



## Annual Membership Meeting

April 2, 2016 at 9:00 a.m.

The Black Canyon Conference Center (Sonoran Ballroom)

9440 N. 25<sup>th</sup> Avenue

Phoenix, AZ 85021

This credit union is federally insured by the National Credit Union  
Administration

## Meeting Agenda

- CALL TO ORDER CHRIS URNESS
- QUORUM PRESENT CHRIS URNESS
- CLOSE BALLOT CHRIS URNESS
- MINUTES OF THE 2015 ANNUAL MEETING AS PRINTED
- CHAIRMAN'S REPORT AS PRINTED
- CREDIT MANAGER'S REPORT AS PRINTED
- SUPERVISORY COMMITTEE'S REPORT AS PRINTED
- CEO's REMARKS ROBB SCOTT
- OLD BUSINESS CHRIS URNESS
- NEW BUSINESS CHRIS URNESS
- ELECTION RESULTS CHRIS URNESS
- ADJOURNMENT CHRIS URNESS
- DOOR PRIZES STAFF

**Deer Valley Credit Union  
Annual Meeting Minutes  
March 21, 2015**

Chairman Roger Zollinger called the meeting to order at 8:50 AM on Saturday, March 21, 2015, at the Black Canyon Conference Center, Phoenix, AZ. Board members present were Roger Zollinger-Chairman, Chris Urness-Vice Chairman, Ed Frick-Secretary, Stephen Wolfe-Treasurer, Frank Martinson-Director, Greg Miller-Director, Melanie Merrell-Director and Harold Kinch-Director. Supervisory Committee members present were Al Dubrowa and Harshad Desai.

Chairman Zollinger determined that a quorum was present and announced that the ballots were closed.

The minutes of the annual meeting of April 5, 2014, were approved as printed on the handouts provided to attendees.

The Chairman's Report, Credit Manager's Report and the Supervisory Committee's Report were accepted as printed in the 2014 annual report distributed to attendees.

Chairman Zollinger thanked the membership for its continued support. He also thanked the staff of the credit union for their efforts throughout the year. He highlighted the written report to the membership which noted the credit union's progress towards assisting more members with loans. Loan balances increased almost \$17 million in 2014. Net worth improved to 8.58% and net income was almost \$1 million. Roger discussed the new online banking enhancements and encouraged members to continue to use the services of the credit union.

Robb Scott, CEO, welcomed the membership and thanked them for their support and participation in their credit union. He introduced the Board of Directors and Supervisory Committee members. He highlighted the credit union's governance structure, membership stats and member participation numbers. Robb stated that DVCU is the 15<sup>th</sup> largest credit union with the largest share balance per member and the 5<sup>th</sup> largest loan balance per borrower in the state. Robb discussed the membership survey of almost 1,200 members; 75% of members were very satisfied with DVCU and 22% were satisfied. 62% of members said that they were extremely likely to recommend the credit union to friends and family members. Robb highlighted the shared branching network and Allpoint ATM network. He also showed screen shots from the new remote banking system. He presented a few economic slides highlighting the improved unemployment and home values in Phoenix. Finally, Robb presented the financial statements located in the meeting packet. Members voiced the following questions/statements:

- 1) Punctuation on Financial Statement incorrect for Unreal Gain/Losses. Should read Unreal Gains/Losses
- 2) When will DVCU be rolling out New Remote Banking Program? About 30 days
- 3) Will DVCU have a mobile application? Yes in about 60-90 days
- 4) Will the new Remote Banking be sized for mobile phone access? Yes
- 5) Banks and Credit Card Companies provide a free Fico Score; will DVCU consider providing this option? We will consider this option

- 6) On Remote Banking there is a note about account # changing, what is this for? We will be truncating member numbers on the statement starting 6/1/2015
- 7) Has DVCU thought of providing an incentive to the membership for referring new members? We periodically offer this type of incentive
- 8) Do you have a boundary map showing membership eligibility? Robb discussed the current boundaries and proposed boundaries.

Chair Zollinger said that there was no old business. He presented the proposed bylaw changes to the membership for ratification. Ten additional zip codes were added to the field of membership covering the Prescott area, Wickenburg and the I-17 corridor north of New River. By a voice vote, the membership unanimously ratified the bylaw changes as presented.

