

KANSAS BLUE CROSS BLUE SHIELD CREDIT UNION

ANNUAL MEETING MINUTES — APRIL 23, 2019

CALL TO ORDER

The Annual Credit Union Meeting was called to order by Christie Mugler at 5:02 pm. It was confirmed that 12 members were present which constituted a quorum. She reviewed the agenda and drew the Grand Prize winning ticket, which was set aside until the end of the meeting.

MINUTES

Randy Lambrecht referred members to the minutes from last year's meeting in the Annual Report. A motion was made and seconded to approve the minutes as written. Motion carried.

PRESIDENT'S REPORT

Christie welcomed everyone to the 65th Annual Meeting. She shared with the group a few things she has learned serving on the CU Board and encouraged attendees to visit the CU website frequently to keep up with the many products and services available. Christie reminded attendees of the bonus dividends and loan interest rebates paid to members at 12/31/18. She invited Paul Feist and Randy Lambrecht forward to help announce the 2019 scholarship winners, Hailey Droge and Nathan Picklerell. Both students were congratulated with a round of applause. At the conclusion of Christie's remarks, she drew and announced the first door prize winner, Glenda McCanliss.

MANAGER'S REPORT

Steve Morris opened his remarks by introducing the Credit Union staff. Some of the accomplishments for 2018 included growth in members, checking accounts, and loans, all of which were goals for staff during the year. Steve encouraged members to check with the CU for their auto financing needs. Additional accomplishments in 2018 were the introduction of e-signing loan documents, Credit Sense, a free credit monitoring tool, and plastic card security enhancements – MyMobileMoney for debit cards and Card Valet for credit cards. The CU participates in 2 different ATM networks to provide members the maximum availability of surcharge free ATMs. Both networks have apps available for your smart phone to help you find a free ATM wherever you might be. Mobile Money continues to be a popular service and Mobile Deposit usage continues to increase. The goals for staff in 2019 include increasing members, services per member, and loans outstanding while also refreshing the CU website and online tools, enhancing member communication, and exploring additional mobile capabilities. CU staff has recommended an update to the mission statement which was approved by the Board in March. Our mission is to enhance members financial wellness by providing exceptional products and services. Steve then shared an image of the new web home page. The full updated website is projected to go live in June. Finally, he reminded attendees of the changes coming to shared branch locations in Topeka, when Envista branches are removed from the network in late May. He then drew the next winning ticket which belonged to Robert McCanliss.

TREASURER'S REPORT

Ann Shelton reviewed the 2018 financial highlights detailed on the screen and in the Annual Report. Loans outstanding increased by \$1.01 million or 4.3% while reserves grew by almost \$506,000. The Credit Union ended the year with 2,053 loans outstanding, equaling \$24.5 million. During 2018, the credit union paid over \$294,000 in dividends to members or 37% of total operating income. Total employee membership stands at 67% of BCBSKS employees as members of the credit union, demonstrating the valuable benefit the credit union offers to our members. Total membership as of 12/31/18 stood at 3,531, with 8,223 open accounts. Ann then drew the next door prize winner, Amie Brown.

CREDIT COMMITTEE REPORT

Kevin Jones recognized the other members of the Committee, Roxanne Huhs and Tina Henderson. During 2018, the credit union granted 631 loans for a total of more than \$8.6 million. He also pointed out the low loan delinquency ratio at 12/31/2018 was .52%, compared to a state-wide average of 1.29% and national average of 1.13%. The Committee reviewed 19 loans during 2018, approving 17 and denying 2. He drew the next winning ticket, which belonged to Karen Picklerell.



KANSAS BLUE CROSS BLUE SHIELD CREDIT UNION
ANNUAL MEETING MINUTES — APRIL 23, 2019

**SUPERVISORY
COMMITTEE REPORT**

Amie Brown recognized the other members of the Committee – Molly Coplen, Aimee Craig, and Malesa Kinder. The Supervisory Committee's role is to provide assurance to the members by affirming the credit union financial statements are presented fairly and by conducting reviews of the practices, procedures, and controls of credit union activities to safeguard member's assets. The Committee performed 4 surprise cash counts (including the ATMs) and quarterly loan file reviews. In addition, they oversaw the agreed upon procedures audit, the ACH audit, the Bank Secrecy Act compliance audit and the SAFE Act audit completed by J Tenbrink and Associates. As a result of the reviews and audits conducted by or on behalf of the Committee, they affirm the Credit Union's financial condition, position, and operations are fairly presented in the financial statements and there are no material issues regarding the credit union's practices, procedures, and control activities. The last door prize ticket was drawn and awarded to Sheila Summers.

**SERVICE RECOGNITION
AWARDS**

Stacy Montgomery presented Christie Mugler, Alex Dakin, and Amie Brown with a certificate of appreciation and thanked them for all their hard work.

