



2022
ANNUAL
MEETING

Port Neches Elementary School
2101 Llano St.

Tuesday, February 22, 2022
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 innovative products and services in a fun, friendly atmosphere while creating member loyalty.

BUSINESS MEETING AGENDA

1. Establish a Quorum
2. Approve 2021 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 23, 2021

Time: 5:30 p.m.

Directors Present: Dr. George Scott, Chairman
Trent Devenzio, Vice Chairman
Randy Brown, Secretary/Treasurer
Randy Chance
Mike Laird
Jimmy Myers
Deborah Norris
Dr. Kimberly Pitts

Directors Absent: None

Advisory Directors Present: Gary Tiner

Advisory Directors Absent: Dale Fontenot

Also Present: Thad Angelle, Karen Frederick, Chad Powell,
Keith Fontenot, Brandy Colunga, Alyssa Balsano,
and Magan Bordes

I. Mike Guidry Memorial

Becky Demeter and Jimmy Myers said a few words in remembrance of Board of Director, Mike Guidry.

II. Call To Order

The meeting was called to order by the Chairman, Dr. George Scott, at 5:33 p.m.

III. Establishment of a Quorum

The Chairman, Dr. George Scott, asked if a quorum was established. A quorum was established by Alyssa Balsano.

IV. Annual Meeting Minutes

Dr. Scott asked for a motion to dispense with the reading of the 2020 minutes.

Motion: A motion was made by Randy Brown and seconded by Becky Demeter to dispense with the reading of the 2020 minutes. The motion carried with all in favor.

V. Report of the Chairman

The Chairman, Dr. George Scott, introduced the members of the Board of Directors. He then called attention to the Chairman's report in the printed handout and made a statement.

VI. Report of the President

Thad Angelle asked the staff to stand and be recognized. He also recognized five employees for their years of service.

VII. Report of the Audit Committee

The Chairman called on Randy Brown, Audit Committee Chairman. Randy reported that an Opinion Audit was conducted by Clifton Larson, LLP, Texas Credit Union Department, and American Share Insurance completed its primary insurance examination and all found the Credit Union to be in strong financial condition.

VIII. Old Business

Dr. Scott asked if there was any old business. There was no old business to discuss.

IX. New Business

A. Election of Officers

The Chairman call on Randy Chance, Nominating Committee Chairman. He reported the committee nominated the three nominees as follows:

- Jimmy Myers
- Randy Brown
- Trent Devenzio

The Chairman, Dr. George Scott, asked for a motion to approve the Nominating Committee’s recommendation to appoint Jimmy Myers, Randy Brown, and Trent Devenzio to the Board of Directors.

Motion: A motion was made by Becky Demeter, and seconded by Mike Laird to elect the nominees. The motion carried with all in favor.

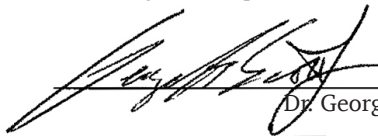
X. Drawing of Door Prizes

Dr. Scott called Mike Laird to conduct the drawing of the door prizes. The drawings for door prizes took place where 20 certificates for \$100 were given away.

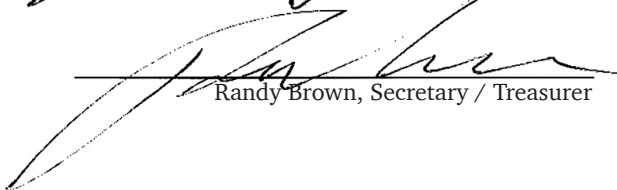
XI. Adjournment

There being no further business, the Chairman called for a motion to adjourn the meeting.

Motion: A motion was made by Debbie Norris, and seconded by Becky Demeter to adjourn the meeting at 6:03 p.m. The motion carried with all in favor.



Dr. George Scott, Chairman



Randy Brown, Secretary / Treasurer

CHAIRMAN REPORT

It has been my privilege to serve as the Chairperson of the Board of Directors this past year. We have had a rough two years. However, our excellent staff has met every challenge with experience and professionalism. We have turned a corner with their dedication and now look to a bright, post-COVID emergency future. How we have managed the past two years gives us direction for anything that comes our way.

The Board listens to the members, and one thing that has been repeatedly asked for is a Beaumont branch. We have therefore found and purchased a building in Beaumont that, once renovated, will become the Beaumont MCT Credit Union location. This renovation should complete in 2022, but supply chain disruptions may prolong the work needed to make this a Credit Union we can be proud of. We will have innovative technology at this location and have already begun hiring staff and training these individuals. Look for more on this in 2022.

