CALL TO ORDER

Chairman Wooten called the 76th Annual Membership Meeting to order. He welcomed the membership, staff, and guests to the SECU Annual Meeting, thanking them for their interest and attendance. Looking at the large crowd, Chairman Wooten stated that it looked like there was definitely a quorum.

RECOGNITION OF CONNIE CARRIGAN PARLIAMENTARIAN

Chairman Wooten recognized Ms. Carrigan, an attorney with the firm of Smith Debnam, noting Ms. Carrigan would serve as Parliamentarian for the election. He thanked Ms. Carrigan for attending.

APPROVAL OF MINUTES

Chairman Wooten noted the 2012 Annual Meeting Minutes have been available on SECU’s website (www.ncsecu.org), adding that copies were available at all tables for review. He asked if there were any changes to the minutes from the 2012 Annual Membership Meeting? There were no comments from members regarding changes.

VOTED: Upon motion by member Michael Clements, seconded by member Ann Montgomery, members in attendance voted and approved accepting the 2012 Annual Meeting Minutes.

RECOGNITION OF BOARD AND SPECIAL GUESTS

SECU BOARD

Chairman Wooten introduced each SECU Board member in attendance:

- Mr. Jim Barber
- Ms. Shirley Bell
- Mr. Bob Brinson
- Ms. Karan Bunn

- Mr. Jim Johnson, Vice-Chairman
- Ms. Cindi Jolly, Secretary
- Mr. David King
- Ms. Jo Anne Sanford

- Mr. Bob Parker
- Mr. Tom King
PAST SECU BOARD/SPECIAL GUESTS

Chairman Wooten recognized past SECU Board member, Mr. Eb Peters, thanking him for his attendance and past service to SECU:

Chairman Wooten introduced the following special guests:

- Rose Conner, Credit Union Division
- Maurice Smith, LGFCU President
- Chuck Kelly, Manager, CliftonLarsonAllen
- David Brehmer, President, First Carolina Corporate Credit Union

REPORTS

Chairman Wooten called attention to handouts on the individual tables around the room including:

- Report of the Loan Review Committee. Chairman Wooten thanked the Loan Review Committees for their hard work and dedication, recognizing Mr. Ronald Jarrett, Loan Review Committee Chairman.

- Report of SECU’s CPA firm, CliftonLarsonAllen. Chairman Wooten noted that SECU received an unqualified opinion from CliftonLarsonAllen.

REPORT OF THE CHAIRMAN

Chairman Wooten thanked attendees on behalf of the Board of Directors for attending the 2013 Annual Membership Meeting, noting it is always great to see such a large crowd of member-owners gathered for this event.

Chairman Wooten commented our credit union is steeped in rich history, grounded in the past and embracing the future. He stated that times were tough when SECU was formed 76 years ago, giving hardworking State employees access to fair and affordable services designed around their needs. Chairman Wooten noted that today times are no less tough, and that the Credit Union remains committed to our members’ financial needs, which are in some ways similar to years past and in many ways, vastly different. He commented that each person has a different life plan and chooses a different path, but regardless of each individual “blueprint,” SECU is designed for all of us.

Chairman Wooten explained that the 2013 Report to the Membership highlights how SECU is designed for each member; from ready access to convenience services, to
new and enhanced products. He noted the report shared several individual members' stories of how the Credit Union had a positive financial impact on them this past year – affirmation that State Employees’ Credit Union is meeting the needs of those it serves. Chairman Wooten told of one such story which highlights how one couple will save more than $55,000 over the life of their loan as a result of refinancing their mortgage with SECU from another lender – a big difference indeed!

Chairman Wooten commented that to be fully effective in serving members, the Credit Union must also be financially strong. He noted he was proud to share that SECU is financially safe and sound. Chairman Wooten explained that this past year assets, loans, and deposits increased; while loan delinquencies and losses continued to decline. He stated that the Credit Union is helping members gain financial strength, while also effectively maintaining the safety and soundness of the organization – noting that the design is working quite well.

