

2020 Annual Meeting

Brazos CCU-Lobby

Ineos - Chocolate Bayou Works Site

5:30 PM

Tuesday February 18, 2020

Agenda

- 1. Call to Order;
- 2. Determination of a Quorum;
- 3. Invocation;
- 4. Reading and Approval of the Minutes of the Annual Meeting of February 19, 2019;
- 5. Chairman of the Board's Report;
- 6. President's Report;
- 7. Treasurer's Report;
- 8. Annual Audit Report;
- 9. Unfinished Business;
- 10. New Business;
- 11. Election of Directors;
- 12. Door Prizes;
- 13. Announcement of Board of Directors for 2020; and
- 14. Adjournment.

Volunteers and Staff

Board of Directors	<u>Term Expiration</u>
Chairman – Mr. David Montemayor Jr.	2022
Vice-Chairman – Mr. Matt Jefferson	2021
Treasurer – Mr. Robert Grays	2022
Secretary – Mrs. Netta Shingler	2020
Director – Mr. Chris Green	2020

<u>Staff</u>

Mr. Wesley Shaw, President Ms. Beverly Martin, Accounting Manager Mrs. Kelli Wiley, Loan Manager Ms. Ryen Denson, Loan Officer and Collector Ms. Gloria Caballero, Member Account Specialist Ms. Victoria Alanis, Member Service Representative

Nominating Committee

Mr. John Eymann Mr. Felix Briones

Vision Statement

To accelerate our member's financial position. To fulfil this mission, we will provide products and services at a cost that benefits our members financially as compared to our competitors.

Chairman of the Board's Report

Welcome to our 2020 annual meeting. I'm honored to be here with you tonight and talk to you about your credit union.

Your credit union is financially sound and is well positioned to serve your financial needs at a much cheaper rate than any other financial institution in Brazoria County, or in the entire nation. In 2019, we had a great year.

As we celebrate 50 years, I would like to thank all of you, our members, for your continued support. Without your support, we could not and cannot be successful.

David Montemayor, Jr. Chairman of the Board

President's Report

Good evening everybody and welcome to the annual meeting. It's my pleasure to be with you this evening.

Our vision and mission for 2020 is to save you money on your loans through lower payments and make you money on your deposits through the highest yields in the nation. After all, you worked hard to earn your money and you deserve to keep more of it. BrazosCCU can do everything that a big bank or big credit union can...and FOR FREE. I believe that not one single member or potential member should be banking anywhere else because we offer the same financial products and services as any other financial institutions at a cheaper cost to you! I urge you to take advantage of our services and products.

2019 was a year of milestones for your credit union. We will continue to build on our momentum into 2020, only with your help. We NEED you. Unlike other big CUs and Banks, here you are not just an account number and you can talk to actual human beings, not just robots on the phone. Please tell your family, friends, and your co-workers at CBW and the new LAO plant. As you are the lifeblood of your CU, we will do anything for you, beat any offer from someone else, and partner with you as your financial cheerleader.

Wesley W. Shaw President

Treasurer's Report

The financial position of your credit union continues to be strong. For details, please see the Financial Reports at the back of the report.

Robert Grays Treasurer of the Board

Annual Audit Report

The annual audit was completed by John Weaver and Associates for the period ending September 30, 2019. As noted in his report, the records and supporting documentation have been found to be in excellent condition. The work was performed in accordance as set forth in Section 715 of the NCUA Rules and Regulations. The ACH, BSA, and general review of the internal controls of the credit union reviews were also reviewed.

Unfinished Business

None.

New Business

None.

Election of Directors

See Ballot.

Adjournment

Meeting Adjourned.

