



2018
ANNUAL
REPORT

UTAH
CREDIT UNION
ASSOCIATION

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85th Annual Business Meeting Agenda

April 24, 2019

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 84th Annual Meeting.....	Dean Hirabayashi
(unless dispensed with by motion) and all action thereon	
Committee Reports	
Articles of Incorporation Amendments	
Report of the Election Committee	
Other Business	Randy Gailey
Alloya Report	Tim Bruculere
Report of the Board Chair.....	Randy Gailey
Report of the President.....	Scott Simpson
Adjournment.....	Randy Gailey

2018 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

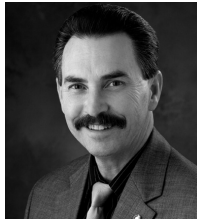
Secretary



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



Scott Simpson
President / CEO
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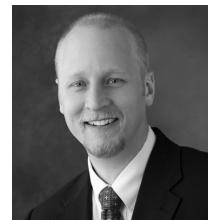
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Message from the Board Chair

I was privileged to become acquainted with the Credit Union movement in 1978 as I obtained employment with Davis School District Credit Union. There were over 300 credit unions in the State of Utah at that time. Volunteerism was high and our Association meetings were attended enthusiastically by large numbers of people.

Over the years, economic pressures, regulation and subsequent consolidation have dramatically reduced our numbers to sixty-one, with six more credit unions being based out of state. Yet, through it all, credit unions have been resilient and continue to provide service to a large percentage of Utahns.

We have learned to defend ourselves against political maneuvering that could harm our tax exempt status and our field of membership options—two cornerstones that help us benefit our members.

It has been my privilege to serve as Chair for the Utah Credit Union Association Board during the past two years. This assignment has given me added insight and understanding about our Association. I admire all who give of their time and energy for the betterment of credit unions and the members we serve. The management and staff of our association are ever vigilant in our

behalf. They work tirelessly to protect and train us.

We recently held our Annual Conference last month at the Hilton Hotel in Salt Lake City. I am appreciative of the work put in by our Education Committee, led by Marilyn Pearson, as well as Association Staff, Vendors, and hotel employees.

Financial contributions from many are also greatly appreciated. Reports have been favorable as to the content of the breakout sessions in general.

My hope for us as an Association is to maintain the trust and confidence of our members. Preserving their financial future will preserve ours.

Randy Gailey
Utah Credit Union Association Board Chair



Message from the President

In preparation for this report I took some time to look back at reports from past years. I was amazed when I realized that the global financial crisis was a decade ago. In that report it was clear that I was hoping, in my feeble way, to capture the struggle of the recession as well as point to the future and the hope that credit unions bring to people. In retrospect, the struggle was real but the hope of recovery and growth has also played out in historic ways.

Utah credit unions provide more services to more people in a superior way.

We have our detractors. They want credit unions stopped. We work every day to keep that from happening.

The work you do to help your members afford life is critical.

We are proud to defend your work.

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.

2018 continued the trend of lower delinquencies and charge offs at credit unions. Bankruptcy filings in Utah declined in 2018 to 5,786 Chapter 7 and 3,953 Chapter 13 for a total of 9,739. The trend of lower filings continues from a 2011 high of 18,414. Lower bankruptcy filings are always good news for credit unions.

The 2019 Legislature increased the homestead exemption. Utah still has one of the lowest homestead exemptions of the Intermountain states. Consequently, it is difficult to argue against the exemption. In any event, the exemption beginning May 14, 2019 will be \$42,000 for an individual and a maximum of \$84,000 per household. The homestead exemption is also adjusted annually based on the Consumer Price Index.

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 2019 being a prosperous year for Utah's credit unions and their members.

Bruce L. Richards
Bruce L. Richards & Associates

Governmental Affairs Report

2018 brought about some changes in the political world for us. For example, the 2018 election gave us a new Senator, Congressman, state Speaker, state Senate President, and quite a few new state legislators. Additionally, the Association was involved in over 30 campaigns in the state (either through contribution, consultation, or printing and mailing), met with a slew of candidates, and shared the good word of credit unions.

