

# LUBRIZOL EMPLOYEES' CREDIT UNION 61<sup>ST</sup> ANNUAL MEETING MINUTES

The 61st Annual Meeting of Lubrizol Employees' Credit Union was held on Tuesday, March 10, 2015, at 7pm at the Deer Park Theatre and Courts Building. Refreshments were served as members and guests registered for the meeting. Members eligible to vote were given ballots. Everyone received the 2014 Annual Report, a gift and a ticket for the door prize drawings.

**Call to Order:** Chairman Rich Miller called the meeting to order and declared a quorum of members present, since more than 25 members were in attendance.

**Approval of the Minutes:** Mr. Miller called for a reading of the 2014 Annual Meeting Minutes. A motion was made to dispense with the reading of the minutes and accept the minutes as presented in the Annual Report. Motion was seconded and passed.

**Election:** Mr. Miller said there were four Board seats up for election. Three seats were for three-year terms, and one seat was for a two-year term. The nominee coming in fourth place, according to the number of votes, would fill the two-year term seat, which was vacant due to Board Member Jack Matejka passing away. Mr. Miller introduced the nominees: Delinda Dutton (incumbent), Danny Koons (incumbent), Rich Miller (incumbent), Patrick Newby, Rick Smith and John Taylor (incumbent).

Mr. Miller asked for nominations from the floor. There were no nominations from the floor. A motion was made and seconded, and the vote carried to cease the nominations. A committee of five members was appointed to collect and count the ballots. Mr. Miller informed the attendees that the election results would be announced at the end of the meeting.

**Reports:** The Chairman's Report, Treasurer's Report and Supervisory Committee's Report were all printed in the Lubrizol Employees' Credit Union 2014 Annual Report, which was handed out to all members at registration.

Chairman Miller communicated the sadness over the loss of our long-time Board Member Jack Matejka. Mr. Miller informed attendees that we are a better credit union and Board because of Jack, and he will be greatly missed. The Chairman went over recent accomplishments of the credit union: 60th anniversary; new ATM-1 Network providing our members with free ATM access at Walgreens, CVS and Target® locations in the greater Houston, Dallas, Austin and San Antonio areas; new logo; revised mission and vision statements; new ATM to be placed in the lobby of Lubrizol's N. Admin building at Deer Park; and relocation of the lunch room ATM to gate 14, with a new kiosk unit placed outside by the security center. Mr. Miller asked members to look up the credit union's Facebook page, Twitter account and website for the latest news and promotions. Mr. Miller went over some of the 2015 goals as outlined in his report.

Mr. Miller discussed the financial strength of LZECU. Assets increased 5.5%, totaling a record \$38,304,880. Loans increased 5.2%, totaling a record \$17,128,069. Membership also grew nicely at 3.7%. A total of \$119,067 was added to capital during the year, giving us a strong capital-to-asset ratio of 12.8%.

Mr. Miller presented Director Delinda Dutton with a 10-year service award and Staff Member Susie Morley with a 20-year service award. He thanked them for their service and dedication to our credit union. Vice Chairman Don Epps presented Chairman Rich Miller with a 30-year service award. Mr. Epps thanked Mr. Miller for his long-time volunteer service and commitment to LZECU. Mr. Epps thanked the rest of the Board for their volunteer service.

Mr. Miller let everyone know the Treasurer's Report and Supervisory Committee's Report were printed in the Annual Report. He informed attendees that the credit union is financially strong and secure. We continue to receive good audit reports and state exam reports. Mr. Miller informed members that any questions regarding either of these reports can be directed to the respective Committee Chairmen or to CEO Rose Flores.

Mr. Miller asked if the membership had any questions. A member asked about the additional building depreciation listed in the Statement of Financial Condition. Mr. Miller informed members that the building itself hadn't depreciated in value; the Board approved reducing the depreciation schedule of the 1998 building remodel. CEO Rose Flores answered questions regarding unimproved property loans and compromised debit cards. Member Winfred Logan complimented the credit union staff.

In closing, Mr. Miller thanked the membership for making LZECU successful. He asked everyone to invite their family members and LZ coworkers to join the credit union and take advantage of the many benefits LZECU has to offer. Mr. Miller also thanked the credit union staff for their hard work and dedication.

**Old Business:** None

**New Business:** Mr. Miller informed attendees that the Board appointed John Taylor to fill Jack Matejka's vacant Board seat. The appointment was made at the 1/21/15 Board Meeting and was effective until this 61st Annual Meeting, at which time the seat would be up for election. The seat's term is for Mr. Matejka's remaining term of two years.

**Door Prize Drawings:** There were 32 prizes for members 13 years of age and up and 18 prizes for members 12 years of age and under. David Robinson was the winner of the \$300 adult grand prize. Kaitlyn Dugas was the winner of the \$100 child grand prize.

