

# 2012 *ANNUAL REPORT*

**0 to 60 in No Time...**



**60 years**

Houston Highway is proud to celebrate **60 years** of dedicated service to our members and our community. During our 60 years we have had the privilege of welcoming thousands of Members, and we are grateful for each one. Houston Highway constantly seeks to improve for the benefit of all of our Member Owners. Over the last six decades we have introduced many valuable products and convenient services such as FREEway Checking, Online Banking, a surcharge-free nationwide ATM network, and **me-SERVICeS** while maintaining competitive interest rates for Savings and Loans.

As we reflect on 2012 and all the years preceding it, we see patterns of growth and innovation. These achievements are possible because of our dedicated staff, Board of Directors and especially our loyal Members. Thank you for the successes Houston Highway has achieved, and for your continued efforts to make this credit union excellent.



## Agenda:

- I. Call meeting to Order
- II. Determination of Quorum
- III. Minutes of Last Meeting
- IV. Directors' Report by Chairman
- V. President's Report
- VI. Audit Committee Report
- VII. Unfinished Business
- VIII. New Business
- IX. Election of Directors
- X. Adjourn

**Note:** Door Prizes will be awarded after business meeting.



## Report from Board of Directors

Welcome, Members, to our 60th Annual Meeting, marking a great milestone in our credit union history. As we celebrate this historic evening, it's my pleasure as Chairman of your Board of Directors to report on the strong financial position we've been able to maintain at Houston Highway.

This past year, we continue to see uncertain employment data, steep market fluctuations, historically low interest rates, the European economic crises, the downgrading of the U.S. credit rating, banks charging new and higher fees, and much more making these very interesting times. As such, your Board of Directors has always followed the most prudent and conservative philosophy in making decisions about our operations. So, I am all the more proud to report to you some good and interesting information.

Houston Highway is safe, sound, secure and growing! We continue to offer you, the Member, innovative new products and services, competitive rates, and of course, our hallmark brand of specialized personal service.

The current uncertainty in the economy makes our traditional values seem all the more valid. Your Board of Directors has assembled a management team that is also committed to our principles and values. Board Members, Committee Members, Management and Staff work together for you, our Member/Owners, to ensure that we continue to earn the confidence and trust that have been bestowed upon us. Moving forward, I can report that our credit union has able leadership and will continue to grow and prosper while upholding our commitment to the Members and the community in which we live and serve.

In closing, I'd like to thank our Membership for their continued support and loyalty to our organization. You have been the key to our success in the past, and why we will prosper in the future.

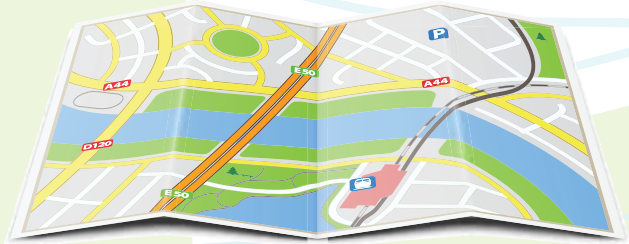
Mike Alford,  
Chairman

# Report of the President

Welcome to the 2012 Annual Meeting! 2012 marks Houston Highway's 60th Anniversary of serving our Members and the Houston community. We are thrilled to be a part of the credit union legacy, and excited to celebrate our success with the Members who have made it possible. Thank you for your loyalty.

I am pleased to say that 2012 has been another year of growth for Houston Highway. Our Membership has increased by an amazing 642 Members (nearly double the growth in 2011), despite the lingering instability of the economy. We believe that our growth is due to our wide range of products and services, and the dedication we have toward advancing both technology and convenience for our Members. These efforts stem from our goal to transform Bank Victim 😞 into CU Members 😊 by providing the best products and services at competitive rates.

