

# 2017



## ANNUAL REPORT



Sunset building mural, Jules Muck





Craig Luna

## Chairman's Message

What a year 2017 has been for your credit union! The beginning of a quest evokes excitement. That is what I have seen in both our leadership and our staff. The credit union's employees are committed to bringing our membership not only the very best in personalized service, as always, but the very latest in technology.

That effort requires total dedication. I am happy to report to our membership that our staff is delivering on this commitment. We have begun the projects associated with transforming existing platforms. Our staff continues to serve the membership and sponsor outreach programs to LADWP employees and the communities they serve.

This is evident in our collective support of charities such as Children's Hospital Los Angeles, Guide Dogs of America and member appreciation events conducted throughout the year. While sponsoring these activities, the credit union crested \$637.9 million in total assets and lent over \$96 million in new loans. All of these activities happened while the staff continued to make improvements that ultimately sustains our safety and soundness.

On behalf of the Board of Directors, I extend a heartfelt thanks to you, our members, for your ongoing support in 2017. We want you to know that our quest to deliver really cool banking solutions will continue into 2018 and beyond.

**Craig Luna**

Chairman, Board of Directors



## President/CEO Report

I am honored to succeed the retiring President & CEO, Mr. Carl Stewart, who shepherded this credit union for more than 30 years. Mr. Stewart presided over our organization during many swings in the local economy, both good times and bad, and steered us through to the financial stability we enjoy today. We cannot thank him enough for his leadership.

And, we are the best credit union in Los Angeles. No really, we are the BEST credit union in Los Angeles.

How do we know that? Because you tell us every day that our branch and front-line teams exceed your service expectations and genuinely care about your financial well-being. Because our team of dedicated employees are deeply loyal to our cause of responsibly, and responsibly, serving our members and our communities. Also, we have market-leading rates on our borrowing and savings solutions. And, because we have a commitment to excellence, and will not compromise on providing the best possible experience, each and every time you visit us.

Now some of this may seem to be hubris, but 2017 was a terrific year because, our institution began the journey of transformation. This strategic approach is reflected in the butterfly corporate imagery we launched earlier in 2017 and our new slogan ***Powerful, together.***

So, how exactly are we transforming? This year, we asked you what we needed to do to remain the best credit union. And you said, while our employees exceeded expectations, you wished we had better digital tools and greater access to your account information. You also wanted more control and dependability when using your debit and credit cards (and now, Apple Pay, Google Pay and Samsung Pay) for purchases. This year we made investments in new technologies that will allow us to satisfy all these requests. You deserve our digital innovations, like apps and websites, to help you with your banking needs seamlessly and flawlessly. **Our vision is to deliver really cool banking solutions.** We are not there yet, but are on the right path and we can't wait to show you... stay tuned.

You also asked for us to be more visible in the communities we serve and provide more financial education opportunities. Los Angeles is truly a city of neighborhoods, each with a character, spirit and ethos that makes it unique from all others. We are tapping into these communities and finding ways to be more socially connected, so that we can focus community development and education efforts on what's most important for that particular neighborhood. I encourage you to follow us on Instagram, Facebook and Twitter to see all the events in which we have participated and preview what's coming up.

Thank you for your membership, and thank you for your guidance and patience as we transform ourselves, so we can remain the BEST credit union in Los Angeles. To paraphrase an old Irish proverb; may this year bring you health, wealth and happiness, and time to enjoy all three.

