

MINUTES OF ST. MARTIN'S CREDIT UNION LIMITED 68th ANNUAL GENERAL MEETING

Held on Friday, 26th May 2017
Sacred Heart College Auditorium
San Ignacio Town, Cayo District

Present:

Dr. John Morris	-	President, Board of Directors (BoD)
Mr. Rene Torres	-	Vice President, Board of Directors
Mrs. Debbie Martinez	-	Treasurer, Board of Directors
Mr. Doroteo Balan	-	Education Director, Board of Directors
Mr. Carlton Mckoy	-	Secretary, Board of Directors
Mrs. Santos Tesecum	-	Chairperson, Credit Committee
Mr. Manuel Medina	-	Member, Credit Committee
Mr. Andy Bahdur	-	Member, Credit Committee
Ms. Irma Sanchez	-	Chairperson, Supervisory Committee
Ms. Laura Sierra	-	Secretary, Supervisory Committee
Mrs. Karen Perez	-	Member, Supervisory Committee

Member-owners in attendance: 836 (586 Adults and 250 children)
Master of Ceremony (MC) and translator: **Mr. Elmer Juarez**, Member
Minute taker: **Ms. Mabelle Rojas**

Welcome

The MC extended a warm and hearty welcome to all members present at the 68th Annual General Meeting and asked the President to call the meeting to order.

The National Anthem was sung by Haley Hales, Anissa Chavarria, and Adrienne Medina of the St. Andrews Primary School, San Ignacio Town. This was followed by The Peace Prayer of St. Francis of Assisi "Lord Make Me an Instruments of Thy Peace which was lead by the MC.

Mr. Rene Torres, Vice President of the Board of Directors, gave the welcome remarks. In his remarks, He acknowledged the Board of Directors for the SMCU and welcomed guests from the sister credit unions countrywide. In attendance were Mrs. Corine Fuller, Executive Director from the Belize Credit Union League; Ms Juana Terry, President of St. Francis Xavier Credit Union, Corozal District; La Inmaculada Credit Union, Orange Walk District; Toledo Teachers Credit Union; St. John's Credit Union; Grant Thornton Auditing Firm and all SMCU members who were present. He urged members to continue attending AGMs as it is in working together we join forces, if this does not happen things can fall apart

1. Meeting Call to order of the 68th Annual General Meeting

The President, Dr. John Morris called the meeting to order at 5:45 pm.

Raffle #1: winning ticket 681161 - \$50.00 cash prize by Ms. Idalia Castillo of San Antonio Village Cayo District.

2. Minutes of the 67th Annual General Meeting

Correction No. 1 - Page 3, Members Present, "Mr. Rene Torres" to be amended to read as "Mr. Rene Torres absent with apologies". He was out of the country.

Correction No. 2 - Page 3, Members Present to be amended to include "Mr. Doroteo Balan". He was not listed in the minutes.

The Minutes of the 67th Annual General Meeting of 2016 were approved as corrected.

Ms. Yolanda Rodriguez motioned to accept the Minutes as corrected, seconded by Mr. Aroldo Simpson.

3. Reports Presentation

Board of Directors Report

Dr. John Morris, President reported for the period April 1, 2016 to March 31, 2017.

President Morris acknowledged invited guests from sister credits and welcome all members of the SMCU to the 68th Annual General Meeting. Special mentioned was made of Mr. Ronald Hulse, retired General Manager of SMCU and Mrs. Nelida Sabido, Accountant who is retiring this year

In the President's report, he highlighted the challenges experienced by the SMCU especially with the regulatory body for the Credit Unions, the Central Bank of Belize. The SMCU had to operate in a new environment due to the Central Bank scrutiny and stringent regulations. SMCU had to devise a new plan and strategize on how to comply with the regulations while fulfilling its commitments to its members. President Morris was happy to report that the BoD and management had strike a balance between the regulation and membership satisfaction and declare this financial year a success.

The success of SMCU in an economic climate which can best be describe as spiraling downward is attributed to infrastructural and financial adjustments. SMCU conducted a number of training and workshops that were designed to upgrade the human resources capacities to ensure efficient and effective staff; and management. It also retooled its financial projections and operating procedures to maximize investments and upgraded its market scheme which yielded tremendous benefits such as new members and more loans.

