



## ANNUAL MEETING ORDER OF EVENTS

- ★ Call to Order and Ascertain Quorum  
Dr. Marty Warren, Board Chairperson
- ★ Invocation  
James Johnson, Director
- ★ Approval of Minutes - 66th Annual Meeting  
Wilma Jamerson, Board Member
- ★ Board of Directors' Report  
Dr. Marty Warren, Board Chairperson
- ★ President's Report  
Byron Norton, President/CEO
- ★ Credit Committee's Report  
John Griffin, Senior VP/Lending Operations
- ★ Financial Review  
Debbie Pearce, Senior VP/Accounting Manager
- ★ Audit Committee's Report  
Maylene Neal, Board Member
- ★ Unfinished Business
- ★ New Business (Other Than Elections)
- ★ Nominating Committee's Report  
Eddie Cannon, Committee Chairperson
- ★ Board of Director Elections
- ★ Adjournment
- ★ Cash Prize Drawings



In 1953, East Texas Professional Credit Union began as a member-owned and operated financial cooperative with a membership of 13 East Texans and an initial asset size of \$65. Today, our membership has grown to more than 75,000 and our asset size exceeds \$772 million. Thank you for your continued support over the past 67 years. We value your membership and stand ready to help you achieve financial success.



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# ANNUAL MEETING MINUTES

# APRIL 27, 2019

The 66th Annual Meeting of the East Texas Professional Credit Union was held at 409 E Loop 281 Longview, Texas 75605 on Saturday, April 27, 2019. Chairperson of the Board, Reba Allison, called the meeting to order at 1:59 p.m. She began by ascertaining and recognizing a quorum of members (25) present. She then called on James Johnson, Director, to give the invocation. Following the invocation, Ms. Allison appointed Mr. Johnson to serve as Parliamentarian of the meeting. Mr. Johnson accepted the appointment.

Ms. Allison then called on Maylene Neal, Director, to present the minutes of the 65th Annual Meeting (held April 21, 2018) for approval. Vera Hall, member, made a motion to dispense with the reading of the minutes and approve them as printed. Glenda Henigan, member, seconded the motion, and the motion carried without objection. Ms. Allison noted that these minutes would become part of the permanent file and available for future review.

Ms. Allison then proceeded with the introductions of our current Board of Directors. The directors in attendance included: James Johnson from Longview, Texas; Maylene Neal from Nacogdoches, Texas; Bobby Moore from Laneville, Texas; Dr. Rutledge McClaran from Marshall, Texas; Wilma Jamerson from Longview, Texas; Dr. Marty Warren from Gilmer, Texas; and Reba Allison from Carthage, Texas.

Ms. Allison then presented the Board of Directors' Report. The entire Board of Directors' Report was included in the Annual Meeting brochure. It focused on the successes of East Texas Professional Credit Union in 2018. She further stated that East Texas Professional Credit Union, with dedication from its Board of Directors, management and staff, is well positioned to face any challenges and seize any opportunities that arise in 2019. Upon completion, she asked for any questions to be voiced. Hearing none, she submitted the report as part of the permanent Annual Meeting file.

Ms. Allison then called on Byron Norton, President/CEO, to present the President's Report. Mr. Norton read the report that was included in the Annual Meeting brochure. He gave the state of the Credit Union address, and his commitment to our members for 2019. Upon completion, he asked for any questions to be voiced. Hearing none, he submitted the report to become part of the permanent Annual Meeting file.

Ms. Allison called on John Griffin, Senior Vice-President / Lending Operations Manager, to present the Credit Committee's Report. The report reflected 15,299 loans granted to members, constituting a total amount financed of \$226,731,635. Total loans outstanding increased by over \$43.8 million for the year. Time was allowed for any questions to be voiced. Hearing none, Mr. Griffin submitted the report to become part of the permanent Annual Meeting file.

Ms. Allison then called on Debbie Pearce, Senior Vice-President / Accounting Manager to present the 2018 Year-End Financial Review. She gave a brief review of the Statement of Financial Condition. Time was allowed for any questions to be voiced. Hearing none, she submitted the report to become part of the permanent Annual Meeting file.

