

Texas DPS Credit Union
55th Annual Meeting
March 04, 2010 • 6:00 pm

Agenda

MEETING CALLED TO ORDER

ASCERTAINMENT OF QUORUM

APPOINTMENT OF PARLIAMENTARIAN

APPROVAL OF ANNUAL MEETING

MINUTES OF MARCH 5, 2009 MEETING

REPORT BY CHAIRMAN OF THE BOARD
Robert Owen

CREDIT COMMITTEE
Wynonie Bell

AUDIT COMMITTEE
Dino Henderson

TREASURER
Mary Lauderdale

PRESIDENT
Mike Riepen

UNFINISHED BUSINESS:

NEW BUSINESS (OTHER THAN ELECTIONS):

ELECTION OF DIRECTORS
Report of Nominating Committee
Other nominations if any

DPS MUSEUM FUND

ADJOURNMENT
Drawing of any prizes will be
announced by Keith Williford

REFRESHMENTS

Officers

Texas DPS Credit Union

Austin, Texas

Board of Directors

<i>Chairman</i>	Robert Owen
<i>Vice Chairman</i>	John Hall
<i>Secretary</i>	Donna Sauls
<i>Treasurer</i>	Mary Lauderdale
<i>Members</i>	John Pelath Jim Kilchenstein Paul Jordan

Supervisory Committee

<i>Chairperson</i>	Dino Henderson
<i>Members</i>	Kent Radney Karen Elliston Ray Chandler Donna Sauls Ron Snow

Credit Committee

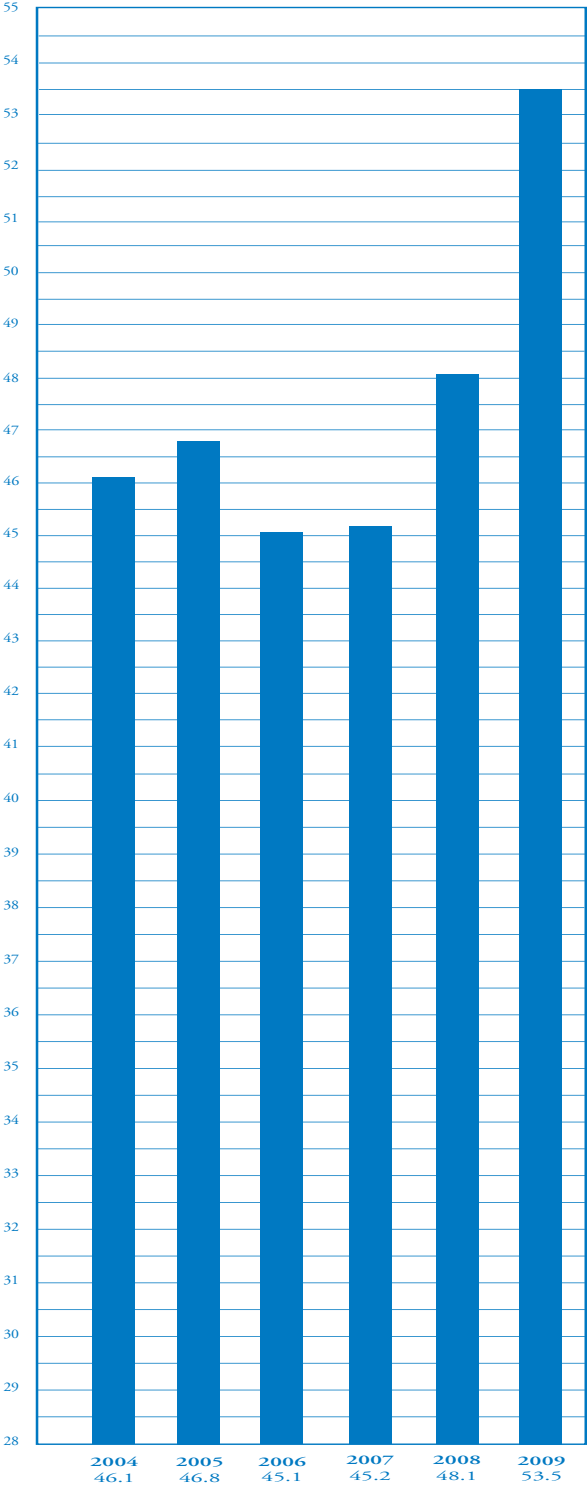
<i>Chairperson</i>	Wynonie Bell
<i>Secretary</i>	Beth Lentz
<i>Members</i>	Joann Bredl Danny Knauth Joe Tapia Chris Zepeda