Prior to all of the campaign mayhem, we were very involved in the 2018 Utah State Legislative Session. The 2018 state legislature was livelier than the previous year for us. Tax reform talk began in the 2017 session, but in 2018 it was forefront on the minds of the legislators. This obviously had us on edge, but we ended up not being on the top of any lists.

We monitored nearly 50 bills this session. Medical marijuana did not seem to take up time at the legislature this session, but news media non-compete agreements did. Some bills of interest for us included HB 153, Exemption Amendments, which would have drastically increased homestead exemptions during bankruptcy. We got that amount greatly reduced, and the bill failed to pass out of the Senate before adjournment. HB 359, Allocation of Fault Amendments, and HB 283, Workplace Protection Amendments, could have cost credit unions a lot in possible litigation fees, and HB 283 would have had detrimental effects on smaller credit unions. Neither of these bills passed both Houses of the legislature and did not become law. If you would like to see our full list of tracked bills, our website has a bill tracker (which includes past sessions), or contact me directly.

2018 also provided another great turnout from Utah for CUNA's GAC in Washington, D.C. We had a full slate of meetings

scheduled, and then the Congressional schedule threw us a curve ball. As is common with D.C. meetings, we had to make some adjustments. Due to Reverend Graham's funeral and lying in repose in the Capitol, votes were cancelled on one of the days we were scheduled to meet with some of our Representatives. Normally on days when there aren't votes scheduled, our representatives return home to the state. We were able to meet with Senator Lee, and Representatives Curtis and Bishop stayed for our visits. We also met with members of Senator Hatch, Rep. Stewart, and Rep. Love's staff. They were courteous and helpful. The meetings were beneficial and enjoyable. We left feeling good about our representation in Washington.

As mentioned earlier, the 2018 election resulted in Senator Mitt Romney's election, replacing a retiring Senator Hatch. House Congressional Districts One through Three remained unchanged. The Congressional District Four race was where all the drama happened. Ben McAdams was eventually declared the winner weeks after Election Day, ousting two term Congresswoman Mia Love. He became our only Democrat Congressman in D.C. In the state, due to the departure of Speaker Hughes and Senate President Niederhauser, Brad Wilson was selected to be Speaker and Stuart Adams was selected to be Senate President by their respective bodies.

Advocating on your behalf is a pleasure, because of the good you all do. I appreciate the opportunity to continue to work in the political arena for the benefit of your credit unions and members.

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, 2018 with assets totaling \$99,144.85.

Scholarships totaling \$11,700 were provided to credit union employees from five credit unions in 2018 to assist with their attendance to Western CUNA Management School.

We encourage credit unions with assets of \$150 million or less, that would like to send their employees to Western CUNA

Management School, to apply for the KSL 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.

Respectfully submitted,

René Clarke
Karl S. Little Foundation Chair

Report of the Education Committee

Hopefully each of you had the opportunity to attend our Annual Convention this year. The time and effort put into planning this event really paid off. Each year, the Association staff and members of the Education Committee plan many months in advance – and spend countless hours – to bring this high-quality event to you.

The Annual Convention is only one of the many educational events and opportunities provided by the Association. Full-day trainings focused on a variety of timely topics that occur throughout the year, a large selection of webinars, and forums – each brought to you at minimal cost – are truly a great resource to Utah's credit unions.

Marilyn Pearson's leadership and organization is truly an asset in making all of these educational opportunities possible. She deserves our appreciation for her efforts. Please take the time to personally thank her – and each member of the Association staff – for what they do for us.

I would like to also thank each member of the Education Committee. The committee is comprised of leaders from several member credit unions. Each committee member volunteers their time and effort to plan and prepare for the Annual Meeting and other events.

Thank you for your support of this year's Annual Convention.