At this time, Ms. Allison called on Director, Maylene Neal, to present the Audit Committee's Report for 2018. The report noted that the Texas Credit Union Department (TCUD), in conjunction with the National Credit Union Administration (NCUA) conducted its annual exam as of December 31, 2017. In addition, the accounting firm Doeren Mayhew performed an independent audit as of September 30, 2018. Each closely reviewed all areas of operation and found the Credit Union to be in excellent financial condition. Doeren Mayhew also conducted an Annual Automated Clearinghouse (ACH) Audit. Internal audits and compliance audits were conducted quarterly in order to ensure safety and soundness as well as general compliance with federal and state regulations. Time was allowed for any questions to be voiced. Hearing none, she submitted the report to become part of the permanent Annual Meeting file.

Ms. Allison then asked if there was any unfinished business. Hearing none, she asked if there was any new business, other than the election of the board members. Hearing no further business, Ms. Allison called on Norma Wells to present the Nominating Committee Report. Those members who served on the 2019 committee were Mike Toon, Norma Wells and Peggy Denman. The committee met on Wednesday, March 6, 2019, to select a slate of nominees to present as candidates to serve on the Credit Union's Board of Directors. The committee voted unanimously to re-nominate Bobby Moore, Dr. Rutledge McClaran and Maylene Neal. At that meeting, they also named Mr. Toon as Nominating Committee Chairperson, and Ms. Wells as Vice-Chairperson. On behalf of the Nominating Committee, Ms. Wells submitted the names of Bobby Moore, Dr. Rutledge McClaran and Maylene Neal for consideration and approval. Time was allowed for any questions to be voiced. Hearing none, Ms. Allison proceeded with the elections.

Ms. Allison asked those present three (3) times for any other nominations from the floor. Hearing none, she declared the nominations closed. Bruce Dalme, member, then made a motion to accept the slate of candidates by acclamation. GW Neal, member, seconded the motion. The motion carried by a voice vote, with no opposing votes being cast. Ms. Allison then recognized Bobby Moore, Dr. Rutledge McClaran and Maylene Neal as re-elected board members, each to serve an additional three-year term.

Ms. Allison then allowed time for any further business to be introduced. Hearing none, she declared the business portion of the meeting adjourned at approximately 2:27 p.m.

Refreshments were served following the cash prize giveaways. There were a total of two hundred twenty (220) members in attendance.



# BOARD OF DIRECTORS' REPORT

It gives me great pleasure to welcome you to the 67th annual meeting of East Texas Professional Credit Union. I am proud of and humbled by the level of trust you have placed in your Board of Directors.

I'd like to take this opportunity to thank my fellow Board Members for their continual commitment, passion and service to ETPCU, because that dedication has contributed greatly to its overall success. The continued success of the Credit Union allows us to offer a wealth of savings tools and other financial products and services that enhance your life, improve our delivery channels, and expand our outreach in the community and surrounding areas.

As you can see from the Annual Report, the Credit Union performed well in 2019 which indicates your steady confidence in using ETPCU as a prime lending source. Last year, the members and owners of this institution borrowed more than \$222.4 million, amounting to over 15,000 new loans.

- ★ 407 home loans worth more than \$53.7 million and 4,854 vehicle loans worth more than \$109.9 million were granted in 2019
- ★ The median delinquency ratio in East Texas Professional Credit Union is now .50 percent, which indicates that you all continue to stay on top of your debt obligations.

As not-for-profit cooperatives, credit unions are different than banks. Though we have to make a profit to keep the doors open, we don't have shareholders waiting with their hands out because there are no shareholders. East Texas Professional Credit Union only has member owners and therefore has made it a priority to maintain a strong financial position in order to continue meeting all of your financial needs.

By exercising sound business and service strategies, ETPCU strives to help you navigate your life-cycle challenges, endure the uncertain economic periods, and recognize the true benefits of your membership with the Credit Union. We are always looking for new and improved ways of redefining our success as we grow, learn and evolve to ensure a promising future for both our members and our staff.