**Election Results:** Delinda Dutton (incumbent), Danny Koons (incumbent) and Rich Miller (incumbent) were elected for three-year terms. John Taylor (incumbent) was elected for a two-year term.

**Adjournment:** Chairman Rich Miller asked for a motion to adjourn the meeting. A motion was made and seconded, and the vote carried to adjourn the business meeting. The business meeting was adjourned at 8pm.

## MISSION STATEMENT

### MISSION

Our mission is to build lifelong relationships through family-friendly service and provide beneficial, progressive financial services, while maintaining our strength and stability.

### VISION

To be the financial services provider of choice, enriching the lives of our members and employees.

## LEADERSHIP

### BOARD OF DIRECTORS

	Term Expires
Rich Miller, Chairman of the Board	2018
Don Epps, Vice Chairman of the Board	2016
Gary Aldrich, Treasurer	2016
Danny Koons, Secretary	2018
Delinda Dutton, Director	2018
Brad Busby, Director	2017
John Taylor, Director	2017

### SUPERVISORY COMMITTEE

Patrick Newby, Chairman  
John Taylor, Member

### NOMINATING COMMITTEE

Michael Collins  
Virginia Carr  
Jan McClain  
Brad Busby

### CREDIT UNION STAFF

Rose Flores, President/CEO  
Carol Fitzpatrick, Accounting Supervisor  
Agatha Mariscal, Marketing, Project & IT Administrator  
Susie Morley, Payment Services Specialist  
Emma Anderson, Loan Manager  
Elizabeth Munoz, Loan Officer  
Hedda Dangleben, Member Service Supervisor  
Charlie Riggs, Member Service Representative  
Darlene Cornier, Member Service Representative



281.479.6651  
800.477.LECU

fax: 281.479.3087  
www.lzecu.org

email: [contact@LZECU.org](mailto:contact@LZECU.org)

Lobby Monday - Friday 9am-5pm  
Drive-thru Monday - Thursday 9am-6pm  
Friday 9am-5pm



2015

# ANNUAL REPORT





## AGENDA

- Ascertain Quorum
- Minutes of Last Annual Meeting
- Reports to the Membership
- Elections
- Unfinished Business
- New Business
- Door Prizes
- Adjournment

## CHAIRMAN'S REPORT

Welcome! This is the 62nd Annual Meeting of Lubrizol Employees' Credit Union. I'm pleased to report that during a year of remarkable growth, Lubrizol Employees' Credit Union remains financially sound and strong. We are strong because of our robust membership, a fantastic staff and a dedicated group of volunteers and Board of Directors.

### What has your credit union done for you lately?

As we enter our 63rd year, I can truly say that your credit union continues to progress and get better each year. Here are just some of the improvements we've made over the past year:

- We installed three new ATMs. There is now an outdoor kiosk in the parking lot of gate 14 replacing the ATM in the lunch room. The second is in a new location in the lobby of the North Administration building. The third was a replacement in the Bayport lunch room.
- Our membership continues to grow. In 2015, membership increased by nearly 100, ending at 3,022 members. By leveraging our field of membership (Lubrizol Texas employees and ALL of their relatives) our potential to grow is immeasurable. Also, the demographics at Lubrizol Texas help. One-third of our Lubrizol Texas employees have less than five years' experience. The credit union ambassadors go to new employee orientation and recruit new members with great success. Help us spread the word about the advantages of an LZECU membership to your family and LZ co-workers.
- We continue to actively market our services and promotions through online avenues, such as Facebook.
- Loans are at a record high! We offer some of the lowest rates available. Check with Emma or Elizabeth for your new car, truck, RV or signature loan.
- We have outgrown our existing data processor and have done extensive research on new potential providers.

### What's the future of your credit union?

- We are very excited to have selected and approved a new data processor with an expected seamless transition scheduled for

October 1! This new, innovative system will streamline our workflow, improving staff efficiency and enhancing the member experience with digital and paperless capabilities. Online services will also be upgraded and streamlined. One of the many new features will be a single sign-on to access all of our online services: home banking, bill pay and mobile app. Amazingly, it will be cost neutral compared to our existing systems.

- After conversion, we will work on upgrading debit and credit cards to EMV chip cards. We will also be working toward instant issue debit cards.
- Last year we redesigned our logo, and this year we will redesign our website to reflect our new image.
- Membership growth is always on our agenda. Share the benefits with family to help your credit union grow.
- We have money to loan! Don't miss the chance to save money by taking advantage of our loan promotions.

### Strengths

Lubrizol Employees' Credit Union remains strong. Total assets increased 5.5% (\$2,092,045) over the year 2015 and were a record \$40,396,925 at the end of the year. Total loans increased by 6.2% (\$1,055,010) and totaled a record \$18,183,079 at the end of the year. A total of \$125,289 was added to capital during the year. At the end of the year, our capital-to-asset ratio was a very strong 12.5%.