Sincerely,

Thomas R. Gourdin
Education Committee Chair

Consolidated Statements of Financial Position

Utah League of Credit Unions and Subsidiary
December 31, 2018 and 2017

	ASSETS	
	2018	2017
Current assets:		
Cash and cash equivalents	\$ 1,648,060	\$ 2,086,538
Accounts receivable	226,872	224,055
Accounts receivable - related party	126,550	85,852
Prepaid expenses	84,308	103,025
Total current assets	2,085,790	2,499,470
Property and equipment, net	152,572	190,369
Board-designated cash	1,267,783	1,267,781
Deferred tax asset	32,790	34,540
Club membership	7,500	7,500
Prepaid expenses	237,527	271,274
Investment in affiliates, at cost	265,661	294,780
Total assets	\$ 4,049,623	\$ 4,565,714
	LIABILITIES AND NET ASSETS	
Current liabilities:		
Accounts payable and accrued liabilities	\$ 224,487	\$ 834,352
Grants payable	27,445	28,000
Total current liabilities	251,932	862,352
Pension liability	434,335	379,856
Total liabilities	686,267	1,242,208
Commitments	—	—
Net assets:		
Undesignated unrestricted	2,095,573	2,055,723
Board-designated unrestricted	1,267,783	1,267,783
Total net assets	3,363,356	3,323,506
Total liabilities and net assets	\$ 4,049,623	\$ 4,565,714

Consolidated Statements of Activities

Utah League of Credit Unions and Subsidiary
For the Years December 31, 2018 and 2017

	2018	2017
Support and revenues:		
Membership dues	\$ 1,672,267	\$ 1,540,952
Service fees	412,253	338,102
Communications and marketing	388,203	395,467
Interest income	27,290	19,392
Rent income	37,907	36,636
Other income	—	1,925
Total support and revenues	2,537,920	2,332,474
Expenses:		
Direct costs:		
Direct service cost	86,537	66,972
Program expenses:		
Marketing and service cost	222,434	210,234
Legislation and political action	781,195	758,490
Communications	161,221	159,691
Education	261,479	212,884
General supporting expenses	976,945	923,440
Total expenses	2,489,811	2,331,711
Change in net assets before income taxes	48,109	763
Provision for income tax	(8,259)	(2,250)
Change in net assets	39,850	(1,487)
Net assets, beginning of year	3,323,506	3,324,993
Net assets, end of year	\$ 3,363,356	\$ 3,323,506

2018 Year End Statistics

Credit Union	CEO	Year-end assets	Members	Charter
Alpine	Paul Atkinson	\$214,651,232.00	23,286	State
America First	John Lund	\$10,322,440,624.00	1,001,404	Federal
American United Family Of Credit Unions	Michelle Thorne	\$235,189,890.00	21,231	Federal
Beckstrand and Associates	Richard Beckstrand	\$418,655.00	20	State
Box Elder County	Scott Webre	\$131,964,386.00	12,346	Federal
Chartway*	Brian Schools	\$2,199,691,024.00	188,303	Federal
Chevron*	Jon Berlin	\$3,335,458,577.00	111,066	Federal
City Center	Scott Johnson	\$15,198,119.00	1,392	State
CUP	Annette Elmer	\$5,975,594.00	1,285	Federal
Cyprus	Todd Adamson	\$975,964,204.00	110,658	Federal
Delta Community*	Hank Halter	\$5,756,302,878.00	390,904	State
Deseret First	Shane London	\$694,518,536.00	69,873	Federal
Desertview	Michael Nelson	\$33,458,183.00	4,378	Federal
Devils Slide	Jill Carrigan	\$13,449,421.00	1,415	Federal
Eastern Utah Community	Bruce Yost	\$130,398,297.00	11,711	Federal
Education 1st	Kent Greenfield	\$34,252,691.00	2,739	State
Employees First	Craig Russell	\$1,619,312.00	626	State
Firefighters	Thomas Gourdin	\$45,585,725.00	3,669	State
Freedom	Ken Payne	\$36,692,148.00	3,681	State
Gibbons and Reed Employees	Bill Christopherson	\$5,541,016.00	1,441	Federal
Goldenwest	Kerry Wahlen	\$1,553,617,446.00	137,495	Federal
Grand County	Sam Crane	\$35,456,722.00	4,917	State
Granite	Lynn Kuehne	\$454,837,214.00	29,846	Federal
Granite Furniture Employees	Ralph Jenkins	\$1,144,382.00	210	Federal
Hercules First	Brett Blackburn	\$102,869,265.00	8,055	Federal
Hi-land	Blair Asay	\$49,086,795.00	2,828	State
Hollyfrontier Employee's	Meagan Nattress	\$6,379,211.00	846	State
Horizon Utah	Randy Gailey	\$143,679,872.00	12,647	Federal
Jordan	Lindsey Merritt	\$281,365,532.00	26,489	Federal
Kings Peak	Ronald L Wood	\$15,067,633.00	2,069	State
Local Union 354 IBEW	Linda Perschon	\$26,540,788.00	2,604	Federal
Logan Cache Rich	Ann Godfrey	\$25,053,861.00	2,574	Federal
Logan Medical	Dale Howe	\$22,605,021.00	2,327	Federal
Meadow Gold Employees	Lynn Nelson	\$4,785,523.00	579	State
Members First	Brad Barber	\$123,494,686.00	13,726	State

