

68th

**Annual
Meeting**

68th Annual Meeting ACU of Texas

AGENDA

1. Welcome
2. Assertion of a Quorum
3. Approval of Minutes from 2016 Annual Meeting
4. Report of the Board of Directors & President
5. Audit Report
6. Financial Condition
7. Unfinished Business
8. New Business
9. Nominating Committee Report & Election of Directors
10. Adjournment

67th Annual Meeting Minutes

February 11, 2016

Chairman Ed Sebesta called the 67th Annual Membership Meeting of Associated Credit Union of Texas to order at 6:01 PM on Thursday, February 11, 2016. Chairman Sebesta welcomed the members and thanked them for their attendance.

Chairman Sebesta then asked Vice-Chairman Bill Carraway if a quorum was present and Vice-Chairman Carraway confirmed that there was a quorum present.

Chairman Sebesta introduced the ACUTX Board Members that were present: Vice-Chairman of the Board – Bill Carraway, Secretary of the Board – Mark Kline., Board Director – Royce Hively, Board Director – Mark Rodriguez, and Associate Board Members – John Blair, Joel Mueller and Lisa Gerky.

Next item of business was the minutes of last year’s annual meeting. Chairman Sebesta called upon Secretary Kline. He reported that members were furnished with a copy of last year’s Annual Meeting minutes as they came in. Chairman Sebesta asked for any comments or questions concerning last year’s minutes as printed. There were none. The minutes were approved as printed with a motion made by Vice-Chairman Carraway and seconded by Secretary Kline. A vote was then taken and none were opposed. The minutes were approved as presented.

Chairman Sebesta then advised the membership that the Report of the Board of Directors and President as well as the Audit Committee Report were published in the program. Chairman Sebesta requested that all attendees review the documents.

Chairman Sebesta called for any unfinished business. There was no unfinished business.

Chairman Sebesta called for any new business. There was no new business.

Moving on to the Election of Officers, Chairman Sebesta reported that there were three positions on the board to be filled. He called upon Board Director Royce Hively, Chairman of the Nominating Committee, to give his report. The nominees were given as follows: Ed Sebesta (3-year term); Mark Kline (3-year term) and Mark Rodriguez (3-year term). Nominating Committee Chairman, Royce Hively concluded his report. Chairman Sebesta accepted the motion made by Vice Chairman Carraway, seconded by Director Royce Hively that all three candidates are to be elected by acclamation. Motion carried.

Mr. Sebesta thanked everyone for attending and the meeting was adjourned on a motion by Director Hively, and a second by Vice-Chairman Carraway. Meeting adjourned at 6:04 pm.

Report of the Board of Directors and President

Since 1949, ACU of Texas has continued to provide excellent member service and continually added products and services that enhanced the lives of our membership and surrounding communities.

In 2016, loans grew 14.72% from \$220,310,347 to \$252,736,336, and our assets grew nearly 10.72% to \$375,781,829. Deposits increased over 11%. Our CUFG Insurance program, ACUIS Insurance Services, reached another milestone and now stands at over \$20 million in our book of business. CUFG Keystone Realty Group, which opened doors for business on June 1, 2013, had over 100 real estate closings in 2016 with nearly 50 real estate listings. Our non-profit division of CUFG is Keystone Community Development Corporation. In 2016, we offered 18 Homebuyer Education classes, in English and Spanish, and provided down payment assistance grants for multiple members and provided multiple grant opportunities for homebuyers as well as veterans in our communities.

Our commitment to providing convenient access to our Membership continued with the opening of our new Member Access Call Center in Brenham. This new facility, coupled with a full-service branch, will provide continued accessibility for our Membership, even in the event of a disaster along our gulf coast. We remodeled our Deer Park location to upgrade the facilities which included a community room where homebuyer education and financial empowerment classes could be taught to our Membership and surrounding communities. Finally, we relocated two branches in 2016. Our new Bay Colony HEB store opened in April 2016 to replace the closed League City Kroger store and we are relocating our Pearland Randalls location to the Pearland Plus HEB in Shadow Creek in February 2017.

We launched our new “Get Associated” campaign to highlight

our outstanding employees, branches, products and our Member services and in November, 2016, ACU of Texas was recognized as one of Houston Chronicle’s Top Workplaces. As we continue to grow, we ask for continued active participation, and in return, you can be sure you will see progressive, quality financial services and an unwavering dedication to you, our member owners.

Audit Report

The standard examination of ACU of Texas was completed by the Texas Credit Union Department and the National Credit Union Administration on July 21, 2016. All aspects of the credit union’s operations, including the safety and soundness, were covered in the examination. The examination report indicated that ACU of Texas continues to operate in a safe and sound manner.

Additionally, we retained the independent CPA firm of CliftonLarsonAllen LLP to perform an annual audit to ensure compliance in all areas of the credit union. This annual audit took

Financial Condition (as of 12-31-2016)

Assets	
Loans	\$252,736,336
Allowance for Loan Loss	\$(4,037,482)
Cash/Investments	\$82,803,552
Accrued Income	\$1,271,465
Other Assets	\$43,007,958
Total	\$375,781,829

Liabilities & Equity

Accounts Payable	\$10,156,261
Members Shares	\$329,642,202
Regular Reserves	\$4,473,410
Unrealized Gain	\$(209,416)
Undivided Earnings	\$31,719,372
Total	\$375,781,829

Income

Interest on Loans	\$16,809,998
Income from Investments	\$839,067
Other Income	\$9,097,239
Total	\$26,746,304

Expenses

Total Expenses	\$22,909,917
Disposition of Assets	\$(21,892)
Total Dividends	\$1,799,850
Total	\$21,352,042

place for one week commencing on April 11, 2016 and covered the agreed upon procedures for the time period of January 1, 2015 to December 31, 2015.

Election of Directors

On November 2, 2016, the Nominating Committee submitted Bill Carraway, John Blair and Royce Hively as nominations for re-election as Board of Directors. All board members have completed the Director Application and Agreement to Serve and have indicated a willingness to continue serving on the Board of Directors.

The Nominating Committee, after reviewing the applications and qualifications of Bill Carraway, John Blair and Royce Hively hereby nominate Bill Carraway and John Blair for additional three-year terms and Royce Hively for an additional one-year term.

Board of Directors & Term Expirations

Board of Directors	
Name, Position	Term Ends*
Bill Carraway, Chairman	2017
Ed Sebesta, Vice Chairman	2019
Kyle Dickson, Treasurer	2018
Mark Kline, Secretary	2019
Bruce Terry, Jr., Board Member	2018
Royce Hively, Board Member	2017
Mark Rodriguez, Board Member	2019
John Blair, Board Member	2017
Joel Mueller, Associate Board Member	

*Terms expire on the annual meeting of the year given

Officers	
Name	Position
Jack Click	President, CEO
Clay Franks	Chief Financial Officer
Charis Pollard	Chief Human Resource Officer
David DeAnda	Chief Legal Officer
Jay Coppock	Chief Operating Officer
David Borden	Controller
Corey Lecoq	Sr. VP Operations
Cindy Soto	VP Accounting
Derrick Brown	VP Business Development
Brian Zornes	VP Collections
Russ Gillaspia	VP Facilities
Jennifer Frederick	VP Information Technology
Keith Tillinger	VP Lending
Tony Sims	VP Marketing
April Thomson	VP Member Access
Kevin Anderson	VP Mortgage
Megan Black	VP Organizational Development
April Howe	VP Operations
Debbie Keith	VP Operations
Eilene Markus	VP Support Services