Warmest regards,



**Barry Roach**

President/CEO



**Barry Roach**





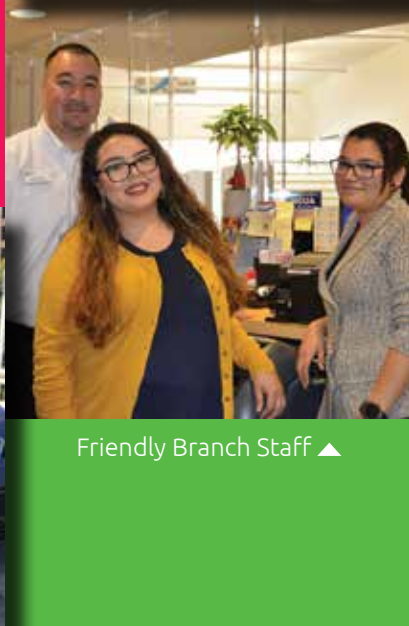
Member Appreciation  
Pet Adoption ▶

◀ Donald D.  
Member since 2014

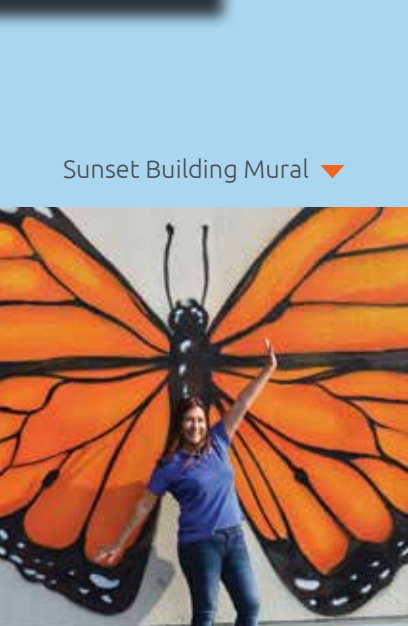
# Giving Back



Electric Vehicle Fair,  
JFB Building ▶



Friendly Branch Staff ▲



Sunset Building Mural ▼



▲ Comic Cure, Silver Lake





◀ Sunset Branch Info Table



Comic Cure at El Cid on Sunset ▶



Guide Dog, Walter ▼



◀ Pet Adoption Sponsorship Presentation



LADWP Retiree Picnic ▲



◀ Guide Dogs of America at Hope Street



Echo Park Rising ▶

# CFO and Treasurer Report



**Joanna Oliva**



**Michele Wilson**

Your credit union had another excellent year. Our shares grew 5.28 percent and our net income was \$4.2 million. The credit union has \$637.9 million in assets, with more than \$300 million in loans, and we originated over \$96 million in new loans this year. Management could not have achieved these results without the support of you, our member.

The credit union is focused on building a diverse and well-structured balance sheet, allowing us to deliver outstanding service and banking solutions to our members for years into the future. In 2017, the credit union invested in long-overdue upgrades to systems infrastructure, lending platforms, and the training and enhanced skills of its dedicated staff. These investments demonstrated immediate returns and positioned the credit union for expanded capabilities in 2018 and beyond.

In collaboration with an independent certified, public accounting firm, Turner, Warren, Hwang & Conrad, we have verified that the credit union's financial position is fairly and accurately represented in our financial statements. Our financial practices, policies and regulatory requirements are adhered to, measured, and audited on a regular basis to safeguard the assets of your credit union. Management believes that adequate financial, compliance and operational controls are in place, leaving us in a great financial position and poised for continued growth and success in 2018.

**Joanna Oliva**  
CFO

**Michele Wilson**  
Treasurer

Increased  
membership to  
36,190

Loan portfolio  
grew to  
\$309.1 million

\$59.1 million net  
increase

Share growth  
5.28%

\$96.4 million  
in new loans

\$637.9 million  
in assets  
milestone

# Chief Lending Officer's Report



Mike Tufegdzych

Water and Power Community Credit Union had another fantastic year of loan growth and credit quality. This will mark our fifth straight year of upward loan growth with a positive \$58.6 million net increase from 2016. This puts our total loan portfolio at \$309.1 million at year-end. This increase was the result of strong core growth through our diverse branch network, aggressive marketing campaigns, and loan participation activities.

Additionally, loan delinquencies have improved significantly with all loan portfolios performing as expected. Delinquencies fell by more than half to 0.31 percent as compared to 0.71 percent the previous year. Our charge-off numbers were also strong at 0.54 percent. Both these figures show that our overall credit quality is very good and credit risk is low.

We strive to provide all members with the highest level of service. We look out for your best interests and take feedback seriously. That's why we continue to evolve and improve our product offering with new, innovative and personalized banking solutions to help members reach their financial goals through every stage of life.

Thank you for your continued loyalty and we look forward to assisting you and your family.

