

2017

ANNUAL MEETING

TUESDAY, APRIL 25, 2017

Dalchau Service Center

Austin, TX

LCRA CREDIT UNION

ANNUAL MEETING

April 25, 2017

AGENDA

Pledge of Allegiance:

*I pledge allegiance to the Flag
of the United States of America,
and to the Republic for which it stands:
one Nation under God, indivisible,
With Liberty and Justice for all.*

- 1. Call to Order by Presiding Officer**
- 2. Chairman's Report and Introduction of Officials and Staff**
- 3. Reading and Approval of the Minutes for the April 26,
2016 Meeting**
- 4. Reports of Officials**
- 5. Nominating Committee Report**
- 6. Questions from the Membership**
- 7. Old Business**
- 8. New Business**
- 9. Adjournment**
- 10. Door Prizes**

A Message from Our Chairman, David Smith

Welcome to the 2017 annual meeting of LCRA Credit Union. It's wonderful to see so many people in attendance. I can see you care not only about your financial future, but the future of your credit union as well. I applaud you.

I'm delighted to speak to you today and humbled by the trust you've placed in me and my fellow board members whose leadership, dedication, and passion for credit unions are integral to our success.

As a credit union member, you can take comfort in knowing that, unlike for-profit financial institutions such as banks, your board of directors serves on a volunteer basis and doesn't profit from that service. The Board of Directors and credit union employees don't work for shareholders demanding to collect high profits. Our sole interests are in your interests. We are the stakeholders in this credit union, and we all share in its future.

I'm proud to say that your credit union is not just one financial institution, but one of thousands in a credit union movement that spans the globe. We each serve as a supporting pillar in this movement, and that means that the success of one credit union is a success for the entire movement.

As a financial cooperative, we understand that we can most effectively serve you and strengthen that movement by engaging in the vast network of organizations and service groups available. Some of these trade associations are the Cornerstone Credit Union League, Catalyst Corporate Credit Union and the shared branching network.

In addition to establishing policies and ensuring that the credit union adheres to pertinent laws, regulations, and sound business practices, we are also charged with making sure new products and services are developed as needed. With the continued success of LCRA Credit Union, we can offer beneficial savings and wealth-building tools and other financial products and services that enhance your life, improve our delivery channels, and expand our community outreach.

Our highest and best purpose in serving you includes some of the following objectives:

- We want to offer more and better resources that ensure our members are using the safest, most secure, and most convenient technology available.
- We want to grow our community impact through basic interest payouts, financial capability programs, payment deferral during community emergencies, and working with members that face challenges in whatever life phase they might be in; and
- We want to help you finance life activities, such as education, small businesses, and transportation in a responsible way.

In closing, I'd like to express my confidence in the wisdom and guidance of our esteemed board of directors, the commitment of our dedicated staff, and the support and loyalty of our members.

Thank you, ladies and gentlemen. I wish you and your families the very best in 2017.

LCRA CREDIT UNION

ANNUAL MEETING

April 26, 2016

MINUTES

Pledge of Allegiance:

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With Liberty and Justice for all.*

1 Call to Order by Presiding Officer

The 2016 Annual Meeting of the LCRA Credit Union membership was called to order at 9:30 am on April 26, 2016 in Room A502 of the LCRA's Dalchau Service Center by Board Chair, David Smith. Mr. Smith asked Sue Simpson, Loan Officer if a quorum was present. Ms. Simpson informed the membership that 35 members were registered. Mr. Smith declared that a quorum was present.

2 Chairman's Report and Introduction of Officials and Staff

Mr. Smith addressed the membership, and during his address introduced the members of the Board of Directors and credit union employees. The names of officials and credit union employees are published in the 2016 Annual Report.

3 Reading and Approval of the Minutes for the April 28, 2015 Meeting

Mr. Smith stated that the minutes for the April 28, 2015 Annual Meeting were published in the 2016 Annual Report. A motion was

made by Elizabeth Williams and seconded by Jimmy Powell to dispense with the reading of the minutes and to approve them as published since no corrections were necessary. Motion carried.

