



# 2018 ANNUAL MEETING

Port Neches Elementary  
2101 Llano

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Tuesday, February 27, 2018  
5:30 p.m.

## **VISION STATEMENT**

The community's  
first choice today  
and tomorrow

## **MISSION STATEMENT**

MCT has a passion for our Members' financial well-being by responsibly delivering the most innovative products and services in a fun, friendly atmosphere while creating member loyalty.

# **BUSINESS MEETING AGENDA**

1. Establish a Quorum
2. Approve 2017 Meeting Minutes
3. Board Chairman Report
  - *Introduction of Board*
  - *Board Chairman Remarks*
4. CEO Report
  - *Introduction of Credit Union Staff*
  - *Employee Service Recognition*
  - *CEO Remarks*
5. Audit Committee Report
6. Old Business
7. New Business
  - *Election of Directors*
  - *Door Prize Drawings*
8. Adjournment

MCT CREDIT UNION ANNUAL  
MEETING MINUTES

**DATE:** February 28, 2017  
**TIME:** 5:30 p.m.  
**PLACE:** Central Middle School  
Nederland, Texas

**DIRECTORS PRESENT:** Randy Brown, Chairman  
Jimmy Myers, Secretary/Treasurer  
Becky Demeter  
Keith Fontenot  
Mike Laird  
Charles Lankford  
Randy Chance  
Trent Devenzio

**DIRECTORS ABSENT:** Mike Guidry  
**ADVISORY RESENT:** George Scott  
Debbie Norris

**ADVISORY ABSENT:** Allen Tate  
**ALSO PRESENT:** Thad Angelle, Mary Fadhli, Karen Frederick, Sandra Duvall, Jill Forse, Chad Powell, Mike McGee, other employees and many members.

**I. CALL TO ORDER**

The Vice Chairman, Randy Brown called the meeting to order at 5:30 p.m.

**II. ESTABLISHMENT OF A QUORUM**

A quorum was established by Sandra Duvall.

**III. ANNUAL MEETING MINUTES**

**Motion:** A motion was made by a member and seconded by a member to dispense with the reading of the minutes. The motion carried with all in favor.

**IV. REPORT OF THE CHAIRMAN**

The Chairman, Randy Brown introduced the Board Members and the Advisory Directors. He then called attention to his report in the printed handout.

**V. REPORT OF THE PRESIDENT**

DXQT '1 ^W\W'g U\\$\_] UT 'UfUbi \_^U'd 'dKU'&#^1 ^^eQ\= UUdy^W'8U'Qc[ UT 'dKU'cdQW'd 'cdQ^T 'Q^T 'RU'WJS\_W'y UT'=' b'1 ^W\W'U' \_bdUT \_^'" ž! & 'bUWQbTY^WdKU'Wb\_g dK^Y^ 'QccUdcfl TU' \_cYbflQ^T '\\_Q^d' '8U'S\_ ^WQe\QdUT 'dKU'cdQWV\_b dKUNbUW\_bdt' '8U'Uh^ 'QY^UT 'dKU' Y'SbUQcU'Y^ 'dKU'Uh^ U^cUc'SQecUT 'Ri 'WQeT 'Q^T 'dKU'5= F 'SXY 'SQbT 'S\_ ^fUbcY\_ ^' '8U' TYcSeccUT 'dKU'UhdUby\_b'U^ \_fQdY\_ ^c\_ 'VdKU'RbQ^SXUc' '5QSX 'RbQ^SX'g Y\XQfU'dKU'cQ] U' \\_\_[ 'Qc'dKU'@\_bd>USXUc'RbQ^SX' DXU'>UTUbQ^T 'RbQ^SX'g Qc'bJSU^di 'U^ \_fQdUT 'Q^T 'dKU' <e] RUbd\_ ^'RbQ^SX\_c'U^ \_fQdY\_ ^g Y\RUW^ ^c\_\_ ^' He shared that in 2017, MCT plans to reach out to membership to provide financial education."

He is expecting great things in 2017 and for it to be an exceptional year. Mr. Angelle thanked the membership for everything they do and encouraged members to voice their concerns and/or ideas to staff.

### **Employee Service Awards**

**Brandy Colunga - 10 years, Cheryl Landry - 10 years, Danielle Dillon - 10 years, Debbie Crew - 10 years, Kerri Hebert - 10 years, and Virginia Reece - 20 years**

### **VI. Report of the Audit Committee**

Mr. Brown called on Mike Laird, Chairman of the Audit Committee who reported on the audits that were conducted by the following: The Texas Credit Union Department, American Share Insurance and Clifton-Larson Allen as well as internal audits. The audits showed MCT Credit Union to be in a sound financial state.

### **VII. UNFINISHED BUSINESS**

There was no unfinished business.