Chairman Zollinger announced that Roger Zollinger, Melanie Merrill and Harold Kinch were re-elected to the Board by the membership. Door prizes were drawn and distributed.

The meeting was adjourned at 9:48 AM.

Respectfully submitted,

Approved by,

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Edward Frick, Secretary

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Roger Zollinger, Chairman

## Deer Valley Credit Union Chairman's Report

DVCU has been faithfully serving our members for almost 45 years. Since our creation in 1971, we continue to provide valuable financial services to approximately 16,000 members in over 12,000 family households. The average DVCU family household currently uses nearly five services offered by our credit union. Over 2,100 new members joined our credit union in 2015. The continued success of our credit union is due to the loyalty and participation of our members and the quality of products and services offered by our employees and volunteers.

In 2015, we introduced our new online banking system and mobile application. Doing business with DVCU has never been easier. Members can access their accounts and conduct transactions on any device including a PC, MAC, laptop, tablet and mobile phone. From a smartphone, members can view their accounts and transaction history, transfer money between accounts and external accounts, pay bills, and deposit checks. Additional features and enhancements are planned for 2016. We are committed to offering technology-based solutions that rival big banks.

We also continued to assist our members with lending needs during the year. Members used our credit union to borrow over \$62 million in 2015. This is an increase of \$11 million over 2014 for a 22% increase in loan funding. Loan balances grew by over \$18 million to \$127 million at the end of 2015. Compared to total member deposits of \$190 million, we have loaned out 67% of those deposits. As highlighted in the Credit Manager's Report, we have a healthy mix of mortgage, second mortgage, vehicle, unsecured and other secured loans.

As a volunteer board, we have been actively involved in governance and strategic initiatives. We increased the board from seven members to nine members and added two associate board members to groom and offer a more diverse background. The board created a 2020 vision and a 2016 strategic plan to move our credit union forward. Your board continues to ask members for their opinions on the services we should offer and how well we are meeting your needs. Over 96% of members in a recent survey indicated that they were satisfied with the service provided by DVCU. Additionally, 29% of members stated that their level of satisfaction has increased since last year. When asked, 60% of members said that they were "Extremely Likely" to recommend DVCU to family and friends.

As a not-for-profit financial institution, we will continue to work hard to earn your business and your support. Thank you for your membership!

Chris Urness, Vice Chairman  
Greg Miller, Director  
Harold Kinch, Director  
JJ Petersen, Associate Director

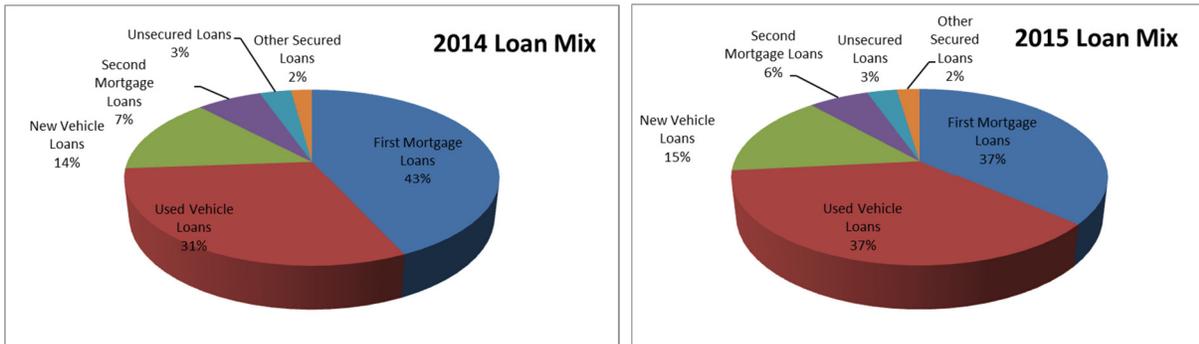
Steve Wolfe, Treasurer  
Doug LaPedes, Director  
Melanie Merrill, Director  
Lori Rutledge, Associate Director

