

2020 Annual Meeting Agenda

1. Call Meeting to Order & Ascertain Presence of Quorum
(15 members required)
2. Chairman's Announcements
3. Approval of Minutes for 2019 Annual Meeting
4. Accept Treasurer's Report for 2019
5. Accept Chairman & Board of Directors' Report for 2019
6. Accept Supervisory Committee's Report for 2019
7. Old Business (if any)
8. New Business
(Approval of Nominating Committee's report)
9. Adjournment

2019 Supervisory Committee Report

The Supervisory Committee hired Kwok & Company, Certified Public Accountants to conduct a comprehensive annual audit of Maui County Federal Credit Union's (MCFCU) records and operations for the period ended September 30, 2019. The audit of MCFCU's books and records was performed in accordance with the audit guidelines and procedures recommended in the "Supervisory Committee Guide for Federal Credit Unions."

Based on the findings of the annual audit report, the Supervisory Committee would like to recognize the Board of Directors, management and staff of MCFCU for performing their duties in a commendable manner to keep your credit union in sound financial condition.

The Board of Directors, management and staff also deserve to be highly commended for their excellent effort in continuing to provide effective and outstanding services to the members of our credit union and to preserve the safety and soundness of MCFCU.

On behalf of all the members of the Supervisory Committee, we thank you for the opportunity to serve you.

Respectfully submitted,

Wesley Yoshioka, Supervisory Committee Chair
Greg Takahashi
Kirsten Szabo
Denise Thayer
Ralph Nagamine

Financial Reports

STATEMENT OF INCOME

	2019	2018	Variance %
Operating Income			
Loan Income	\$7,587,927	\$7,226,424	5.00%
Investment Income	\$3,914,570	\$3,629,405	7.86%
Other Operating Income	\$1,505,528	\$1,425,676	5.60%
TOTAL INCOME	\$13,008,026	\$12,281,505	5.92%
Operating Expense			
Compensation	\$2,912,616	\$2,814,687	3.48%
Employee Benefits	\$769,857	\$797,502	-3.47%
Travel & Conference	\$104,900	\$123,478	-15.05%
Dues	\$61,101	\$53,472	14.27%
Occupancy Expense	\$558,727	\$553,969	0.86%
Office Operating Expense	\$747,188	\$681,653	9.61%
Education & Marketing	\$224,445	\$150,655	48.98%
Loan Servicing	\$408,695	\$302,086	35.29%
Outside Services	\$1,952,154	\$1,821,106	7.20%
Provision for Loan Losses	\$(289,665)	\$(290,236)	0.20%
Member Insurance	\$-	\$-	
Examination Fees	\$89,966	\$83,771	7.40%
NCUA Stabilization	\$-	\$-	
Misc. Operating Expenses	\$163,185	\$151,714	7.56%
Total Operating Expenses	\$7,703,166	\$7,243,856	6.34%
Total Expenses	\$7,703,166	\$7,243,856	6.34%
Net Operating Income	\$5,304,860	\$5,037,649	5.30%
Gain/(Loss) on Sale of Assets	\$17,032	\$(270,942)	106.29%
Net Income before Dividends	\$4,742,561	\$4,186,234	13.29%
Dividends - Shares	\$1,267,579	\$941,897	34.58%
NET INCOME	\$3,474,982	\$3,244,337	7.11%

STATEMENT OF CONDITION

	2019	2018	Variance %
Assets			
Net Loans	\$149,132,986	\$141,393,387	5.47%
Receivables	\$16,940	\$15,979	6.01%
Cash	\$5,626,695	\$4,720,000	19.21%
Investments	\$150,494,988	\$155,378,103	-3.14%
Fixed Assets	\$9,217,161	\$5,566,434	65.58%
Other Assets	\$13,306,941	\$15,601,004	-14.70%
Total Assets	\$327,795,710	\$322,674,908	1.59%
Liabilities			
Payables	\$140,105	-\$442,486	131.66%
Other Liabilities	\$136,842	\$129,517	5.66%
Total Liabilities	\$276,947	\$(312,969)	188.49%
Member Equity			
Shares & Certificates	\$275,757,664	\$273,756,859	0.73%
Reserves & Undivided Earnings	\$51,761,098	\$49,231,018	5.14%
Total Member Equity	\$327,518,763	\$322,987,877	1.40%
Total Liabilities & Equity	\$327,795,710	\$322,674,908	1.59%

MAUI COUNTY FEDERAL CREDIT UNION

Wailuku Branch

1888 Wili Pa Loop
Wailuku, HI 96793-1272

Lahaina Branch

270 Lahainaluna Rd
Lahaina, HI 96761-1525

Office Hours

Monday to Friday
8:30 a.m. to 4:30 p.m.

