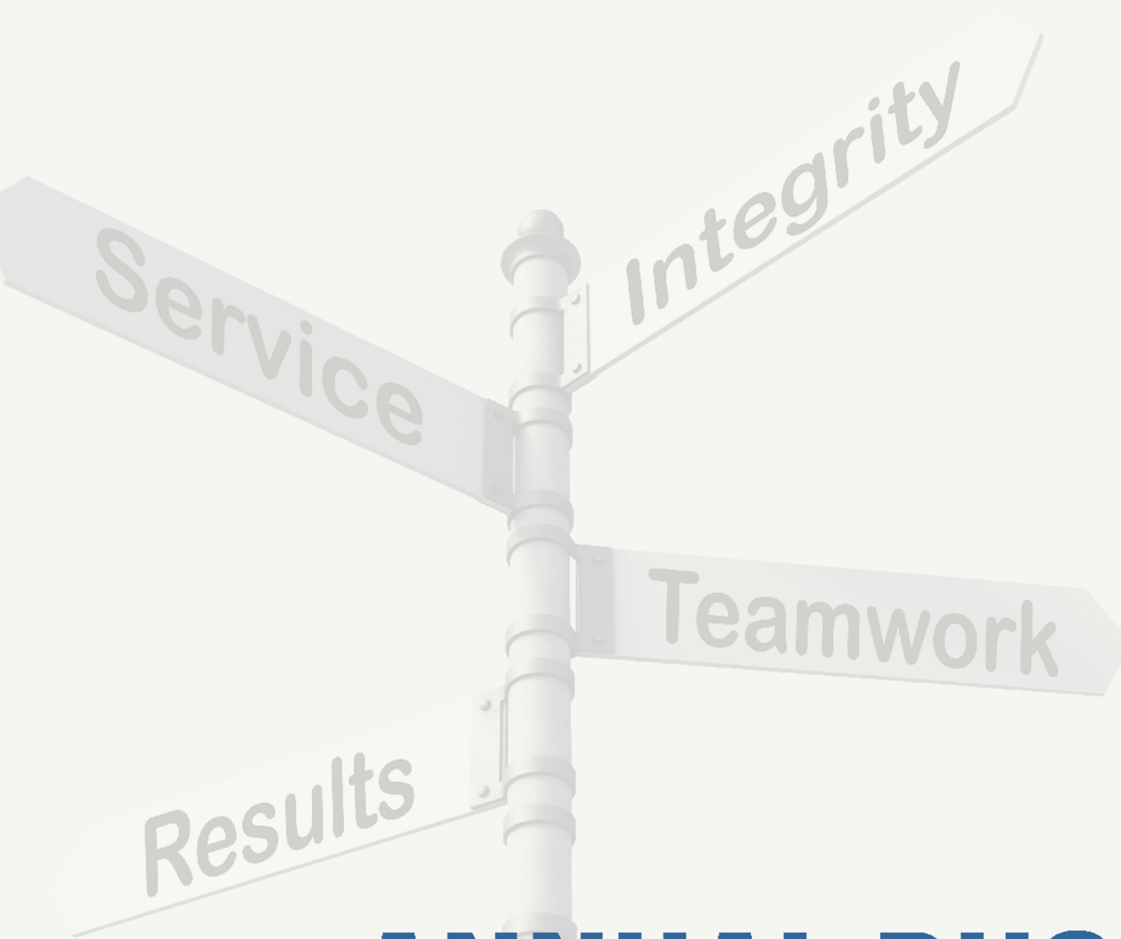


HIGHWAY CROSSROADS CREDIT UNION



ANNUAL BUSINESS MEETING

2019 Report

MONDAY, NOVEMBER 23, 2020

Rescheduled from April 3, 2020

STAFF & OFFICIALS

Credit Union Staff

Lindi Lynch
Brandi Hicks
Natalie Scott
Carla Pixley

Elected Board of Directors

**TERM
EXPIRES**

Officers

| | |
|-------------------------------|------|
| Jeff Wachter, Chairman | 2020 |
| David Wyman, Vice Chairman | 2020 |
| Mike Brandon, Treas/Secretary | 2021 |

| | |
|----------------|------|
| Scott Perry | 2022 |
| Brooks Pratt | 2022 |
| Jessie Philpot | 2022 |
| Mark Pfeffer | 2021 |

Supervisory Committee

| | |
|------------------------|------|
| Julie Duenne, Chairman | 2022 |
| Pamela Masterson | 2021 |
| Michael Harris | 2021 |

We would like to extend a special thanks to all the staff, volunteers and members who contribute to the Credit Union in so many ways. Without your efforts, our success would not be possible.