Chairman Wooten commented that the Credit Union design also works well because of our members and their volunteer spirit. He noted that SECU has over 3,100 volunteers who give of their time to serve on Advisory Boards, Loan Review Committees, Board of Directors, the Audit Committee and as Secret Shoppers – adding to those volunteer members that their service is greatly appreciated!

Chairman Wooten stated he would like to say “thank you” on behalf of the Board to the volunteers for their continued support. He noted that the Board looks forward to working together with members to take our cooperative into the future – fully grounded in the philosophy of “People Helping People” and always focused on and designed for our members.

**HONORING BOBBY HALL**

Chairman Wooten stated the Board was pleased to celebrate a distinguished man whose loyalty to SECU and the credit union industry spanned a career of more than 43 years – Mr. Bobby Hall. He explained that Mr. Hall’s legacy is one that includes dedication, integrity and friendship. Chairman Wooten noted that besides his dedication to his faith and his own family, Bobby Hall served State employees and their families for over four decades – dedicated to helping members and developing the Credit Union’s branch network; and also dedicated to bringing SECU to all 100 counties of North Carolina! He added that Mr. Hall has also always been the epitome of integrity. Chairman Wooten noted that at SECU, Mr. Hall was that calm, steady presence – always available and always looking to “Do the Right Thing” in support of members and his fellow co-workers. He commented that Mr. Hall provided direction and solidarity in the workplace, and while his daily presence at SECU is greatly missed by those who were privileged to work with him, his friendship will last for years to come.
Chairman Wooten invited Bobby Hall to the podium to say a few words before asking attendees to turn their attention to the screens to view a video saluting the career of Mr. Bobby Hall, SECU’s retired Senior Executive Vice-President.

Mr. Hall stated he was unsure how calm and collected he was as he stood before the group, but noted it was a great pleasure to attend the Annual Meeting and to be honored by so many. He stated it was a good opportunity for him to explain the “dance segment” of the video – in his own defense! Mr. Hall explained his family had a family gathering at the beach several years back and decided to have a breakdancing contest with the grandkids – which his sons videotaped! He commented that the segment has somehow ended up in this video! Mr. Hall recognized Kate, his wife of 43+ years, noting Mrs. Hall had never, in all those years he worked with SECU, attended an SECU Annual Meeting. He added that there is a video of Mrs. Hall breakdancing, too, but somehow that segment has been lost!

Mr. Hall asked how many attendees were with the Credit Union in 1969 – recognizing that there were a “right good number” of members who raised their hands. He commented that he started with the Credit Union in 1969, noting that SECU had one office in Raleigh and had just opened our first three branches in Chapel Hill, Goldsboro and Morganton. Mr. Hall explained we had two employees in each of those offices, with a total of 25 SECU employees with $25 million in assets. He stated we now have over 4,500 employees with total assets of over $25 billion. Mr. Hall commented that SECU has become the premier provider of consumer financial services in North Carolina. He also mentioned the good work of the SECU Foundation, including scholarships and family houses. Mr. Hall stated that was so proud to have been a part of so many good things through SECU for all of those years.

Mr. Hall commented that when someone retires they have more time to think, noting that he has had time to reflect on several things – one of which was what real happiness is in life. He commented that he has thought about why some people are happier than others and stated that he has come to the conclusion that the people who are truly happy are the ones who spend their time working together to do something for others – those who are truly happy take their eyes off themselves and do for others. Mr. Hall added that reflecting on that thought he knew he was truly blessed to be a part of the Credit Union – because the purpose of the Credit Union is to help other people. He noted that collectively all of the SECU staff and volunteers in the room are working together to make life better for others.

