



Utah Credit Union Association 2017 Annual Report



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84th Annual Business Meeting Agenda

April 13, 2018

Pledge of Allegiance	Stephen Nelson
Call to Order	Randy Gailey
(Report of the Credentials Committee with supplementary reports from time to time as directed by the Board Chair)	
Introduction of Board and Guests.....	Randy Gailey
Reading of the Minutes of the 83rd Annual Meeting	Sterling Nielsen
(unless dispensed with by motion) and all action thereon	
Committee Reports	
Articles of Incorporation Amendments	
Report of the Election Committee	
Other Business	Randy Gailey
CUNA Mutual Report.....	Brye Austin
Alloya Report.....	Tim Bruculere
Report of the Board Chair.....	Randy Gailey
Report of the President.....	Scott Simpson
Adjournment.....	Randy Gailey

2017 Board of Directors

Board Chair



Randy Gailey
Horizon CU
Medium asset size category

Vice Chair



Dean Hirabayashi
National J.A.C.L. CU
At-Large category

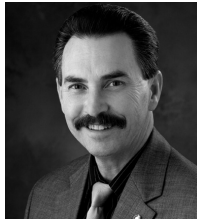
Secretary



Sterling Nielsen
Mountain America CU
Large asset size category



Todd Adamson
Cyprus CU
Large asset size category



Brad Barber
Members First CU
At-Large category



René Clarke
Eastern Utah Community CU
Medium asset size category



Thomas Gourdin
Firefighters CU
At-Large category



Shane London
Deseret First CU
Large asset size category



John Lund
America First CU
\$2 billion+ asset size category



Ken Payne
Freedom FCU
Small asset size category



Tammy Phillips
Varex CU
Small asset size category

Utah Credit Union Association Staff



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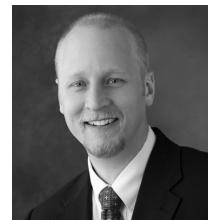
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Message from the Board Chair

It has been my privilege to serve as Chair for the Utah Credit Union Association for the past year. I have great regard for my fellow board members and the excellent management and staff that serve us. My thanks to all for their tireless efforts in behalf of this organization.

Credit unions saw substantial lending growth in 2017. Technology advancements continued. Members are being served in ways today that were unthought of just ten years ago. The pace of life has quickened. Our society expects fast and efficient service. Loyalty appears to be waning as convenience allows us to shop for interest rates and services without leaving the pleasant surroundings of our own home. Mobile transactions have become king.

Chairman Adamson addressed the need for cooperation and association with each other in his 2017 report. I concur with his viewpoint—we need each other. President Simpson will provide a political update at the Annual Convention that will add further credence to that message.

We are aware that credit unions retained their tax-exempt status this year despite many attempts to have it removed in the recent tax legislation. Needless to say, that status can change quickly. It behooves us to be ever watchful and perhaps proactive in defending the Credit Union Act of 1934, which provides a remedy for monopolistic financial control.

I am partial to the credit union movement and ever will be. This is a great association to belong to. Have an excellent 2018.

Randy Gailey
Utah Credit Union Association Board Chair



Message from the President

It's difficult to report on 2017 in isolation since many things have happened in the last 3 months.

What's not difficult is pointing out the great work that credit unions, and most importantly their leaders and staff, do for their members. Making it possible for regular people to afford life is among the most noble endeavors in my view.

2017 was a big but quiet year at the Association. With the results of the 2016 election clear, we saw that the opportunity for tax reform was real. We could see the risks of opening that legislation. We preemptively created an industry-leading advocacy campaign to remind policy makers of the wonderful work that credit unions do and the structure that facilitates the economic fuel they provide people. It's an easy equation. We had more knee-to-knee meetings with more legislators than any of the last 15 years. We led out with a video brochure leave-behind that did exactly what we hoped—it stuck.