Staff Members

<i>President</i>	Mike Riepen
<i>Executive Vice President</i>	Keith Williford
<i>Vice President of Operations</i>	Shirley Baker
<i>Asst. VP/Member Services</i>	Beth Lentz
<i>Asst. VP/CU Support</i>	Chris Zepeda
<i>Marketing Director</i>	Shawn Orthober
<i>Collections Manager</i>	Kathleen Munchow
<i>Loan Manager</i>	Patrick Giles
<i>Senior Loan Officer</i>	Louise Henderson
<i>Loan Officer/Loan Processor</i>	Linda Rachui
<i>Accounting Analyst</i>	Michelle Borgeson
<i>Member Services</i>	Ruby Wilcox
<i>Member Services</i>	Amber Darby
<i>Member Services</i>	Tammy Tidwell
<i>Staff Services</i>	Gerald Russell
<i>Tellers</i>	Lupe McCollum Rebecca Degrott Mickey Hensley Elise Jordan Destyni Ross Allison Vrana
<i>Teller/Loan Processor</i>	Amber Wheeler
<i>Administrative Assistant</i>	Connie Gonzales

Assets

IN MILLIONS \$



Statement of Condition

DECEMBER 31, 2009

Assets

Loans to Members.....	\$30,648,184
Allowance for Loan Loss.....	(157,290)
Cash in Bank.....	835,026
Investments	20,795,350
Building, Land & Fixtures.....	749,957
Other Assets	708,501

Total Assets\$53,579,728

Liabilities, Deposits & Equity

Accounts Payable.....	429,759
Member Deposits.....	19,088,020
Member Shares.....	28,209,920
Guaranty Fund.....	2,286,041
Other Reserves	3,565,988

***Total Liabilities,
Deposits & Equity***\$53,579,728

Distribution of Income

Interest Expense	7
Operating Expense	2,875,902
Interest on Deposits	199,520
Dividends on Shares.....	174,001
Reserve Additions from Income	(72,174)

Gross Income\$3,177,256

2009 Annual Meeting

The Annual Meeting of the Shareholders of Texas DPS Credit Union was held Thursday, March 5, 2009 at 6:00 P.M. in the Coffee Shop of the Texas Department of Public Safety Headquarters Building, Austin, Texas. Chairman Robert Owen called the meeting to order, welcomed everyone to the Fifty Fourth annual Meeting, ascertained that the quorum was present, declared the meeting open for business and appointed Maurice Beckham as Parliamentarian and Beth Lentz as Acting Secretary.

Chairman Owen stated what a pleasure and honor it was to serve on the board as Chairman this year. He noted it is a wonderful group of people that are associated with the credit union, and it has been his pleasure to serve with them. He then introduced the following members of the board of Directors:

John Hall, *Vice Chairman*
Donna Sauls, *Secretary*
Mary Lauderdale, *Treasurer*
Paul Jordan, *Member*
John Pelath, *Member*
Jim Kilchenstein, *Member*

Chairman Owen asked for the reading of the minutes of the 53rd Annual Meeting. A motion was made by multiple members and seconded by multiple members to approve the minutes as published. The motion carried.

Chairman Owen called upon Keith Williford to introduce staff. Keith commented on the fact that we have a very knowledgeable

staff and continued to introduce employees in management, loan department, member services, and teller areas.

Chairman Owen called upon Beth Lentz of the Credit committee to provide a report on the Committee's work during the past year. Beth acknowledged the other members of the Credit Committee: Wynonie Bell, Chairperson, Beth Lentz, Secretary, Joann Bredl, Member, Danny Knauth, Member, Joe Tapia, Member, and Chris Zepeda, Member. Beth stated that during 2008 the Credit Committee met on 85 different occasions to act on 375 separate items referred to them by the loan officers.

