

CELEBRATING

65

YEARS

1952 - **MAC** - 2017

FEDERAL CREDIT UNION



2016 ANNUAL REPORT

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AGENDA

Annual Meeting

February 23, 2017

6:30 p.m.

Wedgewood Resort ● Borealis Room

Refreshments

Welcome & Introduction of Board and Supervisory Committee

Declaration of Quorum

Old Business

- **2016 Annual Meeting Minutes**
-
-

New Business

- **Official Reports**
 - **Election of Board Members**
-
-

Closing Remarks

LAST YEAR'S MINUTES (FEBRUARY 26, 2015)

MAC Federal Credit Union Annual Membership Meeting

Annual Meeting

MINUTES

March 24th, 2016

Board Chair Linda called the meeting to order at 6:45pm, at the Wedgewood Resort Borealis Room.

Board Secretary Kip Harmon verified there was a quorum. Fifteen members constitute a quorum, and Kip reported there were 47 members registered and in attendance with us at the start of the meeting.

Linda introduced the board and supervisory committee members. Pat Felcyn, Martha Larson, Dr. Damien Delzer, and Brenda Herbert were in attendance from the Supervisory Committee. From the Board of Directors, Brian Adams, Linda Hilliard, Kip Harmon, Aaron Seekins, Felicia Jackson and Jeremy Fillipi were in attendance. Linda and Kip thanked the Board and Supervisory Committee for all they do.

■ OLD BUSINESS

Minutes from the 2015 were reviewed and Linda asked for a motion to approve.

CALVIN STAGEMAN MOVED, GARY HILLIARD SECONDED, TO APPROVE THE ANNUAL MEETING MINUTES FROM FEBRUARY 26, 2015, AS PRESENTED.

■ NEW BUSINESS

Linda stated the board has focused on board education and training this year, making meetings more productive and lively. Larry Baillon has stepped down from the board. He will stay on as an associate board member. Brian Adams will also be stepping down from the board and will stay on as an associate member.

Linda mentioned the CDFI grant as an opportunity to help members that need it the most. She was optimistic about how the CDFI grant will continue to improve relationships among staff members and the credit union members we serve.

Linda mentioned MAC's relationship with Sunrise Bagel and Espresso and our ATMS located close by their locations are doing well. Linda was happy to report that MAC is focused on building strong relationships with small businesses in the community.

Linda is happy with MAC's technology advances which offer members the most up-to-date banking services. She is happy to see how well MAC has transitioned with the new technology being utilized by the credit union. Linda commended the MAC management and staff for their recent national recognition on excellent cyber security.

Official Reports

Linda asked that everyone take a look at the official reports in the Annual Meeting packet. She asked if there were any questions about them and there were none.

CINDY STAGEMAN MOVED, BRIAN ADAMS SECONDED, TO APPROVE THE OFFICIAL ANNUAL MEETING REPORTS.

Election of Board Members

Larry Baillon stepped down from the board and Jeremy Fillipi was appointed to serve the remainder of his term. Kip asked Jeremy Fillipi to come to the podium and introduce himself. Jeremy's bio is in the annual report. He is happy to work with MAC because of the involvement in the community. Kip invited Lisa Boswell to come forward and introduce herself. Like Jeremy, she is looking forward to volunteering in a new capacity. Lisa's bio is also in the annual meeting report.

All candidates met the qualifications. Kip read a letter from Robert Tanner Sr. as he was not in attendance.

Linda called for nominations from the floor and there were none. She then called for a motion to accept the slate of candidates as presented.

GARY HILLIARD MOVED, ROY RICHARDSON SECONDED, TO ACCEPT THE NOMINATIONS AS PRESENTED.

■ ACKNOWLEDGMENTS

Linda thanked everyone for coming and acknowledged staff for organizing the event. The meeting was adjourned at 7:01 p.m. and Board members then met to reorganize.

Submitted by Lisa Burglin, Exec. Assistant.

CHAIRMAN'S MESSAGE

Businesses face challenges every day and sometimes new directions are taken to pave the way for success and growth. In July 2016 the NCUA examination presented the board with that very challenge. Restructuring of staffing was a new direction the board needed to take. The change of the Chief Executive Officer was the first step the board needed to address. The past successes and accomplishments that we have realized are attributable to the efforts of Raelynn Radway our former CEO. The board thanks her for her service and wishes her the best in whatever new directions she takes. Our Chief Operating Officer, Angela Head, stepped up as acting CEO, identified areas that needed to be restructured and presented the changes to the board. With board approval Angela then revised the annual budget and action plan based upon expectations and goals of the proposed new strategy and put together a strong senior management team. In November the board unanimously hired Angela Head as MAC's new CEO.