For instance . . .

- ★ We want to grow our community impact through basic interest payouts, financial capability programs, payment deferral during community emergencies, and working with members facing the challenges of any life phase they might be in;
- ★ We want to target particular segments of our community where we can make the greatest impact for example, helping with financial literacy and account management for our members who are most vulnerable, such as students, young adults, retirees, and our elderly;
- ★ We want to increase and improve resources that allow us to focus more attention on our members using the most efficient and secure use of technology available; and
- ★ We want to be a knowledge hub that places the Credit Union at the center of our members' financial lives by allowing them to trade peer advice and insights about budgeting, buying, retiring, and saving.

In closing, let me express my confidence in the leadership of Byron Norton, the guidance of our esteemed Board of Directors, the commitment of a dedicated staff, and the support and loyalty of our more than 75,000 members. Let me also assure you that East Texas Professional Credit Union is well positioned to seize any opportunity that presents itself and to face any challenges that have and will arise in 2020.

Thank you ladies and gentlemen, and I wish you all the best for the rest of 2020 and the coming year!



# PRESIDENT'S REPORT

Welcome to the 67th Annual Meeting of East Texas Professional Credit Union. I am proud to be a member of ETPCU and it is great to see so many of our members who were able to join us today despite the hardships imposed by the Covid-19 Pandemic. We are all stakeholders in this outstanding financial institution, and I thank each of you for both your confidence and your continued support.

I would like to recognize both our Board of Directors and our Management Staff for their leadership, dedication, and passion for the credit union movement. We continually look for better ways to serve our membership and are humbled by the trust that you place in us collectively.

As the Annual Report reflects, East Texas Professional Credit Union outperformed the industry once again during 2019. Our primary goal is to provide our membership with the highest quality of member service while ensuring your credit union remains financially healthy and well positioned to continue to lead the way in East Texas financial services. We focus on offering our members competitive rates on their loans and deposits, and we continue to work to reduce or eliminate fees whenever possible. Some of the highlights of this year's report include:

- ★ The number of primary accounts increased from 70,830 to 73,351 members representing a year-over-year membership growth of 3.56% - a full percent higher than our peer group average.
- ★ As our membership grows, so do our assets, and in 2019 we saw our assets grow from \$614.7 Million to \$653.2 Million, an increase of \$38.5 Million dollars or 6.26%.
- ★ Our loan portfolio grew from \$436.8 Million to \$463.8 Million, an increase of \$27 Million or 6.18% while combined asset quality improved by 12 basis points moving down from 93 bps to 81 bps.
- ★ Capital equates to financial strength and in 2019 ETPCU's capital grew from \$127.1 Million to \$141.2 Million - an increase of \$14.1 Million or 11%. Your Credit Union remains well capitalized and East Texas Professional Credit Union is proud to once again be rated A+ by Weiss Ratings, an honor shared by only 25 financial institutions in the United States and only one other credit union in the state of Texas. ETPCU also received a five star rating, the highest awarded, by Bauer Financial Ratings for the twentieth consecutive year.
- ★ During 2019, we implemented a number of new technologies to improve services or to expand our membership which included:
  - o Added Visible Equity Software to comply with the upcoming C.E.C.L. regulatory requirements
  - o Added a new online employee training suite, BAI Online, to better educate our employees and to comply with regulatory training requirements
  - o Added a new insurance product for the membership to allow for Joint Credit Disability Coverage

- o Added access to statements to our mobile banking platform
- o Migrated our core processing system to EASE for additional monitoring and security
- o Upgraded our optical system to a more robust and updated platform known as Synergy
- o Added esign IMM capabilities to our loan and membership documents
- o Entered into a merger agreement with LeTourneau Federal Credit Union
- o Began planning for the construction of an Administration Building to be located on the corner of George Ritchie and Airline Roads
- o Voted Best Credit Union and Best in Mortgage Lending by "2019 Best of East Texas"

In closing, I'd like to express my extreme confidence in the guidance and wisdom shown by our Board of Directors. I fully applaud the hard work and dedication of our strong management team and capable staff, and am most appreciative of the loyalty and support given to us by our 75,000 member owners who have chosen East Texas Professional Credit Union as their financial institution of choice. While we look back and celebrate our accomplishments of 2019, we want our members to know the ETPCU stands ready and is well positioned to face all of the challenges and opportunities that 2020 may bring.

