



72nd Annual Business Meeting

*March 27, 2018
Nebraska Children's Home Society*

Agenda

Call to Order

Roll Call & Determination of a Quorum

Approval of the 2017 Annual Meeting Minutes

Officers' & Officials' Reports

Unfinished (Old) Business

New Business

Nominating Committee Report

Adjournment

Minutes of the 71st Annual Business Meeting

Tuesday, March 14, 2017

Nebraska Children's Home Society

The **"71st Annual Meeting"** was called to order by Chairman John Kerwin at 9:17A.M. The meeting was held at the "Nebraska Children's Home Society" located at 4939 South 118th Street in Omaha, NE 68137. Ruth Hansen welcomed all of the **KMFCU** members to the **"Annual Business Meeting"** and introduced the Board, Supervisory Committee, and the KMFCU attending officers, Ruth then turned the microphone over to John Kerwin the Board chairman who took roll call.

ROLL CALL:

Board Members: Carol Bogacz, Ron Kmiecik, John Kerwin, Tim Zagurski, Steve Zagurski (all present)

Supervisory Committee: Donna Silkmitter (absent), Tony Bernady, Paul Krupa

KMFCU Staff: Jennifer Warnsing (CEO), Carol DiMauro, Rita Janak, and Lori McEvoy

Quorum: Mr. John Kerwin confirmed a quorum was present. John welcomed everyone to the KMFCU 71st Annual Meeting. John informed the KMFCU member's that Tim Zagurski would be the **"Recording Secretary"** for the **71st Annual Meeting**. Mr. John Kerwin then introduced the KMFCU Board and Supervisory Committee officers to the members in attendance along with Jennifer Warnsing (CEO), Carol DiMauro (Loan Manager), Lori McEvoy (Operations Manager), and Rita Janak (Chief Accountant).

Nominating Committee: Ruth Hansen next introduced the **"Nominating Committee"** for the 2017 Board elections. The committee consisted of the following persons: Carol DiMauro, Ruth Hansen, and Larry Welch. Ruth told the members there is one (1) position expiring with the March annual meeting. Each Board position is a three (3) year term.

70th Annual Meeting Minutes Approval: Chairman John Kerwin asked for the KMFCU members to take five (5) minutes and review the **"70th Annual Meeting"** minutes that were recorded and documented in the annual report. John then asked if there were any questions or concerns with the minutes. There were none. Chairman Kerwin then asked for a motion to approve the **70th Annual Meeting** minutes as presented in the "Annual Report". A motion was made by **Pat Makara** and a second by **Ruth Hansen** to approve the minutes. **Roll Call Vote:** Steve Zagurski yes, John Kerwin yes, Carol Bogacz yes, Tim Zagurski yes, and Ron Kmiecik yes. The motion carried unanimously. All ayes.

Approval Officers' & Officials' Reports: Chairman Kerwin asked the KMFCU members to please take 5 minutes to review the **Officers' Reports**, the **Statement of Financial Condition** and the **Statement of Income and Expense** as printed. John then asked if there were any questions or concerns with the **Officers' Reports**, the **Statement of Financial Condition** and the **Statement of Income and Expense**. There were none. Chairman Kerwin asked for a motion to approve the reports as written and presented in the **70th Annual Report**. A motion was made by **Tim Zagurski** and a second by **Tony Bernady** to approve the **"Officers' Reports"** and the **"Financial Reports"** as presented. **Roll Call Vote:** Steve Zagurski yes, John Kerwin yes, Carol Bogacz yes, Tim Zagurski yes, and Ron Kmiecik yes. The motion carried unanimously. All ayes.

Unfinished Business: Chairman Kerwin stated there was no **"Unfinished Business"** from the **70th Annual Meeting** and asked if there was any **"New Business"** to be presented. There was one (1) item to be addressed.

