

# TTCU 67<sup>th</sup>

## Annual Business Meeting

*Members Rewarded Here*

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Main Office - Lobby  
February 27, 2020  
5:15 pm

## AGENDA

**5:15<sup>PM</sup>**

**CALL TO ORDER:**  
**Pam Toler, President/CEO**

**DETERMINATION OF QUORUM:**  
**Pam Toler, Faith Hernandez, VP Operations**

**APPOINTMENT OF RECORDING SECRETARY:**  
**Pam Toler, Faith Hernandez**

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

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

**PRESIDENT'S REPORT:**  
**Pam Toler**

**ANNUAL AUDIT REPORT:**  
**Walter Ashwood, Audit Committee Chairman**

**UNFINISHED BUSINESS:**  
**Michael W. Robbins**

**NEW BUSINESS:**  
**Michael W. Robbins**

**ACCLIMATION OF DIRECTORS:**  
**Walter Ashwood, Secretary**

**ADMINISTRATION OF OATH FOR NEW DIRECTORS:**  
**Walter Ashwood**

**DOOR PRIZE DRAWING:**  
**Jim Williams**

**ADJOURNMENT & RECEPTION:**  
**Martin Daniel, Board Treasurer**

# DIRECTOR'S REPORT

Welcome to the 67th annual meeting of Texas Telcom Credit Union. I want to thank you for being here, and I applaud you for being truly connected member-owners.

I want to first recognize my fellow board members for their leadership, dedication, and passion for this credit union. The strength of their commitment is key to our long-term sustainability and prosperity. And to our members, I'm greatly humbled by the trust you've placed in us. As a united body of leadership, we are responsible for ensuring that we have a competent, qualified, and trustworthy management team, and we are confident that we do.

As a financial cooperative, we understand that we can most effectively serve you and strengthen the credit union movement by engaging in the vast network of organizations and service groups available. For instance, participation in our local chapter of credit unions allows us to benefit from the training, tools, and resources available through our trade association, the Cornerstone Credit Union League, whose purpose is to support our endeavors and, by extension, our members.

I'm very pleased to announce that again this year Texas Telcom is a well-capitalized financial institution, with a strong net worth ratio of 15.63 percent. To put that in perspective, a net worth position above 7 percent is considered well capitalized by our regulators.

Though the credit union needs to make a profit to keep the doors open, our sole interests are our members' interests, and whenever we can, in keeping with our credit union mission, we will distribute profits back to you. For 2019, we generated \$642,394 in net income, of which \$636,043 was paid back to the members in the form of dividends or interest on deposits.

In closing, I'd like to express my deepest confidence in the leadership of Ms. Toler, the wisdom and guidance of our esteemed board of directors, the commitment of our dedicated staff, and the support and loyalty of our member-owners. We look optimistically into the future because Texas Telcom is well positioned to face any challenge and seize any opportunity that presents itself in 2020.

Thank you, ladies and gentlemen. I wish you and your families the very best in 2020.

**Michael Robbins**

Chairman of the Board

# PRESIDENT'S REPORT

Good evening and welcome to the 2020 Annual Meeting of Texas Telcom Credit Union. I'm delighted to be here with you at our 67th annual meeting.

Let me tell you a little about the state of our industry. Texas has 446 credit unions with more than 9.1 million members and total assets of more than \$107 billion. These figures reflect a robust and healthy credit union system, of which Texas Telcom is a part. As of December 31, 2019, total assets were \$54,400,396, total outstanding loan balances were \$26,321,921, and total reserves and undivided earnings were \$8,501,093. During 2019, our net worth increased to 15.63%, which indicates that TTCU is a well-capitalized credit union.

Because of our cooperative business model, we are able to return profits to our members in the form of competitive rates, new products and enhanced services to make it easier for you to reach your financial objectives. In 2019, we returned \$636,043 back to our membership in the form of dividends or interest on deposits.