The assets of the SMCU are above \$25,500,000 which is an increase of \$2.3 million representing an asset growth of over 10%. Saving Deposit is at \$1.2 million; Shares is at \$20.2 million which represents 6.7% increase. Net Profit \$1,197,045 which is an adequate increase given the current market climate where the credit unions are faced with competitions from the financial markets and a dismal economy showing an underperformance and barely registering a growth of over 1% GDP according to the Statistical Institute of Belize. This increase allows the SMCU to service and provide loans to its members without seeking external funding.

Current membership stands at 8,656 a decrease of -0.91% from last year. This is as a result of accounts that had to be closed off because they did not meet the minimum mandatory threshold of \$50.00.

The Central Bank of Belize had requested that the credit unions, according to the legal provisions, have a Net Institutional Capital (NIC) of at least 10% of its total assets. Over the last three years the SMCU had been working diligently to set aside amounts annually from the net profit to improve the institutional capacity. The President was

happy to announce that SMCU NIC stood at 11.1%, and plans to continue sustaining this percentage and improving on it so that it can reach 15%. The Central Bank has decided to closed down and liquidated a number of credit unions because they are failing or could not embrace the challenges posed by doing business in the 21st Century such as maintain the adequate liquidity ratios, institutional capital, loan loss reserves, DE-risking, and Anti Money Laundering (AML) compliance which had brought on additional work and expense to accommodate the required reporting. The President noted that the AML requirements and banking problems relative to foreign exchange have impacted the business climate which increased the cost of doing business and creates difficulties in the saving and lending institutions, which does not allow for a favourable business environment. SMCU however has risen to the challenge and is in full compliance with the Loan Loss Reserves and the Liquidity requirements and have worked earnestly to meet and maintain the AML Compliance. The rational of the legal requirements are to ensure that adequate collateral is in place to safeguard against delinquency, and also in the event of future problems, the credit union has funds to continue operating viable. These measures are to safeguard members' funds.

The President commended Mr. Raymond Tzul, General Manager (GM) for SMCU for doing extremely well over the past two years and Mr. Emory Young, Senior Operations Officer who complimented the management team. Mr. Young brought with him a wealth of banking experience and has worked along with the GM over the past year. This year Mrs. Nelida Sabido, Accountant is retiring and the SMCU will surely miss her dedication and commitment. The process of hiring a replacement has began however a decision was made to hire a Finance Officer rather than an Accountant.

SMCU over the last year has been able to generate better income for the credit union and manages expenses more efficiently. The loan programs including Rural Finance continue to perform well. The credit union was able to grow its loan portfolio by over 16% this year. The Belize Rural Finance Program concluded early this year but the SMCU has committed to ensuring that the benefits reaped from this program includes rolling out of financial services to the rural members continues. This program has been a veritable success and Ms. Sheril Tzul, SMCU Micro Finance Field Officer was applauded for doing very good job in maintaining members' confidence and trust in the credit union.

There is a significant increase in users of the SMCU ATM service. The strategic agreement with Heritage Bank and other credit unions under the Network One Brand, members have access to over 20 ATMs country-wide including a number of merchants where they can use their cards when making payment. All fees generated from using this network returns to the credit union as a source of income. Members are also able to pay at the credit union their electricity, water, telephone and cable bills through the Bill Payment Service and they can access the Zitro Western Union Money Transfer Service. The Western Union Money Transfer Service has increased the financial capacities of the credit union but has increased documentation for money laundering and the cost of service. This is currently being assessed to see if it is a viable service.

Internet banking is the new wave of the future and many customers are equipped with the latest cell phones applications to access funds or pay bills online. SMCU is currently establishing the necessary framework to offer this service to its members.

There was a substantial increase in loan applications, loan approvals and loan disbursements. SMCU was able to maintain a delinquency rate of 3.5% which is below maximum standard of 5%. It is important to note the diligent work of the Loans Department, Recovery Officer and management.

One of the most important goals of the SMCU strategic plan is to increase membership and provide a diversified financial service. The credit union is considering opening of other branches in Santa Elena, Benque Viejo del Carmen towns, Belmopan and Spanish Lookout. A study that was commissioned on the viability of opening a branch in Benque Viejo del Carmen town is completed. The results are positive; it showing that there are over 700 members in the Benque Viejo del Carmen town, San Jose Succotz, Arenal and Calla Creek villages. SMCU had submitted

proposal, studies and operational plans to the Central Bank for approval. The President was pleased to announce that approval was granted for a SMCU branch in Benque Viejo del Carmen Town. It is expected that by August 2017 this branch office will be operational.

SMCU continues to preserve in building goodwill and credibility within the community by assisting high school children with financial aid and scholarships, contributing to sports and other social activities. The Youth Month, primary school quiz contest and Mad City Money helps attract new members to SMCU and also build cohesive family.