We knew that at some point the bankers would try another attack on the tax exemption. We warned policy makers not to be deceived by half-truths.

For the most part, the message was positively received. It is

intuitive to most of our legislators, because they too are beneficiaries of your great service, that credit unions earn their tax treatment. In fact, not only was our tax-exemption not on the table, there wasn't even an amendment drafted to erase the exemption.

Having said that, the bankers no longer sleep. It's easy to see a path of conflict before us. The battle cries that bound us together in the past ring again.

Thank you for the opportunity to defend such a noble cause.

Scott Simpson
President/CEO, Utah Credit Union Association



Report of Legal Counsel

We are pleased to report on the status of legal matters affecting the Utah Credit Union Association and its subsidiary, Credit Union Service Corporation (CU-Serve). The Association and CU-Serve are not parties to any adverse litigation nor are there any claims pending against either entity.

The Association joined with other state credit union associations to seek injunctive relief for credit unions in the Home Depot data breach litigation. The litigation also sought to obtain financial recovery for losses or expenses incurred by credit unions. This litigation has been settled. Credit unions should have received the claim documentation and perhaps claim payments from the Home Depot breach.

2017 saw a continuation of lower delinquencies and charge offs at credit unions. Bankruptcy filings in Utah declined in 2017 to 6,665 Chapter 7 and 4,569 Chapter 13 for a total of 11,234. This is 387 less cases filed than in 2016. Chapter 7 and Chapter 13 filings in Utah for 2014 totaled 13,707. The trend of lower filings continues from a 2011 high of 18,414. Lower bankruptcy filings are always good news for credit unions.

Utah's economy continues to remain positive. Employment remains relatively strong. Real estate prices are increasing. The inventory of unsold homes from the recession has largely been eliminated.

Consumer Financial Protection Bureau regulations are now in place. Meeting the regulatory burden of these changed regulations presents new challenges for credit unions.

We appreciate our opportunity to represent the Utah Credit Union Association, CU-Serve and many credit unions. We hope to be part of the solution to the challenges and problems faced by credit unions. We look forward to 2018 being a prosperous year for Utah's credit unions and their members.

Bruce L. Richards
Bruce L. Richards & Associates

Governmental Affairs Report

The Utah Legislative Session was eerily quiet and non controversial for us last year. Normally, you would think that would be a good thing. Instead, it made us very nervous wondering what issue was going to spring upon us before the 45 days passed. Fortunately, nothing did. Regardless of our unnecessary anxiety, we still monitored approximately 40 bills throughout the session.

Also during the 2017 winter (you know, the one when we actually received snow), we made our annual trip back to D.C. for CUNA's GAC. We always bring a large group with us, demonstrating what strong support we have. However, this leaves our Congressional Representatives struggling to find a space large enough for us to all fit. In fact, both Rep. Chaffetz and Rep. Bishop scheduled our meetings in committee rooms to accommodate us all. We shared our new video brochures that were a hit. The meetings went well and we had a good reception from our federal representatives and their staff.

Shortly after our meetings in D.C., Congressman Chaffetz announced that he was going to retire from the U.S. House of Representatives early. If you need a refresher on the craziness that ensued, just Google any of the following: Attorney General, Governor, Utah Legislature, Chris Herrod, Deidre Henderson,

Margaret Dayton, John Curtis, and lastly "how the heck is this election going to happen?" Despite the third district madness, we have been able to foster a good relationship with the new Congressman, John Curtis. In fact, a fundraiser was held on his behalf in our Association office, to which he shared his appreciation.

With discussion of tax reform boiling in D.C. and here in the state, Scott and I turned our volume up to 11 and hit the pavement to visit with legislators. In 2017, we met with 44 state legislators and had 66 total meetings with policy makers and staff. In all meetings they seemed supportive of credit unions, though they haven't really had their feet held to the fire. Through these efforts we are fostering strong relationships or at least making it as difficult as possible for them to vote against us.