Our credit union's founders opened for business in 1952 with 17 members listed on the original charter. As of December 31, 2019, we had 3,567 members. We are proud of how far we've come, and I know our many accomplishments would not have been possible without the ongoing energy, optimism and commitment of everyone involved in the operation of this credit union, including our Board members, Committee volunteers and staff.

From a business perspective, your credit union will resume its trajectory forward and upward in 2020, with our focus finely tuned to the things that really matter to our members. As such, we will continue to bring our "people helping people" mantra to life in a number of ways that will help not only our members, but our communities.

Our commitment to community involvement is just one of the things that make credit unions different from other financial institutions. Some of our community activities in 2019 included: Candy sales to support the credit union Political Action Committee ensuring member voices are heard, collecting spare change for CU for Kids, donating and collecting toys for the Toys for Tots campaign and sponsoring community events at the Dallas Arboretum. And for 2020, so far, we have added: Sponsoring Financial Education for 6 area schools and for the community as a whole, and sponsoring a Community Shred Day.

As we move into 2020, we promise that Texas Telcom Credit Union will continue to grow responsibly while listening and responding to your needs. Our member-owners are integral to our credit union family, and we are sincerely grateful that you've chosen Texas Telcom as your financial partner. We wish you a healthy and prosperous 2020.

Thank you.

**Pam Toler**

President/CEO

# 67<sup>th</sup>

Annual Business Meeting

## AUDIT REPORT

Harold Antao and Company LLC was engaged to audit the complete records of Texas Telcom Credit Union under the supervision of the credit union's Audit Committee as of March 31, 2019. The records were found to be in order and no material exceptions were noted. The audit report offered a few operational recommendations which were adopted by the credit union. The required ACH, or Automated Clearing House, compliance audit was also performed by Harold Antao and Company LLC. And the required Bank Secrecy Act (BSA), Office of Foreign Assets Control (OFAC) and Customer Identification Program (CIP) compliance review was performed by Dr. Don Mullins of The Mullins Group. In general, these processes were determined to be in compliance with existing regulatory guidelines, and any recommended policy or procedural updates were implemented. Harold Antao and Company LLC has been engaged to perform a comprehensive audit as of March 31, 2020. Serving on the Audit Committee this year were Mr. Ashwood, Mr. Williams and Ms. Toler.

# TTCU

# NOMINATING COMMITTEE

The Nominating Committee unanimously approved by the Board of Directors to coordinate the Election of Directors process that culminates at this 67th Annual Business Meeting was Mr. Richard Liptak, Chairman, Ms. Ellen Flanery, and Mr. Ed Downy. The Nominating Committee unanimously nominated incumbents Mr. Jim Williams. Mr. Bob Edmondson and Mr. Martin Daniel to three-year terms.

# BOARD OF DIRECTORS

- Michael W. Robbins – Chairman\* (2021)
- Jim Williams – Vice Chairman \* (2023)
- Martin Daniel – Treasurer\* (2023)
- W. L. Ashwood – Secretary\* (2021)
- Ed Long Jr. (2022)
- Larry Starrett (2022)
- Bob Edmondson (2023)
- Joyce Liptak (2022)

\*2020 Executive Committee Members  
Year – When Board Term Expires

# EMPLOYEES

- Pam Toler – President/CEO\*
- Jay Mounce – VP Lending/CLO\*
- Faith Hernandez – VP Operations/COO\*
- Anna Perrin – Lending Manager
- Sharyn Bell – Accountant
- Karen Torres – Sr. Member Service Representative
- Nicole Coleman – Loan Services Rep/Marketing Director
- Jennifer Paleczka – Loan Processor
- Angeline Torres – Member Service Representative
- Jazmine Sanchez – Member Service Representative
- Amy Bucher – P/T Member Service Representative

\*denotes Senior Management.

## CHANGES TO ARTICLES OF INCORPORATION

There have been no changes to the Articles of Incorporation since the 66th Annual Business Meeting.