ELECTIONS

The Board of Directors as the nominating committee has submitted Amie Brown and Jovonna Funnell for the open Board positions, and Jared Bryant and Jackie Welsh for the open Supervisory Committee positions. Stacy made a motion to cease nominations and elect these nominees. The motion was seconded and approved.

DOOR PRIZE

The winning prize ticket drawn at the beginning of the meeting was announced. Karen Gibbs was the lucky winner of the \$500 cash grand prize.

ADJOURNMENT

With no further business, the meeting was adjourned at 5:25 p.m.

CREDIT UNION OFFICIALS AND STAFF

CREDIT UNION STAFF

Amber Korbe – Manager

Stacy Montgomery – Assistant Manager

Angie Treinen – Loan & Member Service Representative

Deb Mannen – Member Service Representative

Bernadette Smith – Member Service Representative

Shelby Bengtson – Member Service Representative

Charlotte Heberling – Member Service Representative

Andy Hulse – Member Service Representative

SUPERVISORY COMMITTEE

Jared Bryant

Aimee Craig

Molly Coplen

Malesa Kinder

Jackie Welsh

BOARD OF DIRECTORS

Paul Feist – President

Randy Lambrecht – Vice President

Donna Pashman – Secretary

Ann Shelton – Treasurer

Amie Brown – Board Member

Jovonna Funnell – Board Member

Tish Hermann – Board Member

CREDIT COMMITTEE

Kevin Jones – Chair

Tina Henderson

Roxanne Huhs

Operating Statement

INCOME	Y/E 12/31/18	Y/E 12/31/19
Interest on Loans	\$1,104,286	\$1,205,548
Investment Income	340,587	358,625
Fee Income	289,073	318,570
Total Income	\$1,733,946	\$1,882,743
EXPENSES		
Contract Services	\$457,375	\$542,479
Marketing & Education	16,563	16,298
Association & Chapter Dues	20,036	19,399
Supplies	14,300	13,385
Bond/Officer & Staff Insurance	18,041	17,499
Bank Service Charges	177,542	176,137
Loan Servicing Expenses	54,420	45,829
Provision for Loan Losses	56,000	(218)
NCUSIF Share Insurance	0	0
Examination Fees	7,522	8,078
Annual Meeting Expense	1,161	1,161
Professional & Outside Services	110,608	143,804
Miscellaneous	338	310
Total Operating Expenses	<u>\$933,906</u>	<u>\$984,161</u>
Net Operating Income Before Dividends	\$800,040	\$898,582
Dividends Paid to Members	<u>(294,100)</u>	<u>(346,385)</u>
Net Income After Dividends	\$505,940	\$552,197
Non-Operating Gain on Sale of Assets	<u>(150)</u>	
Net Income	<u><u>505,790</u></u>	<u><u>552,197</u></u>

Statistics

Assets Increased	\$609,710	1.54%
Loans Increased	\$1,315,409	5.36%
Deposits Increased	\$35,309	0.11%
Membership Increased	10	0.28%
Reserves Increased	\$552,197	8.27%

Loan Portfolio

	# Outstanding	\$ Amount
Consumer Loans	1,387	15,001,341
Real Estate Loans	138	9,282,669
VISA Loans	549	1,575,564
TOTAL	<u>2,074</u>	<u>\$25,859,574</u>

Comparative Balance Sheet

ASSETS	12/31/18	12/31/19
Loans	\$24,544,165	\$25,859,574
Allowance for Loan Loss	(107,314)	(93,621)
Prepaid Expenses	432,064	427,266
Fixed Assets	5,958	4,658
Investments & Cash	14,803,260	14,089,965
Total Assets	<u><u>\$39,678,133</u></u>	<u><u>\$40,287,843</u></u>
LIABILITIES & EQUITY		
Shares	19,732,969	19,498,358
Share Draft/Checking	2,692,688	3,175,860
Share Certificates	10,499,918	10,286,666
Regular Reserve	1,472,650	1,551,574
Contingency Reserve	5,201,039	5,674,312
Total Equity	<u>39,599,264</u>	<u>40,186,770</u>
Accounts Payable	78,869	101,073
Total Liabilities & Equity	<u><u>\$39,678,133</u></u>	<u><u>\$40,287,843</u></u>

Membership Statistics

	12/31/18	12/31/19
Employees	1,072	1,055
Employees' Spouses	237	238
Employees' Children	1,137	1,123
Employees' Grandchildren	305	323
Retirees	411	428
Former Employees	369	374
Total Membership	<u>3,531</u>	<u>3,541</u>
Employee Membership	1,072	1,055
Total Employees	1,605	1,590
Percentage of Employees	67%	66%