2018 is already turning out to be a crazy off-cycle election year. We will get a new U.S. Senator. There will be a new Speaker of the House and a new Senate President in the Utah Legislature, as well as a plethora of retirements in those bodies. There should be plenty to watch, so stay tuned...

Shule Bishop
Director of Legislative and Political Affairs

Report of the Karl S. Little Foundation

The Karl S. Little Foundation provides scholarship monies to assist member credit union employees that attend Western CUNA Management School. WCMS helps credit union professionals prepare themselves to keep pace with a rapidly changing business environment and is designed for those who have set credit union management as their career goal. Graduates of WCMS have developed their skills and knowledge in strategic planning, operations, lending, finance, marketing, human resources, economics, business law, communications and leadership, to name a few.

The financial condition of the foundation is sound as of December 31, 2017 with assets totaling \$109,979.77.

The annual Karl S Little Golf Tournament was held in August of 2017. Credit Unions from across the state met at Valley View Golf Course in Layton, Utah. The turnout was impressive. Total proceeds amounted to \$15,982.25. We express our sincere thanks and appreciation to credit unions and vendors who contributed to the event.

The Karl S. Little Golf Tournament will not be held this year due to sufficient funds in the account, but will be evaluated on a continual basis as needed.

Scholarships totaling \$4,000 were provided to credit union

employees from three credit unions in 2017 to assist with their attendance to Western CUNA Management School.

We will evaluate the scholarship amounts awarded for 2018 and encourage credit unions that may not have the means to send their employees to Western CUNA Management School to apply for the scholarship. It is preferred that only one application per credit union be submitted, so the benefit can be provided more uniformly amongst our members. We also encourage Credit Unions with a solid bottom line, who can afford to provide this education for their prospective or current management employees, to do so.

Whether the goal is career advancement or simply to stay on top of changes within the industry, no school in the country can offer credit union professionals a program that surpasses that of Western CUNA Management School. And the Karl S. Little Foundation makes attendance at the school a possibility for more Utah professionals.

Respectfully submitted,

René Clarke
Karl S. Little Foundation Chair

Report of the Education Committee

We welcome everyone to this year's Annual Meeting and hope you will find the speakers and information relevant and timely. Our ultimate goal is to help you succeed.

A lot of time and effort are put into developing the agenda for the Annual Meeting. Association staff and the members of the Education Committee dedicate significant effort to providing a great value to member credit unions at all of the training events held throughout the year.

While the Annual Meeting is a key educational event, it is just one of many training opportunities provided to you this year. One-day trainings, webinars, and forums occur all year long—all at a minimal cost, which helps you get the best bang for your educational dollars.

Key to all of this is the leadership of Marilyn Pearson, who organizes and manages each of these events. Please take the time

to personally thank her—and all of the Association staff—for their exceptional efforts on our behalf.

The members of the Education Committee, made up of experienced individuals from member credit unions, also deserve our appreciation. Their time and effort, provided voluntarily, is an important part of the preparation of the Annual Meeting and other events.

Of course, thank you for your participation this year. Meeting the needs of credit union staff members throughout the state is reason this event is organized.

Respectfully,

Thomas R. Gourdin
Education Committee Chair

Consolidated Statements of Financial Position

Utah League of Credit Unions and Subsidiary
December 31, 2017 and 2016

	ASSETS	
	2017	2016
Current assets:		
Cash and cash equivalents	\$ 2,086,538	\$ 1,460,518
Accounts receivable	224,055	139,321
Accounts receivable - related party	85,852	50,448
Prepaid expenses	103,025	130,260
Total current assets	2,499,470	1,780,547
Property and equipment, net	190,369	203,498
Restricted cash	1,267,781	1,216,176
Deferred tax asset	34,540	34,540
Club membership	7,500	7,500
Prepaid expenses	271,274	305,026
Investment in affiliates, at cost	294,780	304,928
Total assets	\$ 4,565,714	\$ 3,852,215
	LIABILITIES AND NET ASSETS	
Current liabilities:		
Accounts payable and accrued liabilities	\$ 834,352	\$ 155,692
Grants payable	28,000	41,690
Total current liabilities	862,352	197,382
Pension liability	379,856	329,840
Total liabilities	1,242,208	527,222
Commitments		
Net assets:		
Unrestricted	2,055,723	2,108,817
Temporarily restricted	1,267,783	1,216,176
Total net assets	3,323,506	3,324,993
Total liabilities and net assets	\$ 4,565,714	\$ 3,852,215

