



BrazosCCU.org

2019 Annual Meeting

BrazosCCU – Lobby

Ineos – Chocolate Bayou Works Site

5:30 PM

Tuesday February 19, 2019

BrazosCCU – 2019 Annual Report

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 20, 2018;
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 2019; and
14. Adjournment.

Volunteers and Staff

<u>Board of Directors</u>	<u>Term Expiration</u>
Chairman – Mr. David Montemayor Jr.	2019
Vice-Chairman – Mr. Matt Jefferson	2021
Treasurer – Mr. Robert Grays	2019
Secretary – Mrs. Netta Shingler	2020
Director – Mr. Chris Green	2020

Staff

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

Nominating Committee

Mr. Earl Leonard
Mr. Felix Briones
Mr. Mike Massey

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.

BrazosCCU – 2019 Annual Report

Chairman of the Board's Report

Welcome to our 2019 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 2018, we had a great year.

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 2019 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.

2018 was a year of growth for your credit union. We will continue to build on our momentum into 2019, 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

BrazosCCU – 2019 Annual Report

Annual Audit Report

The annual audit was completed by John Weaver and Associates for the period ending September 30, 2018. 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.

BALLOT

BrazosCCU Board of Directors Election Annual Meeting 2019

Position Number	Present Director	Current Term
1	Mr. Matt Jefferson	2015 – 2021
2	Mr. David Montemayor, Jr.	2016 – 2019
3	Mr. Robert Grays	2016 – 2019
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 2 and 3, occupied by Mr. David Montemayor, Jr. and Mr. Robert Grays, expire. The election for these positions are for three-year terms that end in 2022. 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:

CANDIDATES

Mr. David Montemayor, Jr.	_____
Mr. Robert Grays	_____
_____	_____
_____	_____
_____	_____

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.

BrazosCCU
ANNUAL MEETING
FEBRUARY 20, 2018

This meeting was called to order at 5:35 P.M. by David.

Pat Krajca gave the invocation.

A quorum of members was present.

Minutes of the previous meeting were read by Wes.

The minutes were approved on motion by John Eymann and seconded by Pat Krajca.

Chairman's report was read by David Montemayor.

President's report was read by Wes Shaw.

Treasurer's Report read by David.

Audit Report ready by Matt Jefferson.

There was no Unfinished Business to discuss.

There was no New Business to discuss.

Election of Directors

Incumbents – Matt Jefferson

There were no nominations from the floor.

Motioned to elect by: Pat Krajca and seconded by: John Eymann and the motion carried.

Adjournment was motioned by Ben Jefferson and seconded by John Eymann at 6 pm.

BrazosCCU
Balance Sheet - 12/31/2018

Account Description -----	Current Balance -----	Last Years EOM Balance -----	Last Months EOM Balance -----
LOANS TO MEMBERS			
* TOTAL	\$16,269,394.25	\$13,376,962.85	\$16,248,462.53
ALLOWANCE FOR LOAN LOSSES (ALL)			
* TOTAL	\$ (111,822.17)	\$ (55,808.43)	\$ (71,418.53)
OTHER RECEIVABLES			
* TOTAL	\$ 1,403.48	\$ 1,522.14	\$ 1,433.48
CASH			
* TOTAL	\$ 2,137,907.75	\$ 1,432,658.15	\$ 3,424,964.79
INVESTMENTS			
* TOTAL	\$ 128,386.21	\$ 921,517.64	\$ 128,386.21
PREPAID EXPENSES AND DEF CHARG			
* TOTAL	\$ 25,352.17	\$ 20,238.40	\$ 22,772.49
FIXED ASSETS-FURNITURE AND EQUIP			
* TOTAL	\$ 844.37	\$ 1,156.35	\$ 155.13
ACCRUED INCOME			
* TOTAL	\$ 48,932.51	\$ 33,440.42	\$ 31,068.09
FIXED ASSETS-BUILDING			
* TOTAL	\$ 134,249.33	\$ 138,297.45	\$ 136,125.72
FIX ASSETS-COMPUTER EQUIP/SOFTWARE			
* TOTAL	\$ 36,943.11	\$ 61,229.78	\$ 39,164.95
** TOTAL ASSETS	\$18,671,591.01	\$15,931,214.75	\$19,961,114.86
ACCOUNTS PAYABLE			
* TOTAL	\$ 188,389.53	\$ 179,133.33	\$ 308,915.46
DIVIDENDS PAYABLE			
* TOTAL	\$ 4,784.22	\$ 4,251.84	\$ 25,575.01
TAXES PAYABLE			
* TOTAL	\$ 761.66	\$ 430.43	\$ 483.59
ACCRUED EXPENSES			
* TOTAL	\$ 58,268.54	\$ 51,155.17	\$ 50,447.78
** TOTAL LIABILITIES	\$ 252,203.95	\$ 234,970.77	\$ 385,421.84
SHARES OF MEMBERS			
* TOTAL	\$14,512,728.17	\$11,979,164.41	\$15,647,015.82
RESERVES			
* TOTAL	\$ 3,906,658.89	\$ 3,717,079.57	\$ 3,872,456.37
** TOTAL LIABILITIES & CAPITAL	\$18,671,591.01	\$15,931,214.75	\$19,961,114.86