BrazosCCU.org Balance Sheet as of 12/31/2019

Account Description	Current Balance		t Years M Balance	Last Months EOM Balance		
LOANS TO MEMBERS * TOTAL	\$	18,219,703	\$ 16,269,394	\$	17,874,875	
ALLOWANCE FOR LOAN LOSSES * TOTAL	\$	(171,646)	\$ (111,822)	\$	(135,968)	
OTHER RECEIVABLES * TOTAL	\$	1,235	\$ 1,403	\$	1,279	
CASH * TOTAL	\$	1,981,914	\$ 2,137,908	\$	2,751,654	
INVESTMENTS * TOTAL	\$	153,685	\$ 128,386	\$	153,685	
PREPAID EXPENSES AND DEF CHARG * TOTAL	\$	31,192	\$ 25,352	\$	19,126	
FURNITURE, FIXTURES, & EQUIPMENT * TOTAL	\$	320	\$ 844	\$	369	
ACCRUED INCOME * TOTAL	\$	62,890	\$ 48,933	\$	51,222	
BUILDING * TOTAL	\$	113,512	\$ 134,249	\$	115,210	
COMPUTER HARDWARE & SOFTWARE * TOTAL	\$	43,999	\$ 36,943	\$	45,645	
** TOTAL ASSETS	\$	20,436,804	\$ 18,671,591	\$	20,877,097	
ACCOUNTS PAYABLE * TOTAL	\$	107,121	\$ 188,390	\$	46,018	
DIVIDENDS PAYABLE * TOTAL	\$	5,206	\$ 4,784	\$	34,007	
TAXES PAYABLE * TOTAL	\$	1,659	\$ 762	\$	437	
ACCRUED EXPENSES * TOTAL	\$	85,282	\$ 58,269	\$	83,928	
** TOTAL LIABILITIES	\$	199,268	\$ 252,204	\$	164,390	
SHARES OF MEMBERS * TOTAL	\$	16,078,194	\$ 14,512,728	\$	16,542,842	
RESERVES * TOTAL	\$	4,159,341	\$ 3,906,659	\$	4,090,143	
** TOTAL LIABILITIES & CAPITAL	\$	20,436,804	\$ 18,671,591	\$	20,877,097	



Income Statement as of 12/31/2019

	M-T-[C	Q	-T-D	Y-	T-D
Account Description	Balan	ce	Ba	alance	Ba	lance
INCOME FROM LOANS						
* TOTAL	\$	103,976.98	\$	212,867.04	\$	1,052,555.42
INVESTMENT INCOME						
* TOTAL	\$	1,672.25	\$	3,488.21	\$	39,297.80
FEES AND CHARGES						
* TOTAL	\$	17,968.85	\$	36,975.07	\$	184,812.81
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** TOTAL GROSS REVENUE	\$	123,618.08	Ş	253,330.32	Ş	1,278,550.18
* TOTAL	\$	29,012.82	Ş	60,935.43	Ş	314,809.51
EMPLOYEE BENEFITS						
* TOTAL	\$	4,738.12	Ş	11,456.37	Ş	63,736.53
OFFICE OCCUPANCY EXPENSES						
* TOTAL	\$	3,588.95	Ş	7,177.90	Ş	41,603.68
OFFICE OPERATIONS EXPENSE						
* TOTAL	\$	17,348.87	\$	35,441.01	Ş	181,158.55
EDUCATIONAL & PROMOTIONAL EXP						
* TOTAL	\$	2,692.14	\$	5,379.28	\$	26,784.31
LOAN SERVICING EXPENSE						
* TOTAL	\$	427.62	\$	597.61	\$	5,434.87
PROFESSIONAL AND OUTSIDE SERV.						
* TOTAL	\$	4,120.93	\$	8,896.49	\$	53,596.87
PROVISION FOR LOAN LOSSES						
* TOTAL	\$	-	\$	-	\$	102,785.57
OPERATING FEES						
* TOTAL	\$	504.16	\$	1,008.32	\$	5,034.29
CASH OVER AND SHORT						
* TOTAL	\$	(2.00)	\$	78.00	\$	67.00
ANNUAL MEETING EXPENSE						
* TOTAL	\$	2,366.66	\$	4,733.32	\$	26,033.26
DIVIDENDS						
* TOTAL DIVIDEND	\$	18,146.88	\$	36,563.77	\$	184,761.10
MISCELLANEOUS EXPENSE - OTHER						
* TOTAL	\$	(192.38)	\$	1,340.55	\$	9,538.64
***TOTAL DIVIDENDS AND EXPENSES	\$	82,752.77	\$	173,608.05	\$	1,015,344.18
	~	40.005.04	ć	70 700 07	<u> </u>	262.206.00
NET INCOME OR LOSS	\$	40,865.31	Ş	79,722.27	\$	263,206.00

