



88<sup>th</sup> 2021  
*Annual*  
REPORT





## MISSION STATEMENT

As a premier credit union, Energy Capital Credit Union provides professional representatives who offer our members opportunities for financial success through a variety of effective, competitive products and services.






# AGENDA

- I Call to Order & Introduction of Board Chairman
- II Determination of a Quorum (25 Members)
- III Approval of Minutes
- IV Report of Chairman
- V Report of President
- VI Report of Treasurer
- VII Report of Nominating Committee
- VIII Old Business
- IX New Business
- X Acknowledgments
- XI Adjournment
- XII Door Prizes!  
(*Must be on the call to win*)





# MINUTES OF THE 87TH ANNUAL SHAREHOLDER'S MEETING FOR ENERGY CAPITAL CREDIT UNION

The 87th Annual Meeting of the shareholders of Energy Capital Credit Union (ECCU) was held virtually via Zoom on Wednesday February 24, 2021 at 6 p.m. Linda Pearsall introduced Chris Ruisaard, Chairman, who opened and presided over the meeting.

Corey Cunningham, Chief Financial Officer, verified that a quorum was present for the meeting.

A motion to accept the minutes of the February 26, 2020 meeting was made by Kanika Boutté and seconded by Alma Alvarez and the motion was unanimously approved.

## **The Chair's Report was presented by Chris Ruisaard.**

Mr. Ruisaard noted over the course of our 87-year history as a member-owned cooperative, we've learned a tremendous amount about how to best serve our members. However, as 2020 began to unfold, the Credit Union along with the rest of the world began to experience an unprecedented event with the rapid spread and impact of COVID-19. As Chairman and a member of your Board of Directors for more than 10 years, I have come to appreciate so many of the improvements and strategic projects initiated over last few years. In these challenging times filled with uncertainty, I take comfort in this credit union's ability, safety, and soundness to meet whatever issues the future holds.

Energy Capital Credit Union has historically been a well-capitalized financial institution. In 2020 Energy Capital CU had a net worth ratio of 10.60%. Net worth is more commonly known in the business world as retained earnings and the ratio is in relationship to our total assets. This means we can return more to our members by investing back into the resources that have the greatest impact on our members' lives, like improved digital services and good lending and dividend rates.

Another unique aspect of our financial strength is our ability to meet the loan needs of our members at times when members may need access to credit. Our prudent and diligent fiscal management over time has afforded us advantages to look towards the economic issues with confidence. At the end of 2020 we reached an all-time high of just over \$181.9M in loans, a growth of 4.75% over 2019. We made \$9.5M in just real estate and home equity loans alone!

Another milestone was reaching a new high in assets ending the year with over \$234M. We did our best to invest in loans to limit the impact of short-term rates on our yields. The Federal Reserve Bank dropped rates by 1.50% overnight in March 2020 and their equity buying program has dropped yields on permissible investments to approximately 1% on a 5-year term.

Many of our members were severely impacted by COVID-19 and we provided support in several ways. First, we waived fees for skip a payment on loans. We processed a total of 1,613 skip-a-pay's for over \$962k from March to the end of June, an increase of 205% over all skip-a-pays in 2019. We also waived ATM fees, adjusted limits for drive-thru and, through our mobile app, modified the online-banking / remote deposits to make it easier to do business during the COVID crisis.

## **The President's Report was presented by Linda Pearsall, CEO.**

L. Pearsall stated another success we had in addition to growing loans in 2020, was the increase in membership by 229 new members. We are slowly building up the number of our members since our conversion in 2016 when we closed inactive accounts. We launched a Tell-A-Friend program, which was one of the contributing factors in our growth. We've also simplified the online application process and offered gifts to open accounts. We began 2020 with 25 strategic action plans that focused on streamlining our member experience while unifying our core products and services across all channels. Some of the enhancements we made as a result of those action plans were Google Pay, Samsung Pay and Apple Pay implementation. This makes paying merchants easier and safer with a contactless solution. CU Rate Reset was launched in the third quarter. This product allows us to send tailored offers to members to help them lower payments for their outstanding debt by transferring balances to a lower rate on their ECCU credit card at 1.9% or refinancing their current loan with a cheaper rate or lower payment to suit their needs. What we really like is the back-end integration that makes the processes seamless for all.

We launched a new website that is easier to navigate and makes applying for a new account or loan more convenient. We encourage you to use the website anytime you have a financial need. With our new Interactive Voice Response System, you can check to see if a check has cleared, check your balance, and much more! In total, our members have more than \$200 Million in deposit accounts with Energy Capital Credit Union, which is an increase of 3% over 2019. When we see people putting money away for the future, we hope our efforts to enhance the financial literacy of our members has contributed to this increase.