# TEXAS TELCOM CREDIT UNION

## Statement of Financial Condition

# 67<sup>th</sup>

Annual Business Meeting

ASSETS	31-Dec-19	31-Dec-18	Change \$	%
Loans - Personal	20,114,565.67	22,265,688.20	(2,151,122.53)	-9.66%
Loans - MasterCard	864,549.41	889,540.51	(24,991.10)	-2.81%
Loans - Mortgage	5,342,805.93	6,593,705.86	(1,250,899.93)	-18.97%
Assets in Process of Liquidation	27,411.43	0.00	27,411.43	0.00%
Allowance for Loan Losses	(274,608.57)	(314,552.27)	39,943.70	-12.70%
Accounts Receivable	41,501.92	58,461.40	(16,959.48)	-29.01%
Catalyst Corporate - Cash Mgmt Fund	370,065.25	1,106,348.57	(736,283.32)	-66.55%
Catalyst Corporate - Performance Account	3,000,000.00	2,500,000.00	500,000.00	20.00%
Catalyst Corporate - PCC Account	38,668.00	38,668.00	0.00	0.00%
Mastercard Cash Advance	5,304.90	7,647.86	(2,342.96)	-30.64%
Checks in Process/Uncollected Funds	66,515.74	209,806.20	(143,290.46)	-68.30%
Vault Cash	236,976.12	188,456.26	48,519.86	25.75%
TNNB Mastercard	2,689.80	(221.48)	2,911.28	-1314.47%
TNNB Reserve Account	47,000.00	47,000.00	0.00	0.00%
Investments	21,857,452.96	20,093,259.15	1,764,193.81	8.78%
Edward Jones MMA-Santa Fe	0.00	110,463.69	(110,463.69)	-100.00%
CO-OP Investment	33,128.20	32,520.69	607.51	1.87%
N.C.U.A. Investment	459,456.14	476,209.90	(16,753.76)	-3.52%
ESI Deposit	40,000.00	0.00	40,000.00	0.00%
Accrued Interest-Investments & Loans	138,962.98	142,841.24	(3,878.26)	-2.72%
Prepaid Expenses	98,130.58	84,284.88	13,845.70	16.43%
Prepaid Pension	1,003,006.04	758,557.04	244,449.00	32.23%
Land, Building & Improvements (Net)	871,991.42	872,295.62	(304.20)	-0.03%
Furniture & Equipment (Net)	14,822.22	80.00	14,742.22	18427.78%
<b>TOTAL ASSETS</b>	<b>54,400,396.14</b>	<b>56,150,032.47</b>	<b>(1,749,636.33)</b>	<b>-3.12%</b>

LIABILITIES & EQUITY	31-Dec-19	31-Dec-18	Change \$	%
Accounts Payable	3,125.00	17,749.20	(14,624.20)	-82.39%
NCUSIF-Contingent Liability	0.00	0.00	0.00	0.00%
GAP/MBI/ToysforTots/CPI Payable	6,577.00	5,759.00	818.00	14.20%
Unpresented Checks	30,458.99	25,771.60	4,687.39	18.19%
Member Credit Life & Disability Insurance	13,984.85	16,396.30	(2,411.45)	-14.71%
Money Order/ Gift Card Settlements	2,407.20	2,170.00	237.20	10.93%
Mastercard Settlements	449.38	0.00	449.38	0.00%
ACH Clearing	(1,097.20)	6,432.62	(7,529.82)	-117.06%
Checking Liability	28,014.52	66,997.52	(38,983.00)	-58.19%
Withholding Taxes	5,943.23	27.80	5,915.43	0.00%
Accrued Expenses	79,277.63	205,970.26	(126,692.63)	-61.51%
Checking Suspense	(450.00)	(1,675.58)	1,225.58	-73.14%
ACH Suspense	(2,533.38)	(5,287.53)	2,754.15	-52.09%
Debit/ATM Settlements	44,317.30	134,945.42	(90,628.12)	-67.16%
General Suspense	0.00	0.00	0.00	0.00%
Savings Accounts	21,624,543.08	23,350,262.10	(1,725,719.02)	-7.39%
Checking Accounts	4,301,988.24	4,103,075.65	198,912.59	4.85%
Certificate of Deposit Accounts	15,328,617.47	14,917,732.04	410,885.43	2.75%
Christmas Club Accounts	324,949.33	301,437.08	23,512.25	7.80%
Kids Club Accounts	355,482.74	388,803.69	(33,320.95)	-8.57%
IRA Accounts	3,333,893.74	3,936,075.25	(602,181.51)	-15.30%
IRA Certificates	1,103,087.07	1,347,311.67	(244,224.60)	-18.13%
Regular Reserves	2,642,684.71	2,642,684.71	0.00	0.00%
Undivided Earnings	5,858,408.57	5,852,058.22	6,350.35	0.11%
Other Comprehensive Income-Pension Plan	(687,446.92)	(955,707.92)	268,261.00	-28.07%
Unrealized Gains (Losses) on Securities	3,713.59	(197,927.78)	201,641.37	-101.88%
Net Income (Loss) QTD	0.00	0.00	0.00	0.00%
Estimated Dividends/Interest Payable	0.00	0.00	0.00	0.00%
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>54,400,396.14</b>	<b>56,150,032.47</b>	<b>(1,749,636.33)</b>	<b>-3.12%</b>