In closing The President expressed his gratitude and appreciation to the Board of Directors, Committee members, the management and staff of the SMCU for their patience, hard work and Raffle #2: \$100.00 cash, winning ticket #681029 won by Chanelly Quewell of Santa familia

Credit Committee Report

Mrs. Santos Tesecum, Chairperson of the Credit Committee acknowledged all invited guests and members of the SMCU.

Mrs. Tesecum reported that there was rise in the number of loans requested and approved. A total of 5,843 loans were requested 5,753 were approved. Breakdown of the loans are as follows: 1672 personal; 1034 educational; 417 home improvement; 493 motor vehicle purchase; and repairs; 362 construction; 576 medical and dental; 282 business investment; 80 land and house purchase; 452 Christmas; and Easter; 123 travel and vacation; 192 household goods; and 70 farming. A total sum requested was \$13,459,458 out of which \$14,302,538 approved and disbursed.

In closing Mrs. Tesecum took the opportunity to thank the credit and supervisory committees for their diligent work and all members for their punctuality and being consistent in making payment and savings.

Supervisory Committee Report

The Supervisory Reports was presented by Mrs. Irma Sanchez, Chairperson. She acknowledged all invited guests and members of the SMCU.

This committee function in accordance with the Credit Unions Act and ensured the following:

- Vault checks to ensure that processes are in place for safe keeping of cash and valuables
- ATM cash reconciliation
- Review of monthly financial and expenses to ensure they were within budgets.
- Review the Delinquency Reports
- Review the dormant accounts and verified that reactivation of these accounts were legitimate
- Review loan applications that were approved and disburse
- Review employees personal files
- Review members' passbooks to ensure balance matched

The committee met with the external auditors to discuss and highlight areas to be addressed during the audit. Meetings were also held with the Central Bank examiners.

In closing Mrs. Irma Sanchez thanked the members of the supervisory committee, the management and staff of the SMCU for their hard work and dedication; the Board of Directors for implementing some of the recommendations

made by the committee; the Credit Committee and the Belize Credit Union for their support.

Raffle #3: \$50.00 cash, winning ticket #681049 won by Noelly Dominguez of Santiago Juan Layout

Treasurer's Report

The Treasurer's Report was presented by Mrs. Debbie Martinez, Treasurer. She acknowledged invited guests, members and fellow officers.

Mrs. Martinez informs that the credit union has recorded a surplus of income over expenditure.

At the end of the fiscal year 2016/2017 SMCU recorded an increase of \$2,349,622. In total assets which represent a growth of 10%.

Loans portfolio for the year in review grew by \$2,788,091 which represent an increase of 16.40%. Member shares are now at \$20.2 million, which is an increase of \$1,268,707 which represents 6.7% over last year.

Membership currently stands at 8,656 shows a slight decrease of -0.9%. This is primarily due to the fact that accounts that did not meet minimum mandatory share of \$50 had to be closed.

Term deposits held in commercial banks at the end of 2016- 2017 stood at \$3,214,457 showing an increase of 1.3%.

The Credit Committee and Loans department continues to exercise due diligence on loan application but there is a small percentage of delinquency affecting the credit union. It was highlighted that when loans are not repaid as promised it results in a larger provisioning in the loan loss reserve leaving less money available to return to members dividends.

The SMCU NIC is at 11.1% which is above the requirement. This is significant step for the credit union as this makes it stronger and easier to deal with any future uncertainties.

Earning for the year in review amounted to \$2,733,247 indicating a growth of 14.3%. This increase is commendable as SMCU continues to compete with commercial bank and other lending institutions.

Operating expense for the same period stood at a total of \$1,536,202 which represents an increase of 14%.

The SMCU achieved a surplus of \$1,197,045. This represents an increase of 14.6% over last year's figure. This is the second year in a row that the credit union has exceeded the one million dollar mark in profits.

The Board of Directors continues to work with management to implement policies and regulations that are necessary to ensure the growth and stability of the credit union.

SMCU continues for provide Bill Payment service (BEL, BWS, BTL and Central Cable Vision); Zitro Money Transfer Service continues to provide members and the general public access to a quick and safe manner to received or send money; the rural Finance service continues to grow through which new members are being attracted. The Fireball Business Loan Program continues in it pilot stage where opportunities are being provided for young entrepreneurs to get financing for business ventures.

Mrs. Martinez recommits the Board of Directors, Joint Officers, management and Staff to serve its members by providing the best possible service and aims to be number one financial institutions.