This year we have introduced new products including a Line of Credit that allows Members to get cash advances from tellers or from Online Banking; and My Deposit which allows users to deposit checks with their mobile phones by snapping a picture. We are also excited to introduce our very first me-SERVICE\$ Open House events. These week-long lobby events will allow Members to sign up for our free me-SERVICE\$ (electronic money management services) and get hands-on training from our staff. Each month we will be featuring a different me-SERVICE, such as Online Banking, Bill Pay or Call24. If you have not yet signed up for our me-SERVICE\$, I encourage you to do so! Our staff would be happy to help you sign up and can answer any questions you may have.



Our commitment to the community continued this year as we hosted several events including Blood Drives, Food & Toy Drives, and two Community Events featuring various products and services such as Auto Loans and FREEway Checking. Members and guests had a great time at the community events and enjoyed free food, children's activities, document shredding, electronics recycling, giveaways and prizes including a high efficiency washer & dryer set! I look forward to our Spring Cleaning Event on April 20th and hope you will join us once again.

We are thankful that you are CU Members 😊 and not Bank Victims 😞. Thank you for joining us today and for participating in the Annual Meeting. It is a pleasure to see you all.

Craig Atkinson,  
President

# Report of the Nominating Committee

The nominating committee consists of Quincy Allen, Karen Othon, and David Nitsch. We were charged with evaluating the individuals who chose to be considered for board of director positions. This year we had two qualified candidates to fill two open positions.

- **Mike Alford** – long-term member, served on the Advisory board for the years 2000-2003 and on the Board of Directors from 2003-current. Mike is currently the Chairman of the Board.
- **Liz Gerstenberger** – long-term member, served on Audit Committee for the years 1990 – 1994. Liz was an Advisory Board member 1994-1998, and has served on the Board of Directors from 1998-current. Liz is currently the Secretary of the Board.

The committee has made the following recommendations:

- **Position I:** Mike Alford
- **Position II:** Liz Gerstenberger

Quincy Allen,  
Chairman

# Report of the Audit Committee

The Audit Committee, at the direction of the Board of Directors, and as required by the Texas Credit Union Department regulations, has conducted the prescribed audit of the Credit Union's operations. The firm of John Weaver and Associates was hired to conduct the annual audit for 2012. That report received the highest rating for accounting accuracy.

The Texas Credit Union Department, in cooperation with the National Credit Union Administration (NCUA) also examined our operations from the regulator's and deposit insurer's perspective – safety, soundness and compliance with all applicable laws and regulations.

The Audit Committee meets regularly throughout the year to review the operations. The committee is pleased to find the financial management of our credit union to be sound and efficient. The credit union is well capitalized.

Gregory Ranft,  
Chairman

## Changes:

- Changes to Management: None
- Changes to Bylaws: Merger with ADA Employees Credit Union
- Changes to Articles of Incorporation: None
- Changes to Financial Condition: None
- Changes to Membership Size:
  - Members December 2012: 6,398
  - Members December 2011: 5,756
  - Net Member Increase: 642
- Services Offered Since Last Annual Meeting
  - Line of Credit
  - My Deposit
  - me-SERVICeS Open House Week Events

## Directors:

Mike Alford, Chairman	2013
Rita Dennis, Vice Chairman	2015
Otto Maresh, Treasurer	2015
Liz Gerstenberger, Secretary	2013
David Eng, Director	2014
Gail Morea, Director	2015
Gregory Ranft, Director	2014

## Term Ends:

## Advisory Directors:

Lonnie Johnson, Sr.  
Janet Kurtz

## Audit Committee:

Gregory Ranft, Chairman  
Eliza Paul  
Janet Kurtz  
Lonnie Johnson, Sr.