MEETING AGENDA

I. Welcome and Introductions

II. Reading of Minutes

III. Chairman's Report

IV. Treasurer's Report

V. President's Report

VI. Supervisory Committee

VII. Report of Nominating Committee

VIII. Election of Officials

IX. Old Business

X. New Business

XI. Adjournment of Business Meeting

OFFICIAL MINUTES

Official Minutes of the 66th Annual Membership Meeting March 29, 2019

Jeff Wachter welcomed everyone and explained the meeting dynamics. In recognition of our 66th Annual Meeting, our theme was "We're not Complete Without You!" Upon arrival to the Knights of Columbus Hall, each attendee received a bound Annual Report booklet.

Jeff Wachter introduced our Board of Directors, Supervisory Committee and staff. He then informed the attendees of what to expect for the evening. Our volunteers passed out small bags with puzzle pieces to each table. Upon the word "GO," The puzzles were completed. The first table to complete their puzzle began the meal line at about 6:00 p.m. All attendees, 224 Adults and 35 Children went through the buffet line and enjoyed dinner.

While, all attendees were eating their meal we played a few games of BINGO, with each winner entering the Cash Machine.

Jeff Wachter, Chairman of the Board of Directors, called the meeting to order at about 7:00 p.m. on Friday, March 29, 2019 with 259 members and guest attending.

Lindi Rains, President, was introduced for the reading of the Treasurer and President's report. She emphasized our membership increased by 13%, our loans increased by 55%, and our dividends paid to our members increased to over 250% over the previous year.

BINGO was played once to break up the business, with the winner of the game going into the cash machine.

Benji Philpot, presented the Supervisory Committee Report.

Lindi Rains, presented the reading of nominees for the 2019-2020 Board of Directors and Supervisory Committee vacancies.

After making requests for nominations from the floor and no nominations were made, Lindi asked for a motion to accept the list of nominees to be elected by acclamation. **MOTION CARRIED** with no dissenting votes. The results were as follows:

Scott Perry was re-elected to the Board of Directors for a three-year term.

Brooks Pratt was newly elected to the Board of Directors for a three-year term.

Benji Philpot was elected to the Board of Directors for a three-year term.

Julie Duenne was newly elected to the Supervisory Committee for a three-year term.

Our attendees were entertained with a jingle created and performed by Tammie Graham, Tonya Guevara, and Natalie Scott.

Jeff Wachter called for Old Business. None.

Jeff Wachter called for new business. A slide show of our past and current Highway Hero Honoree Scholarship recipients played while Jeff presented information on the scholarship features, process, and funding. Jeff and Lindi presented this year's scholarship recipients: Katherine Wyman and Chloe Pipkin.

David Wyman presented how the community can support the Highway Hero Scholarship Foundation. He went over in detail the main fundraiser, the Annual Golf Tournament. He also relayed his experience from the tournament the previous year. He ended by encouraging everyone to purchase a golf ball for the Ball Drop.

BINGO was played to break up the business, with the winner of the game going into the cash machine.

Lindi Rains did a quick review over all the products offered at the Credit Union including the new Mortgages.

Jeff Wachter announced the fun was not over, there were several drawings for several prizes and one last turn in the Cash Machine, we also presented the winner of the Cardinal Tickets.

Jeff Wachter made a motion to adjourn the business meeting at around 8:15 p.m. **MOTION CARRIED.**

Once the meeting was adjourned, meeting attendees were given the opportunity to visit with one another.

CHAIRMAN'S REPORT

On behalf of the Credit Union Board of Directors, staff and committee members, I welcome you to our 67th Annual Membership Meeting – not our typical meeting protocol; but it goes along with our unconventional year.

As you will observe, 2019 continued our positive trend of successful outcomes. We maintained our strong financial position, while continuing to offer competitive interest rates and a strong commitment of service to our members. Our mission of growth has not slowed down through 2019.