BrazosCCU
Income Statement as of 12/31/2018

Account Description -----	M-T-D Balance -----	Q-T-D Balance -----	Y-T-D Balance -----
INCOME FROM LOANS			
* TOTAL	\$ 91,462.96	\$265,067.25	\$ 949,290.05
INVESTMENT INCOME			
* TOTAL	\$ 3,288.66	\$ 9,314.71	\$ 16,763.17
FEEs AND CHARGES			
* TOTAL	\$ 16,838.73	\$ 53,384.42	\$ 199,620.60
MISCELLANEOUS INCOME			
* TOTAL	\$ -	\$ -	\$ 8,625.41
** TOTAL GROSS REVENUE	\$ 111,590.35	\$327,766.38	\$1,174,299.23
EMPLOYEE COMPENSATION			
* TOTAL	\$ 33,240.28	\$ 87,338.28	\$ 318,831.73
EMPLOYEE BENEFITS			
* TOTAL	\$ 5,960.99	\$ 16,813.56	\$ 81,759.60
OFFICE OCCUPANCY EXPENSES			
* TOTAL	\$ 4,140.14	\$ 12,108.58	\$ 45,548.81
OFFICE OPERATIONS EXPENSE			
* TOTAL	\$ 13,372.41	\$ 46,533.72	\$ 173,508.48
EDUCATIONAL & PROMOTIONAL EXP			
* TOTAL	\$ 1,576.96	\$ 3,787.66	\$ 11,196.35
LOAN SERVICING EXPENSE			
* TOTAL	\$ 747.58	\$ 1,805.80	\$ 5,482.58
PROFESSIONAL AND OUTSIDE SERV.			
* TOTAL	\$ 5,070.75	\$ 15,452.99	\$ 62,722.92
PROVISION FOR LOAN LOSSES			
* TOTAL	\$ 50,000.00	\$ 50,000.00	\$ 125,976.08
OPERATING FEES			
* TOTAL	\$ 447.33	\$ 1,341.99	\$ 4,778.11
CASH OVER AND SHORT			
* TOTAL	\$ (4.87)	\$ (6.47)	\$ 96.03
ANNUAL MEETING EXPENSE			
* TOTAL	\$ 2,366.66	\$ 7,099.98	\$ 28,399.92
DIVIDENDS			
* TOTAL	\$ 15,428.49	\$ 45,843.79	\$ 108,860.17
MISCELLANEOUS EXPENSE - OTHER			
* TOTAL	\$ 1,261.94	\$ 5,443.98	\$ 17,559.13
***TOTAL DIVIDENDS AND EXPENSES	\$ 133,608.66	\$293,563.86	\$ 984,719.91
NET INCOME OR LOSS	\$ (22,018.31)	\$ 34,202.52	\$ 189,579.32

BrazosCCU
Key Ratio Report

Financial Performance Ratios	12/31/2017	9/30/2018	10/31/2018	11/30/2018	12/31/2018	Guidelines
Net Worth	23.33%	21.56%	20.79%	19.68%	20.74%	7.00%
ROAA*	0.42%	1.22%	1.28%	1.28%	1.10%	1.00%
Liquidity(L+>6mo+FA/S+NW)	93.61%	95.35%	92.80%	86.08%	89.43%	93.00%
Loan to Asset	83.97%	89.72%	86.83%	81.40%	87.13%	60.00%
Loan to Share	111.67%	115.39%	111.63%	103.84%	112.10%	80.00%
Loan Growth*	5.31%	27.31%	26.04%	23.42%	21.62%	7.50%
Share Growth*	3.34%	22.12%	26.08%	33.40%	21.15%	7.50%
Delinquency	0.28%	0.85%	0.83%	1.04%	1.58%	1.75%
Charge-Off	0.54%	0.34%	0.31%	0.41%	0.47%	0.75%

*Annualized

Proj. Financial Performance Ratios	12/31/2018
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.



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