BrazosCCU Key Ratio Report

Financial Performance Ratios	12/31/2018	9/30/2019	10/31/2019	11/30/2019	12/31/2019	Guidelines
Net Worth	20.74%	20.16%	20.90%	19.97%	20.35%	7.00%
ROAA*	1.58%	1.28%	1.39%	1.41%	1.35%	1.00%
Liquidity(L+>6mo+FA/S+NW)	89.43%	90.40%	92.41%	87.08%	90.81%	93.00%
Loan to Asset	87.13%	87.93%	90.81%	85.62%	89.15%	60.00%
Loan to Share	112.10%	112.83%	116.14%	108.05%	113.32%	80.00%
Loan Growth*	21.62%	12.90%	12.35%	10.77%	11.99%	7.50%
Share Growth*	21.15%	11.96%	7.76%	15.26%	10.79%	7.50%
Delinquency	1.58%	1.21%	1.73%	1.81%	2.21%	1.75%
Charge-Off	0.47%	0.64%	0.62%	0.52%	0.51%	0.75%

*Annualized		
Proj. Financial Performance Ratios	12/31/2019	
Net Worth	23.00%	
ROAA*	0.40%	
Liquidity(L+>6mo+FA/S+NW)	93.00%	
Loan to Asset	85.00%	
Loan to Share	110.00%	
Loan Growth*	4.00%	
Share Growth*	5.00%	

*Annualized

Definitions:

Net Worth - Net worth divided by total assets. Percentage of earnings from current and previous periods set aside to absorb operational losses. Higher levels of net worth allow the credit union to survive difficult periods.

Delinquency - Loans greater than 60 days delinquent divided by total loans. Charge-off - Percentage of loans charged off from the loan portfolio on an annualized basis.

ROAA - Annualized net income divided by average assets. This is the amount that contributes to increases or decreases to net worth.

Liquidity - Total loans plus investments with remaining maturities greater than 6 months plus fixed assets divided by total shares plus net worth. This is the ratio established in our ALM policy and 93% is the policy limit.

Loan to Asset - Total loans divided by total assets. This represents the percentage of assets in the loan portfolio. Because loan yield is greater than investment yield, this percentage directly affects earnings.



Texas Credit Unions w/Assets from \$20-\$30M (Q3 2019)