The Highway Crossroads Credit Union Debit Card has continued to grow in its use and has been a big hit with our membership, making your money more accessible and providing a valuable added service. At just 5 cents per debit card swipe, we were able to donate \$3,718.30 towards the Highway Hero Scholarship Fund in 2019 just by using our debit card program. Speaking of scholarships, we had 16 great applicants this year and look forward to re-announcing the 2020 recipients this evening.

One of our proudest accomplishments this year was again being able to provide a Profit Payout: We returned \$30,000 to our members as a “Thank You” for saving with and borrowing from Highway Crossroads Credit Union. Individual member payout was based upon dividends earned and interest paid throughout the year. Also, this year we took a big step and purchased land to build a new Credit Union, we are under construction now, with an expected completion date of mid January.

Our staff and leadership of the Credit Union continually provided the utmost level of service to all of our members. This is evident in our continued loyalty and new membership growth with minimal losses to the Credit Union.

I would also like to personally thank the members of the Board of Directors, the Credit Union Staff and the Supervisory Committee for their hard work and dedication. Finally, I would like to acknowledge you, the members, for your continued support of the Credit Union. Without your loyalty and dedication, the Credit Union could not exist.

Best Regards

Jeff Wachter
Chairman, Board of Directors
Highway Crossroads Credit Union

TREASURER'S REPORT

Highlighted below is a summary of our Credit Union's key financial performance over the past five years. I'm pleased to report the Credit Union's financial performance during this period has remained strong. More specifically, our key ratios measuring management of the Credit Union's assets show that assets are changing; our outside investments are decreasing, as our loan volume is growing. Simply speaking.... We are loaning more money to our members, therefore investing less. Outstanding job to our CU staff!

As for the Credit Union's financial position on December 31, 2019, assets were just under \$14 million, as of today, we are just above \$17 million. Our mission in 2019 was to focus on membership and deposit growth. We experienced loan growth of almost 50% in 2018 and another 22% in 2019. If you haven't taken advantage of a loan through your Credit Union, I encourage you to contact our staff today to learn more about how they would welcome an opportunity to partner with you.

On a final note, this success would not have been possible without you, our loyal members, and the hard-working Credit Union staff. We appreciate your support and on behalf of all the management, staff, and officials, I thank you for making a difference in helping our Credit Union remain strong. Our Statement of Financial Condition as of December 31, 2019 and Statement of Income and Expenses for the year ending December 31, 2019 are presented after this report. Should you have any questions, please do not hesitate to ask.

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|
| Income | \$734,399 | \$555,651 | \$410,699 | \$352,867 | \$329,029 |
| Expense | \$523,545 | \$408,343 | \$318,585 | \$278,754 | \$275,773 |
| Dividends to Members | \$131,548 | \$93,280 | \$25,830 | \$22,675 | \$23,256 |
| Net Income | \$79,306 | \$54,028 | \$66,284 | \$51,438 | \$3,000 |
| Total Investments | \$2,438,000 | \$3,681,000 | \$4,771,200 | \$6,505,200 | \$6,956,200 |
| Total Loan Balance | \$10,128,217 | \$8,355,070 | \$5,620,307 | \$4,385,644 | \$3,954,480 |
| Total Member Deposits | \$10,689,801 | \$9,966,481 | \$8,478,830 | \$8,793,102 | \$9,276,450 |
| Total Asset Size | \$13,897,442 | \$12,818,318 | \$11,243,086 | \$11,497,160 | \$11,929,383 |
| Total Equity | \$2,864,831 | \$2,785,526 | \$2,731,498 | \$2,665,214 | \$2,613,776 |
| Return on Average Assets | 0.59% | 0.45% | 0.58% | 0.44% | 0.25% |
| Total Loans/Total Deposits | 93.08% | 83.84% | 66.29% | 49.88% | 42.63% |
| Average Deposit/Member | \$6,451 | \$6,560 | \$6,144 | \$6,587 | \$6,473 |
| Membership | 1657 | 1519 | 1380 | 1335 | 1433 |