Chairman Owen called upon Ray Chandler of the Audit committee to provide a report. Ray acknowledged the other members of the Audit Committee: Kent Radney, Karen Elliston, Dino Henderson, Donna Sauls, and Ron Snow. He reported that the Audit committee performed numerous surprise audits throughout 2008 and that no discrepancies were found.

Chairman Owen called upon Mary Lauderdale to give the Treasurers report. Mary reported that even though the economy had suffered most of 2008 the credit union was in much better shape than was to be expected. Mary also mentioned that the credit union still provides products comparable to most other financial institutions.

Chairman Owen called upon Mike Riepen, President to give the President's report. Mike stated that he was glad to see members turnout for the annual meeting and that we appreciated their support over the years. He stated that July of this year would mark Texas DPS Credit Union's 55th Anniversary and that he

appreciated all of those that have served on our committees.

Mike also stated that the credit union had one of our best years in 2008 despite the current economic crisis and that the credit union remains a sound, safe, and well managed credit union. Mike also talked about the stabilization act and the fact that due to Texas DPS Credit Union's responsible staff and board this credit union will continue to be a safe and sound place to put your money. Mike thanked everyone in attendance for their support of the credit union.

Chairman Owen stated that numerous employees of the credit union are planning trips to various locations around the state to visit DPS locations in attempt to spread the word and let others know what Texas DPS Credit Union can do for them. Chairman Owen also talked about how proud he was for the credit union to have the Major Ratliff award, which is given to one outstanding DPS recruit in each class.

Chairman Owen then called for any new or old business.

Chairmen Owen stated that the Nomination Committee met in January and decided to nominate John Pelath and Paul Jordan for the Board of Directors. He then called for nominations from the floor. There were no further nominations so the membership accepted the nominations report. Chairman Owen stated that since there were only 2 nominations there was no need for a ballot this year.

Chairman Owen called upon B.C. Lyon to give a brief update on the Texas DPS Museum and Research Center. B.C. thanked the Credit Union and stated that on behalf of him and the Board of Trustees, they are very grateful to the credit union for all the support.

Chairman Owen called upon Shirley Baker to draw names for the door prizes. Several cash prizes were given out to those present. Other prizes included gift certificates, an Ipod, and a Wii.

Chairman Owen acknowledged special guest Blair Jeffers from Enterprise Auto Sales and thanked her for attending. He also thanked the Colonel for allowing us to use the coffee shop where the meeting was held.

Chairman Owen asked if there were any questions or comments from the floor.

There being no further business the meeting was adjourned at 7:25 pm.

Robert Owen, Chairman

Beth Lentz, Acting Secretary

Chairman's Report

Once again, it is my great pleasure to report that your credit union is financially sound and we continue to move forward in spite of these uncertain times. 2009 was a great year thanks to the support of our members and sound management practices by the staff, Board and committees. Our strong performance in 2009 even allowed your Board of Directors to pay a small Special Dividend at year's end!

By any measure you wish to apply, Texas DPS Credit Union is one of the strongest credit unions in the nation!

Going forward, we may have an unpredictable economy in 2010. I want to assure you, though, that we'll be fine and continue to remain as strong as we can be. So, as in years past, I urge you to support your credit union by participating and utilizing our many services. Make the credit union your primary financial institution! And, if you haven't done so already, please tell your family members that we want their business too!

I would also like to thank the credit union management and staff for working hard in 2009 and also our Board of Directors and the many volunteers who serve on our Audit and Credit Committees. Each of these volunteers devotes a considerable amount of their free time to our cause and they play an important role in our success.

In closing, let me express my thanks to you for your confidence in myself, your elected Board of Directors, and committee members and staff. It has been a great honor for me to serve as your Chairman. I will retire from credit union service, along with Vice Chairman John Hall, at the end of this meeting. Together, we have a combined total of 60 years experience in the Credit Union Movement. We will continue to be active members. Best wishes for a great 2010.

Robert Owen,
Chairman

President's Report

In 2009 we continued to work through a large number of problems in the financial markets, the housing market and the economy. Although the economy has started to move out of a recession, job growth is weak and unemployment remains over 10%. With millions of people without a job, delinquent loans and charged-off loans have risen significantly nationwide. Our credit union has been affected by the economic problems, but not nearly as much as most financial institutions. Our loan losses and delinquency have increased, but remain below our peers. Our financial condition remains rock solid. For example, the quality of our mortgage loan portfolio is outstanding, as we currently have no delinquent mortgage loans and have suffered no losses in this area for over 10 years. Our financial condition remains strong and we have a good board and very capable staff and management. We are a solid financial institution and a safe place to keep your money in these turbulent financial times.