Name	Total Assets	<u>Total Loans</u>	Loans to <u>Assets</u>	Delinquent Loans/ <u>Total Loans</u>	Net Charge Offs/ Average Loans	<u>NOER</u>	<u>ROA</u>	Net <u>Worth</u>	Fee Income	Other Operating <u>Income</u>	Efficiency <u>Ratio</u>	Avg Deposits/Loans <u>per Mbr</u>
Angelina Federal Employees	\$29,959,888	\$20,579,568	68.69%	0.27%	0%	3.10%	1.12%	15.14%	\$215,926	\$143,064	78.70%	\$18,022
Hockley County School Employees	\$29,617,711	\$20,131,119	67.97%	2.04%	0.90%	3.23%	-0.47%	12.17%	\$39,065	\$23,204	124.55%	\$14,082
Members Financial	\$29,602,662	\$18,712,093	63.21%	0.43%	1.01%	3.74%	0.71%	8.45%	\$299,332	\$231,565	87.58%	\$9,385
Matagorda County	\$29,583,699	\$13,654,890	46.16%	0.25%	0.26%	2.02%	0.77%	11.90%	\$182,026	\$7,013	78.59%	\$14,854
Shared Resources	\$29,522,394	\$23,163,025	5 78.46%	0.89%	0.82%	4.43%	-0.13%	9.88%	\$410,753	\$82,929	102.46%	\$15,242
Trinity Valley Teachers	\$28,781,283	\$5,717,857	19.87%	0.89%	0.42%	1.80%	0.92%	27.44%	\$25,866	\$18,538	67.65%	\$7,675
Beaumont Community	\$28,730,179	\$12,128,365	5 42.21%	0.21%	0.55%	1.57%	0.68%	12.39%	\$518,951	\$40,017	83.89%	\$9,619
United Energy	\$27,488,645	\$14,752,257	53.67%	0.68%	0.46%	4.14%	0.29%	17.52%	\$473,842	\$64,384	95.78%	\$9,903
Alcon Employees	\$27,095,971	\$14,620,410	53.96%	0.01%	0.09%	2.70%	0.84%	22.74%	\$146,262	\$0	80.35%	\$11,777
CTECU	\$27,035,359	\$8,067,969	29.84%	0.24%	0.31%	2.37%	-0.05%	18.76%	\$11,962	\$0	108.20%	\$18,610
FedStar	\$26,867,504	\$10,883,268	40.51%	1.00%	0.11%	1.84%	1.68%	12.89%	\$100,281	\$24,067	58.33%	\$15,919
Northeast Texas Teachers	\$26,336,052	\$8,128,111	I 30.86%	1.27%	0.21%	2.69%	0.32%	13.51%	\$67,848	\$57,273	90.39%	\$10,201
San Angelo	\$26,130,265	\$18,976,789	72.62%	0.06%	-0.03%	2.89%	0.84%	8.60%	\$222,755	\$35,515	83.62%	\$11,327
Abilene	\$25,809,228	\$11,829,387	45.83%	0.46%	0.41%	3.47%	-0.24%	16.84%	\$128,698	\$47,509	110.90%	\$10,955
United	\$25,774,312	\$17,003,139	65.97%	0.87%	0.66%	3.19%	-0.12%	7.45%	\$165,636	\$42,132	100.36%	\$16,487
Mid-Tex	\$25,622,763	\$13,509,378	52.72%	1.00%	0.23%	3.23%	0.62%	7.84%	\$177,398	\$39,842	87.31%	\$11,024
Rocket	\$25,245,826	\$22,260,601	I 88.18%	1.58%	0.11%	3.14%	0.19%	7.94%	\$173,430	\$41,635	95.52%	\$15,296