Mike Brandon
Secretary / Treasurer
Highway Crossroads Credit Union

FINANCIAL STATEMENTS

Highway Crossroads Credit Union
Statement of Financial Condition
Year Ended December 31, 2019

| | |
|--|---------------------|
| Assets | |
| Cash and Operating Accounts | \$468,434 |
| Short-term Investments | \$639,666 |
| Long-term Investments | \$2,438,000 |
| Loans to Members | \$10,130,853 |
| Allowance for Loan Losses | (\$54,913) |
| Equipment | \$14,766 |
| Other Assets | \$260,636 |
| TOTAL ASSETS | \$13,897,442 |
| Liabilities and Members' Equity | |
| Liabilities | |
| Member Deposits | \$10,883,688 |
| Accounts Payable and Accrued Liabilities | \$148,923 |
| Total Liabilities | \$11,032,611 |
| Members' Equity | |
| Undivided Earnings | \$2,564,834 |
| Regular Reserve | \$299,997 |
| Total Members' Equity | \$2,864,831 |
| TOTAL LIABILITIES AND MEMBERS' EQUITY | \$13,897,442 |

FINANCIAL STATEMENTS

Highway Crossroads Credit Union
Statement of Financial Condition
Year Ended December 31, 2019

| | |
|--------------------------------|------------------|
| INCOME | |
| Loan Income | \$407,895 |
| Investment Income | \$84,107 |
| Fee Income | \$12,661 |
| Other Operating Income | \$50,988 |
| Total Assets | \$555,651 |
| NON INTEREST EXPENSE | |
| Compensation and Benefits | \$198,008 |
| Office Occupancy Expense | \$12,018 |
| Professional Outside Services | \$74,122 |
| Office Operations | \$28,102 |
| Products and Services Expenses | \$30,592 |
| Other Expenses | \$65,501 |
| Dividends to Members | \$93,280 |
| Total Expenses | \$501,623 |
| NET INCOME | \$54,028 |

PRESIDENT'S REPORT

Another year of growth was successfully achieved in 2019, thanks to the commitment of you, our members, and the fortitude of your Credit Union staff. We introduced a new name, are building a new location, we have added products and services and are thrilled with your participation and shared excitement. We are determined to become your full-service institution.

Since the start of my position with the Credit Union in 2016, I have been on a listening and learning tour with our staff, board of directors and members to better understand the collective needs and priorities of all our members. Based on what we've learned so far, we have set our sights on four pillar elements, which we have designed into our new crossroads image.

INTEGRITY: We pride ourselves on sound moral principles; and you should accept NOTHING less from your financial partner. The security of your personal information and transactions is a top priority, and we leave no detail unattended to ensure you are always protected.

TEAMWORK: I am so proud of our dedicated, friendly staff and continue to learn from them each day. A special thanks is owed to our committed board of directors and committee members who generously volunteer their time, energy and expertise to strategically guide our organization and ensure the financial health of our Credit Union.

SERVICE: We have begun several new projects to improve and modernize our services and update our image. We are committed to earning your five-star rating on the experience we provide you each day. We are in tune with the fact that technology evolves and we must embrace it; but we will never lose sight of the value in personal relationships!

RESULTS: Over the course of 4 years, we have grown our loan volume by 150%, our deposits have grown by 48%, our membership has increased by 31% and the dividends our members have received is 480% higher than it was in 2016. Yes, those are real numbers! We are proud of these statistics, however the real value in these numbers are the lives and families each number represents.

Highway Crossroads Credit Union continues to grow and now serves over 1,800 member-owners. We will continue to focus our efforts on providing you with the financial products and services you need to make the most out of your hard-earned money and achieve your financial goals. Whether it's in-person, online, or on the go with a mobile device, Highway Crossroads Credit Union offers you convenient options that help make managing your money easier than ever.

Regardless of how much we grow, however, we still measure our success by helping one member at a time. We promise to provide you exceptional value, convenience and personal service each day. We are your financial family - it is comforting to handle your business with folks who always know your name!

2019 did not disappoint; it was another year of exciting changes! We have spent a lot of time developing plans for a new Credit Union facility. Our growth and staff have outpaced our square footage; so we are excitedly embarking on trading in rent for assets! Part of our strategic planning for the year 2019 was to increase our return to our members. We were able to achieve this through many different programs: Increase in Dividends, Highway Hero Honoree Scholarships, Certificates of Deposit, and the Profit Payout. These are just a few of the many ways the Credit Union is able to thank you for trusting us and build a lasting beneficial relationship with our membership.