Consolidated Statements of Activities

Utah League of Credit Unions and Subsidiary
For the Years December 31, 2017 and 2016

	2017	2016
Support and revenues:		
Membership dues	\$ 1,540,952	\$ 1,470,232
Service fees	338,102	364,075
Communications and marketing	395,467	561,971
Interest income	19,392	12,341
Rent income	36,636	37,632
Other income	1,925	2,643
Total support and revenues	2,332,474	2,448,894
Expenses:		
Direct costs:		
Direct service cost	66,972	77,259
Program expenses:		
Marketing and service cost	210,234	327,065
Legislation and political action	758,490	719,138
Communications	159,691	169,363
Education	212,884	201,495
General supporting expenses	923,440	907,022
Total expenses	2,331,711	2,401,342
Change in net assets before income taxes	763	47,552
Provision for income tax	(2,250)	(100)
Change in net assets	(1,487)	47,452
Net assets, beginning of year	3,324,993	3,277,541
Net assets, end of year	\$ 3,323,506	\$ 3,324,993

2017 Year End Statistics

Credit Union	CEO	Year-end assets	Members	Charter
Alpine	Paul Atkinson	\$199,061,604	22,597	State
America First	John Lund	\$9,214,916,059	905,161	Federal
American United Family Of Credit Unions	Michelle Thorne	\$208,358,373	19,680	Federal
Beckstrand and Associates	Richard Beckstrand	\$270,837	21	State
Box Elder County	Scott Webre	\$120,814,700	13,089	Federal
Chartway *	Brian Schools	\$2,152,434,629	181,019	Federal
Chevron *	Jim Mooney	\$3,163,379,916	108,908	Federal
City Center	Scott Johnson	\$12,961,679	1,575	State
CUP	Annette Elmer	\$6,632,270	1,315	Federal
Cyprus	Todd Adamson	\$854,482,354	105,184	Federal
Delta Community *	Hank Halter	\$5,571,210,017	369,939	State
Deseret First	Shane London	\$651,387,502	66,959	Federal
Desertview	Michael Nelson	\$33,406,374	4,447	Federal
Devils Slide	Jill Carrigan	\$11,574,021	1,490	Federal
Dugway	Mike Lefevre	\$2,917,734	637	Federal
Eastern Utah Community	Bruce Yost	\$123,590,806	11,682	Federal
Education 1st	Kent Greenfield	\$32,431,760	2,791	State
Employees First	Craig Russell	\$1,711,781	646	State
Federal Family	Spring Jensen	\$28,480,815	2,768	Federal
Firefighters	Thomas Gourdin	\$41,837,095	3,565	State
Freedom	Ken Payne	\$34,646,615	3,616	State
Gibbons and Reed Employees	Bill Christopherson	\$5,328,717	1,240	Federal
Goldenwest	Kerry Wahlen	\$1,423,897,575	127,840	Federal
Grand County	Sam Crane	\$29,830,674	4,440	State
Granite	Lynn Kuehne	\$442,859,860	30,524	Federal
Granite Furniture Employees	Ralph Jenkins	\$1,004,542	191	Federal
Hercules	Brett Blackburn	\$69,437,065	5,415	State
Hi-land	Blair Asay	\$47,945,114	2,829	State
Hollyfrontier Employee's	Meagan Nattress	\$6,459,061	864	State
Horizon Utah	Randy Gailey	\$136,726,797	11,728	Federal
Jordan	Lindsey Merritt	\$269,182,281	25,855	Federal
Kings Peak	Ronald L Wood	\$14,397,854	2,009	State
Local Union 354 IBEW	Linda Perschon	\$25,971,820	2,592	Federal
Logan Cache Rich	Ann Godfrey	\$24,072,283	2,561	Federal
Logan Medical	Dale Howe	\$21,666,033	2,297	Federal
Meadow Gold Employees	Lynn Nelson	\$5,191,332	585	State
Members First	Brad Barber	\$117,017,496	14,704	State