## Staff:

- **Management:** Craig Atkinson, President; Lois Krolczyk, Vice President; Kevin Conn, Vice President
- **Branch Manager:** Anita Richardson
- **Loans/New Accounts:** Lynette Cannon, Gwen Sweet, Rony Molina, Mary Arredondo
- **Accounting:** Judy Anderson, Maria Mahoney, Brenda Smith
- **Compliance/Audit Officer:** Kyle Nguyen
- **MSRs:** Kita Leyva, Nekitha Gracias, Jackeline Tamez, Belinda Ramon, Gloria Celestine





## ASSETS:

	2012	2011	2010
Loans	\$37,450,455	\$33,027,338	\$23,050,791
Cash	\$353,550	\$312,370	\$493,686
Investments	\$17,938,731	\$17,489,560	\$23,117,567
Other Assets	\$3,059,303	\$2,533,114	\$2,525,239
TOTAL ASSETS	\$58,802,039	\$53,362,382	\$49,187,283

## LIABILITIES:

	2012	2011	2010
Shares	\$24,790,098	\$20,387,538	\$18,013,272
Certificates of Deposit	\$17,410,208	\$17,956,778	\$16,427,344
IRA's	\$4,396,519	\$4,406,513	\$4,748,939
Share Drafts / Money Market	\$7,464,197	\$6,235,037	\$5,154,036
Total Member Deposits	\$54,061,021	\$48,985,866	\$44,343,590
Equity Accounts	\$5,138,808	\$4,855,325	\$4,666,413
Other Liabilities	\$(397,790)	\$(478,809)	\$177,279
TOTAL LIABILITIES	\$58,802,039	\$53,362,382	\$49,187,283

## Operations

Gross Income	\$2,781,878	\$2,405,450	\$2,106,491
Dividends & Interest Paid to Members	\$315,634	\$404,826	\$486,445
Net Interest Income	\$2,466,244	\$2,000,624	\$1,620,046
Provision for Loan Losses Expense	\$194,500	\$162,000	\$100,000
Operating Expenses/ Gains	\$2,162,892	\$1,730,494	\$1,433,480
Net Operating Income	\$108,852	\$108,130	\$86,565

## Non Recurring Expenses

CU Industry Liquidity Expenses	\$(48,281)	\$(113,623)	\$(327,635)
Adjusted Net Income	\$60,572	\$(5,493)	\$(241,070)

Receive an additional **.05% APY\***

on any new **Certificate of Deposit** up to a 1 year term, opened on or before April 30, 2013.

Special **5 year Certificate of Deposit** with a rate of **1.75% APY\***

on any new **Certificate of Deposit** opened on or before April 30, 2013.

Receive an additional **.10% APY\***

on any new **Certificate of Deposit 1+ -2 year term**, opened on or before April 30, 2013. Does not include 1 year term.

Receive a **1.00% APR\*** Discount

on any new vehicle loan funded on or before April 30, 2013. This discount cannot be combined with any other discounts including service and loyalty discounts.

Receive an additional **.15% APY\***

on any new **Certificate of Deposit 2+ year term**, opened on or before April 30, 2013. Does not include 2 year term.

Receive **1.00% APR\*** Rebate

for any credit card balance transferred from another credit card to a new or existing HHCU Credit Card, on or before April 30, 2013.

Special **4 year Certificate of Deposit** with a rate of **1.50% APY\***

on any new **Certificate of Deposit** opened on or before April 30, 2013.

\*APR= Annual Percentage Rate. APY= Annual Percentage Yield. Coupons may not be combined with any other discounts, including service and loyalty discounts. All coupons expire April 30, 2013. Normal credit criteria apply for auto loans and credit card applications. Loan rates are based on creditworthiness and are subject to change. Certificate rates are subject to change. Call for current rates.



# New Services & Events



Line of Credit



Shredding & Electronics  
Recycling Events



Community Events including  
Blood Drives, Toy Drives, and  
Food Drives



me-SERVICES\$ Open House Events



Merger with ADA Employees  
Credit Union



(713) 864-4438 • Toll-free (800) 354-3541  
Fax (713) 864-1714  
[www.houstonhighwaycu.com](http://www.houstonhighwaycu.com)

 Bank Victim

 CU Member



Federally Insured by NCUA