Lindi Lynch
President
Highway Crossroads Credit Union

SUPERVISORY COMMITTEE REPORT

It is the responsibility of the Supervisory Committee of the Highway Crossroads Credit Union to deliver an annual report to the membership as to the condition of the credit union. Our usual annual meetings have traditionally been held in person, however this year the Covid 19 pandemic forced us to delay our normal meeting in March and ultimately, we opted to conduct a virtual meeting for members which will fulfill our obligation for the annual meeting.

This has been an unconventional year in so many respects, however the credit union continues to grow and thrive due to your patronage!

One of the biggest changes this year was our name. The name "Division 10 Highway Employees' Credit Union" served us well for many years, however in light of the reason that "Division 10" is no longer the designation used for our area, it was decided to rename the credit union. After ideas were submitted and voted upon by membership, the new name, Highway Crossroads Credit Union was chosen.

Another big accomplishment this year was the decision to acquire property and build a free-standing new facility with drive-through and ATM access. The construction phase is progressing as expected and it is anticipated that the credit union will be housed in its new building in early 2021.

This year, the Highway Heroes Scholarship selection process was a bit different also. Southeast Missouri State University was unable to provide the review services for the scholarship applications this year due to personnel limitations due to the pandemic. The solution was to enlist a panel of 5 volunteer reviewers who are all educators from schools in our area. The anonymous reviews were completed and the credit union awarded three new \$10,000 scholarships to the top three applicants. We are so proud to be able to continue to award these scholarships to the families of MoDOT and Patrol employees!

The Highway Crossroads Credit Union Supervisory Committee consists of three members appointed by the Board of Directors. The term of each committee member is for a three-year term expiring at the first regular meeting of the board following each annual meeting or until the appointment and qualification of successors. Its function and responsibilities are set forth in the rules governing State Chartered Credit Unions and is responsible to the members to protect their interests. Accordingly, the primary objectives and responsibilities of the Supervisory Committee are:

- To verify the Credit Union's management practices and procedures are sufficient to safeguard members' assets against material error, carelessness, conflict of interest and fraud.
- To confirm the internal controls are established and effectively maintained to achieve the Credit Union's operating and financial reporting objectives.
- To validate the financial condition of the Credit Union by ensuring the accounting records are promptly recorded, financial reports are prepared timely and results of operations are accurately reflected in the financial statements.
-

To accomplish these objectives, we hire an independent firm specializing in Credit Union examinations. This year our former examiner, Stephen Lang and Associates merged with J. Tenbrink and Associates, who will now perform the independent examinations. J. Tenbrink and Associates was engaged to perform an annual comprehensive examination of the Credit Union's operations as required by NCUA regulations. The Supervisory Committee also periodically performs a verification of member account balances as required by law, corresponds with members whose memberships have been closed, and conducts other periodic procedures as deemed necessary throughout the year. The results of these examinations are presented to the Board of Directors to document the accounting records and reports are being effectively maintained within the Credit Union and practices are being administered in accordance with existing rules and regulations.

In addition to the independent annual examination and procedures highlighted above, your Credit Union is annually

examined by Missouri Division of Credit Unions. The most recent examination of Highway Crossroads Credit Union found the overall condition of the Credit Union was operating in a safe and sound manner as of the examination period based upon books and records as of September 30, 2019.

The Highway Crossroads Credit Union continues to receive exemplary ratings from its examining agencies and remains strong and stable as it continues to expand and grow.

The members of the Supervisory Committee sincerely appreciate the support and assistance provided by the Board of Directors, and the Credit Union management and staff throughout the year. We also wish to express our gratitude to the membership of the Credit Union for their patronage and friendship.

Julie Duenne
Chairperson, Supervisory Committee
Highway Crossroads Credit Union

NOMINATING COMMITTEE REPORT

Highway Crossroads Credit Union is a member-owned financial cooperative. All qualified persons interested in serving in a voluntary capacity as an elected official are encouraged to seek election. Elections for the 2019 Annual Meeting will be held for two board positions, each to serve for a term of three years, with all terms commencing immediately following the 2020 Annual Meeting, typically held in the first quarter of 2021.