Again, thank you for allowing me to serve on this wonderful Board. I plan to continue service to the members for many years to come as a contributing Board member.

Becky Demeter
Chairman of the Board of Directors

CEO REPORT

As I reflect on 2021, a few things come to mind. First, Covid continued to be very much a part of day-to-day living; fortunately, no major storms to deal with in southeast Texas, and a new President took over the White House. Pretty calm compared to the year 2020.

MCT Credit Union continued to prevail despite the ever-changing and often unpredictable financial, domestic, or political environment. Our strength of the Credit Union continues to be our people. From the Board of Directors and Management Team to the Staff, our efforts were to provide the membership with first-rate products and services in a fun and friendly atmosphere. Once again, the result was continued growth, positive earnings, and an even stronger and more financially sound credit union.

Over the past year, the Credit Union experienced tremendous loan growth at 11.51%, with loans increasing from \$183 to \$205 million. This was a result of consumer loans increasing by 3.37%, member business loans increasing by 8.24%, and real estate loans increasing by 23.08%. Due to the strong loan growth, the loans to assets ratio increased from 51.37% to 56.33%. Credit Union assets grew at a moderate pace of 1.70% increasing from \$357 to \$363 million. Member shares grew by 4.23%, increasing from \$315 to \$329 million. Credit Union earnings increased by approximately \$250 thousand resulting in a net income of \$1.35 million. This caused capital to rise from \$34.9 to \$36.2 million, which increased the capital ratio from 9.75% to 9.96%. The Credit Union's loan delinquencies and charge offs continued to outperform peer at 0.53% and 0.11%, respectively. The Credit Union opened 1,094 new membership accounts, resulting in net membership growth of 1%.

The Credit Union completed numerous projects and infrastructure improvements in 2021. The Management Team and Staff were diligent in completing the debit card conversion to PSCU, with only the final implementation scheduled for January 2022. Also, considerable investments were made to enhance infrastructure in the human resource, technology, member services, and lending areas. In addition, the marketing efforts of the Credit Union reflected just under \$250,000 investment and supported various local communities and schools, which includes forty-two public schools, Lamar campuses, scholarships to graduating seniors, and funding of financial literacy programs for the Hispanic community. Finally, the plans to add a new Beaumont location are progressing, and the project is on schedule.

In 2022, the new Beaumont location is scheduled for completion in the fourth quarter. Also, in preparation to install the new Interactive Teller Machine (ITM) technology in Beaumont, the Port Neches drive-thru equipment will be replaced with ITM's, and renovations to the canopy are scheduled for completion in the second quarter. In addition, the Credit Union will be working to centralize the drive-thru teller operation beginning in 2022. Due diligence and testing will also start an effort to investigate centralized lending. As stated in the 2021 review, the debit card conversion and implementation will be completed in the first quarter. Finally, more infrastructure improvements in technology, operations, member services, and lending, and marketing are scheduled in 2022.

The greatest asset of the Credit Union is its people. The Board of Directors, Management Team, and Staff continue to serve the membership by focusing on the Thank God It's Monday culture and the Creating Member Loyalty program. In addition, ongoing Staff training and development is key to the Credit Union's continued success and ability to exceed the expectations of the membership.

As always, I am very thankful for the support and direction provided by the Board of Directors. I appreciate the knowledgeable Management Team I work so closely with every day. I am also thankful to the MCT Staff and their commitment and caring attitudes they reflect with each member they serve. And finally, the membership is why we are here, and I thank each member of MCT for allowing us to serve them.

Thad Angelle
President/CEO

BALANCE SHEET

| Assets | 12/31/2021 | 12/31/2020 |
|------------------------------|-------------------|-------------------|
| Cash | \$3,163,506 | \$3,225,311 |
| Personal Loans | \$83,549,882 | \$81,173,768 |
| Real Estate Loans | \$112,191,167 | \$94,132,612 |
| Business Loans | \$913,859 | \$841,358 |
| Credit Card Loans | \$7,855,010 | \$7,248,009 |
| Less Allowance for Loan Loss | \$(329,332) | \$(408,515) |
| Land and Building | \$9,328,460 | \$7,908,142 |
| Furniture and Fixtures | \$612,187 | \$402,710 |
| Investments | \$131,224,982 | \$147,947,895 |
| Other Assets | \$14,556,172 | \$14,517,198 |
| Total Assets | \$363,065,893 | \$356,988,488 |