In closing, she thanked everyone who continuously contributed in some way or the other to a successful 2016/2017 for SMCU.

Raffle #4: \$300 cash, winning ticket 93403 won by Selvin Mai of Santa Familia

4.0 Discussion and Acceptance of Reports (Declaration of Dividends)

The President opened the floor for any questions from the reports presented.

Mr. Elias Heredia questioned the current membership compared to last year there is a decrease, but when he look at the membership is at 44% did not met the requirement. If that is so, we fell short of members coming into the credit. What will we do to increase membership? Second point - Loans receivable right- off compared to last year is decreased. What is the explanation for the right-off?

The President explained that when you right-off a loan it is due to delinquency. A delinquency officer who take people to court, try to locate them and are unable to locate these individuals who are not servicing their loan. We do not stop looking for them but the right off is a requirement so they are not in the books and we don't have to provide for them in loan loss reserves.

Mr. Raymond Tzul explained that membership does show a decrease less than 1% but it is a net effect on the overall membership. Every month the credit union recruits 80 to 100 members. 1200 accounts were closed in February 2017 because they had less than \$50.00. The credit union gave members of those accounts not meeting SMCU requirements up to December 2016 to update their accounts. More than half came in to increase their shares thus qualifying to become full members. We are recruiting and growing.

The session came to closed when there were no more questions or comments. Thereafter, the President called for the acceptance of the reports. Mr. Aroldo Simpson motioned to accept the reports and Gregorio Quintania second the motion.

The Treasurer then informed membership that SMCU can afford to pay 3% dividend for the year 2016-17. By a show of hands the 3% dividends were accepted and confirmed by membership.

5.0 Election of Officers

The MC called on Mrs. Corine Fuller, Executive Director for the Belize Credit Union League, to conduct the election of officers for the four vacancies on the Board of Directors. The Board of Directors has indicated that they are willing to continue serve on the board but the bylaws requires that the floor be opened in the event there is a nomination from the floor.

Persons up for re-election are Dr. John Morris, Mrs. Debbie Martinez, Mr. Doroteo Balan and Mr. Rene Torres.

Mrs. Fuller continues to explain to members the requirements for nomination to serve on the Board of Directors. As mandated by the Credit Union Act and for transparency purpose, she opened the floor for two (2) minutes for additional nomination by members. Since there was no nomination from the floor in period stipulated nomination was closed. She then opened the floor for one person to nominate the four persons to the board. Mr. Mario Castellanos nominated Dr. John Morris to be elected as the Director, Mr. Cecelio Neal nominated Ms. Debbie Martinez to be elected to the Board; and Mr. Elias Heredia nominated Mr. Rene Torres and Mr. Doroteo Balan to be elected to the Board.

Mrs. Corine Fuller declared that Dr. John Morris, Mrs. Debbie Martinez, Mr. Doroteo Balan and Mr. Rene Torres have been elected to serve on the Board of Directors to the SMCU.

Raffle #4: \$100 cash, winning ticket 681541 won by Deborah Martinez of Cristo Rey Village.

6.0 NEW BUSINESS

RESOLUTION FOR A CHANGE OF EXTERNAL AUDITOR

The GM, Mr. Raymond Tzul informed membership that based on standard practice, auditors are changed every five (5) years. He then asked members to indicate by a show of hands if they agree to change the External Auditors "Grant Thornton", and give the management permission to select an auditor for 2017-18. The majority of members by a show of hands indicated that they agreed.

7.0 Thank you and adjournment

The GM thanked the management and staff, the Board of Directors, the Committees and most of all the members of SMCU

The 68th Annual General Meeting was adjourned at 8:40 pm.

Raffles#5 A Fan winning ticket 681304 won by Mr. Mario Castellanos of Santa Elena

Raffle #6 A Fan winning ticket 681472 won by Ms Maria Torres of San Ignacio

Raffle #7 A Bicycle winning ticket 681326 won by Rosalinda Penados, San Ignacio

Raffle #8 A Cell phone (Smart) winning ticket 6815478 won by Joe Awe of Central Farm

Raffle #9 A Cell phone (Smart) winning ticket 681549 won by Amber Usher of San Ignacio

Raffle #10 A Tablet winning ticket 681420 won by Tracey Romero of San Ignacio

Raffle #11 A Laptop winning ticket 681544 won by Lupita Manzanero of Esperanza Village

Raffle #12 A Washing Machine winning ticket 681133 won by Mrs. Nora Juarez of Cristo Rey.