On April 23, 2019 the Board of Directors appointed the Nominating Committee of Highway Crossroads Credit Union to seek nominations. On October 29, 2020, the Nominating Committee reported to the Board of Directors two individuals they determined to be qualified, eligible and willing to serve and seek re-election to the Board of Directors at our 2019 Annual Business meeting for our vacancies.

(Term expiring in 2020)

Mr. David Wyman Mr. Wyman began his career at MoDOT in 1994 working as a Summer Laborer for the Sikeston Maintenance shed and the district Striping Crew. Upon graduation, he worked in Design for 10 years. He then transferred to the Poplar Bluff Construction office where he administered contracts on the Route 67 corridor. He then supervised the inspection of the Southeast District bridges constructed under the Safe and Sound Bridge program. As an Area Engineer, David helps to coordinate MoDOT activities within the 10 counties of the Bootheel. David and his wife, Carrie, have two children. Their oldest, Kate, is a Sophomore at Mizzou. Their youngest, Joe, is a Freshman at Richland R-1 High School.

(Term expiring in 2020)

Mr. Jeff Wachter: Mr. Wachter was hired at MoDOT in May of 1989 after he graduated from University of Missouri Columbia with a BS in Civil Engineering. He began as a Highway Designer and has been in design the duration of his 31 year long career at MoDOT. Jeff has been a supervisor since 1997 and enjoyed every moment of it. Jeff realized the benefit of the Credit Union from the start and he joined the Credit Union on Day 1 of his employment. Jeff has graciously served the Board of Directors for nearly 2 decades and has been the Board Chairman since 2011. Jeff is married to Christy and together they have 5 children and 3 amazing grandchildren with number 4 on the way!

In addition to the nominations of the Nominating Committee, the bylaws permit eligible members to apply for nomination by a petition of the membership made from the floor, at the Annual Meeting. All qualified, eligible members seeking nomination must be at least 18 years of age, a member in good standing and be willing to fulfill the obligations of the office until their full term expires.

SERVICES TO MEMBERS

MEMBERSHIP ELIGIBILITY

Membership eligibility for Division 10 Highway Employees' Credit Union is available to individuals who meet any of the following eligibility requirements:

- Full-time employees of the Southeast District of the Missouri Department of Transportation (MODOT)
- Full-time employees of Troop E of the Missouri State Highway Patrol (MSHP)
- Retirees that have retired while actively employed by the above-mentioned organizations.
- Immediate family members of any current members are also eligible to join.

Immediate family is defined as spouse, child, sibling, parent, grandparent, grandchild, aunt, uncle, niece, nephew, first cousin or legal guardian. Also included are step, in-law and legally adoptive relationships.

DEPOSIT SERVICES

Checking

Share Draft Checking
Complimentary Checks
No Annual Fee Overdraft Transfer Protection Plan

Share Certificates

6, 12, 24 & 36 month
Periodic Certificate Promotions

Savings

Share Accounts
Christmas Club Accounts
Youth Accounts

24—Hour Access Services

Internet Member Access (IMA)
Mobile App – Mobile Banking
One Click – Bill Pay
Mastercard Debit Card
E-Statements



DEPOSIT INSURANCE

Your savings are federally insured to at least \$250,000 by the NCUA (National Credit Union Administration) and backed by the full faith and credit of the United States Government.

LOAN SERVICES

New & Pre-Owned Vehicles
New & Pre-Owned Boat, RV & Travel Trailer
New & Pre-Owned Recreational Items
Mortgage Products – Service by Servion

Share Secured
Personal/Signature Loans
Special Lending Promotions

INSURANCE SERVICES

Members can purchase the following optional, low cost insurance services through their Credit Union.

Certain restrictions may apply.

Mechanical Breakdown Insurance (Extended Warranty Service) on New and Pre-Owned Vehicles and Power Sports
GAP Insurance covering the difference between insurance settlement amount and outstanding loan balance.

MEMBER SERVICES

| | | | |
|------------------------|-------------------------------------|---------------------|----------------|
| Notary Services | Travel & Auto Maintenance Discounts | Scholarship Program | Wire Transfers |
| Skip-A-Payment Program | Savings Bond Redemption | Certified Checks | Direct Deposit |
| NADA Online | ACH Transfers | Auto Link | Mobile Deposit |

WHERE OUR PATHS CROSS