Credit Union	CEO	Year-end assets	Members	Charter
Midvalley	Linda Buell	\$4,361,712	352	Federal
Millard County	Steve Shiner	\$34,957,275	5,458	State
Mountain America	Sterling Nielsen	\$7,093,314,170	722,100	Federal
National JAACL	Dean Hirabayashi	\$31,392,205	3,511	State
Nebo	Dale Phelps	\$86,578,719	11,323	State
Nephi Western Employees	Judy Truscott	\$33,191,082	3,805	Federal
North Sanpete	Jessica Clare	\$917,447	450	Federal
Operating Engineers Local Union #3 *	Mike Donohue	\$1,077,901,784	79,234	Federal
Orem City Employees	Thomas Phelps	\$3,387,246	752	Federal
P&S	Stewart Mouritsen	\$15,664,081	1,669	State
Pacific Horizon	Steve Clayson	\$62,149,662	7,759	State
Presto Lewiston Employees	Gaylene Stone	\$325,892	152	State
Provo Police & Fire Dept.	Sheldon Lindsay	\$2,870,920	961	State
San Juan	Sherrill Patterson	\$18,718,944	3,900	State
SEA	Will Jolley	\$4,674,833	892	State
Security Service *	Jim Laffoon	\$9,526,054,404	750,971	Federal
South Sanpete	Jake Hill	\$1,009,125	179	State
Sunnyside	Alicia Fivecoat	\$2,503,919	570	State
Tanner Employees	Kevin Louder	\$6,101,765	1,122	State
The Credit Union For The Blind And Visually Impaired of Utah	Teresa Wilko	\$1,157,714	279	State
Transwest	Bret Rigby	\$135,269,762	12,098	State
Tri-County	Nick Reynolds	\$156,158	76	State
Uintah	Dan Olsen	\$3,148,347	1,041	State
UNIFY Financial *	Gordon Howe	\$2,835,749,439	235,479	Federal
University	Jack Buttars	\$955,700,146	92,403	Federal
Utah	Doug Huntsman	\$19,503,448	2,017	Federal
Utah Community	Bret VanAusdal	\$1,270,666,559	159,952	Federal
Utah First	Darin Moody	\$350,013,726	21,476	Federal
Utah Heritage	Donald Watson	\$66,109,194	7,480	State
Utah Power	Ryan Pollick	\$640,767,528	25,978	State
Utah Prison Employees	Kristine Argyle	\$3,614,791	1,392	State
Valley Wide	Monica Marchant	\$464,777	169	Federal
Varex	Tammy Phillips	\$14,620,370	1,317	Federal
Wasatch Peaks	Blake Burrell	\$309,189,021	31,862	Federal
Weber State	Vickie Van der Have	\$113,109,368	9,436	Federal

* Denotes a credit union not domiciled in Utah, but that operates branches in Utah. As with all credit unions on this list, data given is for the entire credit union, not just the credit union's operations in Utah.

Minutes of the 83rd Annual Business Meeting

Utah Credit Union Association

Davis Conference Center
April 28, 2017

Chairman Todd Adamson welcomed all attendees to the 83rd Annual Business Meeting of the Utah Credit Union Association at 9:00 a.m.

Chairman Adamson called the meeting to order at 9:00 a.m.

