

MPECU'S 86TH ANNUAL MEETING



203
New Members

2018 Fun Facts.

Member Owned and Member Driven.
MPECU belongs to you.

Annual Members/Owners Meeting

February 6th, 2019 | 5:00 PM

Call to Order and Welcome

Ascertainment of Quorum

Introduction of Board and Committees

Minutes of Previous Meeting

Reports to the Membership

Chair of the Board of Directors - Bob Bastianelli
President/CEO - Deb Almirall
Chair of the Supervisory Committee - Marcia Podratz
Chair of the Credit Committee - Micheline Bayiha

Old Business

New Business

Nominating Committee

Elections

Adjournment

547

Hours Volunteered

26

Financial Education
Courses Held in 2018

2018 Fun Facts.

Volunteers & Staff

Board Members:

Bob Bastianelli
Jeremy Caine
Wing Chan
Beth Fredrickson
Don Kozlovski
Eric Skadsberg
Doug Welnetz

Credit Committee:

Micheline Bayiha
Ali Comnick
Mike French
Steve Sharkey

Supervisory Committee:

Marilyn Carter
Tom Meyer
Marcia Podratz
Joscelyn Skandel
Dale Sundin

MPECU Retirement &

Financial Services:

Ed Grondahl

MPECU Staff:

Deb Almirall
Mary Agostino
Jenny Anderson
Carolyn Burke
Peter Cieluch
Teresa Harber
Victoria Haryu
Erin Hoxsie
Ruth Keller
Jean Kuyk
Annie Lepper
Heidi Mengelkoch
Leah Morehouse
Jane Naeyaert
Cory Ouellette
Cheryl Pillsbury
Jennifer Saari
Brian Shelton
Riley Snow
Tara Stone
Tess Thorstad
Sadie Zitzmann
Cindy Zoldak

2018 Fun Facts.

8,083

Checks deposited with
the MPECU mobile app

Minnesota Power Employees Credit Union
Minutes of the Annual Meeting
February 7, 2018

President Bob Bastianelli called the 85th Annual Meeting of the membership to order at 6:38 p.m. at the Harborside Ballroom in the Duluth Entertainment Convention Center, 350 Harbor Drive, Duluth, MN. After welcoming members and guests, the meeting was officially called to order.

Don Kozlovski, Secretary, certified that invitations to the Annual Meeting were mailed or emailed to members on January 28, 2018, as prescribed by credit union by-laws. The notice and certification were filed with the minutes of the meeting.

Kozlovski called the roll of the Board of Directors and Committee members.

Credit Union by-laws require 15 members to be present at the annual meeting to constitute a quorum. Kozlovski declared that a quorum was present. Final annual meeting attendance was 190, of which, 160 were members, 26 were joint members and 4 non-members.

It was moved, seconded and approved to dispense with the reading of the 2017 Annual Meeting minutes.

The following reports/acknowledgements were presented and filed with the Annual Meeting minutes:

- President Bastianelli reported on behalf of the Board of Directors;
- Debora Almirall presented the President/CEO report, including employee service awards and introduction of the following guests:
 - o Mark Cummins, President and CEO of the Minnesota Credit Union Network
 - o Chris Cummins, Mark's wife and contributor to the MNCUN Global Women's Leadership Network
 - o Marcia Armstrong Lewis, Chief Examiner of Credit Unions, Minnesota Department of Commerce
 - o Ed Grondahl, Financial Advisor with MPECU Retirement and Investment Services
 - o Jake Baker, attorney with Hanft Fride
- Mark Cummins addressed the membership, congratulating MPECU on 85 years of service. He also congratulated Debora Almirall for

having received the Top Women in Finance award in 2017. Finally, he presented Annie Lepper with a MNCUN award in the Marketing Category, for MPECU's fee-free ATM and free checking campaign.

- Micheline Bayiha presented the Credit Committee Report;
- Marcia Podratz reported for the Supervisory Committee;
- Beth Fredrickson reported for the Nominating Committee.

There was no Old Business brought to the attention of President Bastianelli.

There was no New Business brought to the attention of President Bastianelli.

Beth Fredrickson introduced the following slate of candidates:

Board of Directors

3-year terms: Doug Welnetz
Jeremy Caine

Supervisory Committee

3-year terms: Marcia Podratz
Marilyn Carter

Credit Committee

3-year terms: Micheline Bayiha
Ali Comnick
Steve Sharkey

President Bastianelli called for nominations from the floor. None were presented. It was moved, seconded and approved to close nominations. Bastianelli instructed the Secretary to cast a unanimous ballot for nominees for their respective offices and terms, by general consent of the Annual Meeting attendees.

