



July 25, 2012

Richard Moloney
Chief Administrative Officer
200 East Main Street
Lexington, KY 40507

CAO Moloney:

When we met in May, you proposed that the credit union pay O&M and 50% of the base rate for the three year term of our upcoming lease renewal at both the Versailles Road and Phoenix locations. While not ideal for the credit union as we are still depreciating expenses from renovating our space, this is a reasonable recommendation due to the current economic conditions that the city is facing.

While the credit union has never been asked to pay rent for the space it utilizes, we have paid close to \$250,000 for our own renovations: \$15,968.65 for the Clark Street Renovation, \$7,319.38 for the Phoenix Building renovation, and \$225,376.48 for the Furrows Building Renovation in June of 2006.

At the time the credit union agreed to the added expense for these renovations, we were under the assumption that we would be occupying the space rent free as we have always done. Being a not for profit, we only make enough money to build capital and offer affordable products and services to our members. These renovations are being expensed over 10-15 years (through June 2016). We currently have remaining depreciation of \$87,064.04 for the Phoenix and Furrows Buildings with payments due of \$2,011.07 per month.

Should the credit union have to pay 100% of fair market value, it will have a dramatic impact on our operation. While we planned and budgeted for the depreciated expense, we had no way of knowing about the proposed rent which would more than double our monthly expense for existing space.

For 2012, we budgeted net income of \$47,123. This net income is needed to support our asset growth (currently 13.25% for 2012). Without this income, the credit union may be forced to limit loans or deposits, reduce products and services, or increase our rates and fees all of which would impact city employees.

Metro Employees Credit Union is a not for profit financial cooperative, (501c.3) that was founded in 1940 by city employees as an employee benefit. To this day, the credit union works hand in hand with LFUCG to provide valuable products and services that employees could not obtain elsewhere. Since we are a not for profit cooperative, any money that the credit union makes is returned to our members (city employees) in the form of higher dividends, lower loan rates or additional products and services. On the flip side, any additional expenses that the credit union incurs will also be passed on to city employees in the form of additional fees, higher loan rates or lower dividends.

While on the surface it may appear that Metro Employees Credit Union is just another financial institution that is far from the truth. Metro Employees Credit Union is a valuable employee benefit for LFUCG employees. Unlike other financial institutions, our bylaws only allow us to serve employees of the Lexington Fayette Urban County Government, employees of satellite agencies of the Lexington Fayette Urban County Government, employees of the Credit Union and members of the immediate families of members and accepted organizations of such members. We are not permitted by charter to serve the general public. Without the Lexington Fayette Urban County Government and its employees, there would be no Metro Employees Credit Union.

Unlike some financial institutions, MECU's product line is based on what our member's need, not what will earn us money. We set our minimum loan amount at \$200 and many of our borrowers rely on us to help them get from one paycheck to the next. Often times our members will have credit scores well below the National average and would not qualify to borrow money elsewhere. It is our relationship with LFUCG that allows us to offer loans and other financial products that many of our low income members could not obtain at other financial institutions.

As an added benefit and at the credit union's cost, we make all LFUCG payroll deposits available on Wednesday evening for Friday payday. This has been a practice for as long as anyone can remember and one that employees have come to rely on and appreciate.

In addition to providing products and services to LFUCG Employees, MECU regularly supports LFUCG agencies and assists them with services they need as well. A few examples include:

- Our recent involvement in the 2012 Summer Youth Program. At the request of Social Services, we cash payroll checks (at no charge) for 150 youth as part of the summer youth employment program. In addition, this year we attended all orientation meetings and opened accounts for youth and their parents. On July 13th we spoke at the workshop and educated youth workers on the importance of learning money management skills at a young age as well as the basics of maintaining a bank account.
- Within the past year, we were approached by the Division of Adult and Tenant Services to assist them with the LFUCG Representative Payee Program. They needed a financial institution that would allow them to maintain a free account for their client's social security payments. In addition, they needed these clients to be able to cash checks for no fee. The credit union was able to provide this account.
- In a meeting with the Commissioner of Finance in December 2008, we were asked to offer savings bonds to our members so that LFUCG could discontinue the program as of

12-31-08. While we had no prior experience offering savings bonds and there was no real incentive for the credit union, we added and implemented this product at the request of LFUCG.

- In 2008 Payroll contacted us about the ability to offer pre-paid debit cards as a payroll method for those without bank accounts. While the topic was still in the discussion phase, we went ahead and implemented this product so that we could be prepared to offer it to city employees when the city was ready.
- When the city switched to the new PeopleSoft payroll product, we attended payroll classes with other LFUCG employees and agreed to provide kiosks in both of our offices so that we could assist employees with printing and understanding their paystubs and learning how to navigate the new system.

As a cooperative, Metro Employees Credit Union has a volunteer Board of Directors made up of current and retired city employees. This Board is responsible for setting the rates, fees and policies of the credit union.

The credit union has maintained a presence in city space since 1940.

- Our first full time employee was hired in 1965 and he conducted credit union business from his desk at what is now the District Court Building.
- In 1974 we moved to the basement of that same facility.
- In January of 1984, the credit union moved to the Graphic Art Office of Public Information.
- In June of 1988 we relocated to 240 Clark Street.
- From November 2000 – September 2003, we operated a second branch in the police roll call center part-time.
- In October 2003, the credit union was offered a permanent second location in the Phoenix Building so that more city employees could utilize the credit union in the downtown area.
- In February 2006 we moved to our current location in the Versailles Road Government Campus.

Metro Employees has been a constant benefit for Lexington Fayette County Government Employees for the past 72 years. In a time of limited pay raises, rising insurance costs and low employee morale, taking away credit union benefits would be another blow to employees.

Your consideration in this matter is greatly appreciated. Should you have additional questions or wish to set up a meeting to discuss, I can be reached at 258-3992 or by e-mail at pgraham@metroemployeeescu.org.

Sincerely,



Piper L. Graham,
President

Cc: Sally Hamilton
Scott Seymour



METRO EMPLOYEES CREDIT UNION MISSION STATEMENT

Metro Employees Credit Union is a member-owned and operated, non-profit financial institution which provides high quality services to meet our members' financial needs today and in the future in a way to insure the long term viability of the credit union.