Liabilities & Equity

| | | |
|------------------------------------|-------------------|-------------------|
| Accounts Payable | \$4,692,890 | \$4,172,794 |
| Interest/Dividend Payable | \$79,713 | \$84,526 |
| Other Liabilities | \$(2,335,375) | \$6,852,028 |
| Shares | \$164,554,216 | \$152,425,430 |
| Share Drafts | \$123,162,077 | \$121,671,490 |
| Certificates of Deposit | \$18,002,707 | \$19,331,608 |
| Money Market Funds | \$14,548,651 | \$12,550,840 |
| Individual Retirement Accounts | \$8,428,622 | \$9,370,244 |
| Other Comprehensive Income | \$(3,957,077) | \$(5,938,151) |
| Reserve Fund | \$3,933,574 | \$3,933,574 |
| Undivided Earnings | \$32,264,058 | \$30,913,740 |
| Accumulated Unrealized Gain (Loss) | | |
| On Available to Sale Securities | \$(308,163) | \$1,620,365 |
| TOTAL LIABILITIES AND EQUITY | \$363,065,893 | \$356,988,488 |

Statistical Information

| | | |
|---|--------|--------|
| Number of Members | 20,746 | 20,555 |
| Growth in Membership | 0.93% | 0.07% |
| Operating Expenses as a Percent of Total Income | 88.17% | 85.15% |
| Total Loans as a Percent of Assets | 56.33% | 51.37% |
| Capital (Reserves & Undivided Earnings) | 9.96% | 9.75% |
| Investments as a Percent of Assets | 36.14% | 41.44% |
| Growth in Shares and Deposits | 4.23% | 20.48% |
| Growth in Loans | 11.51% | -3.68% |
| Growth in Assets | 1.70% | 19.03% |

STATEMENT OF INCOME & EXPENSES

| | 12/31/2021 | 12/31/2020 |
|---|--------------|--------------|
| Interest Income | | |
| Income from Loans | \$8,988,154 | \$9,439,420 |
| Income from Investments | \$1,058,126 | \$1,064,779 |
| Total Interest Income | \$10,046,280 | \$10,504,199 |
| Interest Expense | | |
| Dividends on Shares | \$279,155 | \$331,811 |
| Interest on Deposits | \$783,556 | \$1,046,338 |
| Interest on Borrowed Money | \$66,089 | \$ - |
| Total Interest Expense | \$1,128,800 | \$1,378,149 |
| Provision for Loan Losses | \$138,061 | \$152,842 |
| Non-Interest Income | | |
| Fee Income | \$1,434,007 | \$1,300,385 |
| Other Operating Income | \$3,663,825 | \$3,257,997 |
| Gain(Loss) on Investments | \$198,640 | \$- |
| Gain(Loss) on Disposition of Fixed Assets | \$60,903 | \$39,302 |
| Other Non-Operating Income (Expense) | \$499,680 | \$371,304 |
| Total Non-Interest Income | \$5,857,055 | \$4,968,988 |
| Non-Interest Expenses | | |
| Employee Compensation and Benefits | \$6,692,801 | \$6,502,055 |
| Travel and Conference | \$219,439 | \$133,334 |
| Office Occupancy | \$902,618 | \$878,302 |
| Office Operations | \$2,656,844 | \$2,561,267 |
| Promotion and Marketing | \$878,921 | \$834,320 |
| Loan Servicing | \$428,739 | \$504,806 |
| Professional and Outside Servicing | \$1,410,042 | \$1,319,813 |
| Regulatory Fees | \$32,021 | \$37,758 |
| Miscellaneous | \$64,731 | \$54,500 |
| Total Non-Interest Expense | \$13,286,156 | \$12,826,155 |
| Net to Undivided Earnings | \$1,350,318 | \$1,116,041 |

BOARD & ADVISORY DIRECTORS

| NAME | TERM OF OFFICE EXPIRES |
|--------------------|-----------------------------------|
| Deborah Norris | 2022 |
| Randy Chance | 2022 |
| Dr. Kimberly Pitts | 2022 |
| Dr. George Scott | 2023 |
| Rebecca Demeter | 2023 |
| Michael Laird | 2023 |
| Jimmy Myers | 2024 |
| Randy Brown | 2024 |
| Trent Devenzio | 2024 |

ADVISORY

Gary Tiner
Dr. Bobby Lopez
Zulema Escobedo
Sheri Arnold

EXECUTIVE MANAGEMENT

Thad Angelle, Chief Executive Officer
Chad Powell, Chief Financial Officer, Executive Vice President
Keith Fontenot, Chief Lending Officer
Karen Frederick, Chief Operations Officer