

**I. WELCOME AND INTRODUCTIONS**

Corinn Wohl welcomed everyone to the 81st TwinStar Annual meeting and led the flag salute.

**II. CALL TO ORDER**

Corinn introduced Jeff Kennedy, CEO. Jeff introduced the following members of TwinStar's Senior Management Team: Becky Breen, Nicole Colgan, Scott Daukas, Matt Devlin, Jerrod Keller, Aaron Palmer, Kim Steepy, Tammy Teeter, Sharon Weinberg, and Elkan Wollenberg.

Jeff introduced the credit union's Board Chair, Rhodetta Seward, who called the 81st Annual Meeting to order at 10:45 a.m. Tammy Teeter was appointed Recording Secretary and Jerry Morrisette was appointed Parliamentarian.

**III. INTRODUCTIONS**

Rhodetta introduced the Board of Directors and Associate Board Members, Supervisory Committee and Associate Supervisory Committee Members. She requested all credit union volunteers stand and be recognized for their many hours of service. Rhodetta also recognized all employees in attendance and noted the Board's appreciation for their dedication and support of the credit union's vision and mission.

**IV. 2018 ANNUAL MEETING MINUTES & CHAIR REPORTS**

Rhodetta began the business portion of the meeting by establishing a quorum of 15 voting members was present. She noted a copy of the 2018 Annual Meeting minutes and a wrap up of the credit union's financials were provided at each table.

Rhodetta called for a motion to approve the minutes. The motion was made, seconded and approved.

The 2018 reports from the CEO (Treasurer), Board and Supervisory Committee Chairs were presented. Rhodetta asked for a motion to approve the reports. The motion was made, seconded and approved.

**V. ELECTIONS**

Rhodetta introduced the Nominating Committee Chair, Ron Hastie, who introduced the Nominating Committee members Donna Feliciano, Brian Hurley, Diane Bingaman, Brock Williams, and Nicole Colgan. He announced the following slate of candidates running for election:

Board of Directors – 3 year term	Supervisory Committee – 3 year term
Gayla Gjertsen	Erik Kupka
Mark Neary	Steve Marcotte
Dale Tosland	

Since the five open positions were uncontested, Ron called for a motion to accept the slate of candidates as presented. The motion was made, seconded and approved. Ron thanked and congratulated each newly elected official.

**VI. NEW BUSINESS**

Rhodetta called for any new business. No new business was presented.

**VII. ADJOURNMENT**

Rhodetta thanked everyone for attending the Annual Meeting and requested a motion to adjourn. The motion was made, seconded and approved. The business meeting was adjourned at 10:52 a.m.



*Annual Report 2019*



**Statement of Financial Condition as of December 31, 2019**

Assets	2019	2018	2017	2016	2015
Cash and Cash Equivalents	167,092,038	120,283,454	98,789,411	106,702,973	119,881,329
Member Loans (Net after Allowance for Loan Loss)	1,132,507,260	1,087,053,586	995,396,806	876,864,439	777,923,559
Investments	46,991,108	53,039,903	70,593,667	98,911,413	81,915,648
Fixed Assets	42,710,872	42,647,711	38,650,969	34,937,250	27,860,351
Other Assets	63,955,433	58,298,060	55,426,972	51,014,897	41,852,292
<b>Total Assets</b>	<b>1,453,256,711</b>	<b>1,361,322,714</b>	<b>1,258,857,824</b>	<b>1,168,430,971</b>	<b>1,049,433,179</b>

**Member Shares**

Member Shares	1,270,253,149	1,159,923,315	1,109,588,266	1,028,245,865	921,072,953
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**Net Worth**

Regular Reserve	8,492,258	8,492,258	8,492,258	8,492,258	8,492,258
Accumulated Unrealized Gain/ Loss on Investments	(79,790)	(1,050,251)	(861,021)	(1,095,701)	(869,784)
Undivided Earnings	151,876,222	133,336,323	116,625,727	105,871,260	97,107,717
<b>Total Net Worth</b>	<b>160,288,690</b>	<b>140,778,330</b>	<b>124,256,964</b>	<b>113,267,817</b>	<b>104,730,191</b>

**Liabilities**

Accounts Payable & Other Liabilities	22,714,552	60,620,902	25,012,467	26,917,232	23,629,902
Accrued Payable Interest or Dividends	320	167	128	57	134
<b>Total Liabilities</b>	<b>22,714,872</b>	<b>60,621,069</b>	<b>25,012,595</b>	<b>26,917,289</b>	<b>23,630,035</b>

<b>Total Member Shares, Net Worth &amp; Liabilities</b>	<b>1,453,256,711</b>	<b>1,361,322,714</b>	<b>1,258,857,824</b>	<b>1,168,430,971</b>	<b>1,049,433,179</b>
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Note: Unaudited Financial Statement as prepared by TwinStar Credit Union. Reflects only TwinStar Credit Union.



**CEO's Message**  
**Jeff Kennedy, CEO**

TwinStar Credit Union had another successful year of delivering value to our members. Despite predictions of an economic downturn, the environment turned out to be quite stable with low unemployment and slight wage gains in all the markets we serve.

TwinStar continued to welcome a high number of new members who took advantage of an excellent product line in both the deposit and loan areas. The big performer was the Visa credit card portfolio, which grew by 13.6%. Members are finding their way to our credit cards that have simple terms, low rates and our top-flight service approach to help them get the most out of their credit card account. A credit union is considered "well capitalized" when its net worth ratio exceeds 7%. As of 12/31/19, TwinStar Credit Union's net worth ratio exceeded 11%, surpassing the benchmark and positioning us for continued success.