Once again, I want to express my gratitude for your trust and confidence and your continued support, and I wish each of you the very best that 2020 has to offer.



# CREDIT COMMITTEE'S REPORT

It is my pleasure to present to you the Credit Committee's Report for 2019. During the course of the year, there were 15,114 loans granted to members, constituting a total amount financed of \$222,431,422. Loans increased by more than \$27.3 million overall. The real estate loan portfolio saw the largest net increase at more than \$27.8 million for the year. An analysis of the Credit Union's loans outstanding as of December 31, 2019 is evidenced below.

1,567	New Car Loans	\$41,757,796
9,138	Used Car Loans	\$128,329,361
1,576	New Cars - Indirect Financing	\$36,368,533
2,788	Used Cards - Indirect Financing	\$41,019,788
2,005	Real Estate Loans (includes HI and HE Loans)	\$167,222,873
51	Commercial Loans	\$3,537,662
7,765	Credit Cards/Lines of Credit	\$10,098,450
8,080	All Other Personal Loans	\$35,841,705
<b>32,970</b>	<b>Total Outstanding Loans*</b>	<b>\$464,176,167</b>

*Total Outstanding Loans includes Allowance for Loan Loss and Repossessions and excludes Dealer Reserves	Allowance	\$2,006,134
	Dealer Reserves	(\$408,060)
	Repossession	\$821,617

# STATEMENT OF FINANCIAL CONDITION

AS OF DECEMBER 31, 2019 - AFTER CLOSING

CURRENT ASSETS	2018	2019
LOANS	\$436,789,469	\$463,762,611
ALLOWANCE FOR LOAN LOSS	(\$1,790,971)	(\$2,006,134)
NET LOANS	<u>\$434,998,498</u>	<u>\$461,756,476</u>
CASH AND INVESTMENTS	\$164,359,609	\$176,754,046
FIXED ASSETS	\$12,031,077	\$11,570,615
OTHER ASSETS	\$3,919,426	\$3,757,424
<b>TOTAL ASSETS</b>	<u><b>\$615,308,610</b></u>	<u><b>\$653,838,562</b></u>
<b>CURRENT LIABILITIES</b>		
ACCOUNTS PAYABLE & OTHER LIABILITIES	\$9,618,953	\$7,042,229
SHARES	\$181,695,377	\$197,697,705
MEMBER DEPOSITS	\$298,693,150	\$309,906,529
EQUITY		
RESERVES	\$12,435,322	\$12,472,787
UNDIVIDED EARNINGS	\$113,879,683	\$126,895,928
AFS	(\$1,013,875)	(\$176,615)
TOTAL EQUITY	<u>\$125,301,130</u>	<u>\$139,192,099</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><b>\$615,308,610</b></u>	<u><b>\$653,838,562</b></u>

# AUDIT COMMITTEE'S REPORT

East Texas Professional Credit Union has a foundation of sound business practices and procedures. Annual examinations and audits of our operations provide valuable insight in maintaining these strong financial policies.

The Texas Credit Union Department (TCUD) conducted an annual exam as of March 31, 2019. In addition, the accounting firm Doeren Mayhew performed their regulatory required independent audit as of September 30, 2019. All areas of operation were closely reviewed and found the Credit Union to be in excellent financial condition. The Board reviewed the written reports of the findings and any exceptions were noted and corrected accordingly.

An Annual Account Verification was conducted to ensure the accuracy of our member records. Random notices were sent as of June 30, 2019 asking members to review their accounts. Discrepancies were to be reported directly to Doeren Mayhew.

An annual automated clearing house (ACH) audit as of October 6, 2019 was conducted by Doeren Mayhew. In addition, internal audits and compliance audits were conducted quarterly in order to ensure safety and soundness as well as general compliance with federal and state regulations.