The distribution of our investment portfolio and our heaviest concentrations continue to be in Bank CDs and Federally Backed Securities totaling 82% of our portfolio. Though some projects were delayed due to COVID-19 we pushed forward. One area we made strides with is cyber security. We put in protocols and trained staff to identify malicious and phishing emails. We reviewed transactions to identify fraudulent unemployment claims and returned them when names didn't match. We have completed a Cybersecurity risk assessment, and this will help our staff to continually develop and enhance our risk profile. We take our responsibility to uncover fraudulent transactions very seriously and in 2020 we returned over \$500k in fraudulent PPP loan proceeds through due diligence with member accounts. Protecting our members is one of our primary responsibilities and our utmost importance.

As always, one of our most important corporate responsibilities is to strengthen the communities we serve, and in 2020 we did our part once again by holding a Backpack and School Supply Drive donating \$816 in needed supplies. We gave away over 700 N95 masks to local hospitals and first responders during the critical mask supply shortage. We held a blood drive on November 11th. We donated \$1,127 to the Houston Area Women's Center from our employee fundraising fund. We rewarded our younger members with over \$400 for making "As". We also sponsored a local FFA program with a donation of \$500.

We are excited to bring new technology to you and hopefully enhance your financial life. We'll launch Zelle this year along with Text Banking. We'll be offering insurance on auto, boats, RVs, homeowners, and rental insurance. We'll also be enhancing our backup solutions to include debit cards and shared branching. We will also continue with the development of our staff with training and conferences to help them develop and continue their careers with Energy Capital Credit Union.

#### **The Report of the Treasurer was presented by Corey Cunningham, CFO.**

C. Cunningham explained though the credit union needs to make a profit to keep the doors open, our sole interests are our members' interests. Whenever we can, in keeping with our credit union mission, we will distribute profits back to you.

As a state-chartered financial institution, the Credit Union's financial condition, asset quality, accounting practices, and compliance with applicable laws and regulations are examined every 12 to 18 months by the State of Texas Credit Union Department in conjunction with the National Credit Union Administration. The effective date for the most recent examination was March 31, 2019. Energy Capital received a favorable rating in all six performance areas, with highest ratings for Asset Quality, Management, and Earnings. The Certified Public Accounting firm of Clifton Larson & Allen, LLP was retained by ECCU to perform an audit of the Credit Union's financial records. From the audit period of July 1, 2019 to June 30, 2020 Clifton Larson & Allen found Energy Capital Credit Union to be both financially and operationally sound and issued an unqualified opinion. In addition, Clifton Larson & Allen completed audits of the Lending/Real Estate, Information Technology, and Bank Secrecy operations of the credit union. ECCU also retained the firm CU Resources to review the ACH processes of the institution. As a whole, the audits and examinations completed in 2020 have shown that Energy Capital Credit Union continues to function as a sound financial partner for our member-owners.

#### **The Nominating Committee was presented by Chris Ruisaard.**

The bylaws of Energy Capital Credit Union require that a Board of nine directors be elected from the membership to provide general direction and Control of the affairs, funds, and records of the Credit Union. The regular term of office for a Director is three years and they may serve three terms. The bylaws also provide that directors may serve additional terms if approved by the Board. Nominations are considered by petition, and none are allowed from the floor.

Our 2021 nominees are:

Hermes Rubio, a former ExxonMobil employee with a Bachelor of Arts in Management Information Systems from Ourso College of Business. We believe Hermes makes an exceptional candidate from his experience with MD Anderson Cancer Center and serving on his church Board. As you can see from the bio on the screen, he has a diverse background that will benefit our Board.

Shannon Rives is currently employed by Texas Arcadis U.S. Inc as Vice President in Construction Management services. We think his team building and quality client services in addition to his engineering background will be a great asset for our Board.

Shanita Holloway is a realtor for Walzel Properties LLC. We believe her philosophy of personal touch and closing deals will bring a new prospective to the Board in addition to her work with her local church. Shanita also has experience with growing membership and will be a great asset for our Board.

A motion was made by Alma Alvarez to approve the Board Officers presented. The motion was seconded by Raquel Avila.

In closing, I'd like to express my deepest confidence in the leadership of Linda Pearsall, the executive managers with the guidance of your board of directors, the commitment of our dedicated staff, and the support and loyalty of YOU our member-owners. We look optimistically into the future because Energy Capital is well-positioned to face any challenge and seize any opportunity that presents itself in 2021. Thank you, ladies and gentlemen. I wish you and your families the very best in 2021.

A plaque was presented to Steve Wright for his service to our ECCU Board of Directors. We could always count on Steve to have knowledge of the most recent results on the economy and provide a great voice of reason on almost any topic. A plaque was presented to Chuck Smith for his service to our ECCU Board of Directors. Chuck has a great eye for details and always helped with improving our policies and how we do our business. A gavel plaque was awarded to Chris Ruisaard. Chris has been serving on our Board for over nine years. We're delighted that he has agreed to serve another three.