Mr. Hall explained that another thing he has observed through serving at the Credit Union is financial well-being. He stated that while spiritual and physical health are both important, financial well-being is very important because it bleeds into all other areas of life. Mr. Hall commented he felt really good that over the years SECU has made life better for our members, and that we are trusted by our members. He explained that we now are faced with a more difficult task as our younger members handle most transactions electronically – that we have to figure out how to have that special personal relationship with them when they do not often visit a branch. Mr. Hall explained one way we have been able to do that is through our Board, Advisory Boards and other
volunteers. He noted our volunteers have helped the Credit Union make some really good decisions. Mr. Hall commented that a decision was made some years ago to place a branch in every North Carolina county, noting that we have completed this task and are the only financial institution which has done so. He stated that every member will occasionally have a need where they need to go into a branch to “see a person”, noting that a network of local branches makes a tremendous difference – that it makes the Credit Union very accessible to our members. Mr. Hall stated it has made such a difference to have local Advisory Boards – to have people well respected in their communities willing to lend their name and reputation to the Credit Union.

Mr. Hall commented he would finish up by saying that his hope and encouragement to SECU volunteers would be that they would help the Credit Union by telling us if we ever get “off base” – that they would help us maintain our “difference”. He stated he has often noticed as institutions become larger, many times they lose their humility. Mr. Hall noted that he believes one of SECU’s strengths is that we know we are not perfect!

And in closing, Mr. Hall reminded the members that the dance at the end of the video was a dance contest!

*At this time the audience viewed the video.*

Chairman Wooten thanked Mr. Hall for his comments, noting that he has seen the video more than once. He stated that the video reminds him that even though he has always known he can’t compare himself to all of Mr. Hall’s great qualities, he did always believe himself to have a “cultural advantage” in the area of dance – but now he realizes he does not!

**ELECTION PROCEDURES AND PROCESS**

Chairman Wooten announced we would proceed to the election of Board members, noting a complete description of the Board of Directors position was provided to SECU volunteers in the packet that each member received when they checked in for the meeting. He noted that additional copies of the packet were available on tables at the entry doors to the Ballroom.

Chairman Wooten explained that the Board of Directors’ overall duty is to ensure that the Credit Union is operated in a safe and sound manner, in accordance with SECU Bylaws. He commented that the Board establishes strategic plans and goals for the Credit Union and approves policies, as well as new products and services. Chairman Wooten noted that while setting rates and determining service fees, the Board consistently monitors the financial health of our cooperative.
Chairman Wooten commented that Ms. Carrigan, an attorney with the firm of Smith Debnam, would serve as Parliamentarian for the election, noting that Ms. Carrigan is an expert on the Rules of Order and is present in the event any procedural matters come to question. He added that if any ruling is required, her decision will be final.

Chairman Wooten called on Mr. Bob Brinson, Nominating Chair, for the report of the Committee.

**NOMINATING COMMITTEE REPORT**

Mr. Brinson reported that this year’s Nominating Committee consists of Ms. Shirley Bell, Mr. Bob Parker, Mr. Roy High, Mr. Ronald Jarrett, and himself.

Mr. Brinson indicated that the Nominating Committee met on July 17th to review all background information from the eight members interested in being considered by the Nominating Committee for election to the Board of Directors. He noted that Committee members also provided additional input and consideration through group e-mail contact.

Mr. Brinson stated that the Nominating Committee recommended the following slate of nominees:

For a Three-Year Term (expiring October 2016):

- **Ms. Karan Bunn** (First in Focus Research, Inc.; Formerly with Governor’s Office/State Budget; Formerly with Wake County Schools) - *incumbent since 1994*
- **Ms. Cynthia Jolly** (Highmark Companies and Pearson Education; Retired, Wake County Public School System) - *incumbent since 2002*
- **Mr. David King** (General Manager Triangle Transit Authority; Retired, Department of Transportation) - *incumbent since 1999*
- **Mr. Tom King** (Retired, North Carolina Community College System) - *incumbent since 1994*

Chairman Wooten thanked Mr. Brinson for his report.

**INTENTS FROM THE FLOOR**

Chairman Wooten explained that the SECU Bylaws call for members interested in being considered for nomination from the floor, including self-nomination, to submit information for distribution to the members at least 40 days prior to the Annual Meeting (August 30, 2013), noting that one intent was received, from Mr. Eric Galamb.
Chairman Wooten asked if it was still the intent of Mr. Galamb to be nominated from the floor, would he indicate so? Mr. Galamb replied yes.