This credit union continues to grow in member deposits, loans and investment revenue and these accomplishments are attributed to the CEO and staff of the Credit Union who voluntarily took the steps and actions necessary to achieve success, in spite of hurdles. The current board of directors is the best and strongest that I have had to pleasure to serve with. Along with Angela's visions and the board's dedication MAC can only continue to be successful.

2016 was without a doubt a year of many challenges with a changing economy...identifying issues with online security, keeping up with new technology, competitive loan pricing and changes in staffing. Your Credit Union has done well so far in the face of those challenges and we are confident it will continue performing well in the future. Your Board and staff will continue to offer and deliver the best services in the most responsible and effective manner. I ask that you share your concerns, issues and recommendations with your Board and staff. Your input will assist us in continuing to provide you the best possible Credit Union experience.

Sincerely,



Linda Hilliard
Board Chairman

SECRETARY'S REPORT

In accordance with the Bylaws, the Board of Directors for MAC Federal Credit Union met in regular monthly sessions. In addition, the Board attended a strategic planning session with management, and a meeting with NCUA examiners.

For all meetings, minutes were recorded, typed, approved, and filed. Minutes from the last Annual Meeting, held at the Wedgewood Resort on March 24, 2016, are included in this report.

Kevin C. (Kip) Harmon
Secretary of the Board

FINANCIAL HIGHLIGHTS

	2015	2016
Assets	\$100,676,741	\$102,866,665
Member Shares	\$84,124,227	\$84,924,236
Dividends to Members	\$652,132	\$694,011
Loans Disbursed	\$37,485,475	\$41,360,651

	2015	2016
Membership	13,934	16,397
Primary Members	10,333	12,537
Joint Members	3,601	3,860

SUPERVISORY COMMITTEE ANNUAL REPORT

February 23, 2017

To: Membership-at-Large, MACFCU
From: Pat Felcyn, Supervisory Committee Chair
Re: Annual Report for the year ending 12/31/2016

The Supervisory Committee hereby reports that MACFCU provides financial services to its membership in accordance with all applicable State and Federal laws and regulations.

Committee members Martha Larson, Alex Amegashie, Dr. Damien Delzer, Brenda Herbert and I continued to perform audits and monitor credit union performance as required by law and regulation. Aaron Seekins continued the role of liaison from the Board of Directors and performed audits of new and closed accounts on a monthly basis.

The supervisory committee audit (agreed upon procedures) was performed by Moss-Adams LLP, as of 03/31/16. The audit report was received in July. After committee review and discussion, the report was reviewed with and accepted by the board of directors. They performed an additional agreed upon procedures audit to assist us with a management transition. This was the third year of our three year agreement with Moss-Adams and we are pleased with the working relationship they have developed with us. We have renewed the contract with Moss-Adams for an additional three year term.

Damien Delzer and Brenda Herbert joined the committee early in the year and their enthusiasm in the process of orientation and training gave new motivation to all of us.

We are moving into 2017 with a plan to hire an internal auditor. This position will help us perform the audits and complete the documentation required by the constantly increasing regulatory burden.

I appreciate the commitment and effort of each member of the committee as well as the support of the board and management.

If you have any questions or concerns you would like to share with the supervisory committee you are welcome to contact any member of the committee at any time. Credit union staff can provide a contact phone number upon request or you can email us at supervisory@macfcu.org.

Respectfully Submitted,

Pat Felcyn
Supervisory Committee Chair

SUPERVISORY COMMITTEE

- ⇒ Martha Larson
- ⇒ Alex Amegashie
- ⇒ Brenda Herbert
- ⇒ Dr. Damien Delzer

MAC BOARD OF DIRECTORS



Linda Hilliard
Board Chair



Robert Tanner
Board Vice Chair



Kip Harmon
Board Secretary



Aaron Seekins



Jeremy Fillipi



Anna Gould

PRESIDENT'S REPORT

Good evening and welcome. On behalf of the board of directors, supervisory committee and staff, I thank you for your participation in our credit union. It is because of your trust and involvement that our credit union is able to thrive and provide so many important benefits, not only to our members but also to our community.

2016 was a significant year for our credit union, our state and nation. In addition to the headline-grabbing presidential election, the credit union weathered many changes and made significant strides forward as a leading financial institution in the area. As part of that effort, we achieved several important goals we set out for our credit union this past year.