There being no further business, the 87th Annual Meeting was adjourned at 6:26 p.m. by acclamation.



# THE CHAIRMAN'S REPORT

GEORGE EDWARDS, CHAIRMAN OF THE BOARD

Despite the challenges that endured through 2021 and new ones that arose, Energy Capital Credit Union remained sound. In fact, ECCU is working on purchasing land for a fourth branch location. The new branch has a target opening date of early 2023 and will be in the Katy area.

As Chairman of your Board of Directors, I admire the leadership of this credit union and their ability to grow in areas where peers struggled this year. They have executed strategic initiatives that have positioned this credit union to experience its best years to come under the direction of its new CEO.

In 2021 Energy Capital saw a net worth ratio of 10.07%. The credit union remains well capitalized and prepared to withstand economic uncertainty. Also, we can offer a greater return to Members by eliminating select service fees and maintaining competitive lending rates and generous dividend rates as you saw in 2021.

2021 was an impressive year for loan growth with an increase of more than 18% - more than triple what we achieved in 2020. Members needed access to credit, and we were able to deliver. Our greatest growth was in Auto Loans, but we also saw substantial increases in Boats, RVs, Signature Loans, and Credit Cards.

It is a pleasure to announce that Energy Capital Credit Union surpassed \$250M in assets in 2021 – a growth of 10.18%. Federal Reserve Bank rates remained low, keeping investment yields low. However, our early decision to invest in loans to limit the impact of short-term rates on our yields proved effective.





## NOTABLE CHANGES

### Changes to Management

Vice President of Lending, Valerie Dahlgren-Ballew was hired 10/05/2021

CEO Linda Pearsall retired 12/31/2021 (succeeded by Kanika Boutté)

### Changes to Bylaws

None

### Changes to Articles of Incorporation

None

### Important Notes to Changes to Financial Condition

None

### Changes to Membership Size

DECEMBER 2021	18,316
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DECEMBER 2020	17,479
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NET MEMBER INCREASE	837
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### Services Offered Since Last Annual Meeting (February 2021)

Energy Capital Insurance

1934

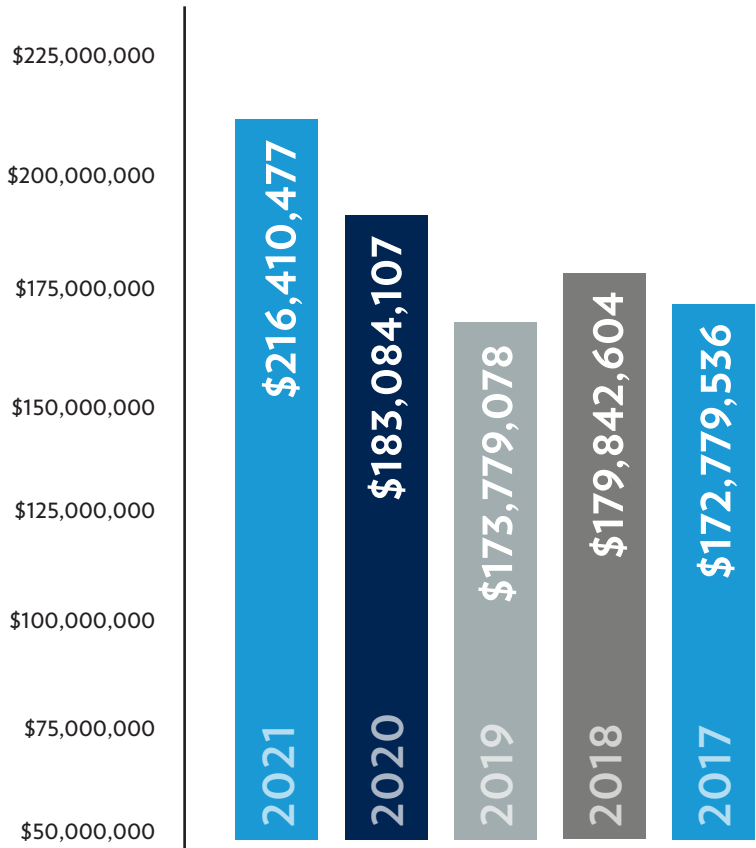


\$275,000,000  
\$250,000,000  
\$225,000,000  
\$200,000,000  
\$175,000,000  
\$150,000,000  
\$125,000,000  
\$100,000,000