**Mike Tufegdzych**  
Chief Operating Officer/EVP

## Loan Growth in Millions





## Statement of Financial Condition

As of December 31 (unaudited)

<b>ASSETS</b>	<b>2017</b>	<b>2016</b>
Cash and Cash Equivalents	\$ 43,897,634	\$ 37,752,581
Investments	238,725,727	280,264,146
Loans to Members, Net	309,122,566	250,062,182
Property and Equipment	6,672,416	6,861,288
National Credit Union Share Insurance Fund Deposit	5,332,902	4,927,379
Other Assets	34,142,612	27,846,839
<b>Total Assets</b>	<b>\$ 637,893,857</b>	<b>\$ 607,714,415</b>

<b>LIABILITIES &amp; MEMBERS' EQUITY</b>	<b>2017</b>	<b>2016</b>
<b>Liabilities</b>		
Members' Share Account	\$ 579,959,562	\$ 550,894,575
Accrued Expenses and Other Liabilities	5,033,911	6,846,346
<b>Total Liabilities</b>	<b>584,993,473</b>	<b>557,740,921</b>
<b>Members' Equity</b>		
Regular Reserve	9,923,909	9,923,909
Undivided Earnings	44,969,884	41,813,474
Accumulated Other Comprehensive Income	-1,993,409	-1,763,889
<b>Total Equity</b>	<b>52,900,384</b>	<b>49,973,494</b>
<b>Total Liabilities &amp; Members' Equity</b>	<b>\$ 637,893,857</b>	<b>\$ 607,714,415</b>

## Statement of Income

	<b>2017</b>	<b>2016</b>
<b>Income</b>		
Loans to Members	\$ 13,008,697	\$ 12,278,268
Interest from Investments	7,397,800	5,153,166
Non-Interest Income	6,817,880	6,190,350
<b>Total Income</b>	<b>\$ 27,224,377</b>	<b>\$ 23,621,784</b>
<b>Expense</b>		
Interest Expenses	\$ 2,913,584	\$ 1,648,534
Provision for Loan Losses	795,757	720,000
Compensation and Benefits	10,145,087	9,432,738
Office Occupancy	1,230,002	1,056,799
Office Operations	4,261,653	3,800,975
Marketing (Educational and Promotional)	866,460	903,526
Loan Servicing	929,842	756,374
Professional and Outside Services	1,081,262	650,341
Other	785,253	1,041,370
<b>Total Operating Expenses</b>	<b>\$ 23,008,900</b>	<b>\$ 20,010,657</b>
<b>Net Income</b>	<b>\$ 4,215,477</b>	<b>\$ 3,611,127</b>



# Supervisory Committee Report

The Supervisory Committee is elected by the membership to independently evaluate the soundness of the credit union's operations and activities, and ensure that management implements sound internal controls and maintains practices and procedures that adhere to generally accepted accounting principles (GAAP).



Katrina Perez

The committee meets regularly and carries out the following responsibilities:

- Protecting members' funds and interests
- Safeguarding of assets
- Ensuring compliance with regulations, policies and procedures
- Maintaining the reliability of financial records

The Supervisory Committee members also serve on other standing and special committees at the request of the Board of Directors. Each member reviews specific areas in executing his or her responsibilities to the membership at large. These areas include: adherence to the Bank Secrecy Act, Electronic Funds Transfer Act (Regulation E), Expedited Funds Availability Act (Regulation CC), Home Mortgage Disclosure Act (Regulation C), non-deposit investments, privacy, information technology, wire transfers and other procedures. The committee works with management to make changes where necessary to further strengthen credit union policies and procedures.

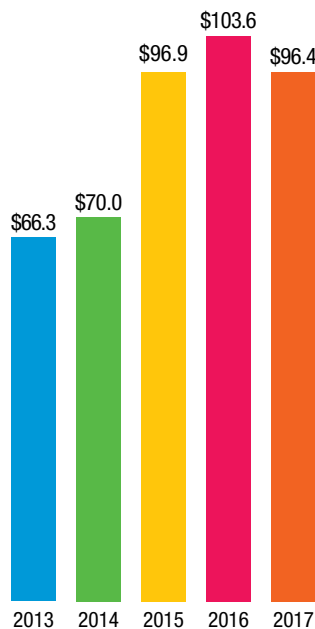
The Supervisory Committee retained a certified independent accounting firm, Turner, Warren, Hwang & Conrad Accountancy Corp., to perform an annual financial audit and issue certified financial statements relating to the overall financial condition of WPCCU. Auditors also evaluated the credit union's employee defined benefit and 401(k) plans, and compliance to all Bank Secrecy Act standards. Based on the results of the 2017 annual audit performed by Turner, Warren, Hwang & Conrad Accountancy Corp., as well as audits conducted by the California Department of Financial Institutions, and the National Credit Union Administration, the Supervisory Committee concludes that Water and Power Community Credit Union has adequate financial control, is financially sound, and that no further corrective actions are required.