There being no further business, President Bastianelli thanked everyone for attending and adjourned the meeting at 7:08 p.m.

Submitted by Don Kozlovski, Secretary and Bob Bastianelli, Chair

Board of Directors Report

Thank you for joining us this evening as we celebrate 86 years of service. Though the last 86 years have brought plenty of changes to our Credit Union, our commitment to serving our membership has never changed.

I'm pleased to report on behalf of your Board of Directors that MPECU had another successful year, strengthening the overall financial position and continuing position for future growth. Your Credit Union had another satisfactory annual audit. And the staff of MPECU continued to find ways to streamline procedures to serve you better.

I'd also like to congratulate our CEO, Debbie Almirall on her prestigious recognition. In the spring of 2018, Debbie was selected by the Minnesota Credit Union Network as the Credit Union Professional of the Year. This honors program recognizes Credit Union professionals who are making an impact not only in their Credit Unions but also in their communities in Minnesota. Congratulations Debbie—we're all very proud that you're getting additional recognition for all the hard work you do.

This year, we are continuing to position MPECU towards the future. Your Board of Directors will continue to provide oversight and guidance taking your feedback to ensure that MPECU remains strong while providing you the best value for all your financial services.

Thank you to my fellow directors and committee members for all the work and dedication you put towards making MPECU a strong and healthy Credit Union. I'd like to recognize and thank Dale Sundin who will be retiring from our Supervisory Committee after serving on both MPECU committees and the Board of Directors for several

Approved **780**
loan applications totaling
\$17 million

205,109
ACH transactions
processed

2018 Fun Facts.

years. Thank you for your service Dale. I'd also like to recognize and thank Don Kozlovski for his service on the MPECU Board of Directors. We appreciate both of your commitment and guidance in steering MPECU through your years of service. Finally, I'd also like to thank the management team and staff of the Credit Union for their daily commitment to taking care of members and making MPECU a great place to bank.

And most importantly, thank you to all our member-owners who support MPECU. We invite you to get involved at MPECU at a director or committee level—we're always interested in adding more voices to the table as we grow and expand. This Credit Union was founded on the Credit Union principle of 'People Helping People'. We honor this commitment and are looking forward to doing so long into the future.

Respectfully submitted,

Bob Bastianelli
Chair of the Board

MPECU's President Report

Welcome to the 86th Annual Meeting of our credit union! We continue to build upon and honor our past success while modernizing and working to serve you all in the future.

2018 was a busy year. We continued our tradition of profitability and beat our budget. During 2018 we focused on our new mobile and online systems. We have seen a changeover from mainly teller traffic to more online and mobile use. Monthly teller transactions declined from around 6000 in the beginning of the year to a little over 4000 in December 2018. Remote deposits (that's where you take a picture of your check with your phone) increased from nearly 400 per month in January 2018 to around 650 per month in December and online banking users increased from 2450 to 2650 during the same time period. We now have over 1300 mobile users which was up from around 1000 at the beginning of the year. And remember you can use ANY ATM in the United States free of charge! Clearly, our investment in our technology and systems are popular! The online loan application is up and running. Special thanks to Annie, Jennifer and Cindy for their hard work to make that happen. Look for a new gamified financial management tool GZO which will be implemented later in 2019. I think it will make managing your banking needs easier and it is FUN!

We are working on employee development and have implemented the CUNA Lender Development Program. Our goal for our lenders was 25% and we achieved 24.4% for the year! We are so proud of our lending staff. Cory has been selected to work as a CREW Ambassador and Tara has taken on the role of our Grassroots (GREAT) Coordinator both with the Minnesota Credit Union Network. If you are signed up for GREAT you may get an email from Tara letting you know that action is needed. These alerts help us to keep our credit union movement strong. We continue to participate in the MNCUN and Global Women's Leadership Network which gives our women the tools they need to excel and grow in our credit unions.

We have participated in the United Way Day of Caring, Northland Newborn Foundation, Charlene's Light, Community Action Duluth, Zeitgeist and many other community events. MPECU is also proud to have sponsored a total of 17 events during 2018. Credit union

employees provided over 547 hours of volunteer service to our community in the past year.

I have two credit union employees who are receiving years of service awards this year Cory Ouellette is celebrating 5 years! Cory would you please come up and receive your award? Riley Snow is celebrating 10 years of service. Riley would you please come up and accept your award? Please join me in thanking them for their service. Our employees are truly our greatest resource. Will employees who are here this evening please stand and be recognized. And finally special thanks to Annie Lepper and her team who put this wonderful dinner together. Will the dinner committee please stand and be recognized.