4 Nominating Committee Report

Mr. Smith submitted the names of the nominees chosen by the Nominating Committee for 6 positions on the Board of Directors:

Rita Summy (2 year term)	Mark Johnson (2 year term)
Ken Taylor (2 year term)	Kent Dawson (2 year term)
Dowell Garrison (1 year term)	Kendall Berggren (1 year term)

Mr. Smith then asked for nominations from the floor. As there were no nominations from the floor, a motion was made by Fred Lamoreaux and seconded by Melvin Deutsch to cease nominations from the floor and accept these names by acclamation. Motion carried.

5 Questions from the Membership

David Smith discussed the office changes due to lease agreements, changes within LCRA, the credit union, and member response to the relocation of the FPP office to the EMF facility.

6 Old Business - None

7 New Business - None

8 Adjournment

Door prizes will be awarded after the meeting is adjourned. A motion was made by Elizabeth Williams and seconded by Jimmy Powell to adjourn at 9:45 a.m. Motion carried.

9 Door Prizes

Door prizes were awarded to the members holding the winning tickets.

Income Statement 12/31/16

	113259
Income Unsecured Credit Card Loans	27802
Income All Other Unsecured Loans	42845
Income from New Vehicle Loans	65525
Income from Used Vehicle Loans	42360
Income from Real Estate Loans	6858
Income from Share Secured Loans	42009
Income from All Other Loans	90379
Income Indirect Loans-New Vehicle	51088
Income Indirect Loans-Used Vehicle	482126
Total Loan Income	
	292
Income CCC Cash Management	105710
Income Deposit In Commercial Bank	195
Income Membership Capital At CCC	106197
Total Investment Income	588323
Total Interest Income	<hr/>
INTEREST EXPENSE	6634
Dividends - Membership/Regular Share	1338
Dividends - Checking	12977
Dividends - Term Certificates	686
Dividends - IRA Shares	2135
Dividends - IRA Term Certificates	90
Dividends - Christmas Club Accounts	55
Interest On Borrowed Money	23914
Total Interest Expense	564408
Net Interest Income	29752
Provision For Loan Loss Expense	534657
Net Interest Income after Provision	<hr/>
OPERATING EXPENSES	308974
Salaries	12617
Pension	58937
Employee Benefits	18
Travel & Conference	11791
Association Dues	
	24480
Office Occupancy	261599
Office Operations	2257
Educational	839
Advertising & Marketing	14065
Loan Servicing	52486
Outside/Professional Services	0
Member Insurance	5354
Examination Fees	206
Cash Over/Short	1358
Annual Meeting	4552
MasterCard Exp.	30762
ATM, Shared Ser. Ctr., Power On Line,	3571
Misc. Operating Exp.	
	9405
Depreciation Expense-Furniture, Fix	803270
Total Operating Expenses	<hr/>
OTHER OPERATING INCOME	102711
Fees & Charges	9537
Other Income	112243
Total Other Operating Income	<hr/>
Net Income	-156366

Balance Sheet 12/31/2016

Unsecured Credit Card Loans	1212952
All Other Unsecured Loans	263435
New Vehicle Loans	1233246
Used Vehicle Loans	1646938
Real Estate Loans	1318580
Share Secured Loans	252421
All Other Loans	935869
Courtesy Pay Advance	1289
Indirect Loans-New Vehicle	4416217
Indirect Loans-Used Vehicle	1726819
Total Loans	13007766
Allowance For Loan Loss	-59753
Net Loans Outstanding	12948013
Accounts Receivable	3673
Non-Interest Earning Cash	110350
CCFCU	18789
Total Cash & Cash Equivalents	129140
INVESTMENTS	
Deposit In Commercial Banks	9649000
Membership Capital At SWCFCU	21404
Total Investments	9670404
Net Investments	9670404
OTHER ASSETS	
Prepaid Expenses	4840
Furniture, Fixtures & Equipment	129288
Accumulated F.F. & E. Depreciation	115395
Furniture, Fixtures & Equip (Net)	13893
Accrued Income	33039
NCUSIF	195396
TOTAL ASSETS	22998398
LIABILITIES AND EQUITY	
Accounts Payable	63098
Unapplied Data Processing Exceptions	-6581
All Other Liabilities	1990
Membership/Regular Shares	13352971
Checking	4199727
Term Certificates	2050414
IRA Shares	271454
IRA Term Certificates	288193
Christmas Club Accounts	36752
Courtesy Pay Advance	1289
TOTAL SHARES	20200801
TOTAL LIABILITIES	20259308
Regular Reserve	629377
Undivided Earnings	2109713
TOTAL EQUITY	2739090
TOTAL LIABILITIES AND EQUITY	22998398