Kahului Branch

270 Dairy Rd., #146
Kahului, HI 96732-2986

Office Hours

Monday to Friday
9:00 a.m. to 5:00 p.m.
Saturday
9:00 a.m. to 1:00 p.m.

(808) 244-7968 Fax (808) 242-1690
(800) 783-6597 (Neighbor islands)
www.maui-countyfcu.org

Teller Tone Service

(800) 285-2932

"Chartered 1937"

Board of Directors

Edwin Okubo, Chairman
Clifford Zane, Vice Chairman
Karen Oura, Secretary/Treasurer
Frederico Asuncion, Director
Richelle Lu, Director
Robert Kawahara, Director
Glenn Okimoto, Director

Mission Statement

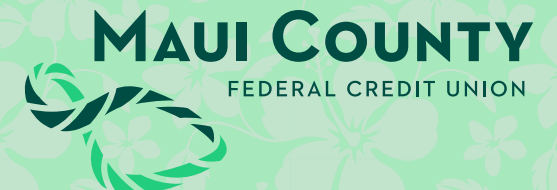
Caring For Our Members Needs



AMERICA'S
CREDIT UNIONS™
Where people are worth more than money.™



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



Federally insured by NCUA.



MAUI COUNTY FEDERAL CREDIT UNION
2019 Annual Meeting Minutes

WELCOME BY CHAIRMAN: Chairman Edwin Okubo introduced himself and welcomed the members to the meeting.

CALL TO ORDER AND ASCERTAIN PRESENCE OF QUORUM: The meeting was called to order by Chairman Okubo at 6:02 p.m. on Thursday, February 28, 2019 at the Wailuku Community Center. Chairman Okubo reported that approximately 520 members were in attendance and that a quorum was present for the meeting. He also informed the members that under our credit union’s by-laws, a minimum of 15 members need to be present to have a quorum for the meeting.

CHAIRMAN’S ANNOUNCEMENTS: Chairman Okubo made the following announcements:

- 1. The meeting will be recessed in a few minutes and the meeting will be reconvened after dinner for the business portion of the meeting.
- 2. The door prizes will be given out after the business portion of the meeting is concluded and the meeting is adjourned.
- 3. He reported that thanks to the hard work of the credit union’s management, staff and volunteers, and the loyalty of our members; the credit union had another very successful year in 2018. He also reported on the following:
 - The credit union had a net income of \$3,244,336.55;
 - Total assets increased by 1.76% to \$322,674,908.34;
 - The delinquent loans to total loans ratio decreased from 2.84% to a manageable 2.00%;
 - The net charge-offs to average loan ratio was a low 0.29%;
 - The credit union’s net worth to total assets ratio increased from 14.76% to 15.51%;
 - The credit union’s membership grew from 18,721 members to 19,131 members;
 - and stated that all of these factors contributed to the credit union being in a very strong financial position.
- 5. He requested that the members review the 2018 annual report which was distributed to the members, because during the business portion of the meeting, the members will be asked to approve the Minutes of the March 8, 2018 annual meeting, accept the

Treasurer’s financial reports, accept the Chairman and Board of Directors’ report and accept the Supervisory Committee’s report.

OFFERING OF GRACE: Chairman Okubo called on Frances Nelson to offer grace before the serving of the food and thanked Fran after she had finished.

MEETING RECESSED: Chairman Okubo recessed the meeting at 6:08 p.m.

MEETING RECONVENED: Chairman Okubo reconvened the meeting at 7:02 p.m.

APPROVAL OF MINUTES: Chairman Okubo requested a motion to approve the Minutes of the March 8, 2018 annual meeting. Upon motion duly made and seconded, it was unanimously voted to approve the Minutes of the March 8, 2018 annual meeting.

ACCEPTANCE OF THE TREASURER’S REPORTS: Chairman Okubo requested a motion to accept the Treasurer’s financial reports for 2018. Upon motion duly made and seconded, it was unanimously voted to accept the Treasurer’s financial reports for 2018.

ACCEPTANCE OF THE CHAIRMAN AND BOARD OF DIRECTORS’ REPORT: Chairman Okubo requested a motion to accept the Chairman and Board of Directors’ Report for 2018. Upon motion duly made and seconded, it was unanimously voted to accept the Chairman and Board of Directors’ report for 2018.

