

Texas DPS Credit Union
62nd Annual Meeting
March 09, 2017 • 6:00 pm

Agenda

REFRESHMENTS

MEETING CALLED TO ORDER

ASCERTAINMENT OF QUORUM

APPOINTMENT OF PARLIAMENTARIAN

APPROVAL OF ANNUAL MEETING
MINUTES OF MARCH 3, 2016 MEETING

REPORT BY CHAIRMAN OF THE BOARD
Mary Lauderdale

CREDIT COMMITTEE
Janet Walsmith

AUDIT COMMITTEE
Shirley Baker

TREASURER
Michael Black

PRESIDENT
Cassy Sass

UNFINISHED BUSINESS:

NEW BUSINESS (OTHER THAN ELECTIONS):

ELECTION OF DIRECTORS
Report of Nominating Committee
Other nominations if any

DPS MUSEUM FUND

FINANCIAL ADVISOR
Mark Trice

ADJOURNMENT
Drawing of any prizes will be
announced by Alicia Whiteley and Kim Ortiz

Officers

Texas DPS Credit Union Austin, Texas

Board of Directors

Term

<i>Chairman</i>	Mary Lauderdale-2017
<i>Vice Chairman</i>	Donna Sauls-2017
<i>Secretary</i>	Paul Jordan-2018
<i>Treasurer</i>	Michael Black-2017
<i>Members</i>	Joe Morris-2019 Wynonie Bell-2019 David Outon-2018
<i>Advisory Director</i>	Bob Gadberry
<i>Advisory Director</i>	Robert Owen
<i>Advisory Director</i>	Jim Kilchenstein

Audit Committee

<i>Chairman</i>	Shirley Baker
<i>Members</i>	Todd Patterson BC Lyon Claude Bookout Matt Lindemann Renee Weise Pat Johnson Louise Henderson Ruby Wilcox Elise Jordan Ronald Snow

Credit Committee

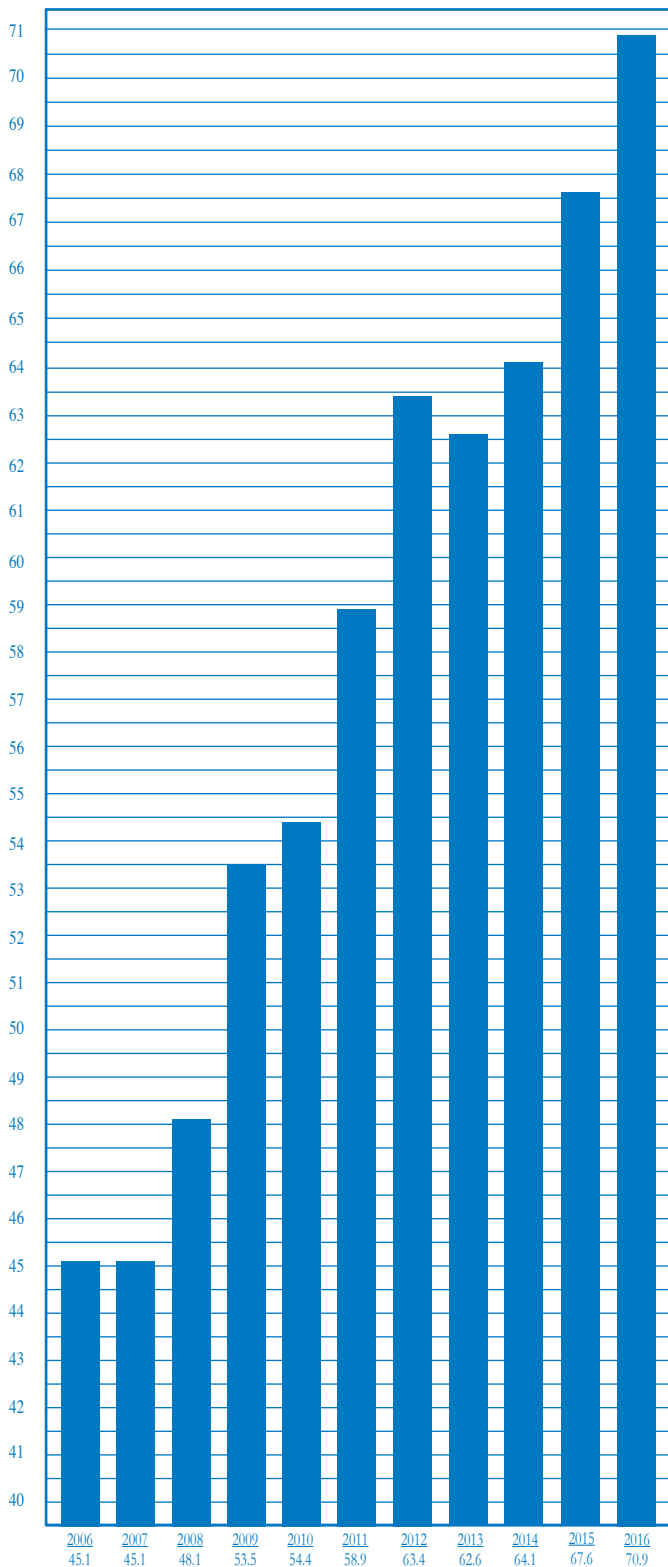
<i>Chairman</i>	Janet Walsmith
<i>Secretary</i>	Kathleen Munchow
<i>Members</i>	Jojo Heselmeyer Jim Kilchenstein