As we enter a new decade in 2020, the more impressive changes come when you view our financial cooperative from a ten-year lens. The changes are dramatic and they all stem from the development of our digital delivery capabilities. In 2010, TwinStar members could log into their accounts via a computer. By 2019, more than half of those account access calls were made from a cellular phone. At the start of the decade, the only way to deposit a check was to bring it to a branch or drop it into an ATM. Now, there are an average of 14,000 checks per month deposited from members' kitchen counter tops with the use of our remote deposit app!

There are digital enhancements all around us that have subtle but important impacts. Our staff uses a digital system to approve invoices now that saves time and paper. Our annual meeting actually has more people watching on Facebook Live than attend in person. With a relatively low expense, we are able to provide the information shared at the annual meeting to members who cannot make it to Olympia.

TwinStar invested in a credit union owned digital banking development company in 2019. The objective is to release new digital banking features more quickly and regularly to our members. We will also be conducting surveys to determine exactly what you are looking for. If you receive an electronic survey request, please take a moment to complete it. You will be shaping our digital banking future and we're looking forward to seeing what is on your mind. The first release of our new digital banking platform is planned for spring 2021, so watch our normal communication channels for information as we get closer.

We are driven every day to provide value to our members and we appreciate your ongoing patronage. I would also like to thank our volunteers and more than 425 staff members for their continued dedication and enthusiasm for our financial cooperative.

Respectfully submitted,

Jeff Kennedy  
CEO



**2019 Board Report**  
**Gayla Gjertsen, Chair**

As a credit union, TwinStar acts in the best interests of our members to ensure every decision we make and every initiative we undertake has a clear focus and benefit to our members. At the 2019 Annual Meeting, we shared TwinStar Credit Union's commitment to remain current to meet the needs of upcoming generations on the go. Last year we confirmed our new members' age has been younger during the last decade at a time when the average age of the general population is going up. We know it is important to have an approximately equal number of borrowers and savers, because it is good for the long term health of our credit union. We have learned this through our participating in a peer group study with other large credit unions and TwinStar regularly finishes near the top for average age of members.

These members are coming to us in search of a value packed checking that pays dividends for simply taking an eStatement and using a debit card and credit cards with low rates and simple terms. We pride ourselves on having friendly, service-oriented employees that are highly knowledgeable about our products to explain how we can best serve them.

Supporting our communities is the foundation of the credit union movement. TwinStar Community Foundation is continuing to fulfill its mission to end hunger in school-aged children within the communities we serve. In conjunction with our employees this year, the Foundation donated a total of \$5,200 along with numerous barrels of food to eight different organizations that provide meals to homeless teens or teens in need in the counties we serve. In addition, the Foundation paid 100% of the Grays Harbor County and Lewis County elementary school lunch debt and 50% of the Thurston County elementary school lunch debt for a total of \$59,568.

TwinStar Credit Union financially continued to grow in 2019. This is evidenced by the charts and financial reports contained in the Annual Report. We ended the year at 1.45 billion dollars in assets. Other operational statistics include:

**Loan Productivity Comparison**

Loan Type	2017	2018	2019
Consumer	16,468 loans for \$219.6M	15,341 loans for \$189M	15,751 loans for \$215.2M
Dealer Financing	6,343 loans for \$171.0M	7,569 loans for \$221M	6,129 loans for \$166.8M
Mortgage	580 loans for \$115.3M	433 loans for \$9.4M	431 Loans for \$92.9M

**Thanks to All**

I would like to thank my fellow Board Directors, the Supervisory Committee and Management for their leadership and dedication, the employees of TwinStar for their hard work, and our membership, for its continued loyalty and unwavering support.

Respectfully submitted,

Gayla Gjertsen, Chair  
Board of Directors

**Financial Asset Growth**

1938	\$1,473
1950	\$36,774
1960	\$467,129
1970	\$2,378,773
1980	\$20,545,115
1990	\$113,963,792
2000	\$354,800,950
2010	\$714,483,952
2011	\$781,764,275
2012	\$831,839,483
2013	\$881,691,558
2014	\$925,642,675
2015	\$1,049,433,179
2016	\$1,168,430,971
2017	\$1,258,857,824
2018	\$1,361,322,714
2019	\$1,453,256,711



**2019 Supervisory Committee Report**  
**Erik Kupka, Chair**

TwinStar Credit Union's Supervisory Committee provides independent monitoring and review of the credit union's policies, procedures, processes, internal controls and Management on behalf of the

membership. We play a vital role in protecting the assets of the credit union and our members.

The Committee's primary responsibilities include oversight of the independent external financial audit of the credit union's financial statements, records and member accounts verification. The CPA auditing firm, CliftonLarsonAllen, LLP, was engaged to assist the Supervisory Committee in accomplishing these responsibilities.

A regulatory risk examination was conducted by the State of Washington Department of Financial Institutions – Division of Credit Unions. Based on the state's examination, the Committee meetings, and the annual financial audit results, we believe TwinStar is performing appropriately to sustain a safe and secure future; and that it is well managed with a strong commitment to serving the membership.

On behalf of the entire Committee, we appreciated the opportunity to work with Management and to serve the members of the credit union in 2019. The Supervisory Committee will continue to perform our due diligence and oversight so that our members' financial interests remain well protected.

Respectfully submitted,

Erik M. Kupka, Chair  
Supervisory Committee