- EMV Technology to reduce card fraud
- Opened MAC Insurance Agency, LLC
- Conducted multiple Reality Fairs at local high schools aimed at teaching students real life financial lessons
- Received a 2nd Community Development Financial Institution grant for 1.75M and used those funds to help those who could not otherwise receive affordable auto loans with more favorable options
- Loans grew by 10%
- Membership grew by 7.5%
- Conducted numerous financial education courses at our locations and around the community
- Offered promotions such as Military and Youth Saves aimed at teaching young people the value of starting great savings habits early
- Received a satisfactory rating for NCUA annual examination

As your credit union, we are constantly striving to do better so that we can help your family, your friends and your neighbors achieve their dreams.

It is our “people helping people” philosophy that inspires us to make a difference in the community, whether through financial education or our MAC PAC. In case you are unfamiliar, the MAC PAC is a group of volunteers that offer their time in our community at places such as the Denali Center, Food Bank, Rescue Mission, Joel's Place, Loving Companions – just to name a few. In 2016, the MAC PAC donated over 550 hours of community service and MAC generously gave \$96,000 to local non-profits and charitable organizations in our community.

Our accomplishments would not have been possible without the heartfelt commitment and unified effort of our dedicated credit union staff, supervisory committee and board of directors. Their passion is truly inspiring, and I am continuously moved by their steadfast desire to serve the credit union movement. I thank them for their unwavering commitment and I thank you, our member, for having confidence in these individuals who help drive the success of your credit union.

As we embark on this new year ahead, we will not rest. Here is a glimpse at some of the goals and opportunities we are pursuing:

- Technology improvements to our online banking which includes a new look and updated features to bill pay
- Complete branch renovations to our FWW branch that includes a new full service ATM kiosk
- Continued focus on member centric services
- Enhanced loan and membership application process
- Ongoing vigilance to keep your data safe and secure

As we grow, we will keep our focus on doing what's right for you, our member. We will continue to provide more services and more convenience. We will seek to help more people in our community through financial education, affordable products and services and our charitable activities.

Through it all, we will continue to focus on people first. It's what makes our credit union different. It's what makes us strong. As you know, we exist to serve our members, not to make a profit. We return our earnings to you our members through lower loan rates, higher interest on deposits and lower fees for your financial services.

Thank you for being part of our credit union family. On behalf of the entire staff, supervisory committee and board of directors we look forward to a happy and successful 2017 for us all!

Warmest Regards,



Angela Head
CEO

Nominating Committee 2017

Board terms expire at the end of December as shown below. Elections take place within the first quarter of the following year at the annual meeting. Board members are elected to serve three (3) year terms (the year elected, plus two additional years). Terms are staggered so they do not all expire at the same time.

The following table represents the board terms as of the 2016 Annual Meeting.

Current Board Members	Year Elected	Term Expires End Of:
Hilliard, Linda	2014	2016
Harmon, Kip	2014	2016
Tanner, Robert	2016	2018
Seekins, Aaron	2016	2018
Fillipi, Jeremy	2016	2016
Gould, Anna	2016	2018

CURRENT SLATE OF CANDIDATES

Linda Hilliard - Incumbent

Kip Harmon – Incumbent

Jeremy Fillipi- Incumbent

Tim Erickson - New

Respectfully submitted,

Robert Tanner

Nominating Committee Chair

NOMINEE BIOS

→ **Linda Hilliard**

Linda and her husband Gary have been members of MAC credit union since 1994 when the Air Force transferred Gary to Eielson AFB. When Gary retired from the Air Force in 1999 they decided to stay in Alaska. They have three children, 10 grandchildren and one great grandson. At one time or another all her family resided in Alaska but now they are scattered across the lower 48.

She has served on the MACFCU's board of directors since 2001 and has been the board chair for the past two years. Volunteering is something Linda has always been passionate about. She has been involved in Boy Scouts and Girl Scouts, Foster care program, United Way, Rotary, FNSB Chamber of Commerce and presently serves on the Christmas in Ice Board in North Pole.

In 2015 Linda retired from the travel industry after working for US Travel for over 18 years as a manager/travel agent. Prior to that Linda worked in the financial industry as a teller for a bank then actually worked for MACFCU when it was formerly known as the Ft Wainwright FCU. Her past work experience in finance and being a military spouse has been of value while serving on the board and she hopes to be able to continue to be a MACFCU volunteer. Linda says "It has been a challenge and a privilege to be able to watch MAC expand beyond the military presence at FT Wainwright to the combined military and community presence of today".

→ **Kip Harmon**

Kip graduated from Southern Illinois University Edwardsville with a BS in Mass Communications in 1983, and has lived in Fairbanks since 1988.