### Summary

Your credit union remains very strong. Our goal has always been to be the BEST credit union in the State of Texas, not the largest. We have a lot planned in the near future that will add some pretty cool services and maintain our steady growth. With our strong membership, exceptional staff and group of dedicated volunteers, we have the basis for continuing growth and improvement.

I want to recognize our exceptional staff: Rose, Susie, Emma, Hedda, Carol, Elizabeth, Agatha, Charlie and Darlene.

On behalf of your Board of Directors,  
Rich Miller  
*Chairman of the Board*

## SUPERVISORY COMMITTEE'S REPORT

Appointed by the Board, the role of the Supervisory Committee is to perform audit oversight on behalf of the Board of Directors.

This Supervisory Committee is responsible for ensuring that the credit union meets required financial reporting objectives and follows all necessary procedures to protect members' assets. The Committee employs certified public accountants to perform auditing, account verification and other work under its supervision.

### To carry out these responsibilities, the Supervisory Committee completed two key activities in 2015:

- The Committee contracted A. John Weaver and Associates to conduct a comprehensive annual audit for the period ending December 31, 2014. Results of this audit indicate that proper practices and procedures are being followed and that accounting records accurately reflect operation of the credit union.
- The Committee completed a full verification of cash on hand at the credit union for the 2015 calendar year. No discrepancies were found.

In accordance with Texas Finance Code, the Texas Credit Union Department conducted their annual examination of books and records for the period ending March 31, 2015. Based on current operation and management of the credit union, the credit union was awarded the highest possible rating given by the Texas Credit Union Department.

The Committee is pleased to report that Lubrizol Employees' Credit Union continues to operate in a financially sound manner and remains dedicated to serving its members.

Patrick Newby  
*Supervisory Committee Chairman*

## TREASURER'S REPORT

Total assets increased by 5.46% for the year, closing with a total asset balance of \$40,396,925, compared to \$38,304,880 in 2014. Loan balance increased nicely at 6.167% for the year, ending at a record high of \$18,183,079. Net operating expenses were 2.88% below budget. Lower than expected loan losses partially contributed to coming in under budget. Our capital position remains strong, as evidenced by the net worth ratio of 12.47% at the end of December. A net worth ratio above 7% is considered well-capitalized.

LZECU is committed to remaining a strong and stable organization. Our credit union continues to receive good audit reviews from the State Examiner's Office. We will continue to work hard to offer you the best possible products, services and pricing while maintaining our strong capital position.

Gary J. Aldrich, *Treasurer*

## STATEMENT OF FINANCIAL CONDITION

	2015	2014
<b>Assets</b>		
Loans	\$ 18,183,079	\$ 17,128,069
Cash	\$ 2,841,677	\$ 1,971,192
Investments	\$ 18,723,283	\$ 18,526,108
Building & Land	\$ 151,371	\$ 228,954
Other Fixed Assets	\$ 31,481	\$ 30,897
Other Assets	\$ 466,034	\$ 419,660
<b>Total Assets</b>	<b>\$ 40,396,925</b>	<b>\$ 38,304,880</b>
<b>Liabilities &amp; Equity</b>		
Member Shares	\$ 34,961,420	\$ 33,078,380
Liabilities	\$ 392,402	\$ 308,686
Reserves	\$ 749,468	\$ 749,468
Undivided Earnings	\$ 4,293,635	\$ 4,168,346
<b>Total Liabilities &amp; Equity</b>	<b>\$ 40,396,925</b>	<b>\$ 38,304,880</b>

## INCOME AND EXPENSE STATEMENT

	2015	2014
<b>Sources of Income</b>		
Interest on Loans	\$ 964,450	\$ 905,717
Income from Investments	\$ 286,175	\$ 252,913
Other Income	\$ 226,706	\$ 214,770
<b>Total Income</b>	<b>\$ 1,477,331</b>	<b>\$ 1,373,400</b>
<b>Expenses</b>		
Operating Expenses	\$ 1,116,227	\$ 1,027,226
Dividends	\$ 185,815	\$ 177,107
<b>Total Expenses</b>	<b>\$ 1,302,042</b>	<b>\$ 1,204,333</b>
<b>Operating Income</b>	<b>\$ 175,289</b>	<b>\$ 169,067</b>
Additional Depreciation of Building	\$ 50,000	\$ 50,000
<b>Net Income</b>	<b>\$ 125,289</b>	<b>\$ 119,067</b>

## MEMBER STATISTICS

	2015	2014
<b>Membership</b>		
Total Members	3,022	2,929
Total Share Draft Accounts	1,328	1,238
Total IRA Accounts	168	165