

TTCU 64th

Annual Business Meeting

Members Rewarded Here

Main Office - Lobby
February 23, 2017
5:15 pm

5:15^{PM}

CALL TO ORDER:
Stephen J. Gibson, President/CEO

DETERMINATION OF QUORUM:
Stephen J. Gibson,
Faith Hernandez, Member Services Manager

APPOINTMENT OF RECORDING SECRETARY:
Stephen J. Gibson, Faith Hernandez

READING OF LAST YEAR'S MINUTES:
Walter Ashwood, Secretary

DIRECTOR'S REPORT:
Michael W. Robbins, Board Chairman

PRESIDENT'S REPORT:
Stephen J. Gibson

ANNUAL AUDIT REPORT:
Walter Ashwood, Audit Committee Chairman

UNFINISHED BUSINESS:
Michael W. Robbins

NEW BUSINESS:
Michael W. Robbins

ACCLIMATION OF DIRECTORS:
Michael W. Robbins

ADMINISTRATION OF OATH FOR NEW DIRECTORS:
Michael W. Robbins

DOOR PRIZE DRAWING:
Jim Williams

ADJOURNMENT:
Martin Daniel, Treasurer

AGENDA

DIRECTOR'S REPORT

Thank you all for attending the 64th Annual Business Meeting. I am honored to have served as Chairman of the Board for 2016 and I appreciate the trust the membership has placed in this Board of Directors. 2016 was another big year for TTCU. I am pleased to announce the Loan Services building is finally complete!!! Operational transition of functions, integration of enhanced technologies and personnel continue. 2017 has started well for TTCU and we are excited about the opportunities this expansion affords us. Giving back, or, as we like to say, "Rewarding Our Members," is an important principal for both our Board of Directors and Management. It is with that principal in mind, that during last quarter of 2016 the dividend on our Christmas Club Account and Kid's Club Account was raised to a record 2.00% APY. We are very proud to offer these enhancements to our deposit account options. We're not finished with our member rewards! Look for a special vehicle refinance promotion designed to collectively celebrate our new Loan Services building to be announced soon!

Thanks for being a member,
Michael Robbins,
Chairman of the Board

PRESIDENT'S REPORT

On behalf of the Board of Directors and our entire staff, thank you for attending tonight's meeting. I am pleased to report that the financial condition of your credit union remains excellent. As of December 31, 2016, total assets were \$58,267,454, total loans were \$33,339,890, and total reserves were \$8,172,985. During 2016, total assets increased 0.30%, total loans increased 4.64%, and reserves were increased to 14.03%. Also during 2016, approximately \$481,000 was paid to members as dividends or interest, there were no regulatory assessments, and approximately \$582,800 was earned in net income. I would like to take this opportunity to reflect on our ten year growth history to characterize how far TTCU has come. Over this period, total assets have increased approximately \$39,900,000 or 317%, total loans have increased \$24,400,000 or 324% and reserves have increased approximately \$5,152,000 or 271%. These are remarkable achievements and everyone here as a Board of Director or staff member has contributed to ensuring the success happens. I'm very excited about what success 2017 will bring.

Member Rewarded Here,
Stephen J. Gibson,
President/CEO

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AUDIT REPORT

Murrey, Pascall & Caperton, PC audited the complete records of Texas Telcom Credit Union under the supervision of the credit union's Audit Committee as of March 31, 2016. The records were found to be in order and no material exceptions were noted. The audit report included a few financial and operational recommendations which were adopted by the credit union. Murrey, Pascall & Caperton, PC also performed separate required 2016 compliance audits of Texas Telcom Credit Union's Automated Clearing House (ACH), Bank Secrecy Act (BSA) Office of Foreign Assets Control (OFAC) and Customer Identification Program (CIP) processes. These processes were determined to be in compliance with existing regulatory guidelines. Murrey, Pascall & Caperton, PC has been contracted to perform a comprehensive audit as of March 31, 2017 as well as the ACH, BSA, OFAC and CIP compliance audits later in the year. Serving on the Audit Committee this year were Mr. Ashwood, Mr. Williams and Mr. Gibson.

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NOMINATING COMMITTEE

The Nominating Committee unanimously approved by the Board of Directors to coordinate the Election of Directors process that culminates at this 64th Annual Business Meeting was Mr. Richard Liptak, Chairman, Ms. Ellen Flanery, and Mr. Mike Rosser. The Nominating Committee unanimously nominated incumbents Mr. Jim Williams, Mr. Martin Daniel and Mr. Bob Edmondson to three-year terms.