Credit Union	CEO	Year-end assets	Members	Charter
Millard County	Steve Shiner	\$38,600,158.00	5,499	State
Mountain America	Sterling Nielsen	\$8,212,199,279.00	796,578	Federal
National JACL	Dean Hirabayashi	\$31,920,280.00	3,513	State
Nebo	Dale Phelps	\$93,158,942.00	11,726	State
Nephi Western Employees	Judy Truscott	\$31,950,648.00	3,814	Federal
North Sanpete	Jessica Clare	\$938,636.00	447	Federal
Operating Engineers Local Union #3*	Mike Donohue	\$1,139,508,340.00	83,487	Federal
Orem City Employees	Thomas Phelps	\$3,322,845.00	760	Federal
P&S	Stewart Mouritsen	\$16,991,011.00	1,691	State
Pacific Horizon	Steve Clayson	\$68,659,092.00	7,528	State
Presto Lewiston Employees	Gaylene Stone	\$319,840.00	155	State
Provo Police & Fire Dept.	Sheldon Lindsay	\$2,744,156.00	956	State
San Juan	Sherrill Patterson	\$20,107,555.00	4,255	State
SEA	Will Jolley	\$4,712,472.00	877	State
Security Service*	Jim Laffoon	\$9,539,381,253.00	774,333	Federal
South Sanpete	Jake Hill	\$1,026,691.00	190	State
Sunnyside**	Alicia Fivecoat	\$1,907,737.00	470	State
Tanner Employees	Kevin Louder	\$5,995,676.00	1,100	State
Transwest	Bret Rigby	\$141,671,922.00	12,376	State
Tri-County	Nick Reynolds	\$172,216.00	76	State
Uintah	Dan Olsen	\$3,539,022.00	1,045	State
UNIFY Financial*	Gordon Howe	\$3,023,881,938.00	250,901	Federal
University	Jack Buttars	\$1,037,832,323.00	96,106	Federal
Utah	Doug Huntsman	\$20,410,031.00	2,015	Federal
Utah Community	Bret VanAusdal	\$1,380,746,365.00	178,998	Federal
Utah First	Darin Moody	\$406,816,838.00	22,443	Federal
Utah Heritage	Donald Watson	\$72,084,806.00	7,790	State
Utah Power	Ryan Pollick	\$675,005,045.00	26,366	State
Utah Prison Employees	Kristine Argyle	\$3,303,653.00	1,375	State
Valley Wide	Monica Marchant	\$452,674.00	165	Federal
Varex	Tammy Phillips	\$15,488,271.00	1,322	Federal
Wasatch Peaks	Blake Burrell	\$342,288,644.00	32,584	Federal
Weber State	Vickie Van Der Have	\$122,309,334.00	9,906	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.

