

TEACHERS FEDERAL CREDIT UNION

ANNUAL MEETING

held at
102 Motor Parkway, Hauppauge, NY 11788
April 22, 2019

I. CALL TO ORDER

The meeting was called to order by Chairman Southerton at 6:00 p.m. Chairman Southerton welcomed all members, staff, and fellow volunteers. Chairman Southerton designated Nicholas Campasano as Parliamentarian and Mim Vaiana as Recording Secretary of the Annual Meeting. April Neitlich, Board Secretary, ascertained that a quorum was present.

The Chairman introduced Teachers' Board of Directors.

The Chairman introduced Teachers' Supervisory Committee.

II. APPROVAL OF MINUTES

A motion was made by Mark Eberharth, duly seconded, calling for waiving the reading of the minutes of the April 23, 2018 Annual Meeting. **MOTION CARRIED**

A motion was made by Francis Collins, duly seconded, to approve the minutes of the April 23, 2018 Annual Meeting, as presented. **MOTION CARRIED**

III. CHAIRMAN'S REPORT

Mr. Southerton stated that his report can be found in the Annual Report. He thanked the efforts of management, staff, and volunteers for their dedication and hard work in helping to continue to focus on meeting the financial needs of our membership through outstanding quality service, convenient service and competitive rates. Mr. Southerton introduced Mr. Robert G. Allen, President/CEO.

IV. PRESIDENT'S REPORT

Mr. Allen thanked everyone for being here tonight. He stated that his written report can be found in the Annual Report. Mr. Allen stated his written report heavily references the acquisitions that were made last year, the three credit unions we took over in a four month period. The Treasurer's report reflects the numbers of those acquisitions, total loans, deposits, membership numbers, net income numbers, and the fact that we added six branches last year, three branches as a result of those acquisitions and three that were added due to growth. He also stated, what is important, is the fact that we did not absorb any of the taxi loans from the two taxi credit unions that we purchased. He noted those are heavy losses in the industry and we basically negotiated the deal without taking those loans, which is in line with what we always do as an organization, and that is to protect Teachers Federal Credit Union, protect the membership, and

make sure that the credit union is going to be around in the future. Mr. Allen noted, what is significant and gives us the greatest potential for this organization going forward, is the fact that in the field of membership for one of those credit unions was a State Chartered credit union as opposed to our Federal Charter and one that was grandfathered in for many years back. He made note that our charter and our ability to serve people are now open ended which means we can serve anybody in the United States. Mr. Allen stated the history of the Credit Union was started by a group of teachers in Bay Shore, then the teaching community, anybody that was employed in the school system in any capacity, all of the students, all of the family members of all of the above, multiple employer groups, including Brookhaven Labs which was the first organization that came into the fold, then to a community charter which covered Nassau and Suffolk County and now to a National Charter which makes the potential for this organization going forward really tremendous. He also stated, since those acquisitions took place, we have been going out into the marketplace and slowly and prudently expanding. He noted we have been building market awareness of TFCU, primarily in Queens, which we have two locations and one in the city. He noted we have also been taking advantage of that charter to expand our lending and membership opportunities outside our traditional areas, and in doing so, we have received better than \$60 million dollars in loans starting in November from areas in New Jersey, the city, north of the city, and Westchester; and from a car dealership standpoint, we signed on about 65 different car dealers going into those areas as well. Mr. Allen stated, as we are now in 2019, we continue to grow, our loan portfolio has grown over \$92 million, our deposits are up over \$84 million, total assets grew over \$111 million, net income is about \$10.8 million, our net worth ratio is on its way back up at 9.03%, because it had gone down a little bit because of those acquisitions, and our membership continues to grow having hit almost 330,000 members that we serve right now.

He mentioned the structural items being undertaken in this building due to the fact we have the space to expand. He noted we started to buildout an additional area for the Tellers that handle the ITMs, the units that we have in our new branches which should be completed in May, expansion of the Indirect Lending Department which takes all of the volume from our dealership network as well as adding more staff to handle the volume, and we are relocating our Human Resources and Marketing Departments to a newer space making more room for Accounting, Operations, and IT to expand into their space. He also noted we re-located our Port Jefferson Station Branch to a new location on Route 347 which has high visibility with a double drive-thru, we reduced our Saturday hours to keep the overhead down, and we will be opening a new branch in Stony Brook within a matter of months. Mr. Allen stated we have continued the First Time Homebuyers and Solar Energy Seminars. He stated the First Time Homebuyers Seminars continually sell out with about 100 people attending. He noted the panel at the First Time Homebuyers Seminar consists of our staff from lending, the title company, the appraisal company, a real estate company, title insurance representatives, and attorneys. He also noted that it is a worthwhile seminar for someone that has never purchased a home before because it educates the attendees on the whole process from start to finish. Mr. Allen stated we participated in the first quarter with the IRS Volunteer Tax Assistance Program. He also stated we relocated our backup data site to Hudson Valley to get a more geographic disbursement as well as more stability. He noted, as we are in the second quarter, we are implementing an outside mortgage salesforce which will be going live in the near future. He also noted we instituted another lockbox type of payment for electronic transfers from the major large banks, such as Chase Manhattan, where members are sending checks drawn on those institutions and are coming in having to be processed manually, are now going to