BOARD OF DIRECTORS

- Michael W. Robbins** – Chairman* (2018)
- Jim Williams** – Vice Chairman * (2020)
- Martin Daniel** – Treasurer* (2020)
- W. L. Ashwood** – Secretary* (2018)
- Ed Long Jr.** (2019)
- Larry Starrett** (2019)
- Bob Edmondson** (2020)
- Joyce Liptak** (2019)

*2016 Executive Committee Members
Year – When Board Term Expires

EMPLOYEES

- Stephen J. Gibson** – President/CEO*
- Pam Toler** – Accounting Manager*
- Jay Mounce** – Lending Manager*
- Faith Hernandez** – Member Services Manager
- Anna Perrin** – Loan Officer
- Sharyn Bell** – Loan Processor
- Milagro Funes** – Member Service Representative
- Jennifer Paleczka** – Member Service Representative
- Karen Torres** – Member Service Representative

*denotes Senior Management. There has been no change in Senior Management since the last Annual Meeting.

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CHANGES TO ARTICLES OF INCORPORATION

There have been no changes to the Articles of Incorporation since the 63rd Annual Business Meeting.

TTCU

TEXAS TELCOM CREDIT UNION

Statement of Financial Condition

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ASSETS	31-Dec-16	31-Dec-15	Change \$	%
Loans - Personal	25,816,660.72	26,927,261.69	(1,110,600.97)	-4.12%
Loans - MasterCard	845,395.67	814,862.69	30,532.98	3.75%
Loans - Mortgage	6,677,833.33	4,144,094.19	2,533,739.14	61.14%
Allowance for Loan Losses	(253,594.45)	(237,574.48)	(16,019.97)	6.74%
Accounts Receivable	6,231.29	7,270.31	(1,039.02)	-14.29%
Catalyst Corporate - Cash Mgmt Fund	1,182,818.50	3,954,522.17	(2,771,703.67)	-70.09%
Catalyst Corporate - Performance Account	4,000,000.00	6,000,000.00	(2,000,000.00)	-33.33%
Catalyst Corporate - PCC Account	38,668.00	38,668.00	0.00	0.00%
Mastercard Cash Advance	6,973.00	6,647.00	326.00	4.90%
Checks in Process/Uncollected Funds	84,942.15	83,421.84	1,520.31	1.82%
Vault Cash	170,320.03	222,692.45	(52,372.42)	-23.52%
TNNB Mastercard	(68.16)	7,686.53	(7,754.69)	-100.89%
TNNB Reserve Account	47,000.00	47,000.00	0.00	0.00%
Investments	17,167,685.50	13,708,640.67	3,459,044.83	25.23%
Edward Jones MMA-DSF	65,923.20	62,785.01	0.00	0.00%
CO-OP Investment	29,427.22	26,115.75	3,311.47	12.68%
N.C.U.A. Investment	490,273.20	466,275.57	23,997.63	5.15%
Accrued Interest-Investments & Loans	150,510.89	148,249.04	2,261.85	1.53%
Prepaid Expenses	53,541.79	53,780.42	(238.63)	-0.44%
Prepaid Pension	803,326.04	1,049,939.04	(246,613.00)	-23.49%
Land, Building & Improvements (Net)	883,505.62	563,085.50	320,420.12	56.90%
Furniture & Equipment (Net)	80.00	79.00	1.00	1.27%
TOTAL ASSETS	58,267,453.54	58,095,502.39	171,951.15	0.30%

