

69th

**Annual  
Meeting**

# 69th Annual Meeting ACU of Texas

## AGENDA

1. Welcome
2. Assertion of a Quorum
3. Approval of Minutes from 2017 Annual Meeting
4. Report of the Board of Directors & President
5. Audit Report
6. Financial Condition
7. Unfinished Business
8. New Business
9. Nominating Committee Report & Election of Directors
10. Adjournment

## 68th Annual Meeting Minutes

February 9, 2017

Chairman Bill Carraway called the 68th Annual Membership Meeting of Associated Credit Union of Texas to order at 6:00 PM on Thursday, February 9, 2017. Chairman Carraway welcomed the members and thanked them for their attendance.

Chairman Carraway then asked Vice-Chairman Ed Sebesta if a quorum was present and Vice-Chairman Sebesta confirmed that there was a quorum present.

Next item of business was the minutes of last year's annual meeting. Chairman Carraway reported that members were furnished with a copy of last year's Annual Meeting minutes as they came in. Chairman Carraway asked for any comments or questions concerning last year's minutes as printed. There were none. The minutes were approved as printed with a motion made by Vice-Chairman Sebesta and seconded by Board Member John Blair. A vote was then taken and none were opposed. The minutes were approved as presented.

Chairman Carraway then advised the membership that the Report of the Board of Directors and President as well as the Audit Committee Report were published in the program. Chairman Carraway requested that all attendees review the reports.

Chairman Carraway called for any unfinished business. There was no unfinished business.

Chairman Carraway called for any new business. There was no new business.

Moving on to the Election of Officers, Chairman Carraway called upon Nominations Committee Chair Mark Rodriguez to give his

report who reported that there were three positions on the board to be filled. The nominees were given as follows: Bill Carraway (3-year term); John Blair (3-year term) and Royce Hively (1-year term). Nominating Committee Chairman, Mark Rodriguez concluded his report. Chairman Carraway accepted the motion made by Vice Chairman Sebesta seconded by credit union member and CHRO Charis Pollard that all three candidates are to be elected by acclamation. Motion carried.

## Report of the Board of Directors and President

Since 1949, ACU of Texas has continued to provide excellent member service and continually added products and services that enhanced the lives of our membership and surrounding communities.

In 2017, loans grew to \$259,767,175, and our assets grew nearly 8.6% to \$408,031,793. Deposits increased over 10%. Our CUFG Insurance program, ACUIS Insurance Services, now stands at over \$23 million in our book of business. CUFG Keystone Realty Group, which opened doors for business on June 1, 2013, had over 85 real estate closings in 2017. Our non-profit division of CUFG is Keystone Community Development Corporation. In 2017, we offered 8 Homebuyer Education classes, in English and Spanish, and provided down payment assistance grants for multiple members and provided multiple grant opportunities for homebuyers as well as veterans in our communities.

Our commitment to providing convenient access to our Membership continued with the relocation of our Pearland Randall's location to the Pearland HEB Plus in Shadow Creek in February and opening of our new freestanding branch in Alvin in September to replace the Alvin Kroger location. In late August, the gulf coast was hit hard by hurricane Harvey. With our newly opened call center and branch in Brenham, we were able to provide continuous access to accounts and information throughout the storm and begin issue emergency loans as early as the first day the hurricane hit. We issued in excess of \$2 million in relief loans within the first 10 days after the storm and working in conjunction with our non-profit, Keystone CDC, we provided over \$200,000 in grants and donations to help over 100 members and employees get back on their feet.

We launched our new Premier Checking account in April and an updated Student Account. Both accounts pay a 3% interest rate when certain qualifications are met. Our full-service mortgage department reached a milestone by closing in excess of \$50 million in mortgage loans for our Members. In late 2016 we launched our newly created "Tailgate" team consisting of employees from our branches and executive team and in 2017 this team provided over 60 lunches to our local law enforcement agencies, Veterans Groups, and local businesses and non-profits. In November, 2017, ACU of Texas was recognized as one of Houston Chronicle's Top Workplaces, for a third consecutive year. Finally, the credit union

was recognized as a volunteer of the year from the U.S Department of Veterans Affairs, or VA, at its annual Veterans Mental Health Summit for our continued work with Veterans through our SERVE network which celebrated its 3rd year of helping local Veterans and their families.