We will provide confidential and personalized service to our members in a fair and equitable manner.

Our members are employees of the Lexington Fayette Urban County Government, satellite agencies and members' families.

Our Vision

To be the kind of credit union that offers personal service to our members. To be a primary financial institution to our members to the extent that we provide the products and services that our members want and need.

Metro Employees Organizational Chart

As of March 26, 2012

Members

Board of Directors

Piper L. Graham
President

Lisa Gilliam
Bookkeeper

Jeanne Conley
Branch
Supervisor

Sarah Stanfield
MSR / Marketing

Roger Bentley
Loan Officer

Tabitha Stoll
Loan Officer

Amanda Graves
Loan Processor

Tammy Zumwalt
Head MSR

Megan Sparrow,
MSR

Lesa Dunn
MSR

Lucy Long
MSR

**THE STRATEGIC PLAN
FOR**



METRO EMPLOYEES CREDIT UNION
Crowne Plaza, Lexington
October 4, 2011



Facilitated by
Kathy Furlong
Kentucky Credit Union League

Strategic Planning Session

Metro Employees Credit Union

Agenda

Tuesday, October 4, 2011

Crowne Plaza, Lexington, Ky

5:00 pm ***Where has MECU been??***

- Changes in the Past Year
- Past Goals Review

What Impact The Business We Are In ?

- Our Financial Profile
- The Internal and External Environment

Strategic Planning For The Future

- Areas to Consider for This Year's Plan
- Critical Issues

THE STRATEGIC PLAN

9:00 pm **Wrap up and Evaluation**

Where Have You Been?

WHAT HAS CHANGED SINCE THE LAST PLANNING SESSION?

Less potential members

Regulatory Compliance

Check Imaging

Loans: Line of Credit; Overdraft Protection; Payday; Credit Rebuilder; Fixed 2nd Mortgages

Building for ATM (Phoenix garage no longer there)

Revamped website

YOUR STRATEGIC PLANNING REVIEW

KEY AREA: STAFFING/ HUMAN RESOURCES

Goals:

From 2009 Strategic Plan	Progress in 2011	Pre-work Summary Comments
1. Personnel Committee to review bonus policy by 2011 budget	Tabled until further notice as it was felt current bonus plan is working.	Agree May need to re-evaluate if earnings are reduced.
2. Include 1 additional full time person in 2010 budget. Employee would be a "floater" to fill in as an MSR when needed.	Board approved 6/16/11. New Employee hired on 8/1. Chad Bethel promoted to Loan processor on 9/1.	Staffing is now adequate Should cross train as needed 3 full time at Phoenix

KEY AREA: TECHNOLOGY

Goals:

From 2009 Strategic Plan	Progress in 2011	Pre-work Summary Comments
1. Develop a proposal to revise website. include expense in 2010 budget	Revision complete. Unveiled on 7/1/10.	Done, looks good
2. Develop on line application on home banking but leave decisioning in-house	Completed 6/2010.	Done How many members using? Could still add real decisioning but would be expensive

KEY AREA: CONVENIENCE

Goals:

From 2009 Strategic Plan	Progress in 2011	Pre-work Summary Comments
1. Review policies for Line of Credit loan to make it a "true" line of credit by year end 2009	Completed on 7/1/10 with conversion to true line of credit loans.	Done: working very well Continue to monitor LOCs
2. Implement ACH origination by 3 rd quarter 2010	Board voted to not offer 9/16/10.	Could revisit Need for information to decide
3. Develop a proposal for shared branching by July 2010 to be included in the 2011 budget	Tabled until 2011 Planning Session.	Discuss at meeting Revisit if cost is feasible Not sure, don't like concept
4. Research Mobile banking to be included in the 2012 budget.	To be included in 2012 budget.	Agree Discuss at meeting Needs to be looked into. a must

YOUR STRATEGIC PLANNING REVIEW

KEY AREA: FACILITIES

Goals:

From 2009 Strategic Plan	Progress in 2011	Pre-work Summary Comments
1. Revisit consideration for the ATM at the Phoenix branch at the next planning session.	Revisit at Planning Session. Building that would have housed the ATM has since been torn down.	Discuss at meeting; revisit ATM downtown would be useful

What Impacts the Business: Are We In?

ENVIRONMENTAL ISSUES

Economy

- As the economy continues to struggle, we will see an increase in delinquencies and charge offs, resulting in lower earnings which could prohibit offering some products and services we want in the future

The Regulatory Environment

- Following regulations: keeping loan to share ratio up; expanding membership; exceptional products and services
- Regulations are really impacting the CU in a big way. From increased staff time to comply to through the roof costs for new forms, processes, etc. Our best hope is an administration change in 2012

Your Major Sponsor Groups

City of Lexington

- (3) LFUCG is downsizing/ laying people off thus less member pool to draw from.
- Many long term members are retiring and not being replaced.

Satellite Agencies

- Important to keep the satellite agencies, but (2) they are having budget reductions also.
- Advertise more with satellite agencies...maybe go and do orientation for new hires
- These agencies are eligible for membership since they are funded by the city. In recent years the city has cut off revenue or greatly reduced revenue to these agencies. Some might question if they are even still in our FOM.

AREAS TO CONSIDER FOR THIS PLANNING SESSION

MEMBERSHIP

Go after new members from the Metro Government and its satellites.

STAFFING

15 We currently have enough staff to serve our members.

15 Our staff is adequately compensated and we are able to retain quality employees.

I think we need to make the following changes to keep and retain quality staff.
Comparative study on pay/ benefits--- next year

FACILITIES

5 The Phoenix Garage is unstable, the building has been locked down and I am concerned about our ability to serve members at this location.

Our two offices adequately serve our members but we need to look at electronic and remote ways to reaching members such as:

Mobile/wireless banking to include those who use iPads

(4) Shared Branching

(3) Mobile Banking

(2) New branch office

(2) Electronic signature for loan apps, MMD apps, address changes, etc.