The Nominating Committee of the LCRA Credit Union submits the following members as nominees to serve on the Credit Union's Board of Directors:

David Smith (Two Year Term)

David Smith has been employed with LCRA for the past thirty-six years, is a certified project manager and is currently the Manager of Transmission Contract Construction. He is responsible for the construction management and inspection capital projects as well as maintenance activities across LCRA.

David has been in a supervisory role since 2000. David has served on the United Charities Committee, past president of the GOC activities committee, attended the LCRA Leadership Development curriculum, is past president of the Hays Chapter of Fellowship of Christian Sportsmen, is a past board member of the Ruby Ranch Water Supply, is a past board member of the Hays Youth Baseball Association, and a past owner of a small home building company.

David has been a member of the LCRA Credit Union since 1981, served a 2-year term on the Advisory Committee, and has been a Board member since 2009.

Kendall W. Berggren (Two Year Term)

Kendall Berggren has been employed with LCRA for the past thirty-five years. Most of his career was in Transmission Services and most recently he served as the Manager of Construction, Fleet & Materials. He is now serving as the Information Management Manager and reports to the CIO. His responsibilities include enterprise information management strategy and governance, records lifecycle management, open records requests and maintaining the LCRA historical archives.

Kendall has been in a supervisory role since 1986. Kendall has served on the Star of Texas Fair and Rodeo Board, annual LCRA Thanksgiving Food drive, actively supports Meals on Wheels and was instrumental in opening up the LCRA Credit Union branch at the Dalchau Service Center. Kendall has been a member of the LCRA Credit Union since 1981.

Dowell Garrison (Two Year Term)

Dowell is employed by the LCRA since 2005 and is the Inventory Management Manager in Energy and Transmission. Dowell is active in the community and currently serves as a board member of the Smithville Youth Rodeo Association. Dowell has been an active member of LCRA Credit Union since joining the credit union in 2007.

Respectfully submitted,
2017 Nominating Committee

Treasurer's Report

The LCRA Credit Union ended 2016 with 3,133 loyal members. We maintained our financial strength and ended the year with a net worth to total assets ratio of 11.91%, which exceeds the national peer group of same asset size. Assets decreased by \$227,135.64 to \$22,998,397.75, while loan demand decreased by \$4,050,604.71 to \$13,007,766.09, but still exceeds the loan to share ratio for the national peer group of same asset size.

The Board of Directors represents and serves the members of the LCRA Credit Union by ensuring that account integrity is maintained, confirming that loan policies and procedures are followed in accordance with State and Federal regulations, and serving as Grievance Committee should a problem arise between the credit union and a member.

In addition to performing periodic reviews of accounts and procedures, the Board oversees the annual audit and reviews of the credit union's books and records by an independent auditor, and may make recommendations based on any finding of these reviews. For the period ending June 30, 2016, the Board of Directors contracted for the services of Financial & Technology Resources, a division of Credit Union Resources, Inc. to conduct the annual audit, which once again revealed no major discrepancies or irregularities in the accounts or practices of our credit union. Any recommendations made by the internal auditor have been reviewed and staff has made appropriate changes.

Your credit union Board of Directors will endeavor to meet the challenges of maintaining a strong financial institution for you, our members, while providing the personal service you deserve.

Respectfully submitted, **LCRA Management**



BOARD OF DIRECTORS

TERM EXPIRES

David Smith, Chair	4/2017
Kent Dawson	4/2018
Rita Summy	4/2018
Mark Johnson	4/2018
Dowell Garrison	4/2017
Kendall Berggren	4/2017
Kenneth Taylor	4/2018

STAFF

Betty Mueller, President

Tim Lane, Executive Vice President

Sue Simpson, Loan Officer II

Bonnie Gray, Sr. Financial Services Representative

Mary Renda, Member Services Representative

**This credit union is federally insured by the
National Credit Union Administration**