

# Minutes of the 72<sup>nd</sup> Annual Meeting

**Introduction.** Board Chairman, Don Quinley, welcomed attendees to the 72nd Annual Meeting at 7:00 PM. He stated he was glad the attendees came and noted the credit union is your business. He asks members to look at the information in the Annual Report provided. The Chair invites members to look over the report and see the new things the CU is doing. He comments the report has all the facts and figures members expect to see. Members can see the things the CU did in 2018. Mr. Quinley states "We are a happy Credit Union."

**Chairman's Comments.** While Tennessee Members First is not the biggest Credit Union, we are the oldest. We want to do things to serve you. We are interested in growing and hope you will recommend us. Our primary driver is to serve our members. We have a well led staff that do a great job that want to ensure your needs are met. If you get good service, let us know. If you get less than good service, let us know. We want to serve you.

In addition to our paid staff, we have a good group of volunteers. The Board of Directors and the Supervisory Committee are all volunteers. The only thing these volunteers got was a free shirt. It is our hope that you will want to serve as a volunteer.

When he came to the Boards as a volunteer he did not know about financial institutions. This has been very educational and all members are encouraged to volunteer. We are a state of Volunteers. For those that do not want to be on the Board, there are lots of committees where a member could serve.

**Introduction of the Board, President, and Supervisory Committee.** Mr. Quinley introduces the Board members present: Tracy Larabee; Gary Beckner; Rick Collier; and, Sonya Jackson. He also introduces the President and CEO, Rick Mikels, Supervisory Committee Chair, Jackie Penland, and Supervisory Committee Member, Sharon Cabe. This meeting represents the last Board Meeting for Rick Collier as a Board Member. Mr. Collier leaves the Board after serving for 29 years. The Chair comments Mr. Collier brought acumen and an attention to detail that benefited the entire Board.

**Quorum Determination and Agenda Approval.** In response to Mr. Quinley's question, Board Secretary, Gary Beckner states a quorum is present. The Chair indicates that the Annual Report includes an agenda. He states unless there is an objection the agenda will be adopted by acclamation. There was no objection.

**Approval of Minutes.** Mr. Quinley refers members to the minutes of the 71st Annual Meeting. The minutes were approved by acclamation with no objection.

**Chairman's Report.** The Chairman's report highlighted the establishment of a training program for volunteers. This program will aid members in learning about the CU and the different opportunities available to serve. He urges the members to consider becoming a CU volunteer.

**Recognition – Supervisory Committee Chair.** The Chair recognizes Supervisory Committee Chair, Jackie Penland. She explains the Supervisory Committee serves as the CU watchdog by meeting monthly to ensure policies are in place and followed by staff. The committee has determined the CU to be in compliance. She comments "We have a very good staff." There are no questions.

**President's Report.** Mr. Rick Mikels, TMFCU President/CEO, thanked members for taking the time to attend. In noting the CU's most important asset is the staff, Mr. Mikels recognizes Tracy Vickers (15 years) and Karen Martin (30 years) for their service.

**Financial highlights of 2018.** The CU had loan growth of 15%. Delinquencies and charge-offs are below peer institutions. The CU investment income return is in the top 85% of the CU peer group. The CU had net income of \$82,000 with membership growth of 5%. Mr. Mikels notes the CU wants to continue membership growth to reverse declines in the past. Mr. Mikels highlighted new Initiatives.

- **Identity Theft Protection:** The umbrella members received for attending this annual meeting is meant to symbolize the identity theft protection now provided by the CU. When a member suffers this type of loss (e.g., a member receives a call from the credit card issuer about a lot of erroneous charges), we can help the member and this will help lessen the effects.
- **Business loans.** The CU partnered with other CUs for a shared business loan officer. The CU has participated in a number of business loans and is continuing to learn from this collaboration.
- **Staff Training.** We continue to cross-train the CU staff.
- **Mobile App.** We want members to download this much improved mobile app.

**Marketing.** During 2018, the CU hired a consultant to develop a business plan for marketing growth and expansion. The consultant recommended stronger marketing of the CU. We developed a plan for the future to expand in our 3 counties. The CU has had a lot of success through dealerships allowing members to buy cars making financing arrangements at the dealer (i.e., indirect lending). The CU wants to build on this success in mortgage lending. As interest decrease, please think of us when you refinance.