New Business: Ruth Hansen asked Jennifer Warnsing (CEO) to address the membership in regards to the 120th street branch closing and an update on the plant remodel. Jennifer told the membership the 120th street location would be closing on March 31st, 2017 and all staff members will be move to the plant location at 9601 "F" street. Jennifer also informed the members that the plant remodel was completed.

Nominating Committee Report: Chairman Kerwin then turned the meeting over to Ruth Hansen to present the **"Nominating Committee Report"**. Ruth told the members there is one (1) position expiring with the March annual meeting. Each position is for a three (3) year term. Ms. Hansen stated that since there were no nomination petitions received by the January 31st 2017 filing date no election would be needed for 2017. The **"Committee"** recommended the re-election of Tim Zagurski. Tim agreed to serve as a **"Director"** on the KMFCU Board for the next three (3) years.

Board Election: Ruth Hansen told the membership there will be no Board elections in 2017 because no nominations were received.

Open Discussion: The membership had a short discussion on how to attract more members to serve on the Board and Supervisory Committee. Members felt more notice of the elections and more recruiting of individuals could be used to attract individuals.

Member's also inquired about the calendar of events that will be taking place in 2017. Jennifer told the members that several events are planned and all members will be contacted through the KMFCU newsletter and/or e-mail.

Ms. Hansen thanked everyone for attending the meeting and reminded the members to each take a gift when they exited the meeting. Ruth then turned the meeting back over to Chairman John Kerwin.

Adjournment: Chairman Kerwin thanked everyone for attending the meeting and asked for a motion to adjourn the **71st Annual Meeting**. A motion was made by Carol Bogacz and a second by Ruth Hansen to adjourn the **71st Annual Meeting**. **Roll Call Vote:** Steve Zagurski yes, John Kerwin yes, Carol Bogacz yes, Tim Zagurski yes, and Ron Kmiecik yes. The motion carried unanimously. All ayes. The meeting ended at 9:42 A.M.

President / Chairman's Report

We started 2017 off with a remodel of the Credit Union which included replacing the flooring, painting, and new furniture. We would like to thank our members for their patience during this time and we appreciate all of the compliments we have received since. We hope the upgrades have made the Credit Union more inviting and comfortable.

March 31st marked the day we closed our location at 1726 N 120th Street. This was a difficult decision made by management and the Board of Directors. Due to the lack of traffic at this location it was not feasible to support both branches. As promised we have redirected those resources to electronic services such as: Mobile Deposits, CardValet, Web Signing, EMV cards. We are continuing our efforts to add more.

The Credit Union broke negative trends in 2017 for overall loan growth and membership growth. We saw loan growth in both consumer and mortgage loans. Membership growth was mainly due to community outreach and engagement with Kellogg employees. The overall member shares decreased in 2017. In an effort to keep shares in the Credit Union, share certificate dividend rates were increased in November 2017.

The Credit Union once again held several member events throughout 2017. Some of the events included: Member Shred Days, Annual Golf Outing, Member Appreciation Night at Werner Park, Trick-or-Treat at the Credit Union, Pictures with Santa, and Youth day. We appreciate our members' support at each of these events and look forward to these events again in 2018.

Our focuses for 2018 are member growth, loan growth, community outreach, and staff development. We are in the process of implementing new software to make the member experience more enjoyable when getting a loan or opening an account. The new software will provide instant decisioning for online loan applications available 24/7. This convenience will allow members to close a loan with any authorized staff member.

We would like to thank our loyal members for their continued support, without you this would not be possible!

*Respectfully submitted,
Jennifer Warnsing, President and CEO
John Kerwin, Board Chairman*

Nominating Committee Report

The Nominating Committee for the 2018 election is composed of Jessica Smith, Mike DiMauro and Mark Pietrzak. There are two (2) positions expiring with the March annual meeting, the positions are for three (3) year terms.

Any member interested in running for a position on the Board of Directors with Kellogg Midwest Federal Credit Union was asked to complete a volunteer application and submit it to the Nominating committee. Steven Zagurski's term expires with the annual meeting, and he decided not to run for reelection. The Nominating Committee recommended the reelection

of Ron Kmiecik incumbent and Ruth Hansen who have both agreed to serve as Board members.