(2) ATM at branch/ on the other side of town

More options for home banking

THE STRATEGIC PLAN



FOR

**METRO EMPLOYEES
CREDIT UNION**

October 4, 2011

YOUR STRATEGIC PLAN

ON-GOING OBJECTIVES (FROM PAST PLANNING SESSIONS):

STAFFING	Provide adequate staff to meet member's needs.	
FACILITIES	Monitor the financial stability of the credit union to insure the safety of member funds and the future of the credit union.	
LENDING	Implement lending programs to address the needs of the membership while protecting the financial stability of the credit union	
IMAGE	Increase member loyalty to the credit union so that losses will decrease	
SUPERVISORY COMMITTEE	Maintain an active Supervisory Committee to safeguard the credit union and provide internal control.	
FINANCIAL STABILITY	Monitor the financial stability of the credit union to insure the safety of member funds and the future of the credit union.	
PRODUCTS & SERVICES	Provide the products and services that, members want, are affordable and make the credit union competitive in the marketplace.	
DISASTER PLAN	Safeguard the credit union and member funds from catastrophic occurrences	

YOUR STRATEGIC PLAN

KEY AREA: Facilities

OBJECTIVE: Provide credit union facilities to adequately serve the membership while maintaining financial stability.

Strategies/ Issues for Achieving Objective:

How can we meet members' needs with Phoenix drive thru closed?

Goals:

1. Determine the impact of the Drive Thru at Phoenix by the November 11 Board Meeting
2. Make recommendations for Main office staffing, if worst case or temporary happens by the October 11 Board Meeting
3. Study the needs of Phoenix in six months (June 2012).

YOUR STRATEGIC PLAN

KEY AREA: Products and Services

OBJECTIVE: Provide the products and services that members want, are affordable and make the credit union competitive in the marketplace

Strategies/ Issues for Achieving Objective:

Shared branching could address Phoenix problem

Items that are part of EPL bundle:

Docu Sign
Loans PQ
Shared Branching
Mobile Banking
Text Alerts

BOARD VOTE:

At a specially called Board Meeting during this planning session, the majority of the Board of Directors voted to approve shared branching

Goals:

1. Develop a report and recommendation on EPL bundled products by the October 11 board meeting.
2. Implement shared branching as an issuer by year end.
3. Revisit a credit card reward program at the 2013 planning session

SAMPLE ACTION PLAN

Key Area _____

Goal: _____

Action Step	Person Responsible	Completion Date	Status
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			

ADDENDUM 1

PREWORK
SUMMARY

FOR



2011 STRATEGIC PLAN
OCTOBER 4, 2011
5pm- 9pm

- Financial gain, stability and customer service are primary; incorporating 1st mortgages and monitoring loans and repayments could increase capital and cut down on losses
- Service---good customer service

SC - Services and accessibility; Making sure regulations are in place

S - (2) Credit Card Interchange:

- Following regulations; keeping loan to share ratio up; expanding membership; exceptional products and services
- Income
- Keep CU small & continue what we are doing; members like it that we know them & use their names
- All of the above are important
- Loan growth; members remaining current on loans/ reaffirming on bankruptcies; new services
- Future regulations regarding HELOCS and credit cards
- Regulations are really impacting the CU in a big way. From increased staff time to comply to through the roof costs for new forms, processes, etc. Our best hope is an administration change in 2012

3. Your Major Sponsor Groups...expanding/ downsizing?

· City of Lexington ··*Your thoughts*

B - (2) Feel they will be downsizing

- Discuss @ meeting
- Keep up with orientations
- There are people being hired but not at the rate of 5-6 years ago

SC - Not sure

- Government will have to downsize to be able to stay competitive in hiring of qualified personnel and maintain personnel costs

S - (3) LFUCG is downsizing/ laying people off

- Don't want to expand out of the city- that's what makes us unique
- People losing jobs-could affect member and loan growth
- Hope the day will come when the City will expand again

Satellite Agencies...*Your thoughts*

B - Discuss @ meeting

- It would be good for CU to include---reach out to
- Important to keep the satellite agencies, but (2) they are having budget reductions also.
- More emphasis by city to make them independent group with little or no support from city

SC - Include satellite agencies

- More of a targeted group because LFUCG will begin to outsource to decrease their personnel costs

SECTION 1 THE ENVIRONMENT

YOUR CREDIT UNION

· Profitability... *Your thoughts*

- B - Our economy is making it harder to be profitable. It appears more people are less apt to borrow
 - Continue to increase membership and other profits will come
 - Continue to stay within guidelines
 - Metro is profitable as long as certain fees and charges are not further regulated
 - In this economy, our profitability has declined but we are still profitable
 - Continue on task to offer 1st mortgages
 - Revise and fine tune methods of monitoring used vehicle sales, collections and losses

- SC - I think we can survive
 - The economy is making it difficult for people to borrow which is reflected in CU's profit

- S - Lend more
 - Need to find ways to make income since we are going to lose income due to interchange fees
 - Will continue to have lots of deposits and not as many loans for the next couple of years
 - Concerned about CU's profitability with low investment & loan rates
 - Opening new accounts & selling our products, expanding membership, cutting costs (like double sided printing)
 - Profitability is being affected by the downturn in the economy and regs passed have lowered income
 - Continue to improve as new products are added
 - I look for profitability to go down in the coming years with continued NCUSIF assessments as reduced fee income from interchange.

· Facilities... *Your thoughts*

- B - (5) The two locations are meeting our needs
 - Provide ATMs for all satellite locations

- SC - (2) We are ok at this time
 - Keep a close look at the Phoenix Branch with all the problems that they are having

- S - (3) Mobile banking
 - Mobile banking is a necessity as well as the ability to keep with the fast pace of changing technology. It is hard for a credit union our size but we need to make it a priority if we are going to attract and retain younger members.
 - (3) Our systems are good for our size
 - ACH origination
 - Adding new technology is expensive. Is it feasible in today's market?
 - Activate cards on-line; electronic signature; technology to make loans easier to close
 - More training! Everyone should be able to use office programs with ease