Staff Members

<i>President/CEO</i>	Cassy Sass
<i>AVP, Marketing/HR Manager</i>	Valerie Standiford
<i>Loan Manager</i>	Paul Bonham
<i>Member Services Manager</i>	Alicia Whiteley
<i>Member Services Supervisor</i>	Kim Ortiz
<i>Collections Officer</i>	Kathleen Munchow
<i>Senior Loan Officer</i>	Dennis Watson
<i>Loan Officer</i>	Cassandra Guerrero
<i>Loan Officer</i>	Gienine Fluegge
<i>Title Clerk</i>	Kathy Tomasino
<i>Senior Accountant</i>	Michelle Borgeson
<i>Senior Accountant</i>	Cindy Juarez
<i>Card Service Specialist</i>	Cecelia Brooks
<i>Member Services Rep II</i>	Abel Bustamante
<i>Member Services Rep</i>	Tammy Tidwell
<i>Member Services Rep</i>	Maria Cardona
<i>Member Services Rep</i>	Jessie Norton
<i>Marketing/HR Assistant</i>	Brianna Coyle
<i>Administrative Assistant</i>	Jenna Gorman
<i>Facility Services</i>	Larry "Red" Anderson

Assets

IN MILLIONS \$



Statement of Condition

DECEMBER 31, 2016

Assets

Loans to Members.....	\$36,465,216
Allowance for Loan Loss.....	(130,314)
Cash in Bank.....	1,094,409
Investments.....	32,219,027
Building, Land & Fixtures.....	422,326
Other Assets.....	853,405
Total Assets.....	\$70,924,069

Liabilities, Deposits & Equity

Accounts Payable.....	446,074
Member Deposits.....	19,994,315
Member Shares.....	44,870,778
Guaranty Fund.....	2,286,041
Other Reserves.....	3,376,861

Total Liabilities,	
Deposits & Equity.....	\$70,924,069

Distribution of Income

Interest Expense.....	0
Operating Expense.....	2,170,846
Non Operating Expense.....	0
Provisions for Loan Loss and O/D Exp.	91,812
Interest on Deposits.....	34,693
Dividends on Shares.....	35,332
Bonus Dividends.....	11,525
Reserve Additions from Income.....	72,058
Gross Income.....	\$2,416,266

2016 Annual Meeting Minutes

The Annual Meeting of the Shareholders of Texas DPS Credit Union was held on Thursday, March 3, 2016 at 6:20 pm in the coffee shop of the Texas Department of Public Safety Headquarters Building, Austin, Texas. Chairman Mary Lauderdale called the meeting to order, welcomed everyone to the 61st annual meeting, ascertained a quorum was present, and declared the meeting open for business. She appointed Alicia Whiteley as recording secretary and appointed Bob Gadberry as the Parliamentarian.

Chairman Lauderdale introduced the 2015 Board of Directors:

Vice Chairman- Donna Sauls

Secretary- Paul Jordan

Treasurer- Michael Black

Members- Wynonie Bell

Danny Knauth

David Outon

2014 Annual Meeting Minutes

Chairman Lauderdale then asked for the reading of the minutes from 2014 and was willing to entertain a motion to approve by acclamation. A motion from Robert Owen was made and a second from the floor. The motion was carried.

Chairman's Report

The Chairman started by saying in spite of sluggishness in the national economy, and controlled low interest rates, we continue to have a strong financial position. She stated that we continue to move forward in technology by launching the mobile application which helps the credit union reach out of town members. She went on to say that in 2015, the credit union experienced

growth in membership, assets, deposits, loans, and net income which benefits the entire membership. She mentioned that in 2015 we said farewell to some of our long-time employees while welcoming new faces. She thanked everyone for their support during the past year and hoped we would continue to be partners in the success of the credit union.