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**Community Outreach.** Whether it is partnerships with local high schools or sponsoring the Secret City Half Marathon, participating with other local financial institutions to sponsor the International Friendship Bell, having a free Shred Day, the CU continues to collaborate with local CUs and those across the state.

**Guest Speaker.** Mr. Mikels explains that Credit Unions have a function. What brings people together? It is people helping people. The Tennessee CU League (TCUL) is the glue that holds us together. Mr. Mikels states the CU invited TCUL President and CEO, Mr. Fred Robinson, to speak. Mr. Robinson began with TCUL in 1983 and became TCUL President in 2012. Mr. Robinson comments:

- The CU was applauded for the identity theft protection program. TCUL wants a law change to help financial institutions deal with the identity theft problem. He notes that retailers (e.g., Home Depot and Target) often take months to disclose breaches. CUs have immediate notification requirements.
- Tennessee is the most competitive market in the country. CUs keep moving in from other areas. At the end of 2019, there were 140 CUs in Tennessee. This is down from 145 a year earlier. In 1983 (when he began with TCUL), there were over 525 CUs. These CUs vary in size between the small 50member CU with \$50,000 in assets and Eastman CU with over \$5 billion in assets. As manufacturing left, the number of CUs decreased too. But, while fewer CUs remain, the number of members has not declined. As the TCUL's former President noted, CUs make loans for cars and loans for tires, too. Many banks will not handle small loans. All sizes of CUs are growing – loans are up 12%. We are doing a good job for our members. CUs are encouraging savings. Only 40% of U.S. workers have a savings account of \$1,000 or more. In Tennessee, the savings rate grew by 7% compared with the national average of 5.2%.
- As not-for-profit cooperatives, all Boards are the same in one aspect – volunteer service. Under a Federal charter, Board Members may not be paid. While those CUs operating under State charters can pay their Board, no CU does it. CUs provide members – a one member, one vote environment. Banks generally are controlled by shareholders. While large banks held 75% of the market, the smaller institutions control the rest. The smaller community banks want to blame CUs for their loss of share, but CUs are not the cause. In 1992 CUs held 5.6% of the market, the CUs grew modestly to reach 7.4% in 2017.
- CUs have a tendency to swap members. More work is needed to get new members. Currently, Tennessee has 2.3 million CU Members out of 6.85 million residents. Tennessee is seeing more growth as people move in. Nashville grows by about 100 people per day moving in. People moving in are looking to get away from the crush.
- As a member of the Credit Union National Association (CUNA) Board, Mr. Robinson said CUNA found there was a lack marketing cohesiveness for all CUs. There was no branding initiative until recently. He introduces the “Open your eyes to credit unions” video to the meeting (the video is played for the attendees). Plans are to spend about \$1 million in Tennessee for billboards, tv ads, and digital presentation.
- He concludes noting that Tennessee CUs are doing great. Our CUs are the best capitalized in the region.

**Election of Board Members.** Mr. Quinley states that there are 3 Board positions and 3 candidates. In accordance with the CU bylaws, nominations from the floor are not necessary. Members are invited to review the biographies found in the Annual Meeting package. The nominees are Mr. Beckner (current member), Mr. Quinley (current member), and Eric Goins (new nominee). At Mr. Quinley's request, a motion to approve the nominees for the Board of Directors is made from the floor. The motion is seconded. The members in attendance approved by voice vote.

**Old Business.** The Chair confirms there is no old business.

**New Business.** The Chair asked Members if there was any new business. There is none.

**Special Recognition.** Mr. Mikels recognizes guests Jean Gann with a certificate of appreciation as the most experienced member.

**Member comments.** Mr. Mikels recognizes a member request to speak from the floor. She voiced her thanks to the Credit Union staff for their diligence and efforts on behalf of her father. She stated that 6 or 7 years earlier the staff caught discrepancy involving her father's account. The staff was able to help stop a situation by bringing the matter to her father's attention. This could have been hard to resolve and could have resulted in loss. The staff is to be commended. Some things are very important. Mr. Mikels comments that knowing the member, knowing the voice, and knowing member patterns all help. It is another example of how a CU is better.

**Adjourned.** After the drawing for door prizes is held, Mr. Quinley thanked members for attending. The meeting was adjourned by mutual agreement.