Katrina Perez  
Supervisory Committee Chair

## Assets in Millions



## New Loans in Millions



## 2017 Overview

Overall New Loans \$96,405,315

Real Estate \$52,687,170

In-direct \$502,884

Branches \$43,215,260

## Board of Directors



Craig Luna  
Chair



Belinda Walker  
1st Vice Chair



Venest Henry-Evans  
2nd Vice Chair



Michele Wilson  
Treasurer



Gerard Watson  
Assistant Treasurer



Gladys Berry  
Secretary



Louie Ferrer  
Assistant Secretary

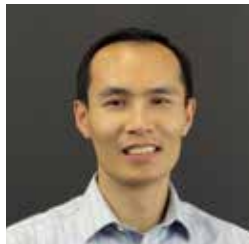
## Supervisory Committee



Katrina Perez  
Chair



Monique Harrell  
Vice Chair



Wing Wong  
Secretary



Cynthia Meekins  
Committee Member



Amanuel Selassie  
Committee Member

## Executive Management Team



Barry Roach  
President/CEO



Mike Tufegdzych  
Chief Operating  
Officer/EVP



Joanna Oliva  
Vice President of  
Finance/CFO



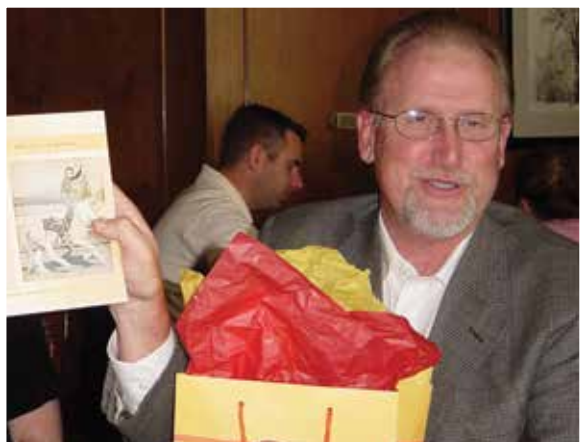
Celeste Zibelli  
Vice President of  
Marketing and  
Financial Services



Sonia Jazmin  
Vice President of HR  
and Administration



## In Memoriam - Ron Stratman



Ron began his credit union career working for the California Credit Union League. He started his WPCCU tenure in May 1984, as Vice President of Marketing. He moved to California Credit Union in April of 2004 and became Chief Marketing Officer, until he retired in December of 2014.

Stratman had over 35 years of marketing experience; most of which were in the credit union industry. He was involved in credit unions throughout America, including Illinois, Missouri and California. Ron was a devoted family man and enjoyed working with others. His personal interests included golf, horseback riding, boating, fishing and Boy Scouts. He will be missed.

## BRAVO WPCCU

Here's what our members say about us.



*"WPCCU has helped me build my life. Not only am I satisfied with their checking and saving services, but I decided to get a credit card, a small loan, and even an auto loan. They don't disappoint and will work with you to find a solution. In addition to the friendly and professional staff, the overall customer service has me as their loyal member. I look forward to doing business with WPCCU for many years to come."*

**Brianna B.**

**Member since 2015**

*"I have been a member since 1987. I would like to say that all the staff at the Hope St. branch is always very attentive and give 100% great customer service. They are always very professional and efficient with my personal transactions. They always welcome me with a smile, and educate me on credit union products. It's a great work environment and you can see how much they are there 100% for the members."*

**Cornelious W.**

**Member since 1987**



*"I am a proud member of WPCCU. In 1997, I used to have my real estate office across the street from the Sunset building. In 2000, they were open to the community, and so I became a member. My expectation was easily met from my experience with the staff. Being a member, I feel that I am a part of the overall community that I live in with my family. I get the personalized service with the community feel. It's a win-win for me!"*

**Matthew J.**

**Member since 2011**

# Branch Locations

## Sunset Branch

*Shared Branch*

1053 West Sunset Blvd.

Los Angeles, CA 90012-2134

## Westchester Branch

8800 S. Sepulveda Blvd., Suite 2

Westchester, CA 90045-4851

## Sun Valley Branch

*Shared Branch*

8413 Laurel Canyon Blvd.

Sun Valley, CA 91352-3817

## Northridge/Granada Hills Branch

16840 Devonshire St.

Granada Hills, CA 91344-7404

## Hope Street Branch

*Branch access for DWP employees only*

111 North Hope St.

Los Angeles, CA 90012-2607



800-300-9728

wpcu.org