**ELECTION**

Chairman Wooten stated that the nominations were closed. He explained that there were five candidates nominated for election. He stated that candidates would be permitted to speak in reverse order of their names on the ballot, and each candidate would be allotted up to 2 minutes of presentation time.

Chairman Wooten called each candidate to the podium by name in reverse order of their names on the ballot - Mr. Eric Galamb, Mr. Tom King, Mr. David King, Ms. Cynthia Jolly, Ms. Karan Bunn. Parliamentarian Connie Carrigan kept time while each candidate made brief comments to the membership.

Chairman Wooten called for ballots to be distributed and provided instructions to members regarding completing ballots. He noted if a ballot contained votes for more than four candidates the ballot would be voided. Chairman Wooten stated ballots would not be seen by anyone other than audit services employees, adding they would be destroyed after the vote. He explained results would be provided at the end of the meeting. The vote was completed and ballots were collected by Audit Services staff for counting under the supervision of Chuck Kelly, Partner with CliftonLarsonAllen, SECU’s external audit firm. He advised the audience that results of the election would be announced at the conclusion of the meeting.

**REPORT OF THE PRESIDENT**

Chairman Wooten stated he was pleased to introduce Jim Blaine for the report of the President.

Mr. Blaine stated that he many times introduces himself as Terry Bradshaw, as he is often mistaken for him, but at this meeting seemed a little more like Kermit the Frog – thanks to one of the benefits of grandchildren – they visited and left him with a cold!

Mr. Blaine thanked members for taking time to attend the Annual Meeting. He stated he wanted to emphasize how important our members are. He commented that, adding on the theme of Mr. Hall, that we are becoming a very large organization and if we lose our humility we will lose touch with our members – stating that we never want to forget “who brought us to the dance”!
QUESTIONS/CONCERNS FROM MEMBERS

Mr. Blaine explained that we ask for questions in advance of the Annual Meeting so that members will have an opportunity to voice concerns. He stated that he wanted to look at four key questions about SECU, including:

1) Safe and Sound?
2) Efficient?
3) Provides Value?
4) Quality of Service?

Mr. Blaine stated that we now have $27 billion in assets and 1.8 million members. He noted with 1.8 million members, we are trying to find a uniform and effective way to serve such a large and diverse group. Mr. Blaine explained that members are doing many things in life, noting they have professions and careers, but added that he wanted to particularly thank the roomful of volunteers who also take their valuable time to help serve this Credit Union. He commented he wanted to address the four questions above as to whether the Credit Union is serving its purpose.

1) Safety and Soundness? Mr. Blaine explained that as to Safety and Soundness, SECU is federally insured and exceeds the latest BASEL III capital requirements. He noted SECU has received unqualified opinions by our auditors for 30+ years. Mr. Blaine added SECU doesn’t make the front page of the news – which is a good thing – noting that we try to do what’s appropriate in all circumstances.

2) Are we efficient? Mr. Blaine noted that our expense-to-asset ratio is 1.61%, compared to 2.39% for our peers. He stated SECU operates at two thirds the cost of its peers despite an extensive and expensive delivery system of 1,100 ATMs and 250 branch offices.

3) Does the Credit Union provide members with value? Mr. Blaine talked about a report completed by Dr. William Jackson which measured the value of SECU to its members. He stated that the report shows SECU has excellent rates, few fees – savings and loans – and that we offer great convenience to members through branches, ATMs and contact centers. Dr. Jackson’s report estimated that SECU saves members over $650 million annually through lower financial services costs.