As we continue to grow, we ask for continued active participation, and in return, you can be sure you will see progressive, quality financial services and an unwavering dedication to you, our member owners.

## Audit Report

The standard examination of ACU of Texas was completed by the Texas Credit Union Department as of June 30, 2017. All aspects of the credit union's operations, including the safety and soundness, were covered in the examination. The examination report indicated that ACU of Texas continues to operate in a safe and sound manner.

## Financial Condition (as of 12-31-2017)

| Assets                  |                      |
|-------------------------|----------------------|
| Loans                   | \$259,767,175        |
| Allowance for Loan Loss | \$(4,228,800)        |
| Cash/Investments        | \$101,081,315        |
| Accrued Income          | \$1,184,017          |
| Other Assets            | \$50,228,085.96      |
|                         |                      |
| <b>Total</b>            | <b>\$408,031,793</b> |

| Liabilities & Equity |                      |
|----------------------|----------------------|
| Accounts Payable     | \$7,103,873          |
| Members Shares       | \$362,860,544        |
| Regular Reserves     | \$4,473,410          |
| Unrealized Gain      | \$(242,409)          |
| Undivided Earnings   | \$33,836,735         |
|                      |                      |
| <b>Total</b>         | <b>\$408,031,793</b> |

| Income                  |                     |
|-------------------------|---------------------|
| Interest on Loans       | \$16,807,724        |
| Income from Investments | \$1,341,654         |
| Other Income            | \$12,031,455        |
|                         |                     |
| <b>Total</b>            | <b>\$30,180,833</b> |

| Expenses              |                     |
|-----------------------|---------------------|
| Total Expenses        | \$25,443,926        |
| Disposition of Assets | \$40,474            |
| Total Dividends       | \$1,994,553         |
|                       |                     |
| <b>Total</b>          | <b>\$21,352,042</b> |

Additionally, we retained the independent CPA firm of CliftonLarsonAllen LLP to perform an annual audit to ensure compliance in all areas of the credit union. This annual audit took place for one week commencing on March 20th and covered the agreed upon procedures for the time period of January 1, 2016 to December 31, 2016.

## Election of Directors

On October 24, 2017, the Nominating Committee submitted Kyle Dickson, Bruce Terry and Joel Mueller as nominations for re-election as Board of Directors. All board members have completed the Director Application and Agreement to Serve and have indicated a willingness to continue serving on the Board of Directors.

The Nominating Committee, after reviewing the applications and qualifications of Kyle Dickson, Bruce Terry and Joel Mueller hereby nominate them for three-year terms.

## Board of Directors & Term Expirations

| Board of Directors             |            |
|--------------------------------|------------|
| Name, Position                 | Term Ends* |
| Bill Carraway, Chairman        | 2020       |
| Mark Kline, Vice Chairman      | 2019       |
| Kyle Dickson, Treasurer        | 2018       |
| John Blair, Secretary          | 2020       |
| Bruce Terry, Jr., Board Member | 2018       |
| Royce Hively, Board Member     | 2018       |
| Mark Rodriguez, Board Member   | 2019       |
| Joel Mueller, Board Member     | 2018       |

*\*Terms expire on the annual meeting of the year given*

| Officers           |                              |
|--------------------|------------------------------|
| Name               | Position                     |
| Jack Click         | President, CEO               |
| Clay Franks        | Chief Financial Officer      |
| Charis Pollard     | Chief Human Resource Officer |
| David DeAnda       | Chief Legal Officer          |
| Jay Coppock        | Chief Operating Officer      |
| David Borden       | Controller                   |
| Corey Lecoq        | Sr. VP Operations            |
| Cindy Soto         | VP Accounting                |
| Derrick Brown      | VP Business Development      |
| Brian Zornes       | VP Collections               |
| Russ Gillaspia     | VP Facilities                |
| Jennifer Frederick | VP Information Technology    |
| Keith Tillinger    | VP Lending                   |
| Tony Sims          | VP Marketing                 |
| April Thomson      | VP Member Access             |
| Kevin Anderson     | VP Mortgage                  |
| Debbie Keith       | VP Operations                |
| Teri Hayes         | VP Operations                |
| Eilene Markus      | VP Support Services          |