The credit union continues to set the framework for future growth. Members have been signing up for e-statements and the Courtesy Pay Checking Overdraft program remains popular. Loans and Total assets increased this year as did our membership. Overall, 2009 was another good year for the credit union.

The credit union continues to provide good services and value to our membership. Some

of our newer, popular programs include E-Statements, Bill Payment, Home Banking and the VISA Check Card Program. Our free ATM Network that we have formed with other Austin area credit unions continues to be a big benefit to our members. Members have access to over 200 free ATM's, primarily in the Austin metro area. ATM locations include Austin, Bastrop, Round Rock, Pflugerville, San Marcos, College Station/Bryan, and Arlington.

The credit union continues to provide service to our members through remote technology. Thru our web site members can apply for a loan, access home banking, and find good consumer financial educational information. Good products, good rates and friendly service are some of the many ways that your credit union offers you great value.

Thank you for your continued support of the credit union. A lot of our progress would not have been possible without you. In 2010 we encourage you to help us grow. We have a good credit union and we want others to know about it and use it. Help us grow by recommending our credit union to your friends and family members.

Looking forward to the coming year, I wish you and your family health, happiness and prosperity.

Mike Riepen, President

Credit Committee Report

The Credit Committee is appointed by the Chairman of the Board of Directors. The Board of Directors has established loan policies for the Texas DPS Credit Union in accordance with laws and regulations (Federal and State) governing the operations of Credit Unions.

The Credit Committee is responsible for reviewing loans approved by loan officers for approval or rejection of loans and extensions of payments not approved by loan officers. The Credit Committee is charged by the Board of Directors to use good judgment in interpreting the intent of these policies as set forth by the Board, State and Federal Laws.

In reviewing an application for a loan, the following criterion are considered:

- 1) Is application complete and accurate
 - a) Examples: Amount of loan requested, security offered, monthly take home pay, other income and information on spouse when necessary
- 2) Members' length of employment
- 3) Past pay record
- 4) Reason for obtaining loan
- 5) Collateral offered
- 6) Value of collateral if acceptable
- 7) Members' income and obligations

The Credit Committee wishes to take this opportunity to thank each of you for your support and understanding and looks forward to further serving you in 2010. During 2009, the Credit Committee met on 52 different occasions to act on 371 separate items referred to us by the loan officers, in addition to reviewing and approving all transactions handled by the loan officers. Additional meetings with the Credit Union President, Executive Vice President, and Board Members were also necessary due to policy reviews during the year.

Wynonie Bell, *Chairperson*

Beth Lentz, *Secretary*

Joann Bredl, *Member*

Danny Knauth, *Member*

Joe Tapia, *Member*

Chris Zepeda, *Member*

Audit Committee Report

The Audit Committee is appointed by the chairman of the Board of Directors. This committee is charged with ensuring the effectiveness of internal checks and balances, adherence to established policies and procedures, and the overall safety and soundness of your credit union.

Your Audit Committee discharged those responsibilities during the year through several unannounced audits or reviews. These audits consist of teller and vault cash counts where each cash drawer and all vault money was counted. Expense accounts are also reviewed and approved on a routine basis. No unexplained discrepancies were noted. Audit Committee members also participated in several board meetings during the year.

Member accounts were verified as of June 30, 2009. Over 7,500 quarterly statements were mailed to members for audit purposes. There were no discrepancies in monetary amounts. An audit by the Texas Credit Union League was conducted as of December 31, 2008. The league reported the overall operations and records of the Texas DPS Credit Union were found in excellent condition. They reported the accounting records were well maintained and accurately reflected the financial position of the credit union. Any noted exceptions were minor and were presented to the Board of Directors for their attention.

Members should feel free to contact the Audit Committee at any time concerning the operations of the credit union. Send your inquiries to the Credit Union Audit Committee, txdpacu.audit@gmail.com. All inquiries will be handled quickly, thoroughly, and confidentially.