Ed Frick, Secretary  
Frank Martinson, Director

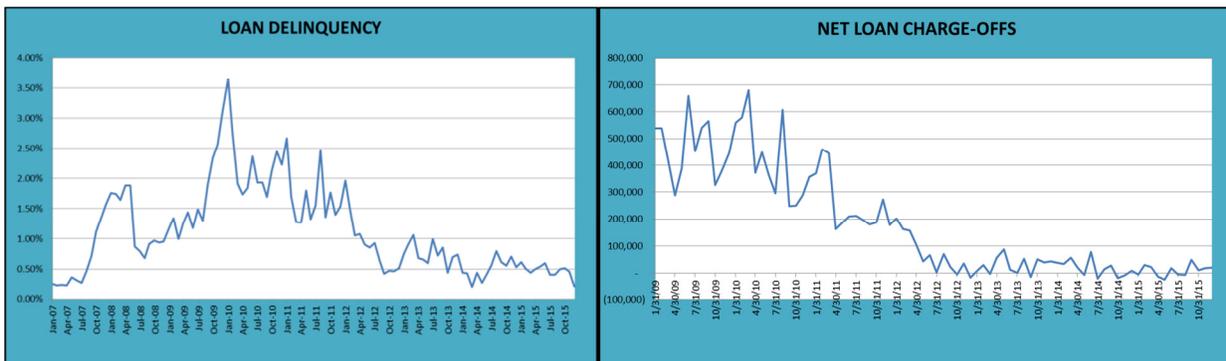
*Roger Zollinger*  
Roger Zollinger  
Chairman

## Deer Valley Credit Union Credit Manager's Report

One of our most important as a credit union is to assist member with loans. In 2015, we granted \$62.5 million in new loans to our members. Total loan balances increased \$18.6 million in 2015 for a 17% increase. During 2015, the mix of vehicle loans has increased from 45% at the end of 2014 to 52% at the end of 2015. Conversely, the mix of 1<sup>st</sup> mortgage loans has decreased from 43% at the end of 2014 to 37% at the end of 2015. The mix of loans at the end of 2015 is more diversified which protects our credit union against large interest rate swings.



The quality of the loan portfolio is measured by the amount of delinquent loans and loan charge offs or losses. At the end of 2015, we had only \$281K in loan balances that were delinquent more than 60 days for a delinquent loan to total loan ratio of 0.22%. In other words, 99.78% of loans are paying as agreed. Loan losses continue to beat industry averages and our peer group of credit unions.



We look forward to serving more members with their lending needs in 2016 and beyond. Our 2016 goal is to loan out at least 73% of members' deposits compared to 67% as of 12/31/2015.

*Janet Burgett*  
Janet Burgett  
Credit Manager

**Deer Valley Credit Union**  
**Supervisory Committee's Report**

During 2015, the Supervisory Committee continued its active involvement in monitoring the credit union's operating practices and financial results, in keeping with its mission to safeguard both DVCU and member assets.

The committee contracted with Nearman, Maynard, Vallez, an independent CPA firm to perform an annual opinion audit of the financial statements. We received a clean audit opinion on our 2014 financial statements, and are expecting the same this April for our 2015 financial statements.

We also approved an internal audit program to be conducted by CU staff and reviewed by the committee, aimed at verifying that the credit union continues to operate in a safe and sound manner. In addition to conducting its own audits of various areas of the credit union, the committee meets with credit union regulators, reviews their exam reports and ensures that management complies with audit and exam requirements.

In our opinion, the credit union is operating in accordance with applicable laws and regulations in a manner consistent with sound credit union practices and procedures.

Thank you to my fellow committee members, Harshad Desai and Bill Whitecotton, for their volunteer work over the past several years.

*Al DuBrowa*

Al DuBrowa

Chairman, Supervisory Committee

## Statement of Financial Condition-Balance Sheet

(unaudited)