4) Mr. Blaine commented that most members rate quality of service based on their last trip to the Credit Union! He explained that SECU receives, in the independently conducted annual Member Survey, very high satisfaction ratings from our members, with over 87% of the ratings marked “highly satisfied”. Mr. Blaine noted that rating is the highest in the Country! Mr. Blaine also noted that 75% of our members indicate that SECU is their primary financial institution, while other Credit Union members indicate that 35% chose their Credit Union as their primary financial institution.
REDUCING FRICTION

Mr. Blaine discussed ways SECU reduces “friction” for our members, including:

- **Simplified Savings Products**
  
  - Shares, Checking, Money Market, CDs, IRAs, HSAs
  - No Tiering – same rates within product line

Mr. Blaine stated we try to “keep it simple” at SECU – we offer very simple choices for each product and service and offer the same rate for all members – at SECU we attempt to treat everyone the same!

- **Simplified Lending Products**
  
  - Personal Loan, Mortgage, Vehicle, Credit Card
  - Not Credit Scored/Risk-Based – Same rate within product line

Mr. Blaine commented that we understand that many members have “things” happen in life that affect their credit score – death, divorce, job loss, etc. But, he added, that we also know that the “things” in life which happen don’t affect a person’s character – so we still look to the character of the member in reviewing loans, not just their credit score.

In response to many inquiries from members, Mr. Blaine explained that we do not offer 30-year fixed rate mortgages because it is not a good deal for all our members. The problem with 30-year fixed rate mortgages is that we must fund the loans with other members’ savings dollars at these low rates for up to 30 years – a great deal for borrowers; a horrible deal for savers.

**Simplified Insurance, Investment and Tax Services**

Mr. Blaine commented that we have also branched out to offer help to members in the areas of Life Insurance, Investments and Tax Returns. He noted we offer members the best deal we can and noted SECU staff does not receive incentives, bonuses or commissions for providing these services.

- **Life Insurance**
  
  - SECU has chartered a wholly owned life insurance company.
  - Low-cost Term Insurance, simplified underwriting
  - Annuity products.
• Investments
  o Primarily low-cost Mutual Funds

• VITA/Tax
  o Simplified returns, low-cost

• Simplified service line and limited geographic area

• No Commercial/Business Services

• North Carolina only (plus contiguous states)

Mr. Blaine stated that SECU has doubled in asset size approximately every 5 years over the past 30 years. He noted that deposits have particularly accelerated over the last five years.

Mr. Blaine commented that loans have not grown as rapidly, largely due to the fact that members are uncertain about the economy. He stated that we have tried to reach out and help, without trying to make loans when members were uncertain about the future. The appropriate level of interest rates on loans has been difficult to set in this volatile economic environment, but are regularly reviewed. Mr. Blaine commented that one area of concern expressed by members has been our buildings, noting that the investment by the Credit Unions in all buildings, land, furniture, equipment and software total less than 2% of our assets. He explained that expanding the branch network set the stage for growth for SECU, adding that members came to the 1968 Annual Meeting from Goldsboro to request a branch in the Goldsboro area; and we have continued to grow successfully through local service from that time to now. Mr. Blaine commented that we have just about completed the branch network with few North Carolina communities remaining without a local office, and he indicated that the overall investment in facilities will now decline further as the Credit Union continues to grow.

Mr. Blaine commented that as to loan rates, Mr. Galamb had mentioned our used auto rates are high and that is probably true. Mr. Blaine noted we do make about 6,000 auto loans each month, but we will continue to work to improve rates as well as the entire lending process.

Mr. Blaine closed his report by noting that as we have renewed our contracts with Diebold (ATMs) and Deluxe (Checkprinters) we have stipulated in our contracts that they keep their plants and jobs in North Carolina (both are in Greensboro). He explained that even the simple things we can do to help North Carolina – such as our new resolve to use native plants at all new SECU buildings – will help the economy in our State. Mr. Blaine commented that recently we had a banking delegation in to visit
from China and they told us they recently had purchased the largest bank in California. He stated this is a great example of the importance of dealing locally and making sure that through the Credit Union cooperative that your funds are reinvested in North Carolina.

Mr. Blaine stated that it is a privilege to work for the membership and it has been an honor to work with Bobby Hall for all these years – adding that Mr. Hall is truly a great man.