Please also help me in recognizing our special guests: Ed Grondahl – MPECU Retirement and Investment Services I appreciate the opportunity to work with so many wonderful employees and happy to be starting my sixth year with the credit union. It is our pleasure and an honor to serve all of you - our Member Owners. Thank you for trusting us with your finances and remember to refer us to others who may need our help and support with theirs.

Respectfully submitted,

Debora S. Almirall
President/CEO



Statement of Financial Condition

Minnesota Power Employees Credit Union
Balance Sheet
December 31, 2018 and 2017

	2018	2017
Assets		
Cash and Cash Equivalents	\$4,876,798	\$5,365,059
Securities and Investments	20,161,212	23,384,732
Loans, net	65,997,348	57,065,151
Accrued Interest Receivable	208,403	195,482
Furniture, Equipment & Leasehold Impr, net	923,870	1,075,802
National Credit Union Share Insurance Fund Deposit	763,554	786,451
Other Assets	<u>6,490,221</u>	<u>6,073,248</u>
Total Assets	<u>\$99,421,406</u>	<u>\$93,945,925</u>
Liabilities and Members' Equity		
Members' Share Accounts and Certificates	76,955,166	77,792,439
Dividends and Interest Payable	74,381	44,395
Federal Home Loan Bank Advances	6,095,524	-
Accrued Expenses and Other Liabilities	<u>269,230</u>	<u>299,900</u>
Total liabilities	83,394,301	78,136,734
Reserves	1,850,786	1,850,786
Undivided Earnings	14,287,357	14,041,552
Gain (Loss) Available for Sale Securities	(370,470)	(328,952)
Net Income	<u>259,432</u>	<u>245,805</u>
Total Members' Equity	16,027,105	15,809,191
Total Liabilities and members' Equity	<u>\$99,421,406</u>	<u>\$93,945,925</u>

Statement of Income

Minnesota Power Employees Credit Union
Income Statement
For Periods Ending,

	December 31, 2018	December 31, 2017
	<u>(Year-to-Date)</u>	<u>(Year-to-Date)</u>
Interest Income		
Loans Receivable	\$2,879,573	\$2,618,530
Investments & Interest Bearing Deposits	485,517	474,332
Total Interest Income	<u>3,365,090</u>	<u>3,092,862</u>
Interest and Dividend Expense	332,044	130,827
Net Interest Income	<u>3,033,046</u>	<u>2,962,035</u>
Provsion for Loan Losses	<u>131,782</u>	<u>26,009</u>
Net Interest Income After Provsion	2,901,264	2,936,026
Non-Interest Income		
Service Charges and Fees	117,974	117,817
Other	748,550	713,974
Gain/(Loss) on Assets	-	-
Total Non-Interest Income	<u>866,524</u>	<u>831,791</u>
Non-Interest Expense		
Compensation and Benefits	1,626,358	1,754,681
Occupancy	408,366	362,558
Office Operations	406,539	382,096
Education and Promotion	200,015	206,505
Loan Servicing	231,315	227,945
Professional and Outside	460,737	439,992
Other	175,026	148,235
Total Non-Interest Expense	<u>3,508,356</u>	<u>3,522,012</u>
Net Income	<u>\$259,432</u>	<u>\$245,805</u>

2018 Fun Facts

10,923
Online Bills Paid
via Bill Pay

Candidate Bios

Board of Directors

Eric Skadsberg – 3 year term

- Retired from Minnesota Power (38 year employee)
- MPECU Supervisory Committee 2008-2012
- MPECU Board of Directors 2013-present
- Member of MPECU for 36 years

Mike French – 3 year term

- Civil Engineer Lead at LHB
- Employee of LHB since 2004
- MPECU Credit Committee 2014-present
- Member of MPECU for 12 years

Supervisory Committee

Ryan Bauers – 3 year term

- Community Engagement & Development Director at Zeitgeist
- Bachelor of Arts in both Spanish and Communications
- Member of MPECU for 1 year

Credit Committee

Nathan Schmidt – 3 year term

- Owner Spectrum Computer Services since 2011
- Volunteers with non-profits for technical services and advisory
- Member of MPECU for 4 years

2018 Fun Facts

72,702

Online Banking
Transactions processed

370,693

Debit Card transactions
processed

Main Office

30 W. Superior Street, Suite 126
Monday through Friday
8:00 AM to 5:00 PM

maurices Branch

425 W. Superior Street, Suite 1070
Monday through Friday
8:00 AM to 5:00 PM

Arrowhead Branch

3308 W. Arrowhead Road
Monday through Friday
9:00 AM to 5:30 PM

**www.mpecu.com
218-336-1800**