Working in external relations for UAF for 16 years, and as the television station manager at KATN in Fairbanks for 10 years, Kip currently works as a Media Buyer with Mammoth Marketing, and coordinates marketing, advertising and public relations for his 27 clients throughout Alaska.

Kip is actively involved in the community as a member of Sunrisers Rotary, Chair of the Board of Elders at Zion Lutheran Church, a member of the MAC Federal Credit Union Board of Directors and currently serves as treasurer of the board of directors for the Moore Street Senior Housing Center.

Kip and his wife, Dawn, have one daughter, Katie.

NOMINEE BIOS

→ **Jeremy J. Fillipi**

After graduating from Punxsutawney Area High School in Pennsylvania, Jeremy moved to Southern Alaska in 1995 for what was to be a summer job and stayed. A few years later he moved to Fairbanks, where he has called home for the past 20 years.

He has worked in automotive sales business in Fairbanks for the past 20 years, and the last 19 years with Genes Chrysler. He started his career as a salesman, working to become a General Sales Manager and currently, the Business Finance Manager for Gene's Chrysler.

As an advocate for community, he is actively involved in local organizations serving with the Breast Cancer Detection Center, Boys & Girls Club, March of Dimes, the Fairbanks Community Food Bank, as well as MAC board member for the past year.

He is founding member and President of the local Business Network International (BNI) chapter, a business networking group for business owners and business professionals.

Jeremy is also the Sales and Marketing Director for The Fillipi Agency – an Allstate Agency he and his wife, Danette, purchased in 2016.

Jeremy lives with his wife Danette, and daughter Isabella.

→ **Tim Erickson**

Tim is a motivated leader who has an extensive background in retail sales (direct, commissioned and also big-box management) who specializes in building strong teams of employees. He understands all aspects of business finance, inventory control, Profit and Loss and is focused on creating award-winning organizations that specialize in taking care of their customers. He has the ability to connect with employees in a professional manner and to create work environments that emphasize trust, safety and personal development. He has been recognized by various organizations for community efforts that focus on homelessness, sustainability (recycling), feeding the needy and other service-directed resources.

Tim has lived in Fairbanks Alaska for 12 years and fully understands the challenging demographics, logistics and environmental barriers that can be overcome by being prepared and communicating needs effectively.

SUPPORTING OUR COMMUNITY

DONATION LIST

MAC Federal Credit Union is dedicated to the credit union philosophy of “people helping people.” While we support multiple organizations and charities throughout the year, we provide monthly support to two worthy local organizations: The Fairbanks Rescue Mission, Loving Companions and Joel's Place. For every new e-checking account we open, we donate \$15 to one of these organizations! **

But, we did so much more than just that! Just a few examples are:

The Denali Center – We bought Christmas gifts and helped orchestrate their Christmas, “shopping,” and party.

MWR (Morale, Welfare and Recreation) – We provided significant financial support toward enhancing the lives of soldiers, their families, civilian employees, military retirees and others related to Ft Wainwright.

We sponsored both the Golden Days Street Fair, creating a safe place for all borough residents to come out and enjoy food, fun and music while supporting downtown businesses.

Watch 2017 for more examples of MAC Giving Back!

** *Fairbanks Rescue Mission* provides the basic physical and spiritual needs in life to Interior Alaska's needy, homeless and transient population. The Mission operates the only overnight men's and women's emergency shelter in the area. Long-term transformation is the Mission's goal.

354 th Squadron	Lathrop High School Sports
ACS – Relay for Life	
ACUL	
AHA – Go Red	Lathrop High School Graduation
American Legion Baseball	
American Red Cross	
Arctic Resource Suicide Prevention	Lathrop High School JROTC
Barnette PTO Holiday Bazaar	
BCDC	
Bowl for Kids Sake	Loving Companions
Boys & Girls Club	Monroe Graduation
Chamber	Mush for Kids
Christmas on Ice	
Credit Union House	MWR
CUNA	No. AK Hockey Assoc.
Dance Theatre	NorthStar Cheer
Denali Center	North Pole High Sports
DTA Service Patrol	North Pole High Graduation
Eclipse Soccer	Rescue Mission
Eielson School Graduation	Salvation Army
FAHA	Santas Helpers
FAI Children's Museum	Special Olympics
FAI Health Fair	Operation Stand Down
FAI Women's Basketball	Wildcats Softball Assoc.
Fairbanks Ice Dogs	West Valley High Sports
FEDC	West Valley Graduation
Food Bank	Young Life
FWA MWR Summerfest	
FYSA	
Golden Heart 100+	
H for H	
Hutchinson Sports	
Inf. Co. E	
IY Basketball	
Joel's Place	