Other... *Your thoughts*

- B - We are now limited in our field of membership
 - Saturday hours
- S - In no way do I want to act like a bank but we will have to make up the income that we will lose with credit card interchange fees. Bankruptcies on the rise will have an impact on the CU.
 - Excited about starting first mortgages
 - Need a way for members to do a Line of Credit online. Available at PNC through home banking. We get a lot of complaints
 - Shared branching. We have bundled the transaction charges in our renewal with EPL. The cost to implement with EPL is \$2,000 plus \$450 for training. We just need to determine if now is the time to move forward and how we could limit the transaction usage by our members during hours in which we are open.

union

- S - That the majority of our members wants and needs
To be a medium-size credit union

SECTION 2 YOUR STRATEGIC PLAN REVIEW

KEY AREA: FINANCIAL STABILITY

Goals:

From 2009 Strategic Plan	Progress August 2011	Comments for 2011 Plan
= .50% - .75% net Charge Offs to Avg Loans (Total \$ loans charged off less recoveries)	.15%	<p>B - (4) Good: looks ok</p> <ul style="list-style-type: none"> - Continue to monitor and seek methods to improve <p>SC - Good job: discuss @ meeting</p> <p>S - (2) Agree: hopefully these numbers will be just as good for the next few years</p> <ul style="list-style-type: none"> - Work w/ members to keep charge-offs low - Stay under .75% - Still realistic

KEY AREA: PRODUCTS AND SERVICES

Goals:

From 2009 Strategic Plan	Progress in 2011	Comments for 2011 Plan
1. Research a credit card reward program by the end of 1 st quarter 2010	Board voted not to offer due to cost.	<p>B * (3) This is not an item for MECU</p> <ul style="list-style-type: none"> * if we become a large CU then maybe * OK * Could revisit * May consider for 2013 <p>SC * Continue review so that when cost comes down, we are ready</p> <ul style="list-style-type: none"> * Revisit at meeting <p>S * (5) Agree: good incentive for members to get card</p> <ul style="list-style-type: none"> * Not necessary * Push credit cards * Good way to stay competitive * Still not the time. Too many other necessary expenses and a reduction in revenue

SECTION 2
YOUR STRATEGIC PLAN REVIEW
KEY AREA: PRODUCTS AND SERVICES

Goals:

From 2009 Strategic Plan	Progress in 2011	Comments for 2011 Plan
3. Implement an Overdraft Protection Loan by 2 nd qtr 2010	Approved by the Board in January 2011 and implemented.	B * (2) OK * Helpful to keep throughout 2011 * Review and update as needed * SC OK * Continue along with some type of education program/ video that is online accessible with one time cost or link to site * S (5) Agree; advertise more
4. Develop a proposal for a closed end home loan by 2 nd qtr 2010	Approved by the Board in January 2011 and available to members.	* B (2) OK * Review and update as needed * SC Great ok S * (4) Agree * Done * Done but need to promote and feel confident in procedures and regulations
5. Research Offering 1 st Mortgages by December 2012	Currently working with My CU Mortgage on the feasibility of offering a first mortgage program.	B * Yes keep * Are we big enough to offer First Mortgages? * Continue looking into * Continue to study and see if Metro has enough capital to finance * Aggressively pursue * Will be beneficial with the economy is better SC * Continue * Are we large enough to offer 1 st Mortgages? S * (2) Agree; good for loan growth * (2) Can't wait! Would love to see this happen * Research more to move closer to having a product available * Something the members will really appreciate * Working to move forward-huge learning curve for staff

SECTION 2 YOUR STRATEGIC PLAN REVIEW

KEY AREA: TECHNOLOGY

Goals:

From 2009 Strategic Plan	Progress in 2011	Comments for 2011 Plan
1. Develop a proposal to revise website to include expense in 2010 budget	Revision complete. Unveiled on 7/1/10.	B * (4) OK, good, done SC * Good S * (4) Agree: (3) like the new look * Looks awesome * Done
2. Develop on line application on home banking but leave decisioning in-house	Completed 6/2010.	B * (3) Agree, good * Would like to know how many members are using SC * Good S * (3) Agree: convenient for members * Good product. Once member puts info into system, loan officer gets application immediately * Electronic signatures * Could still add real time decisioning module for loans. Would be expensive but well received by members as it would give immediate answers.

SECTION 2 YOUR STRATEGIC PLAN REVIEW

KEY AREA: CONVENIENCE

Goals:

From 2009 Strategic Plan	Progress in 2011	Comments for 2011 Plan
4. Research Mobile banking to be included in the 2012 budget.	To be included in 2012 budget.	B * (3) OK; good * Not sure for 2012 * More discussion needed * Not if cost prohibitive SC * Good; discuss @ meeting S * (5) Agree; needs to be competitive * Definitely think we should look into * Members request a lot * Needs to be done * An absolute must!
5. Research text messaging for loan balances and account notification to be included in the 2012 budget	To be included in 2012 budget.	B * (4) OK; good * Not sure for 2012 * (2) Depends on how much it cost SC * Good; agree S * (6) Agree; would be a nice goes hand in hand with mobile banking * This is the future * A big hit with members * An absolute must!

SECTION 3 Focus on the Future

1. Membership...what do we need to do with our membership.
 - Penetrate the groups that we have now and not really go after new groups.
B 1
 - Go after new members from the Metro Government and its satellites.
B 6 SC 2 6 5

3. Products and Services...what products and services should we be considering.
 - We offer the right mix of services for our size and just need to promote what we have now.
B 6 SC 2 S 5
 - To stay competitive we should offer the following new services:
 - B Text messaging for account balances, etc.
 - SC Mobile banking when feasible
Saturday Hours
 - S (5) Mobile banking—(3) 2-3 years
(3) First Mortgages—(1) next year or (1) 2-3 years
Research card program—2-3 years
ACH Origination---ASAP; next year
Business loans—next year
Shared Branching
E-docs

3. CU Staffing...do we have enough staff?
 - We currently have enough staff to serve our members.
B 7 President should continue to inform board of needs
 - SC 2
 - S 10
 - We need to look at the following staff positions:
S MSR for Phoenix 2-3 yrs