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.

Pamela S. Toler, President

# TEXAS TELCOM CREDIT UNION INCOME STATEMENT AND FINANCIAL SUMMARY

**67<sup>th</sup>**  
Annual Business Meeting

Dec-2019

## ASSETS:

	Amount
Cash & Equivalents	3,723,247
<b>TOTAL INVESTMENTS</b>	<b>21,896,121</b>
Loans Held for Sale	0
Real Estate Loans	5,342,806
Unsecured Loans	2,129,487
Other Loans	18,849,628
<b>TOTAL LOANS</b>	<b>26,321,921</b>
(Allowance for Loan & Lease Losses)	(274,609)
Land And Building	871,991
Other Fixed Assets	14,822
NCUSIF Deposit	459,456
All Other Assets	1,387,447
<b>TOTAL ASSETS</b>	<b>54,400,396</b>

## LIABILITIES & CAPITAL:

Dividends Payable	0
Notes & Interest Payable	0
Accounts Payable & Other Liabilities	210,474
Uninsured Secondary Capital and Subordinated Debt Included in Net Worth	0
<b>TOTAL LIABILITIES</b>	<b>210,474</b>
Share Drafts	4,301,988
Regular shares	21,624,503
All Other Shares & Deposits	20,446,070
<b>TOTAL SHARES &amp; DEPOSITS</b>	<b>46,372,561</b>
Regular Reserve	2,642,685
Other Reserves	(683,733)
Undivided Earnings	5,858,409
<b>TOTAL EQUITY</b>	<b>7,817,361</b>
<b>TOTAL LIABILITIES, SHARES, &amp; EQUITY</b>	<b>54,400,396</b>

## INCOME & EXPENSE

Loan Income	1,519,240
Investment Income	586,192
Other Income	401,464
Total Employee Compensation & Benefits	872,608
Temporary Corporate CU Stabilization Expense & NCUSIF Premiums	0
Total Other Operating Expenses	713,441
Non-operating Income & (Expense)	(40,487)
NCUSIF Stabilization Income	N/A
Provision for Loan/Lease Losses	237,966
Cost of Funds	636,043
NET INCOME (LOSS) EXCLUDING STABILIZATION EXPENSE & NCUSIF PREMIUM	N/A
<b>Net Income (Loss)</b>	<b>6,351</b>

## MEMBERSHIP:

	Dec-2019
Number Current Members	3,567
Number Potential Members	1,000,000
% Current Members to Potential Members	0.36
* % Membership Growth	(4.42)
Total Num Savings Accts	5,553

# TTCU

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This document is deemed to be in compliance with the 2019-2020 Texas Credit Union Department disclosure requirements.

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