LIABILITIES & EQUITY	31-Dec-16	31-Dec-15	Change \$	%
Accounts Payable	97,599.70	139,807.10	(42,207.40)	-30.19%
NCUSIF-Contingent Liability	4,200.00	0.00	4,200.00	0.00%
GAP/MBI/CMN/CPI Payable	9,655.00	5,397.00	4,258.00	78.90%
Unpresented Checks	2,754.86	2,361.54	393.32	16.66%
Member Credit Life & Disability Insurance	20,924.20	21,354.46	(430.26)	-2.01%
Money Order/ Gift Card Settlements	800.00	2,965.15	(2,165.15)	-73.02%
Mastercard Settlements	50.00	50.00	0.00	0.00%
ACH Clearing	(4,289.21)	(4,025.60)	(263.61)	6.55%
Checking Liability	29,172.65	27,994.49	1,178.16	4.21%
Withholding Taxes	13,768.41	5,708.25	8,060.16	141.20%
Accrued Expenses	233,141.31	291,754.98	(58,613.67)	-20.09%
Checking Suspense	(457.99)	(575.00)	117.01	-20.35%
ACH Suspense	(2,732.95)	(786.22)	(1,946.73)	247.61%
ATM Funds in Transit	102,654.81	70,984.20	31,670.61	44.62%
General Suspense	0.00	0.00	0.00	0.00%
Savings Accounts	24,029,436.22	23,226,610.61	802,825.61	3.46%
Checking Accounts	3,529,775.04	3,137,698.03	392,077.01	12.50%
Certificate of Deposit Accounts	16,049,351.36	16,930,275.77	(880,924.41)	-5.20%
Christmas Club Accounts	454,787.22	750,266.04	(295,478.82)	-39.38%
Kids Club Accounts	154,242.94	109,394.79	44,848.15	41.00%
IRA Accounts	4,406,018.18	4,338,492.48	67,525.70	1.56%
IRA Certificates	1,698,566.73	1,772,241.85	(73,675.12)	-4.16%
Regular Reserves	2,642,684.71	2,642,684.71	0.00	0.00%
Undivided Earnings	5,530,300.18	4,947,460.33	582,839.85	11.78%
Other Comprehensive Income-Pension Plan	(596,193.92)	(322,612.57)	(273,581.35)	84.80%
Unrealized Gains (Losses) on Securities	(138,755.91)	0.00	(138,755.91)	0.00%
Net Income (Loss) QTD	0.00	0.00	0.00	0.00%
Estimated Dividends/Interest Payable	0.00	0.00	0.00	0.00%
TOTAL LIABILITIES & EQUITY	58,267,453.54	58,095,502.39	171,951.15	0.30%

I certify to the best of my knowledge and belief this statement is true and correct and presents fairly the financial position and the results of operations for the periods covered.

President

Stephen J. Gibson

TEXAS TELCOM INCOME STATEMENT AND FINANCIAL SUMMARY

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Dec-2016

ASSETS:

	Amount
Cash & Equivalents	5,550,936
TOTAL INVESTMENTS	18,009,680
Loans Held for Sale	0
Real Estate Loans	6,677,833
Unsecured Loans	2,628,408
Other Loans	23,795,593
TOTAL LOANS	33,101,834
(Allowance for Loan & Lease Losses)	(253,594)
Land And Building	883,506
Other Fixed Assets	80
NCUSIF Deposit	490,273
All Other Assets	484,739
TOTAL ASSETS	58,267,454

LIABILITIES & CAPITAL:

Dividends Payable	0
Notes & Interest Payable	0
Accounts Payable & Other Liabilities	507,241
Uninsured Secondary Capital and Subordinated Debt Included in Net Worth	0
TOTAL LIABILITIES	507,241
Share Drafts	3,529,775
Regular shares	24,029,436
All Other Shares & Deposits	22,762,967
TOTAL SHARES & DEPOSITS	50,322,178
Regular Reserve	2,642,685
Other Reserves	(734,950)
Undivided Earnings	5,530,300
TOTAL EQUITY	7,438,035
TOTAL LIABILITIES, SHARES, & EQUITY	58,267,454

INCOME & EXPENSE

Loan Income	1,884,117
Investment Income	388,298
Other Income	463,684
Total Employee Compensation & Benefits	741,987
Temporary Corporate CU Stabilization Expense & NCUSIF Premiums	0
Total Other Operating Expenses	779,470
Non-operating Income & (Expense)	0
NCUSIF Stabilization Income	0
Provision for Loan/Lease Losses	151,000
Cost of Funds	480,802
NET INCOME (LOSS) EXCLUDING STABILIZATION EXPENSE & NCUSIF PREMIUM *1	582,840
Net Income (Loss)	582,840

MEMBERSHIP:

	Dec-16
Number of Current Members	4,266
Number of Potential Members	1,000,000.00
% Current Members to Potential Members	0.43
*% Membership Growth	(8.20)
Total Number Savings Accounts	6,266

TTCU



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