SECTION 3 Focus on the Future

6. Technology...it seems that the way we do our banking is changing each and every day. How do we want to serve our members in the future?
- I would like to see the following new technology based products or services offered:
 - S (3) Mobile banking---(3) next year
 - A better way to see pending transaction temporary balance---ASAP
 - On line chat with CU staff via website--ASAP
 - Ability to accept and close loans online--ASAP
7. What other things should we look at?
- Here are some things that we should consider to enhance our products and/or services to members.
 - B Cellular phone banking Is this a future technology?
 - Own property--- 3+ years
 - SC First time home buying
 - S (3) First Mortgage in house---(1) next year
 - (2) Mobile banking—(2) next year
 - (2) Better business account setup and loans---(1) ASAP; (1) next year
 - Special services for seniors—next year
 - Bill pay free if you have direct deposit---next year
 - Another ATM—2-3 years
 - Additional free ATMs—ASAP
 - Online accounts to attract younger members & college students –ASAP
 - Membership survey
8. Are there immediate concerns to address at this session? Please list:
- B Look at services offered at other CUs and financial institutions for ideas
 - SC Saturday hours
 - S Keeping up with on-going compliance changes
 - Growth is always exciting
 - Potential loss of revenue from interchange as well as increasing delinquencies and charge offs and the impact this could have on our net worth, capital and ROA as assets continue to grow at 10%-15% per year.



Mayor Teresa Ann Isaac

Division of Building Maintenance and Construction

To: Charlie Boland

From: Mark A. Arnold
Mark A. Arnold
Operations Manager

Date: April 17, 2006

1

Subject: Cost Estimate for Metro Credit Union

1306 Versailles Road New Construction

Electric \$42,000

HVAC \$30,000

Plumbing \$15,000

Canopy Drive thru \$16,000


Carpet flooring \$17,000

Walls/doors/hardware cabinets construction \$30,000

Total: \$150,000

04/17/06

THIS DOCUMENT IS VOIDABLE AND INVALID IF UNLESS IT IS PROPERLY PLACED IN THE AUTOMATIC BANK PAPER FOLDER OF YOUR BANK TO BE DEPOSITED



Metro Employees Credit Union
300 Yenssitt Road, Suite 100
Lexington, KY 40503-1413
(606) 258-3796

NO. 64622
#294096
Date: JUN 20, 2006

PAY TO THE ORDER OF

EXACTLY \$150,000.00 DOLLARS

Amount: \$150,000.00

TO THE ORDER OF: LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT


NON-NEGOTIABLE

WHILE NOT CASHED WITHIN 90 DAYS

R. J. Mahan
PRESIDENT
AUTHORIZED SIGNATURE

064622 00421001460 05003737* *0015000000*

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ATL CITY BR031 06/26/06
\$150 M.150 CLEV ON 54125

PAY TO THE ORDER OF
NATIONAL CITY BANK
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FOR DEPOSIT ONLY
LFUD03
CONCENTRATION ACCOUNT
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THIS DOCUMENT HAS VISIBLE AND INVISIBLE FLUORESCENT MARKERS. VIEW UNDER BLACK LIGHT FOR WATERMARKS IN PAPER AND SECURITY TOOLS.

Metro Employees Credit Union
 210 Clark Street
 Lexington, KY 40501
 (606) 255-3290

NOTICE TO MEMBERS
 The purchase of an order on this card may require the purchase of a check with the amount of a check or the amount of a check.

Account Type: 4
 NO. 63250

Date
 Feb 07 2006

P
 A
 Y

EXACTLY \$16,389.45

Amount
 \$16,389.45

TO THE ORDER OF
 LYNDON MILLWORK, INC.
 2360 AMPERE DR
 LOUISVILLE, KY 40299

NON-NEGOTIABLE

VOID IF NOT CASHED WITHIN 90 DAYS

R. S. Swanson
 PRESIDENT
 AUTHORIZED SIGNATURE

⑈063250⑈ ⑈042100146⑈ 05003732⑈ ⑈0001638945⑈

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NON-NEGOTIABLE

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 LYNDON MILLWORK INC
 5182904923

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 CINCINNATI, OHIO
 3232873238

⑈0515433744⑈ BBAT #3100
 ONE PIEDMONT ROAD P.O. BOX
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 5108026693

Tracer: 12006241 - Amt: \$16,389.45 - 02/14/2006

J&BDOE CONSTRUCTION, INC.
 1017 S. Broadway
 LEXINGTON, KENTUCKY 40503

(859) 277-2403
 FAX (859) 277-9109

INVOICE # 10-1047

Piper L. Graham, President

DATE 9-22-10

INVOICE # 1047

Metro employees Credit Union
 1306 Versailles Road, Suite 140
 Lexington, Ky. 40504

PROJECT Neighbor to Bluegrass Community

JOB LOCATION Versailles Road

TERMS Net 30 Days

DESCRIPTION	PRICE	AMOUNT
Restroom Construction at Credit Union		
Bill per Bid		
Cut/Demo Slab:	\$650.00	
Plumbing	2200.00	
Repour Slab	650.00	
Relocate Door/wall	570.00	
Subtotal	4070.00	
Markup	610.00	
Total Amount Due	4680.00	\$ 4,680.00
<i>add on # 04</i>		
<i>CR# 79708 pd 9/29/2010</i>		

Thank You



Metro Employees Credit Union
 1306 Versailles Road, Suite 140
 Lexington, KY 40504-1117
 (609) 258-3399

NOTICE TO MEMBERS
 The purchase of an electronic fund transfer requires the
 backing of a federal check which is replaced on a regular
 basis. If the check is destroyed or stolen,
 the member is not responsible for payment.