be done digitally/electronically and will credit the members funds much faster. Mr. Allen stated this is his 30th consecutive Annual Meeting and his last as President/CEO. He stated he plans on retiring imminently, and he thanked the many staff past and present that have been so supportive to work with. Mr. Allen noted we have a group of people that are conscientious, dedicated and professional and he is so proud of what we have been able to accomplish together at Teachers.

Mr. Southerton stated, as Bob noted, this is his last Annual Meeting as President/CEO. He stated that Bob came to the Credit Union at a time when there was concern about keeping the lights and doors open, and came with a plan that rescued this Credit Union and built it into one of the top 20 credit unions in America. Mr. Southerton thanked Mr. Allen on behalf of the Board and all of the members of Teachers Federal Credit Union for all he did throughout his 30 years. He noted that he is not acting like someone who is about to retire, but he is running through the tape at the end of the finish line and that is a real testimony to the kind of man he is. Mr. Southerton thanked him sincerely as well as personally.

V. TREASURER'S REPORT

Mr. Nuñez thanked Bob Allen for having done a wonderful job, especially this past year, as we had tremendous growth and achieved three wonderful mergers that will benefit this organization into the future. He gave additional highlights which included the following: loans to members grew 23% to \$4.5 billion, deposits ended at \$6.59 billion, an increase about 26% over the previous year, assets increased to \$7.25 billion which is quite a jump from the previous year, and part of that is due to the mergers that we closed during the year, net worth ratio is at 9.03% for the period ending 12/31/2018, which means Teachers Federal Credit Union is in a very healthy financial position, thanks to every single staff member in this room and the whole organization as well as Mr. Allen and the top management. Mr. Nuñez stated that we anticipate and hope this growth will continue into the future.

VI. SUPERVISORY COMMITTEE REPORT

Mr. Nohe read his report which can be found in the Annual Report. He stated that over the last twenty years, he has spent ten years as Chairman of the Supervisory Committee. He noted some of the responsibilities of the Supervisory Committee include:

- Ensure that the Credit Union is in full compliance with the National Credit Union Administration (NCUA) regulations with all relevant laws and regulations.
- Ensure that a complete and thorough audit of the Credit Union's records and operations, including verification of member loans and share accounts is conducted at least once a year.
- Ensure that all necessary written audits and work papers are submitted to regulatory agencies in a timely fashion.
- Ensure that adequate internal controls are established and effectively maintained to safeguard the Credit Union's assets.

He stated that he is pleased to report that TFCU has continued its high standard of compliance. He noted that the balance sheets and related statements of income are

presented accurately. He also noted that members can rest assured that the Credit Union's financial performance and operations are regularly evaluated for continued safety and soundness.

Mr. Nohe stated that we, the committee, wish to express our appreciation to the Board of Directors, Management, and Staff for their continued cooperation and support and look forward to the pleasure of serving you in the future.

He stated, in conclusion, speaking for the Supervisory Committee and myself as Chairman, we would like to thank Mr. Allen for his insight, expertise, and knowledge. He noted that over the years we haven't always agreed, but we always reached a resolution, and that's the way it is supposed to work. He wished Mr. Allen the very best in his retirement.

VII. UNFINISHED BUSINESS

Chairman Southerton asked if there was any unfinished business. There was no unfinished business.

VIII. NEW BUSINESS

Chairman Southerton asked if there was any new business. There was no new business.

IX. ELECTION RESULTS

Chairman Southerton stated that the Nominating Committee nominated Ronald Mincio, Mario Shortino, and Timothy Southerton for positions on the board. There were no nominations by petition. A motion was made by Steve Kohlmann, duly seconded by Tom Comiskey, to have the Secretary cast one ballot for each nominee.

MOTION CARRIED

Ms. Neitlich cast one vote in support of each of the three (3) aforementioned nominees.

X. QUESTIONS AND COMMENTS

A question arose from a member regarding the usage of the Bill Payer system whether the bills are being sent electronically or mailed. Mr. Valentin responded that it depends on the company whether the service sends your funds electronically or prints out a paper check and mails it to the payee.

XI. ADJOURNMENT

There being no other business, a motion was made by Jordan Herzlich, duly seconded by Joann Lopez-Evans, for adjournment of the meeting at 6:34 p.m.

MOTION CARRIED

Timothy Southerton, Chairman

April Neitlich, Secretary