Four questions: Safe and sound; efficient; providing value; high quality of service? The answer is yes, but we will continue to work to make improvements and enhance the value of the Credit Union for each member and for all of North Carolina. Again, great thanks to all our volunteers who give so generously of their time.

Chairman Wooten thanked Mr. Blaine for his report.

OLD BUSINESS

No Old Business.

NEW BUSINESS

No New Business.

SECU FOUNDATION

Chairman Wooten called on Mr. Jim Barber, SECU Foundation Chair, to provide the report of the SECU Foundation.

Mr. Barber thanked Chairman Wooten, noting that it has been a privilege to serve as the SECU Foundation Chairman over the last few years. He commented that though we often hear that a small contribution doesn’t make a difference, we know that it does, evidenced by the many Foundation projects funded through the deferment of members’ $1.00 monthly checking account maintenance fee. Mr. Barber explained that through collective dollars of the membership, the Foundation is expanding its footprint with new and successful initiatives that are making a tangible impact in the economic and social needs of our citizens and communities. He noted that one million SECU member-owners are actively sharing a financial commitment and optimism for the opportunity to make a positive difference in the lives of North Carolinians. Mr. Barber especially thanked the Advisory Boards, noting they are fundamental in helping the Board decide which projects to pursue.
Mr. Barber commented the Foundation Board expanded it Board with three additional members last year. He recognized Mr. Michael Clements (in attendance), Dr. Olson Huff, and Dr. Marilyn Sheerer. He thanked them for their service.

Mr. Barber explained that during the past year, the Foundation has continued its focus on initiatives in the areas of education, housing, healthcare and human services. He stated generous contributions are opening doors for young college students to experience the dynamics of public service and pursue meaningful careers in their local communities through the SECU Public Service Internship program and that North Carolina’s unemployed and underemployed citizens are learning new careers through SECU’s Continuing Education scholarship program. Mr. Barber added that teacher housing projects such as Echo Ridge in Raeford are providing an incentive for teachers to relocate to North Carolina, helping to provide a qualified education for students in that county.

Mr. Barber commented that additionally members provided a challenge grant to assist with repairs and improvements to the World War II Memorial, USS Battleship North Carolina, enhancing the educational benefits and onsite experience for visitors. He stated that the North Carolina Symphony also received funding for a new vehicle to aid in their efforts to bring musical performances to students and communities statewide. Mr. Barber explained that these initiatives are working to build strong relationships across the State – engaging our youth, educators and community leaders in the future of North Carolina’s long-term economic growth through innovation, leadership and community development.

Mr. Barber commented that the Foundation projects he had mentioned were a mere sampling of the powerful impact members’ dollars are making in our State. He stated that each member-funded Foundation initiative demonstrates belief by our members in the cooperative spirit of helping others. Mr. Barber noted that the benefits of member contributions touch the lives of fellow members, neighbors and communities in ways beyond what many thought possible.

Mr. Barber closed by noting it has been an honor to share what our members have achieved this past year, adding he looks forward to what we can accomplish together in the years ahead. He then asked everyone to turn their attention to the video screens for a glimpse Foundation projects from the past year.

**ELECTION RESULTS**

Chairman Wooten was provided the election results from Chuck Kelly (CliftonLarsonAllen). He announced the following results:
For a three year term, expiring October, 2016, the following four candidates were elected to serve on the Board:

- Karan Bunn
- Cynthia Jolly
- David King
- Tom King

Chairman Wooten called for a motion for the results to be made final and the ballots destroyed.

**VOTED:** Upon motion by member Roger Madariaga, seconded by member Victor Malfo, members in attendance voted and approved accepting the election results above as final and for all ballots to be destroyed.

**ADJOURNED**

With no further business, Chairman Wooten called for a motion to adjourn and upon motion by member Fred Biddy, seconded by member Sue Douglas, Chairman Wooten adjourned the meeting.

Respectfully submitted for,

Ms. Cynthia Jolly, Secretary/Treasurer

Mr. McKinley Wooten, Jr., Chairman