Check # Date & Time Issued
 Lexington KY
 (3/14/21)

NO. 79708

Date
 Sep 29, 2010

Inv # 10-1047

Amount
 \$4,680.00

PAY TO THE ORDER OF

EXACTLY \$ 4,680 dols 00 cts

TO THE ORDER OF **JARBOE CONSTRUCTION INC**
 1017 S BROADWAY
 LEXINGTON KY 40503

VOID IF NOT CASHED WITHIN 60 DAYS

NON-NEGOTIABLE

R. J. Galan
 - PRESIDENT

AUTHORIZED SIGNATURE

⑈079708⑈ ⑆042600146⑆ 05003737⑆

Tracer: 18006278 - Amt: \$4,680.00 - 10/05/2010

VOID IF NOT CASHED WITHIN 60 DAYS

Pay any bank of Morgan Chase Bank 3028801233

NON-NEGOTIABLE

FOR DEPOSIT ONLY
 JARBOE CONSTRUCTION, INC.
 20091147

Tracer: 18006278 - Amt: \$4,680.00 - 10/05/2010

Lexington Fayette Urban County Government

Department of General Services Work Order

Work Order #: BM-20040647 Location ID: PB-ALL Requested: 08/15/2003
 Div/Dept/Agency: Department of General Services Time: 14:16
 Group: Downtown District
 Facility: Phoenix Building Est. Start Time:
 Primary Ph: Est Hours:
 Description: All offices/areas Est Cost:
 Sq Feet: 0 Completed: 10/22/2003
 Requestor: Charlie Boland Time: 15:53
 Phone: Hours: 581:20

Handwritten: n/a

Task Code: 3000 Architectural Interior (ARCHITECTURAL) Supervisor: Arnold, Mark
 Trade: Trades Worker - All Class

Action Requested:

Renovation work for the new Metro Credit Union in the 1st floor Phoenix see plan.

PO No.	Supplier	Description	Inv. Date	Inv. #	Inv. Amt.
490700	Hardwood Specialties	red oak	09/18/2003	73478	228.80
P77481	Home Depot	utility knives	09/18/2003	62061	29.57
P77474	Kwik Set	dws crse thr	09/18/2003	P091724	2.31
490695	Schiller	window kit w/ blinds	09/12/2003	88776	162.97
490694	DBS	drywall, screws, studs, tracks	09/10/2003	153763	221.99
P77481	Home Depot	thinset ga, botticino	09/10/2003	4141474	173.64
490687	Plaza	cove base	09/09/2003	3798	144.00
P77481	Home Depot	botticino	09/04/2003	0051013	112.25
P77475	Lowe's	mar. stone, hardi-backer	09/03/2003	050724677398	48.78
P77475	Lowe's	coatd sinker, top chice spf	09/02/2003	050724577230	49.51
490675	Flagg	laminate	08/26/2003	325347	60.40
490693	Economy Glass	free stand counter glass			153.40
P79485	Economy Glass	store front doors & fixed wind			1,995.00
192652	Economy Glass	store front door			900.00
490696	Scott Machine	sign material			30.80
P80164	Lowe's	secure bolt	10/20/2003	050729385371	3.51
490718	Grott	lock, keys, spacer rings, blan	10/16/2003	223429	157.79
P77475	Lowe's	veneer facing ironon	10/10/2003	050728383879	17.96
P77475	Lowe's	red oak, flat head plug oak	10/09/2003	050728283775	17.16
P77446	Hardwood Specialties	red oak	10/07/2003	74149	104.70
P77951	Sherwin Williams	paint	10/02/2003	7618-5	7.30
P77951	Sherwin Williams	paint, handles	09/30/2003	7472-8	45.88
P77475	Lowe's	drywall patch	09/29/2003	050727261974	28.35
P77451	Schiller	cylinder & rings	09/19/2003	89130	94.38
P77481	Home Depot	stu	09/22/2003	71922	13.56
P77472	Grott	keys	09/22/2003	222962	8.00
P80016	DBS	tear away bead	09/24/2003	154757	5.07
P77951	Sherwin Williams	paint	09/26/2003	7318-3	150.00
P77475	Color & Supply	sealex, putty	09/26/2003	000562756	54.30
P77475	Sherwin Williams	paint	09/29/2003	7386-0	20.00

David Wardle	09/17/2003	R	2.50	80.78
David Wardle	09/17/2003	R	2.75	83.47
Rick Meade	09/16/2003	R	2.25	43.63
David Wardle	09/16/2003	R	7.50	173.10
Charles Hump	09/15/2003	R	4.00	105.00
Rick Meade	09/15/2003	R	9.50	184.21
James Powell	09/15/2003	R	1.00	17.73
Stan Richardson	09/15/2003	R	7.50	157.95
David Wardle	09/15/2003	R	8.50	196.18
George Wright	09/15/2003	R	2.00	49.62
Stan Richardson	09/12/2003	R	2.75	57.92
Joe Brown	09/11/2003	R	2.00	42.38
Kendall Carpe	09/11/2003	R	9.50	186.58
Charles Hump	09/11/2003	R	7.50	196.88
David Wardle	09/11/2003	R	7.00	161.56
David Wardle	09/22/2003	R	7.50	173.10
James Powell	09/19/2003	R	0.50	8.87
Stan Richardson	09/19/2003	R	7.50	157.95
David Wallace	09/19/2003	R	7.25	166.90
David Wardle	09/19/2003	R	3.25	75.01
David Wardle	09/19/2003	R	4.25	98.09
Rick Meade	09/18/2003	R	9.00	174.51
James Powell	09/18/2003	R	1.00	17.73
Stan Richardson	09/18/2003	R	3.75	78.98
Stan Richardson	09/18/2003	R	3.75	78.98
David Wardle	09/18/2003	R	8.00	164.64
Joe Brown	09/17/2003	R	2.25	47.58
Rick Meade	09/17/2003	R	4.75	92.10
Rick Meade	09/17/2003	R	4.25	82.41
Stan Richardson	09/17/2003	R	7.50	157.95
Joe Brown	09/10/2003	R	8.25	174.82
Charles Mosley	09/03/2003	R	2.75	58.03
Charles Hump...	09/02/2003	R	4.00	105.00
Stan Richardson	09/02/2003	R	5.75	121.10
J. Scott Smouse	09/02/2003	R	3.00	73.92
David Wardle	09/02/2003	R	7.00	161.56
L. Eddie Barrett	09/01/2003	R	8.00	125.60
M. Todd Hedges	09/01/2003	R	8.00	176.40
Jonathan Jack...	09/01/2003	R	8.00	125.60
Scott Kelsey	09/01/2003	R	8.00	161.84
Richard Kuiper	09/01/2003	R	8.00	174.88
L. Eddie Barrett	08/29/2003	R	3.00	47.10
Jonathan Jack...	08/29/2003	R	2.00	31.40
Charles Hump...	08/28/2003	R	7.00	183.75
Charles Hump	08/27/2003	R	4.00	105.00
James Powell	08/18/2003	R	1.50	26.60
Kendall Carpe	09/10/2003	R	2.25	44.19
James Powell	09/10/2003	R	2.00	35.46
David Wardle	09/10/2003	R	7.00	161.56
Joe Brown	09/09/2003	R	4.50	95.36
James Powell	09/09/2003	R	1.50	26.60
David Wardle	09/09/2003	R	2.25	51.93
Charles Hump...	09/08/2003	R	2.70	70.88
James Powell	09/08/2003	R	3.25	57.62
Stan Richardson	09/05/2003	R	4.50	94.77
David Wardle	09/05/2003	R	7.50	173.10
Joe Brown	09/04/2003	R	5.00	105.95
Kendall Carpe	09/04/2003	R	4.75	95.20