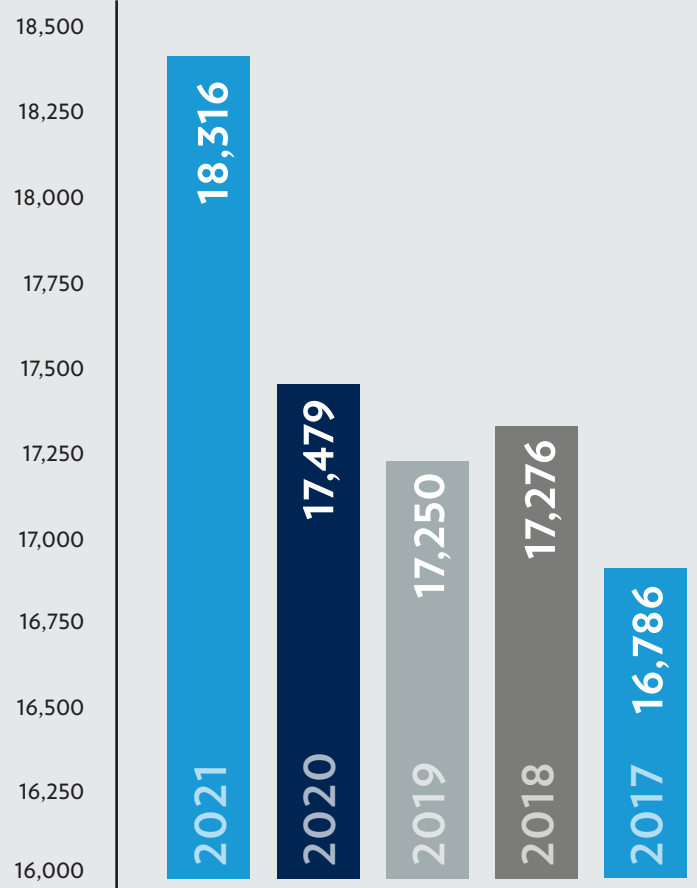


**TOTAL ASSETS**





TOTAL LOANS



TOTAL MEMBERS



# STATEMENT OF FINANCIAL CONDITION

## PERIODS ENDING DECEMBER 31, 2021 & 2020

ASSETS	2021	2020
Loans	\$216,410,477	\$183,084,107
Cash In Bank	\$18,740,099	\$22,520,422
Investments	\$13,073,425	\$16,813,530
National CU Share Insurance Fund	\$1,811,708	\$1,795,756
Land	\$1,818,650	\$1,679,273
Building (net)	\$3,571,858	\$3,793,654
Other Assets	\$4,234,122	\$4,798,253
<b>TOTAL ASSETS</b>	<b>\$259,660,339</b>	<b>\$234,484,995</b>

LIABILITIES	2021	2020
Payables & Other Misc. Liabilities	\$6,878,722	\$1,989,329
Dividends Payable	\$46,637	\$38,764
Member Savings, Checking, and Certificate Accounts	\$228,272,188	\$209,361,825
Reserves	\$24,462,792	\$23,095,077
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$259,660,339</b>	<b>\$234,484,995</b>

# STATEMENTS OF INCOME

## PERIODS ENDING DECEMBER 31, 2021 & 2020

	2021	2020
Interest on Loans	\$7,963,238	\$7,637,074
Interest on Investments	\$586,794	\$471,465
Total Interest Income	\$8,550,032	\$8,108,540
Fees and Other Income	\$2,392,407	\$1,930,479
<b>TOTAL INCOME</b>	<b>\$11,030,260</b>	<b>\$10,039,018</b>

Operating Expenses	\$8,691,423	\$7,515,290
Provision for Loan Losses	\$604,665	\$1,073,487
Dividends	\$441,206	\$601,993
Total Expenses	\$9,737,294	\$9,190,770
(Gain)/Loss on Assets	(\$87,821)	(\$56,360)
Total Non-Operating (Gain)/Loss	(\$87,821)	(\$56,360)
<b>NET INCOME/(LOSS)</b>	<b>\$1,292,965</b>	<b>\$904,608</b>



# BOARD OF DIRECTORS 2021

## TERM EXPIRATION YEAR

### CHAIRMAN

George Edwards  
2022

### VICE CHAIRMAN

Huy Tran  
2022

### SECRETARY/TREASURER

Vince Elder  
2023

Detra Johnson  
2025

Brent Rawson  
2024

Todd Reppert  
2024

Shannon Rives  
2024

Hermes Rubio  
2023

Chris Ruisaard  
2024

Steve Wright  
2023

# ADVISORY BOARD OF DIRECTORS

## TERM EXPIRATION YEAR

MacKenzie Diggs  
2024

Kimberly Irchirl-Carter  
2024

Scott Rosenlund  
2024







1934



**ENERGY**   
CREDIT UNION **CAPITAL**

[www.ECCU.net](http://www.ECCU.net)

832-604-4848



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