### **VIII. NEW BUSINESS**

#### **A. Election of Directors**

Mr. Brown called on Randy Chance, Chairman of the Nominating Committee to give the report. Mr. Chance, read the minutes of the Nominating Committee meeting. The three nominees for a place on the Board are as follows:

Becky Demeter  
Mike Laird  
Charles Lankford

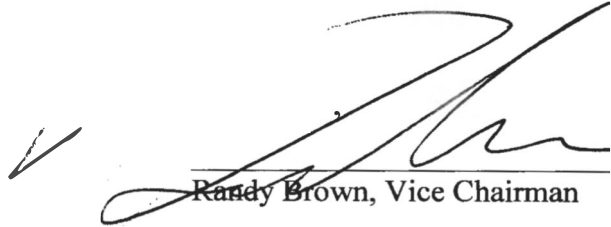
This concluded the Nominating Committee report.

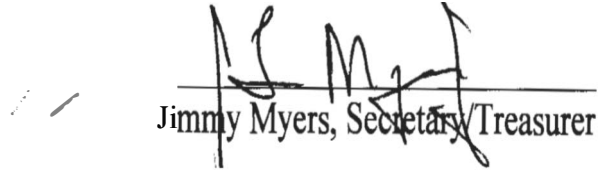
**Motion:** A motion was made by a member and seconded by Chad Powell to elect the nominees by acclamation. The motion carried with all in favor.

There being no further business, the drawings for door prizes took place. Twenty certificates in the amount of \$100 were given away.

**ADJOURNMENT**

Mr. Brown adjourned the meeting at 5:55 p.m.

  
Randy Brown, Vice Chairman

  
Jimmy Myers, Secretary/Treasurer

## CHAIRMAN REPORT

*Reflecting back on 2017 I can say that the challenges we faced as a Credit Union and a community were not easy. I can proudly say that whether tropical storm, massive flooding, or freeze, the employees of MCT Credit Union never hesitated to put the members first. The emphasis to meet the individual needs of our members was never more noticeable than the employee's efforts to serve throughout Tropical Storm Harvey.*

*Saying that, it doesn't surprise me to follow up with this... the financial strength of the credit union has never been stronger. The strong earnings in key ratios allow us to further enhance and develop products, services, and the overall member experience with our new look at the Lumberton Branch and equipment upgrades at all branch locations.*

*In closing, I would like to thank the membership, my fellow Board members, and the employees for the opportunity to serve as Chairman for 2017. I look forward to the future and the exciting opportunities of growth that lie ahead of us. Expect 2018 to be a year of continued success.*

*Mike Laird  
Board Chairperson*

## CEO REPORT

2017 was a year of firsts for MCT Credit Union. From record asset and income growth to continued expense reductions, reaching the lowest level in over a decade, we experienced yet another year of strong growth. The MCT Team continued to focus on your needs especially with the record flooding from Tropical Storm Harvey and the challenges it presented while also dealing with their own personal devastations. The Staff proved once again how strong the Credit Union's "Thank God It's Monday" culture truly is.

Tropical Storm Harvey directly affected the Credit Union's financial performance as well in 2017. Assets and consumer loans reported significant increases while Credit Union capital declined. Assets grew by 23.67% from \$255 to \$316 million, an all-time high, primarily due to share and share draft increases. Loan growth increased just short of 4.0% from \$180 to \$187 million, another all-time high, with consumer and member business loans having the most impact on the growth by 8.0% to \$88.3 million and 5.0% to \$22 million, respectively. Mortgage loans were stagnate at \$67 million. Loan delinquency declined from 1.09% to 0.75% in 2017 while loan losses were fairly consistent at 0.38%. The Credit Union's capital increased from \$27.3 to \$28.2 million in 2017. Due to the influx in deposits from Tropical Storm Harvey the capital ratio declined from 10.47% to 9.14% which continues to indicate the Credit Union is strong and well capitalized. Finally, the 2017 membership declined slightly from 21,113 to 20,641 primarily due to a purging of inactive memberships.

Also In 2017, we continued the effort to renovate the branch network to the Credit Union's new image by completing the renovations of the Lumberton Branch. We also focused on employee development and training to continue to provide improved services, processes, and core development to improve your experience.

In 2018 we will continue infrastructure improvements with the remodel of the Orange Branch. We plan to update the mobile app and create online automation for the loan and new account application processes. We also plan to create outreach programs to promote financial literacy, product and service awareness, and ongoing member and staff feedback.

On behalf of the MCT Staff, I want to sincerely thank you for making 2017 a record year. Each year it becomes more apparent the important role you play in the growth of the Credit Union by referring MCT to your friends and family. I also thank the Board of Directors for their leadership and continued guidance, support, and direction. Finally, the Credit Union is truly blessed to have a committed and passionate Management Team and Staff that understands MCT's Vision and Mission and continually lives the "Thank God It's Monday" culture. I look forward to working on the challenges ahead to ensure we have another successful year in 2018.