Notification of the nominees were sent to the entire membership with their year-end statement as well as posted in the Credit Union and on the Credit Union website. There were no nominating petitions received by the filing deadline of February 9, 2018.

As per the Bylaws of Kellogg Midwest Federal Credit Union: **No election by ballot is required as long as the number of nominees equal the number of Board positions up for election. No nominations are allowed from the floor at the annual meeting.**

*Respectfully submitted,
Jessica Smith*

Supervisory Committee Report

The role of the Supervisory Committee is to act as the watchdog of the Credit Union. We ensure that Kellogg Midwest Federal Credit Union is in compliance with all Board policies and regulatory rules. In 2017 the Supervisory Committee conducted random quarterly audits in March, June, August, and November.

There were two audits done by the accounting firm of Petersen & Associates, an independent certified public accounting firm. Their final reports were submitted to the Supervisory Committee who then presented them to the Board of Directors.

*Respectfully submitted,
Tony Bernady, Chairman
Donna Silkmitter, Committee Member
Paul Krupa, Committee Member*

Treasurer's Report

I am pleased to report that Kellogg Midwest Federal Credit Union remained well capitalized at 21.3% in 2017 by the standards set forth by our federal regulator, the National Credit Union Administration (NCUA).

Your Credit Union showed a net gain in income for 2017 in the amount of \$236,078.34. The Return on Average Assets (ROA) is 0.51%, which increased from 0.28% in 2016. Total assets decreased by \$1,641,325.85 for the year ending December 31, 2017 mostly due to a decrease in share volume.

Our loan portfolio increased overall by \$2,724,534.61. Mortgage loans increased by \$1,973,187.69 and consumer loans increased by \$751,346.92. Our delinquency ratio in 2017 was 0.43% compared to 0.90% in 2016. The net Charge Off ratio was 0.38%, an increase from 0.11% a year ago.

*Respectfully submitted,
Carol Bogacz, Treasurer*

Your Future. Our Commitment.

STATEMENT OF FINANCIAL CONDITION

	<i>Dec. 31, 2017</i>	<i>Dec. 31, 2016</i>
<i>ASSETS</i>		
Cash & Investments	\$ 22,127,354.23	\$ 26,665,451.59
Loans To Members, Net	\$ 22,396,156.03	\$ 19,631,156.07
Other Assets	\$ 1,265,559.78	\$ 1,133,788.23
	\$ 45,789,070.04	\$ 47,430,395.89
<i>LIABILITIES AND EQUITY</i>		
Member Deposits	\$ 35,250,840.85	\$ 37,091,298.85
Borrowings	\$ -	\$ -
Other Liabilities	\$ 678,908.14	\$ 629,416.26
Reserves, Undivided Earnings, Accum Unrealized Gain/Loss	\$ 9,859,321.05	\$ 9,709,680.78
	\$ 45,789,070.04	\$ 47,430,395.89

	<i>Dec. 31, 2017</i>	<i>Dec. 31, 2016</i>
<i>OPERATING INCOME</i>		
Loan Interest	\$ 1,041,379.29	\$ 949,557.15
Investment Income	\$ 451,458.67	\$ 449,488.80
Other Income	\$ 309,588.31	\$ 314,160.01
	\$ 1,819,106.11	\$ 1,752,005.93
<i>NON OPERATING INCOME</i>		
	\$ 16,679.84	\$ 38,799.97
	\$ 1,819,106.11	\$ 1,752,005.93
<i>OPERATING EXPENSES</i>		
All Operating Expenses	\$ 1,429,605.21	\$ 1,486,218.09
Provision for Loan Losses	\$ 39,704.50	\$ 11,000.00
Dividends	\$ 113,718.06	\$ 118,003.55
	\$ 1,583,027.77	\$ 1,615,221.64
	\$ 236,078.34	\$ 136,784.29

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