Stephen Nelson led a Pledge of Allegiance.

Report of the Credentials Committee

Judy Jackson and Jodi Kuehne served on the Credentials Committee. They reported that there were 27 registered delegates with 27 credit unions represented.

Chairman Adamson welcomed Jim Nussle, CEO of CUNA as our special guest this year.

Chairman Adamson asked that if any delegates had items of business to bring before the group during the course of the meeting, that they raise their hand and state their name and credit union. He then introduced Bruce Richards, legal counsel, who had agreed to assist with parliamentary procedure in this meeting. Liz White, in the absence of objection, was appointed recording secretary.

Chairman Adamson introduced the members of the board. Board members present:

- Dean Hirabayashi, National JAFL CU
- Ken Payne, Freedom CU
- Randy Gailey, Horizon CU
- Todd Adamson, Cyprus CU
- Rene Clarke, Eastern Utah Community CU
- Thomas Gourdin, Firefighters CU
- Shane London, Deseret First CU
- John Lund, America First CU
- Tammy Phillips, Varex CU
- Brad Barber, Members First CU

Sterling Nielson, Mountain America CU, was excused.

Chairman Adamson recognized the guests:

- Representatives from Alloya Corporate Credit Union and CUNA Mutual Group.

Approval of minutes

Chairman Adamson presented the minutes of the 82nd Annual Business Meeting, which were contained in the 2016 Annual Report for review. There were no objections, additions, deletions, or corrections.

Anne Godfrey, Logan Cache Rich motioned to accept and dispense with reading.

Sherrie Johnson, American United Credit Union seconded. Motion carried.

Included in the Annual Report was a report from each committee chair. Chairman Adamson thanked the committee members and chairs for their work and dedication throughout the past year. Without objection, the reports are filed as received.

Report of the Nominating Committee

Chairman Adamson gave the time to Brad Barber, chairman of the nominating committee. He reported that the board had two seats up for re-election this year. Both of the seats had only incumbents as the properly filed candidates. They were: Todd Adamson and Dean Hirabayashi. Brad asked for a motion to elect these two candidates by acclamation.

Bret Rigby, Transwest Credit Union, moved to accept the candidates by acclamation.

Ann Godfrey, Logan Cache Rich Credit Union, seconded. Motion carried.

Chairman Adamson then asked if there was any unfinished business. There was none.

Report of CUNA Mutual

Chairman Adamson asked Brye Austin from CUNA Mutual to provide a report. Brye thanked the credit unions of Utah for their partnership and support. In 2016 CUNA Mutual paid more than \$1.2 billion in claims.

Report of Alloya

Chairman Adamson asked John Collins from Alloya Corporate Credit Union to provide a report. John reported that Alloya Credit Union's main focus is their members. Alloya has been profitable every year since it was formed more than 5 years ago. Three out of four credit unions in Utah are capitalized members. Alloya is proud to serve the credit unions here in Utah.

Report of Chairman of the Board

Chairman Adamson mentioned how much he believes in the importance of the Utah Credit Union Association and CUNA. He thanked the Association and its employees for all their hard work and dedication to Utah's credit unions.

Report of the President

Chairman Adamson asked the president of the Association, Scott Simpson, to give a report. Scott welcomed Jim Nussle and mentioned that this is the first time a CUNA CEO attended Utah's Annual Meeting since 2003.

Scott also thanked the Association's staff, and explained each employee's job and responsibility.

Scott presented a video flyer the Association produced as a legislative teaching tool.

Scott mentioned that he is concerned about the future of public policy. One concern is Jason Chaffetz possibly leaving the house early. Tax reform is also a possible concern, since our tax status can always come under scrutiny when there is sweeping tax reform.

Other Business

Chairman Adamson called for a discussion of unfinished business. There was no other business.

Meeting adjournment

Chairman Adamson concluded the meeting at 9:33 a.m.