Charles Hump	09/03/2003	R	6.00	157.50
David Wallace	09/22/2003	R	7.25	166.90
J. Brown	10/08/2003	R	1.00	21.19
Charles Hump	10/08/2003	R	5.00	131.25
David Wallace	10/08/2003	R	7.25	166.90
David Wallace	10/07/2003	R	7.25	166.90
James Powell	10/06/2003	R	3.50	62.06
David Wallace	10/06/2003	R	7.25	166.90
Charles Hump	10/03/2003	R	0.50	13.13
Stan Richardson	10/03/2003	R	5.50	115.83
David Wallace	10/03/2003	R	5.75	132.37
David Wallace	10/02/2003	R	7.25	166.90
James Powell	10/01/2003	R	4.00	70.92
David Wallace	10/01/2003	R	7.25	166.90
David Wardle	10/01/2003	R	6.25	144.25
David Wallace	09/30/2003	R	8.25	189.92
David Wardle	09/30/2003	R	6.25	144.25
David Wallace	10/22/2003	R	2.75	63.31
Charles Hump...	10/17/2003	R	1.00	26.25
David Wallace	10/16/2003	R	7.25	166.90
David Wardle	10/16/2003	R	1.00	23.08
David Wallace	10/15/2003	R	7.25	166.90
Charles Hump	10/14/2003	R	1.50	39.38
J. Scott Smouse	10/14/2003	R	7.25	178.64
Charles Hump	10/13/2003	R	6.00	157.50
Rick Meade	10/13/2003	R	4.00	77.56
Stan Richardson	10/13/2003	R	2.75	57.92
David Wallace	10/13/2003	R	7.25	166.90
Charles Hump...	10/10/2003	R	5.50	144.38
David Wallace	10/10/2003	R	6.25	143.88
J. Randy How...	10/09/2003	R	7.50	175.43
David Wallace	10/09/2003	R	6.75	155.39
James Powell	09/29/2003	R	0.50	8.87
Rick Meade	09/24/2003	R	3.00	58.17
Rick Meade	09/24/2003	R	4.75	92.10
James Powell	09/24/2003	R	0.75	13.30
James Powell	09/24/2003	R	3.00	53.19
Stan Richardson	09/24/2003	R	7.50	157.95
David Wardle	09/24/2003	R	2.25	51.93
James Powell	09/23/2003	R	2.50	44.33
Stan Richardson	09/23/2003	R	7.50	157.95
David Wallace	09/23/2003	R	7.25	166.90
David Wardle	09/23/2003	R	0.75	17.31
Rick Meade	09/22/2003	R	9.50	184.21
James Powell	09/22/2003	R	0.75	13.30
James Powell	09/22/2003	R	0.50	8.87
James Powell	09/22/2003	R	0.50	8.87
Stan Richardson	09/22/2003	R	7.50	157.95
David Wallace	09/28/2003	R	7.25	166.90
David Wardle	09/29/2003	R	2.50	57.70
David Wardle	09/29/2003	R	1.25	28.85
Kendall Carpe	09/26/2003	R	1.75	34.37
James Powell	09/26/2003	R	2.00	36.46
David Wallace	09/26/2003	R	2.25	51.80
J. Brown	09/25/2003	R	0.75	15.89
Kendall Carpe	09/25/2003	R	5.00	98.20
James Powell	09/25/2003	R	4.50	79.79
Charles Hump	09/25/2003	R	5.50	144.38

David Wardle	09/25/2003	R	0 50	11 54
K. Wall Carpe...	09/24/2003	R	1 50	29 46
R. Meade	09/24/2003	R	9 50	184 21

Building Maint# 5041.38
 teller counters 1,550.00
 SIGNAGE 728.00
 \$7,319.38

Total Hours:	581.20	Acct No:		Labor: \$	12,726.92
Last Printed :	10/10/2003	Ref #:		Other: \$	6,041.38
Closed			User: SL	Parts: \$	
				Total: \$	17,768.30

Signature _____ Approved By: _____
 Inspected By: _____

Status: Complete

Employee Report: _____

DETACH THIS PORTION BEFORE CASHING CHECK



Metro Employees Credit Union

240 Clark Street
Lexington, KY 40507
(606) 258-1990



GENERAL LEDGER DEBIT BY CHECK RENOVATION/PHOENIX BLDG
FURN AND EQUIPM ACCT NR 774000 BRANCH NUMBER 001 CHECK # 50444

DATE	POSTED	AMOUNT	NEW BALANCE	TELLER ID	TIME
12/04/03	5,241.36		115,671.14	0413131A	07:50

Received by _____



ORDER NO.

SALE AGREEMENT

QSI CONTACT <i>Dave Discepoli</i>	DATE <i>9/19/05</i>
-----------------------------------	---------------------

PURCHASER <i>Metro Employees Credit Union</i>		
ADDRESS <i>240 Clark Street Lexington, KY 4050</i>		
CONTACT <i>Piper Swanson</i>	PHONE <i>859-258-3990</i>	FAX <i>859-258-3993</i>

The "Seller" agrees to sell and the "Purchaser" agrees to purchase from Seller the machines, features and other goods (referred to as the "Equipment") listed in this Sale Agreement in accordance with the terms and conditions specified herein, including the terms and conditions which accompany this Sale Agreement.