	<u>2014</u>	<u>2015</u>
<i>Assets</i>		
Cash and Overnight Deposits	\$ 15,640,593	\$ 12,459,670
Investments	67,108,584	57,732,509
Loans to Members	108,535,362	127,191,434
Allowance for Loan Losses	(1,376,860)	(1,529,768)
Land, Building & Furniture - Net	11,687,159	11,410,671
Other Assets	3,131,430	3,208,610
<b>Total Assets</b>	<b>\$ 204,726,268</b>	<b>\$ 210,473,126</b>
<i>Liabilities and Equity</i>		
Accrued Dividends and Other Liabilities	\$ 1,773,840	\$ 1,999,784
<b>Total Liabilities</b>	<b>\$ 1,773,840</b>	<b>\$ 1,999,784</b>
Share Drafts	\$ 46,261,807	\$ 47,126,247
Regular Shares	59,566,581	64,617,698
Money Markets	37,460,420	39,928,526
Share Certificates	23,507,666	21,532,002
IRA Shares and Certificates	18,522,831	16,787,511
<b>Total Member Shares</b>	<b>\$ 185,319,305</b>	<b>\$ 189,991,984</b>
Undivided Earnings	\$ 10,787,036	\$ 11,835,961
Reserves	6,800,151	6,800,151
Unrealized Gains(Losses) on Investments	45,936	(154,754)
<b>Total Liabilities and Equity</b>	<b>\$ 17,633,123</b>	<b>\$ 18,481,358</b>
<b>Total Liabilities and Equity</b>	<b>\$ 204,726,268</b>	<b>\$ 210,473,126</b>

## Statement of Operations-Income Statement

(unaudited)

	<b>2014</b>	<b>2015</b>
<i>Interest Income</i>		
Interest on Loans	\$ 4,452,202	\$ 5,172,262
Interest on Investments	989,488	940,435
<b>Total Interest Income</b>	<b>5,441,690</b>	<b>6,112,697</b>
<i>Interest Expense</i>		
Interest on Member Deposits	308,074	282,573
<b>Net Interest Income</b>	<b>5,133,616</b>	<b>5,830,124</b>
Provision for Loan Losses	300,000	275,000
<b>Net Interest Income after Provision</b>	<b>4,833,616</b>	<b>5,555,124</b>
<i>Non-Interest Income</i>		
Fee and Other Income	2,484,056	2,537,374
Other Gains/Losses	(7,837)	(10,456)
<b>Total Non-Interest Income</b>	<b>2,476,219</b>	<b>2,526,918</b>
<i>Non-Interest Expense</i>		
Compensation and Benefits	3,163,489	3,705,242
Travel and Conference	49,343	63,558
Office Occupancy	728,489	767,348
Office Operations	1,936,739	1,975,898
Member Education & Marketing	109,433	116,644
Loan Servicing	193,733	147,358
Professional and Outside Services	127,081	146,592
Operating Fees (AZDFI)	21,348	21,470
Miscellaneous Operating Expense	79,049	89,007
<b>Total Expenses</b>	<b>\$ 6,408,704</b>	<b>\$ 7,033,117</b>
<b>Net Income/(Loss)</b>	<b>\$ 901,131</b>	<b>\$ 1,048,925</b>

**Deer Valley Credit Union  
Contact Information**

<b>Branches</b>	<b>Hours</b>
<b>Main Branch</b> 16215 N. 28 <sup>th</sup> Avenue Phoenix, AZ 85053	<b>Monday-Thursday 9:00 am – 5:00 pm</b> <b>Friday 9:00 am – 6:00 pm</b>
<b>Anthem Branch</b> 3428 W. Anthem Way Anthem, AZ 85086	<b>Monday-Thursday 9:00 am – 5:00 pm</b> <b>Friday 9:00 am – 6:00 pm</b>
<b>Arrowhead Branch</b> 18559 N. 58 <sup>th</sup> Avenue Glendale, AZ 85308	<b>Monday-Thursday 9:00 am – 5:00 pm</b> <b>Friday 9:00 am – 6:00 pm</b>
<b>Surprise Branch</b> 15613 W. Bell Road Surprise, AZ 85374	<b>Monday-Thursday 9:00 am – 5:00 pm</b> <b>Friday 9:00 am – 6:00 pm</b>
<b>eBranch</b> (602)375-7300 1-800-579-5051 Email: <a href="mailto:info@dvcu.org">info@dvcu.org</a> Website: <a href="http://www.dvcu.org">www.dvcu.org</a>	<b>Monday-Thursday 9:00 am – 5:00 pm</b> <b>Friday 9:00 am – 6:00 pm</b>

Credit Union Shared Branches worldwide: [www.cuswirl.com](http://www.cuswirl.com) or linked on our home page  
SurchargeFree ATM network worldwide: [www.allpointnetwork.com](http://www.allpointnetwork.com) or linked on our home page

Vehicle financing at almost every vehicle dealership in Arizona – Tell them you want your loan at DVCU!