## BOARD OF DIRECTORS

Dr. Marty Warren  
Chairperson

Mr. Bobby Moore  
Director

Ms. Reba Allison  
Director

Mrs. Wilma Jamerson  
Secretary/Treasurer

Judge Joel Hale  
Director

Dr. Rutledge McClaran  
Director

Mr. James Johnson  
Vice-Chairperson

Mrs. Maylene Neal  
Director

Mr. Vicente Huerta  
Director

## SENIOR MANAGEMENT

Mr. Byron Norton  
President/CEO

Mrs. Kerri Dalme  
VP/Branch Operations Manager

Mr. Doug Martin  
VP/Indirect Lending Manager

Mr. John Griffin  
Senior VP/Lending Operations Manager

Mrs. Kelly Evans  
VP/Account Resolution Manager

Mrs. Kristal Martin  
VP/Product Development and Electronic Services

Mr. Scot Haines  
Senior VP/Operations Manager

Mr. Greg Jeffery  
VP/Branch Operations Manager

Mr. Kevin Wasson  
VP/Information and Technology

Ms. Debbie Pearce  
Senior VP/Accounting Manager

Mr. Flip Kraus  
VP/Real Estate Manager

# BYLAW AMENDMENTS

Approved 3/2/2020

**BE IT RESOLVED**, that Chapter V, Section 5.01(a), of the credit union's bylaws be amended to hereafter read as follows:

a) Number of Directors. The board of directors of this credit union shall consist of seven (7) to eleven (11) individual members, all of whom shall be elected as provided in these bylaws. All directors shall be members of this credit union. No reduction in the number of directors may be made unless corresponding vacancies exist as a result of deaths, resignations, expiration of terms of office or other actions provided by these bylaws. Modification in the number of board members will require a two thirds majority of the existing board of directors. Existing board terms shall be adjusted so an approximate equal number of regular terms expire at each annual meeting.

Approved 6/25/2020

**BE IT RESOLVED**, that Chapter V, Section 5.04, of the credit union's bylaws be amended to hereafter read as follows:

b) Meeting by Telephone or Electronic Means. Subject to the same notice and quorum provisions as for any other meeting of the board of directors, any meeting of the board of directors may be held by telephone conference call, virtual or other electronic means in which all or certain of the directors are not physically present at the place of the meeting but nevertheless are counted as present and participate in the conduct thereof by means of remote access. Provided, however, there shall be at least one regular meeting per calendar year in which physical attendance of directors is required for the purpose of being counted as present. Before any regular meeting may be held by conference call or other electronic means, the members of the board of directors must be provided with a written copy of the agenda and copies of any materials that will be discussed. Minutes will be kept in the same manner as for any other meeting of the board of directors. For the purpose of determining the presence of a quorum and for all voting purposes at such a meeting, all directors participating in the meeting shall be considered present and acting. The director is eligible to be counted as present for quorum or voting purpose.

Approved 6/25/2020

**BE IT RESOLVED**, that Chapter III, Section 3.03, of the credit union's bylaws be amended to hereafter read as follows:

a) The annual meeting of the members shall be held during the month of April of each year, in a county within Texas in which an office of the credit union is located, at such time and place as the board of directors shall determine as convenient to the membership. The board of directors may change the month for such meeting to the month immediately preceding or following in any given year. Approval of the commissioner is required in order to obtain more than a one month deviation from the month set forth in the bylaws. The chairman of the board presides.

**Emergency exception to in-person quorum requirement.** The credit union may hold its annual meeting of the members, and special member meetings for authorized purposes, virtually and without an in-person quorum if all of the following conditions apply and are certified in meeting minutes by a resolution of the majority of a quorum of the board of directors:

- At least one of the following is located in an area where a federal, state, or local authority has declared a state of emergency or major disaster:
  - all or part of a community the credit union serves; or
  - the credit union's headquarters.
- The credit union has the technological capacity to facilitate virtual meeting attendance, voting, and participation.
- Members receive at least seven days' advance notice of the change to a virtual meeting format and appropriate instructions for how to join, participate, and vote during the virtual meeting.

