	\$117,685,605	\$129,428,012
Net Loans to Members	\$74,922,096	\$79,572,126
Other Assets	\$13,432,461	\$13,975,699
Total Assets	\$224,203,025	\$243,282,825

LIABILITIES		
Shares and Deposits	\$189,083,491	\$206,469,032
Accounts Payable	\$1,201,106	\$1,130,340
Reserves	\$35,932,444	\$36,801,854
Unrealized Gain/Loss	\$(2,014,015)	\$(1,118,402)
Total Liabilities	\$224,203,025	\$243,282,825

The annual independent audit of our books and records by Hal Carroll and Associates affirmed that Pacific Postal Credit Union is a well-capitalized, expansion capable, financially stable institution. This is mainly due to the capable leadership of our management staff and the dedication of each of our employees at every level of the organization.

The Board of Directors appreciates the ongoing support and confidence of our members and would like to thank all of you for being an essential part of our credit union family. We are confident that together we will keep the momentum going and continue delivering the high value you deserve.

Respectfully submitted,  
Johanna Rocha  
Secretary/Treasurer

COMPARATIVE INCOME AND EXPENSE STATEMENT

INCOME	2019	2020
Interest on Loans	\$3,827,363	\$3,866,697
Investment Income	\$4,991,826	\$2,394,245
Other Operating Income	\$1,303,727	\$1,175,043
Total Income	\$10,122,916	\$7,435,985

EXPENSES		
Operating Expense	\$7,145,160	\$5,210,341
Dividend & Interest Expense	\$961,707	\$889,361
Provision for Loan Loss	\$774,800	\$509,100
Other Expenses	\$79,304	\$(42,227)
Total Expenses	\$8,960,971	\$6,566,575
Net Income/(Loss)	\$1,161,945	\$869,410

CREDIT COMMITTEE REPORT

I hope this message finds you all safe and healthy. 2020 was definitely a challenge in many ways, as so much has changed and our lives were rearranged and redefined due to the pandemic.

We offered several options to help those experiencing financial hardship due to the pandemic: Skip-a-Pay for all consumer and mortgage loans with no fees, fee waivers for overdraft and NSF occurrences, early CD withdrawal with no penalty, and a special low-rate emergency loan.

In addition, we continued our commitment to help our members save money especially during this tough time with the following promotions, the results of which contributed to our loan volume.

- Personal Loan – we offered reduced rates as low as 2%
- Visa Card – this offer featured 0% APR for 6 months on all purchases, balance transfers and cash advances
- First Mortgage Special – we offered discounted rates for 30- and 15- year terms plus \$500 cash upon funding

- Vehicle Loan “Honor Your Hero” Promotion – we offered rate discounts up to 1.25% and a chance to win a drawing for \$500 each for one lucky member and their chosen Hero

We also diversified our loan portfolio by introducing Participation Loans. These loans allow us to lend to commercial borrowers who are seeking funding for various real estate acquisitions such as apartment buildings, shopping centers, office spaces and standalone businesses. Our commercial loan portfolio funded a total of \$2.9 Million in 2020.

We began 2020 with \$75 million in loans and \$224 million in assets, and even in this difficult year, we have continued to enjoy sustained growth. We closed the year at \$80 million in loans and \$243 million in assets. This would not have been possible without you, our loyal members. Thank you for continuing to put your trust in PPCU.

Respectfully submitted,  
Elsa Pham  
Chairwoman