*Thad J. Angelle*  
*Chief Executive Officer*



## BALANCE SHEET

<b>Assets</b>	<b>12/31/2017</b>	<b>12/31/2016</b>
Cash	\$3,466,250	\$1,761,235
Personal Loans	\$88,355,935	\$81,774,426
Real Estate Loans	\$89,001,980	\$88,493,823
Business Loans	\$1,067,780	\$1,274,041
Credit Card Loans	\$8,706,729	\$8,692,835
Less Allowance for Loan Loss	(\$638,129)	(\$839,153)
Land and Building	\$7,437,061	\$7,446,718
Furniture and Fixtures	\$514,362	\$477,427
Investments	\$107,863,120	\$57,945,832
Other Assets	\$10,219,219	\$8,379,138
<b>TOTAL ASSETS</b>	<b>\$315,994,306</b>	<b>\$255,406,322</b>
<b>Liabilities &amp; Equity</b>		
Accounts Payable	\$7,124,181	\$4,659,301
Interest/Dividend Payable	\$116,314	\$103,146
Other Liabilities	\$3,705,130	\$2,034,790
Shares	\$130,937,357	\$96,376,473
Share Drafts	\$100,488,868	\$82,249,521
Certificates of Deposits	\$22,757,257	\$23,142,011
Money Market Funds	\$13,523,659	\$12,536,898
IRA's	\$11,024,429	\$10,991,221
Other Comprehensive Income	(\$2,749,495)	(\$3,527,876)
Reserve Fund	\$3,933,574	\$3,933,574
Undivided Earnings	\$25,630,227	\$23,488,862
Accumulated Unrealized Gain (Loss) on available for Sale Securities	(\$497,196)	(\$581,599)
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$315,994,306</b>	<b>\$255,406,322</b>

## Statistical Information

Number of Members	20,641	21,113
Growth in Membership	-2.24%	1.02%
Operating Expenses as a Percent of Total Income	76.58%	79.96%
Total Loans as a Percent of Assets	59.25%	70.57%
Capital (Reserves & Undivided Earnings)	9.14%	10.47%
Investments as a Percent of Assets	34.15%	22.69%
Growth in Shares and Deposits	23.72%	3.70%
Growth in Loans	3.83%	4.67%
Growth in Assets	23.67%	3.86%

## STATEMENT OF INCOME & EXPENSE

<b>Interest Income</b>	<b>12/31/2017</b>	<b>12/31/2016</b>
Income from Loans	\$9,531,503	\$9,476,834
Income from Investments	\$1,025,934	\$591,248
<b>TOTAL INTEREST INCOME</b>	<b>\$10,557,437</b>	<b>\$10,068,082</b>
<b>Interest Expense</b>		
Dividends on Shares	\$290,284	\$258,691
Interest on Deposits	\$1,076,533	\$1,070,171
Interest on Borrowed Money	\$62,663	\$ -
<b>TOTAL INTEREST EXPENSE</b>	<b>\$1,429,480</b>	<b>\$1,328,862</b>
<b>PROVISION FOR LOAN LOSSES</b>	<b>\$635,310</b>	<b>\$829,217</b>
<b>Non-Interest Income</b>		
Fee Income	\$1,801,972	\$1,793,869
Other Operating Income	\$2,870,223	\$2,677,749
Gain(Loss)on Investments	\$ -	\$11,775
Gain(Loss)on Disposition of Fixed Assets	\$499,054	(\$18,860)
Other Non-Operating Income(Expense)	(\$57,940)	-
<b>TOTAL NON-INTEREST INCOME</b>	<b>\$5,113,309</b>	<b>\$4,464,533</b>
<b>Non-Interest Expenses</b>		
Employee Compensation & Benefits	\$5,898,617	\$5,775,016
Travel and Conference	\$260,527	\$264,502
Office Occupancy	\$695,450	\$685,894
Office Operations	\$2,428,160	\$2,501,650
Promotion and Marketing	\$715,423	\$764,618
Loan Servicing	\$322,135	\$323,882
Professional & Outside Servicing	\$1,196,822	\$1,220,679
Regulatory Fees	\$29,442	\$29,514
Miscellaneous	\$53,014	\$59,960
<b>TOTAL NON-INTEREST EXPENSE</b>	<b>\$11,599,590</b>	<b>\$11,625,715</b>
<b>NET TO UNDIVIDED EARNINGS</b>	<b>\$2,006,366</b>	<b>\$748,821</b>

## **BOARD & ADVISORY DIRECTORS**

<b>NAME</b>	<b>TERM OF OFFICE EXPIRES</b>
Jimmy Myers	2018
Randy Brown, Vice Chairman	2018
Trent Devenzio	2018
Keith Fontenot	2018**
Mike Guidry	2019
Randy Chance	2019
Charles Lankford	2020
Rebecca Demeter, Secretary/Treasurer	2020
Mike Laird, Chairman	2020

### **ADVISORY**

Allen Tate  
Dr. George Scott, DDS  
Debbie Norris

\*\*Appointment due to board vacancy

Updated 2/20/2018

## **OFFICERS**

Thad Angelle, Chief Executive Officer  
Mary Fadhli, Executive Vice President  
Chad Powell, Chief Financial Officer  
Karen Frederick, Chief Operating Officer  
Mike McGee, Chief Lending Officer  
Debra Crew, VP/Real Estate Lending  
Michael Frazier, VP/Information Technology



