



63rd Annual Meeting Minutes

Friday, October 11, 2019 at 6:43 p.m.

The annual meeting was held at the P-SJ-A High School cafeteria located at 500 E. Nolana Loop, Pharr, TX. 78577

At 6:00 p.m. a BBQ meal was served prior to the initiation of the 63rd Annual Meeting.

Following the meal, the members remained at the cafeteria for the commencement of the business meeting.

Board Members Present:

Loel Garza Nereo Lopez Rosie Rakay Daniel Leal

Board Members Absent:

Jose A. Farias Nora T. Cantu Luis Ramos

- I. **Welcome** – George H. Bailey, President / CEO welcomed the members and guests to the Credit Union 63rd Annual Membership Meeting.
- II. **Invocation** – George H. Bailey called Josie Castillo, NAFTA FCU member to the podium to give the invocation. After the invocation George H. Bailey announced that the head table would be served first, and the membership could then follow.
- III. **Call to Order** – The 63rd Annual meeting was called to order by Loel Garza, Vice-Chairman of the Board at 6:43pm.
- IV. **Ascertainment of a Quorum** – Rosie Rakay ascertained that a quorum was present with more than 30 members in attendance.
- V. **Introduction of Board of Directors** – George Bailey, President/CEO introduced the Directors that were present. He mentioned that Jose A. Farias, Luis Ramos and Nora T. Cantu were unable to attend due to unforeseen circumstances.
- VI. **Approval of the 62nd Annual Membership Meeting Minutes** –The minutes of the previous Annual Membership Meeting held on November 9, 2018 were distributed in print form. Loel Garza then asked for a motion to approve the 62nd Annual Membership Meeting minutes. Motion was made by member Jose Jilpas and seconded by Aida Escobar to approve the minutes as written. A vote was taken, and the motion carried to accept the minutes as presented.
- VII. **Chairman's Report** – Loel Garza presented the Chairman's Report to the membership. The Chairman's Report was also printed in the annual membership meeting booklet for the members to review.

Good Evening and Happy Birthday to the Credit Union!! My name is Loel Garza and I am the Vice Chairman for NAFTA Federal Credit Union. Our Board Chairman, Mr. Jose Adan Farias is unable to attend tonight's meeting so I'm his replacement. The Credit Union is now 63 years old, almost old enough to start collecting Social Security and old enough to start getting the Seniors Discount at Luby's. All joking aside, it is my honor to welcome you to the 63rd Annual Meeting of NAFTA Federal Credit Union.

On behalf of the Board of Directors, I thank you for the tremendous amount of loyalty and trust you have given the credit union over the years and with your continued loyalty I am sure we will have a strong financial institution that will continue meeting our members' financial needs for the next 63 years.

Now it is my honor to give you our **63rd** "State of our Credit Union address."

2019 has been a good year for the Credit Union, although there have been challenges, many of which will continue to confront us for many years to come. Cyber Attacks are a huge concern and there is no end in sight. This topic has dominated news reports. There have been widespread ransomware attacks on municipalities, information breaches at Equifax and Amazon, and some lunatics even hacked Dunkin Doughnuts. However, NAFTA Federal Credit Union remains steadfast in facing these challenges and has taken proactive measures to protect and safeguard our members' information which we consider our number one priority.

Financially, 2019 is shaping up to be an excellent year for the Credit Union. We remain in a strong and stable position ending September with over \$87 million in assets, close to \$50 million in loans and over 11,500 members. Our 2019 financial audit was excellent with no exceptions noted and our Safety and Soundness review by the National Credit Union Administration was exemplary. We really could not ask for better audit and examination reports.

As we continue to fine tune our security measures and build on our financial strengths, we strive to improve the quality and convenience of our services. Our online presence gives members convenient access to financial products without leaving the comfort of their homes. Communication is instantaneous through text messages and email. Bills are paid without ever writing a check. Funds are transferred with just the click of a finger and loans are processed through an app on your cell phone.

I hope you enjoy the rest of this evenings meeting and festivities and let me close with this statement:

No matter what the future brings, the Board of Directors and staff, solemnly pledge to commit to the following:

"We promise to be a Credit Union, where members are worth more than money and to always remember that we exist for the benefit of our membership."

As we embark on another year, I am confident that your credit union will continue to be an organization that we can all be proud of. I also want to extend a special **THANK YOU** to those of you who offer your time and leadership on our board or communities.

On behalf of our staff and volunteers, thank you for your support, and here's to another GREAT YEAR.