Greater Central Texas	\$25,030,291	\$7,496,452	2 29.95%	0.05%	0.60%	2.44%	0.47%	8.30%	\$175,963	\$11,483	87.77%	\$10,079
TexStar	\$24,808,912	\$5,389,326	6 21.72%	0.03%	0.40%	2.37%	0.34%	9.10%	\$8,587	\$21,222	87.79%	\$18,962
Texas People	\$24,184,625	\$16,324,944	67.50%	0.12%	0.42%	3.81%	0.54%	18.73%	\$106,762	\$73,680	88.95%	\$13,576
The Local	\$23,543,213	\$19,261,124	81.81%	2.26%	0.88%	7.62%	0.91%	18.55%	\$381,890	\$316,042	91.53%	\$7,280
Bayou City	\$23,378,437	\$9,310,831	I 39.83%	0.32%	0.74%	3.98%	0.28%	8.55%	\$218,569	\$135,345	95.19%	\$10,181
Wichita Falls	\$23,354,383	\$10,466,811	44.82%	0.25%	-0.01%	3.14%	1.54%	13.86%	\$100,773	\$159,503	70.71%	\$12,403
Yantis	\$22,408,950	\$13,968,645	62.34%	0.20%	0.05%	3.22%	-0.06%	15.75%	\$88,669	\$10,900	101.71%	\$15,504
McMurrey	\$22,341,661	\$17,503,326	5 78.34%	0.99%	0.24%	2.91%	0.03%	13.98%	\$13,604	\$69,115	99.13%	\$21,922
LCRA	\$21,929,300	\$8,635,122	39.38%	0.26%	0.09%	3.18%	0.18%	12.38%	\$69,953	\$16,593	95.33%	\$11,071
C-E	\$21,894,137	\$15,684,657	7 71.64%	0.20%	0.16%	4.30%	1.56%	8.26%	\$113,253	\$169,995	77.80%	\$10,093
Dallas U.P. Employees	\$21,747,789	\$9,496,249	43.67%	2.34%	0.54%	2.59%	0.21%	22.53%	\$50,843	\$26,769	93.82%	\$18,266
Valwood Park	\$21,543,977	\$14,161,624	65.73%	0.02%	0.05%	2.96%	0.72%	16.09%	\$120,429	\$36,050	83.72%	\$11,911
LeTourneau	\$21,438,407	\$2,246,796	6 10.48%	0.21%	0.37%	3.79%	-1.06%	23.65%	\$116,363	\$16,248	130.91%	\$13,446
LIFE	\$21,250,647	\$17,007,519	80.03%	1.47%	0%	4.14%	0.71%	8.37%	\$148,554	\$32,239	87.62%	\$17,753
Union Fidelity	\$20,706,892	\$7,443,565	5 35.95%	0.52%	1.41%	2.75%	0.71%	17.81%	\$138,846	\$27,465	83.57%	\$4,736
Northeast Panhandle Teachers	\$20,639,167	\$12,616,463	61.13%	0.41%	0.11%	1.76%	1.03%	16.15%	\$4,323	\$7,922	63.45%	\$11,411
Brazos CCU	\$20,298,929	\$17,850,301	l 87.94%	1.37%	0.59%	3.51%	1.26%	20.15%	\$77,057	\$72,665	76.30%	\$16,530
McLennan County Employees	\$20,256,275	\$5,535,963		1.99%	0.59%	2.41%	0.73%	26.52%	\$60,780	\$24,490	79.34%	\$15,253
Averages for 35 institutions	\$24,855,992	\$13,271,941	53.40%	0.77%	0.39%	3.14%	0.51%	14.42%	\$153,007	\$60,755	88.95%	\$12,121