** Merged with American United Family of Credit Unions after the start of the new year.

Minutes of the 84th Annual Business Meeting

Utah Credit Union Association

Davis Conference Center

April 13, 2018

Chairman Randy Gailey welcomed all attendees to the 84th Annual Business Meeting of the Utah Credit Union Association at 9:00 a.m.

Chairman Gailey called the meeting to order at 9:09 a.m.

Stephen Nelson led a Pledge of Allegiance

Report of the Credentials Committee

Judy Jackson helped on the credentials committee. They reported that there were registered 24 delegates with 24 credit unions represented.

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

- Dean Hirabayashi, National JACL Credit Union
- Ken Payne, Freedom Credit Union
- Randy Gailey, Horizon Credit Union
- Todd Adamson, Cyprus Credit Union
- Rene Clarke, Eastern Utah Community Credit Union
- Thomas Gourdin, Firefighters Credit Union
- Shane London, Deseret First Credit Union
- John Lund, America First Credit Union
- Tammy Phillips, Varex Credit Union
- Brad Barber, Members First Credit Union.
- Excused Sterling Nielson, Mountain America Credit Union

Chairman Gailey recognized the guests:

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

Approval of minutes

Chairman Gailey presented the minutes of the 83rd Annual Business Meeting, which were contained in the 2017 Annual Report for review. There were no objections, additions, deletions, or corrections.

John Spease with America First Credit Union motioned to accept and dispense with reading.

Kent Greenfield with Education 1st Credit Union seconded. Motion carried.

Scott Webre with Box Elder Co Credit Union approved the minutes.

Page Bennett with Horizon Credit Union seconded.

Included in the Annual Report was a report from each committee chair. Chairman Gailey 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 Gailey gave the time to, Tammy Phillips chairman of the nominating committee. She reported that the board had four seats up for re-election this year, all of the seats had only incumbents as the properly filed candidates. They were: Randy Gailey, Thomas Gourdin, Brad Barber and Ken Payne. Tammy asked for a motion to elect these four candidates by acclamation.

Kent Greenfield with Education 1st Credit Union, moved to accept the candidates by acclamation.

Scott Johnson with City Center Credit Union, seconded. Motion carried.

Report of CUNA Mutual

Chairman Gailey asked Brye Austin from CUNA Mutual to provide a report. Brye thank the credit union of Utah for their support. He welcomed everyone to stop by the booth to discuss some technology and product updates CUNA Mutual is now offering.

Report of Alloya

Chairman Gailey asked Tim Bruculere to speak. Tim thanked the credit unions for their support. He also thanked the Alloya board members from Utah's credit unions. Tim discussed the dividend increases made in the past year. Alloya is proud to be good steward of credit union capital. Alloya's goal is to make credit union's lives easier by provided good service and looking for new ways to enhance their services.

Report of Chairman of the Board

Chairman Gailey thanked for the opportunity to serve as Chairman this past year. Utah is down to 65 credit unions after a recent merger. The majority of the Association's member credit unions are considered small. Randy is thankful for the credit union's mindset of cooperation and sharing, even with competitive credit unions. He hopes this cooperative mindset continues in future years.

Randy personally thanked Scott Simpson for his work and turned the time over to him.

Report of the President

Scott Simpson thanked everyone for coming. The Association spent a lot of time and man hours this past year leading an aggressive advocacy campaign. Scott personally had 70 meetings with policy makers in 2017. He had some concern about possible taxation changes.

Scott also discussed the Hatch letter to NCUA. He feels this proves the fight for credit unions is not done, even though we made it though tax reform.

Scott mentioned that Lynn Kuehne was inducted into the Credit Union Hall of Leaders.

Scott thanked the Association's staff. Tomorrow is Scott's 15 year anniversary of starting at the Association. Scott feels like it is an honor to defend such a noble and honorable industry. He thanked everyone for the work they do and the culture they preserve.

Other Business

Chairman Gailey called for a discussion of unfinished business. No other business.

Meeting adjournment

Scott Johnson with City Center Credit Union made a motion to adjourn.

John Spease with America First Credit Union seconded. Motion carried.

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

**UTAH'S
CREDIT
UNIONS**