Thank you, Ladies and Gentlemen

VIII. **Supervisory Committee Report by Chairman Loel Garza** –Loel Garza also gave the supervisory committee report.

NAFT Federal Credit Union Supervisory Committee's mission and purpose are to protect the financial welfare of its members by examining the affairs of NAFT Federal Credit Union, directing and overseeing an annual audit of the Credit Union's financial statements, and reporting to the appropriate regulatory agencies as required. The Committee provides independent advice, assistance, and recommendations to the Board in the oversight of the credit union's (internal and external) and audit functions and supports the Board of Directors in the fulfillment of its oversight responsibilities.

The Committee's primary duties and responsibilities include: monitoring the integrity of financial reporting, compliance with legal and regulatory requirements, appointment and supervision of independent auditors, performance of internal audit functions, evaluation of internal controls and operational risk management, and providing an avenue of communication among the independent auditors and the board.

Annual External Audit: An external audit was performed by the Credit Union Resources, Inc., Financial & Technology Resources for the period that encompasses the dates of 03/01/2018 thru 02/28/2019. This audit was performed on April 23 – 26, 2019. The audit team reviewed the financial condition, policies, files and internal controls of the credit union. No exceptions were noted; all accounts were in balance and all accounting is being performed as required under credit union accounting standards. The audit reports were also reviewed in depth with NAFT Federal Credit Union's Board of Directors and Management Team. The audit team highly commended the credit union's staff for its exceptional cooperation and continued conscientiousness in maintaining the books and records of the credit union and related operations.

In addition, the National Credit Union Administration, a U.S. Government Agency completed its annual examination on 02/28/2019, which covered the period of 01/01/2018 thru 03/31/2019. NAFT Federal Credit Union is in excellent operational order. This is confirmed by written and oral reports from the examiners.

In addition to the annual audit and regulatory examination, the National Automated Clearing House Association (NACHA) operating Rules require that all institutions that send or receive ACH transactions conduct an ACH audit annually to ensure compliance with the ACH rules and minimize risk associated with ACH payments. Therefore, on 10/11/2018 an ACH self-audit was performed. Each facet of the credit union's ACH operations including receiving, originating, risk exposure, correct and timely ACH returns, balancing and reconciliation functions were audited, and no weakness noted.

The credit union put \$1,377,966.15 into undivided earnings in 2018. The end of the year assets was at \$84,678,380.79.

I would like to express my appreciation to fellow Committee Members, Manuel N. Perez, Mary Jilpas and Ramon Billescas for their time and commitment throughout the term year.

On behalf of the Committee, I would also like to commend the Board of Directors, Management and the entire NAFT Federal Credit Union Team for continuing to provide extraordinary value to Members.

Sincerely,

Loel Garza

Supervisory Committee, Chairman

- IX. **Nominating Committee Report** – Loel Garza called Mary Jilpas to give the nominating committee report.

Good Evening Members and Guests.

The Nominating Committee nominated Luis Ramos (3-year term) and Rosa Rakay (3-year term) for the two board positions that will expire tonight. The two positions are currently held by the above-named incumbents.

Luis Ramos - Mr. Ramos has been a member of NAFTA Federal Credit Union for 39 years and was elected to the Board of Directors in 1995. Mr. Ramos strongly supports the common-bond, teamwork concept that makes credit unions unique and that they are founded on the basic philosophy of "**people helping people.**"

Rosa M. Rakay - Mrs. Rakay has served on the board of directors for the past 6 years and has been a credit union member since 1987. Mrs. Rakay is a strong advocate of the credit union philosophy "*people helping people*" and takes great pride in serving on the credit union board of directors.

There were no other nominations made by petition as permitted by the Credit Union By-Laws and nominations are not permissible from the floor. Therefore, those nominated by the nominating committee will be declared elected to serve a 3-year term on the Board of Directors of NAFTA Federal Credit Union, by Loel Garza, Vice Chairman of the Board, and beginning immediately following this 63rd annual meeting.

Thank You Fellow Nominating Committee Members

Loel Garza and Aida Escobar

- X. **Declaration of Elected Directors** – Mr. Garza stated,

*"I hereby report that Luis Ramos and Rosa Rakay have been elected to serve on the board of directors of NAFTA Federal Credit Union for a 3-Year term.
Congratulations to both of you."*

- XI. **Unfinished Business** – None

- XII. **New Business** – None

- XIII. **Adjournment** – Mr. Garza asked for a motion to adjourn. A motion was made by Norma Billescas to adjourn the 63rd Annual Membership Meeting of NAFTA Federal Credit Union. The motion was seconded by Mary Jilpas. Motion carried and the meeting adjourned at 6:58 pm.