ACCEPTANCE OF THE SUPERVISORY COMMITTEE’S REPORT: Chairman Okubo requested a motion to accept the Supervisory Committee’s Report for 2018. Upon motion duly made and seconded, it was unanimously voted to accept the Supervisory Committee’s report for 2018.

RECOGNITION OF VOLUNTEERS: Chairman Okubo introduced the following MCFCU volunteers on the Board of Directors and Supervisory Committee, and asked them to stand when their name is called:

The volunteers on the Board of Directors are:
Vice Chairman Clifford Zane
Secretary/Treasurer Karen Oura
Director Frederico Asuncion
Director Richelle Lu – Chairman Okubo reported that Director Richelle Lu was unable to attend the annual meeting.
Director Robert Kawahara
Director Glenn Okimoto
and Chairman Edwin Okubo
Chairman Okubo reported that none of the Supervisory

Committee members were present but the members included Chairman Robin Tanaka, Member Greg Takahashi, Member Ralph Nagamine and Member Wesley Yoshioka.

Chairman Okubo then asked the members of the credit union to join him in thanking all of the volunteers on the Board of Directors and Supervisory Committee for their commitment and dedication to the credit union.

UNFINISHED BUSINESS: Chairman Okubo reported that there was no unfinished business to act on.

NEW BUSINESS: Chairman Okubo reported that there was one new business item to act on, which was the election of directors, and called on Director Frederico Asuncion, Chair of the Nominating Committee to present the Nominating Committee’s report.

Mr. Asuncion reported that the Nominating Committee was nominating Clifford Zane, Karen Oura, Richelle Lu and Glenn Okimoto to serve on the Board of Directors for a term of two years.

Chairman Okubo thanked Mr. Asuncion for the report and requested a motion to approve the Nominating Committee’s report. Upon motion duly made and seconded, it was unanimously voted to approve the Nominating Committee’s report.

Chairman Okubo announced that with the approval of the Nominating Committee’s report by acclamation, Clifford Zane, Karen Oura, Richelle Lu and Glenn Okimoto have been elected to serve on the Board of Directors for a term of two years.

ADJOURNMENT OF MEETING: There being no other business for the meeting, Chairman Okubo adjourned the meeting at 7:11 p.m.

DOOR PRIZES: Door prizes, including merchandise, gift certificates and air fare/vacation coupons were awarded to members whose names were drawn by lottery. The door prizes were made possible by our credit union and some generous vendors.

Respectfully submitted,
Edwin Okubo, Chairman
Karen Oura, Secretary/Treasurer

Chairman and Board
of Directors' Report

In 1998, the Maui County Employees Federal Credit Union, now the Maui County Federal Credit Union (MCFCU), moved into the current Wailuku office building after purchasing a 29,712 square foot parcel at the Wailuku Millyard development and constructing a 10,800 square foot building. The building was originally designed to accommodate a staff of 25 employees. After 21 years, MCFCU has grown significantly and now has a total of 58 employees with 33 working out of the Wailuku office and 9 working out of a leased space at the Millyard Plaza. Parking is also inadequate at the Wailuku office. The growth of MCFCU also included our membership increasing from 7,347 members to 19,531 members, our total assets increasing from approximately \$57 million to more than \$327,795,000 and new branch offices being established in Kahului and Lahaina.

To assist MCFCU in creating a more efficient and effective work environment, the design/build firm of NewGround International, Inc. was hired in June 2018. In addition, the firm of Diebold/Nixdorf was also hired to perform a market analysis and branch assessment to provide insight into our market and opportunities for future branch expansions and/or relocations.

After carefully evaluating the various alternatives, the board and management decided to purchase a larger lot in the Kehalani Village Center in Wailuku to construct a new flagship building that will serve as the credit union’s cooperative headquarters and new Wailuku branch office. The proposed building will be a two-story building containing approximately 26,183 square feet, a two lane drive-through and 135 parking stalls, which is expected to accommodate MCFCU’s needs for the next 15 years.

On June 10, 2019, MCFCU completed the purchase of an 87,873 square foot fee simple parcel from KVC2, LLC in the Kehalani Village Center. The target completion date of the project is late-2021. After relocating to the new building, it is MCFCU’s intent to sell the office building in the Wailuku Millyard.

Respectfully submitted,
BOARD OF DIRECTORS
Edwin Okubo, Chairman
Clifford Zane, Vice Chairman
Karen Oura, Secretary/Treasurer
Frederico Asuncion, Director
Richelle Lu, Director
Robert Kawahara, Director
Glenn Okimoto, Director