Rank by Assets - High to Low

The Inner Workings of the Efficiency Ratio

The efficiency ratio is a metric that quantifies how adept a credit union is at utilizing its expenses by measuring how much the credit union has to spend in order to generate a dollar of revenue. Similar to the operating expense ratio, a lower value in this metric is better. Additionally, the multiple variables in the formula provide credit unions with a range of strategic options to influence the ratio's outcome.

The ratio is calculated by taking a credit union's year-to-date operating expense totals and dividing that by the credit union's interest income (minus interest expenses), plus fee income and other operating income. The provision for loan losses is included in this metric. However, some credit unions prefer to calculate an efficiency ratio that does not include the provision for loan losses because of the significant expense in recent years.



2020 Budget Income Statement

	12/31/2018	9/3	0/2019	Projected	2019 Increase	2019 Percent	Bu	dget 2020	20	20 Increase	2020 Percent
Account Description	Balance	Ва	lance	EOY 2019	or Decrease	Increase/Decr			or	Decrease	Increase/Decr
INCOME FROM LOANS											
* TOTAL	\$949,290	\$	839,688	\$1,119,585	\$170,294	17.94%	\$ 1	1,340,604.24	\$	221,019.73	19.74%
INVESTMENT INCOME											
* TOTAL	\$16,763	\$	35,810	\$47,746	\$30,983	184.83%	\$	30,000.00	\$	(17,746.12)	-37.17%
FEES AND CHARGES											
* TOTAL	\$199,621	\$	147,838	\$197,117	(\$2,504)	-1.25%	\$	200,000.00	\$	2,883.01	1.46%
MISCELLANEOUS INCOME											
* TOTAL	\$8,625	\$	1,884	\$2,512	(\$6,113)	-70.87%	\$	-	\$	(2,512.20)	-100.00%
** TOTAL GROSS REVENUE	\$1,174,299	\$	1,025,220	\$1,366,960	\$192,661	16.41%	\$:	1,570,604.24	\$	203,644.43	14.90%
EMPLOYEE COMPENSATION											
* TOTAL	\$318,832	\$	253,874	\$338,499	\$19,667	6.17%		\$373,499	\$	35,000.00	10.34%
EMPLOYEE BENEFITS	\$510,052	Ŷ	233,071	<i>4000,100</i>	<i><i>q</i>15,007</i>	0.1770		<i>4373,133</i>	Ŷ	33,000.00	10.5 1/0
* TOTAL	\$81,760	\$	52,280	\$69,707	(\$12,053)	-14.74%	\$	85,000.00	\$	15,293.12	21.94%
OFFICE OCCUPANCY EXPENSES	, - ,		- ,	1 , -	() ,,			,	Ľ	-,	
* TOTAL	\$45,549	\$	34,426	\$45,901	\$352	0.77%	\$	46,000.00	\$	98.96	0.22%
OFFICE OPERATIONS EXPENSE		Ċ		. ,					Ľ		
* TOTAL	\$173,508	\$	145,718	\$194,290	\$20,782	11.98%	\$	225,000.00	\$	30,709.95	15.81%
EDUCATIONAL & PROMOTIONAL EXP											
* TOTAL	\$11,196	\$	21,405	\$28,540	\$17,344	154.90%	\$	40,000.00	\$	11,459.96	40.15%
LOAN SERVICING EXPENSE											
* TOTAL	\$5,483	\$	4,837	\$6,450	\$967	17.64%	\$	7,000.00	\$	550.32	8.53%
PROFESSIONAL AND OUTSIDE SERV.											
* TOTAL	\$62,723	\$	44,700	\$59,601	(\$3,122)	-4.98%	\$	70,000.00	\$	10,399.49	17.45%
PROVISION FOR LOAN LOSSES											
* TOTAL	\$125,976	\$	102,786	\$137,047	\$11,071	8.79%	\$	150,000.00	\$	12,952.57	9.45%
OPERATING FEES											
* TOTAL	\$4,778	\$	4,026	\$5,368	\$590	12.34%	\$	5,500.00	\$	132.04	2.46%
CASH OVER AND SHORT											
* TOTAL	\$96	\$	11	\$15	(\$81)	-84.73%	\$	100.00	\$	85.33	581.82%
ANNUAL MEETING EXPENSE											
* TOTAL	\$28,400	\$	21,300	\$28,400	\$0	0.00%	\$	30,000.00	\$	1,600.08	5.63%
DIVIDENDS											
* TOTAL DIVIDEND	\$108,860	\$	148,197	\$197,596	\$88,736	81.51%	\$	250,000.00	\$	52,403.56	26.52%
MISCELLANEOUS EXPENSE - OTHER		<u> </u>							Ļ		
* TOTAL	\$17,559	\$	8,198	\$10,931	(\$6,628)	-37.75%	\$	15,000.00	\$	4,069.21	37.23%
***TOTAL DIVIDENDS AND EXPENSES	\$984,720	\$	841,736	\$1,122,315	\$137,595	13.97%	\$:	1,297,098.77	\$	174,783.93	15.57%
NET INCOME OR LOSS	\$189,579	\$	183,484	\$244,645	\$55,066	29.05%	\$	273,505.47	\$	28,860.49	11.80%

BALLOT

BrazosCCU Board of Directors Election Annual Meeting 2020

Position	Present	Current
Number	Director	Term
1	Mr. Matt Jefferson	2018 - 2021
2	Mr. David Montemayor, Jr.	2019 - 2022
3	Mr. Robert Grays	2019 - 2022
4	Mrs. Netta Shingler	2017 - 2020
5	Mr. Chris Green	2017 - 2020

BrazosCCU has five directors. Directors are elected for a three-year term with staggered expiration dates. With five directors, this means that in most years two directors' terms expire.

This year the terms for Position 4 and 5, occupied by Mrs. Netta Shingler and Mr. Chris Green, expire. The election for these positions is for three-year terms that end in 2023. The bylaws of the credit union dictate that when a director is appointed by the board to fill an open position, that director must stand for election at the next annual meeting.

The Nominating Committee submits the following candidates:

<u>CANDIDATES</u>	
Mrs. Netta Shingler	
Mr. Chris Green	
Mr. Deaton Long	
Mr. Gerald Arnold	

Please Vote for one (1) candidate by marking your ballot with an 'X' in the blank to the right of the candidate's name to cast your ballot for that candidate. If anyone is nominated from the floor, and you would like to vote for them, write their name in a blank on the left and mark the blank to the right of their name with an 'X' to cast your ballot for that candidate. Vote for a total of not more than one candidate.