Describe product, services, installation, and pricing

4 - Fortis 3000R1 Pneumatic Drive-Up Tube Systems w/ 2way Audio & Video 2 Teller Consoles, 2 Wireless Headsets, 1 DVD Player & 1 Exterior Camera	\$24,200.00
3 - "Open + Closed" Lane Lights LED w/ Switches (installed by others)	\$ 1,500.00
1 - "Commercial" Lane Light LED (installed by others)	\$ 600.00
1 - Fortis UL Listed Depository Head & 24"H x 24"W x 24"D Receiving Chest	\$ 4,475.00
1 - Verex ISM Umeal Alarm System w/ Cellular Back-Up UL Listed	\$ 4,000.00
1 - Verex 4 Door Card Access System integrated with alarm system	\$ 3,400.00
4 - Fence Under-Counter Steel Teller Station Cabinets w/ returns as specified	\$ 5,800.00
1 - Remove from existing location and reinstall at new location existing DVR and Cameras	\$ Nil
1 - Video Hard Drive Up-Grade to 500GB (to accomadate additional cameras)	\$ 1,000.00
1 - Remove from existing location and reinstall at new location existing Teller Safe	\$ 385.00
1 - Employee Exit Door Viewer 2.5"	\$ 100.00
Scheduling, Installation, and Project Management for the above listed equipment	\$ In.

Detail on the attached "investment" pages of proposal are included and are a part of this document

PAYMENT TERMS <i>50% when order is signed, 50% upon completion</i>	TOTAL MATERIAL & LABOR \$ 45,490.00
--	--

ACCEPTED BY PURCHASER	ACCEPTED BY QSI
<i>Piper Swanson</i>	<i>Dave Discepoli</i>
SIGNATURE	SIGNATURE
TITLE <i>PRESIDENT</i>	TITLE <i>Sales</i>



Metro Employees Credit Union
 1305 Versailles Road, Suite 110
 Lexington, KY 40504-1117
 (859) 258-3990

NOTICE TO MEMBERS
 The purpose of this notice is to inform you of the
 terms and conditions of the credit union's
 membership agreement.

Check No. & Title Cl. NO. 63617
 (22) (1) (1)

Date
 Mar 17, 2006

P
A
Y

EXACTLY \$11,483 dols 33 cts

Amount
 \$11,483 33

TO THE
 ORDER OF

CSI, INC.
 107 SCHULER DR
 BARDSTOWN, KY 40004

NON-NEGOTIABLE

VOID IF NOT CASHED WITHIN 90 DAYS

R. J. Hisham
 PRESIDENT

AUTHORIZED SIGNATURE

7276+8ISS

⑈063617⑈ ⑆042100⑆46⑆ 05003732⑈ ⑆0001148333⑈

Tracer: 12006101 - Amt: \$11,483.33 - 03/22/2006

NON-NEGOTIABLE

02-05-01406980-3056-02
 03-21-2006 09:00:00 AM 03/22/2006

1020953515
 0420-0040-7
 03222006
 ENT=4213 TRC=4227 PV=06

1111 66856

KENTUCKY FARMERS BANK
 BARDSTOWN, KY 40004
 083908132
 FOR DEPOSIT ONLY
 CSI INC.
 4001214

FOR DEPOSIT ONLY

Tracer: 12006101 - Amt: \$11,483.33 - 03/22/2006



Metro Employees Credit Union
 1306 Versailles Road, Suite 140
 Lexington, KY 40504-1117
 (609) 256-1971

MEMBERS ONLY
 This check is payable only to members of Metro Employees Credit Union. It is not valid for cash or deposit in any other financial institution.

Check No. 64125

Date
 May 03, 2006

P
A
Y

EXACTLY TWELVE THOUSAND SEVEN HUNDRED AND FORTY FIVE DOLLARS

Amount
 \$12,745.00

TO THE
 ORDER OF

OSI, INC.
 107 SCHULER DR
 BARDSTOWN, KY 40004

NON-NEGOTIABLE

VOID IF NOT CASHED WITHIN 90 DAYS

R. J. Hahn
 PRESIDENT

AUTHORIZED SIGNATURE

7276

⑈064125⑈ ⑆04200046⑆ ⑆5003737⑆ ⑆0001274500⑆

Tracer: 11041135 - Amt: \$12,745.00 - 05/08/2006



NON-NEGOTIABLE

02-05-01700950-0256-02
 0089508 11041135 050806 1274500

1521424461
 0420-0049-7
 05082005
 EXT-4240 TRC-4240 PKT-05

2222 65555
 KY 505

PAY TO THE ORDER OF
 KENTUCKY HOME BANK
 BARDSTOWN, KY 40004
 083908132
 FOR DEPOSIT ONLY
 OSI, INC.
 4001214

Tracer: 11041135 - Amt: \$12,745.00 - 05/08/2006

Metro Employees Credit Union
 240 Elm Street
 Lexington, KY 40502
 (606) 228-3291

CHIEF OF BRANCH
 240 Elm Street
 Lexington, KY 40502
 (606) 228-3291

Check # 61949
 Date
 Oct 11, 2005

Amount
 \$22,745.00

EXACTLY \$22,745.00

TO THE ORDER OF
 OSI, INC
 107 SCHULER DR
 BARDSTOWN KY 40004

NON-NEGOTIABLE

VOID IF NOT CASHED WITHIN 90 DAYS

R. S. Swanson
 PRESIDENT

1276

⑈061949⑈ ⑆042100146⑆ 05003732⑈ ⑈0002274500⑈

Tracer: 12037390 - Amt: \$22,745.00 - 10/17/2005

NON-NEGOTIABLE

2222 20991

KENTUCKY HOME BANK
 1000 BANK
 BARDSTOWN, KY
 40004

PAY TO THE ORDER OF
 KENTUCKY HOME BANK
 BARDSTOWN, KY 40004
 083908132
 FOR DEPOSIT ONLY
 OSI, INC
 107 SCHULER DR
 BARDSTOWN, KY 40004

PAY TO THE ORDER OF
 KENTUCKY HOME BANK
 BARDSTOWN, KY 40004
 083908132
 FOR DEPOSIT ONLY
 OSI, INC
 107 SCHULER DR
 BARDSTOWN, KY 40004

Tracer: 12037390 - Amt: \$22,745.00 - 10/17/2005