The Audit Committee appreciates the help and cooperation of the Board of Directors, President, and Staff of the credit union during this past year. We are pleased to have been able to serve our credit union and you.

Dino Henderson, *Chairperson*

Kent Radney, *Member*

Karen Elliston, *Member*

Ray Chandler, *Member*

Donna Sauls, *Member*

Ron Snow, *Member*

Reserve Accounts

2009 RECAP

Guaranty Fund

Balance 12-31-08	\$2,286,041
+ Income Transfer.....	0
Balance 12-31-09	\$2,286,041

Special Reserve

Balance 12-31-08	\$1,808,442
+ Income Transfer.....	(\$72,174)
+ Reserve Adjustment.....	\$41,646
Balance 12-31-09	\$1,777,914

Retained Earnings

Balance 12-31-08	\$1,788,075
Balance 12-31-09	\$1,788,075

Total Increase

(All Reserve Accounts).....	(\$30,528)
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Total of All Reserve Accounts

12-31-09	\$5,852,030
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Allowance for Loan Loss

Balance 12-31-08	\$113,356
- Chargeoff Loans.....	121,078
- Chargeoff Overdrafts	4,281
+ Recoveries	11,055
+ Income Transfer.....	158,238
Balance 12-31-09	\$157,290

Comparison

DECEMBER 31, 2009 vs. DECEMBER 31, 2008

2009	2008	Change
Assets		11.39%
\$53,579,728	\$48,102,775	\$5,476,953
Deposits		13.08%
\$47,297,939	\$41,826,885	\$5,471,054
Investments		27.22%
\$20,795,350	\$16,346,353	\$4,448,997
Loans		2.72%
\$30,648,184	\$29,837,890	\$810,294
Income		10.93%
\$3,177,256	\$2,864,305	\$312,951
Reserves		(0.52%)
\$5,852,030	\$5,882,558	(\$30,528)
Operating Expenses*		25.67%
\$2,717,561	\$2,162,411	\$555,150
Cost of Funds		(29.56%)
\$373,527	\$530,269	(\$156,742)
Net Income		(167.52%)
(\$72,174)	\$106,890	(\$179,064)
Operating Expenses to Gross Income		
85.53%	75.50%	10.03%
Membership		
7,579	7,501	78

*Does not include Provision for Loan Loss Expense

Cost of Funds

(Interest and Dividends Paid)

	2009	2008
Share Accounts	174,001	252,372
Checking Accounts	5,965	5,252
Certificates of Deposit	148,951	215,156
IRAs	44,604	57,016
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	373,521	529,796

No dividends paid on Share Accounts less than \$200.

Texas DPS Credit Union

621 W. ST. JOHNS AVE.

PO BOX 15346

AUSTIN, TEXAS

PHONE: (512) 452-5211

WATS: 1-877-252-9199

FAX: (512) 459-3533

LOAN DEPT. FAX (512) 467-1607

WEB SITE: WWW.TXDPSCU.ORG

Services

VISA CHECK CARD

HOME BANKING

BILL PAYMENT

OVER 200 FREE ATM'S

WEB SITE: WWW.TXDPSCU.ORG

SECURED & UNSECURED LOANS

HOME MORTGAGE LOANS

STUDENT LOANS

AUTOMATIC LOAN PAYMENTS

SHARE ACCOUNTS

CHECKING ACCOUNTS

CERTIFICATES OF DEPOSIT

IRAS

ROTH IRAS

AUDIO RESPONSE (TELLER-LINE)

DIRECT DEPOSIT

SAFE DEPOSIT BOXES

TRAVELERS'S CHEQUES

MASTERCARD AND MASTERCARD GOLD

SAVINGS SECURED MASTERCARD

MASTERCARD CASH ADVANCE

U.S. SAVINGS BONDS

WIRE TRANSFERS

WESTERN UNION WIRES

DRIVE-THRU LANES

NIGHT DEPOSITORY

COIN COUNTER

NOTARY PUBLIC

FAMILY MEMBERSHIP

TOLL-FREE WATS LINE

EXCESS SHARE INSURANCE

OVERDRAFT PRIVILEGE

VISA GIFT CARDS

SHARED BRANCH