Credit Committee

A member of the Credit Committee, Jim Kilchenstein, gave the Credit Committee Report. He started by thanking and introducing the members of the committee:

Chairperson: Janet Walsmith
Secretary- Kathleen Munchow
Members- Jim Kilchenstein
Jojo Hesselmeier

He mentioned where the Credit Committee Report could be found in the booklet and then stated that the Credit Committee is appointed by the Board of Directors. He stated that the Credit Committee met on 50 different occasions to act on 241 separate items, totaling \$2,765,798.93 referred to them by the loan officers, in addition to reviewing and approving all transactions handled by the loan officers.

Audit Committee Report

Chairman of the Audit Committee, Joe Morris, provided the Audit Committee Report.

Members – Joe Morris, Chairman
Renee Weise
Shirley Baker
Claude Bookout
Louise Henderson
BC Lyon
Elise Jordon
Todd Patterson
Pat Johnson

The Audit Committee is appointed by the Chairman of the Board of Directors and their function is to ensure the effectiveness of the internal checks and balances. The last verification of member accounts (100% negative) was performed as of June 30, 2015 by the Audit Committee. An audit by the Cornerstone Credit Union League was performed as of December 31, 2014.

Treasurer's Report

Michael Black, Treasurer, gave the Treasurer's Report. Michael stated that we continue to remain steady and solid. He asked everyone to review the comparisons for 2014 and 2015 in the booklet and if anyone had any questions to let him know.

President's Report

President and CEO, Mike Riepen, gave the President's Report.

Mike said 2015 was profitable, but performance was limited due to the sluggish economic environment. He stated the U.S. economy continues to slowly improve, but with the weak economic growth overseas the world is concerned it will slow down the growth in the U.S. But he anticipates another good year for 2016. The credit union continues to look at new services to remote technology. He talked about the mobile check deposit service that was added and how it would benefit the membership. He encouraged members to tell their friends and family to join the credit union. He ended by saying we believe that the credit union continues to provide very good value to our membership.

Keith Williford introduced the staff and then recognized and thanked Chairman Lauderdale for her continued service.

Old Business

Chairman Lauderdale asked if there was any old or unfinished business to discuss. There was none.

New Business

Chairman Lauderdale asked if there was any new business other than the election of new Board Members. There was none. At that point, the meeting was moved to the election of the Board Members. Chairman Lauderdale appointed Cassy Sass, Bob Gadberry and Elise Jordan to count the ballots.

The Nominating Committee consisted of Bob Gadberry, Paul Jordan and David Outon.

Mary Lauderdale introduced the following nominees:

Wynonie Bell

Joe Morris

Jim Kilchenstein

Chairman Lauderdale asked if there any additional nominations from the floor three times, there were none. She closed the nominations.

While the ballots were being counted, Barbara Hinesley gave a brief update on the DPS Museum. Barbara stated the museum is still growing and getting new members. They are very active with Museum Day every year which falls on the last Sunday in September. It's a lot of fun to see your old friends. They are still hoping to get a larger display area.

Mark Trice of ClearVista Financial gave an update on the investment services he offers. He introduced John Holinka and invited everyone to

attend the free workshops that are hosted by the credit union on topics such as retirement planning, social security, financial planning, etc.

Shirley Baker gave out prizes.

Chairman Lauderdale announced the election results:

The new Board Members were:

Wynonie Bell

Joe Morris

Chairman Lauderdale entertained a motion to adjourn. A motion was made from the floor along with a second. Motion carried. The Texas DPS Credit Union 2016 meeting was adjourned at 7:27 p.m.

Chairman's Report

Last year, 2016, brought several changes to our Texas DPS Credit Union. Our president of many years, Mike Riepen, left to take a job with the Texas Credit Union Department. This was a change that benefited Mike and his family. The Board of Directors appointed Cassy Sass as the interim president. With a goal of finding the best person to become our president, the Board of Directors solicited applications for the position. After interviewing the top candidates for the position, the Board of Directors chose Cassy to fill the president's position permanently.

The Board is very pleased with our ongoing operations. Our assets grew to over \$70 million in 2016. Our loans grew to more than \$36 million. This is in spite of the very competitive financial market that exists in Texas. This is thanks to our many loyal members and our excellent staff.

The Board, the President and our staff are committed to continue offering additional financial services. We will have longer lobby hours, beginning in 2017. We will expand our mobile application services. In 2016, we saw a 34% increase in members with mobile deposit. Planning has begun to offer additional lending services. With interest rates rising, now is an excellent time to borrow money while the rates remain low.

In addition to saying goodbye to Mike Riepen, we said goodbye to Keith Williford, and Gerald Russell.

With continued optimism for 2017, the Board of Directors says thank you for supporting this credit union. We are truly partners in promoting and using financial services that support us, the members. We are the "stockholders" of Texas DPS Credit Union, and are proud of our 60+ years of services.

It is a pleasure to serve this great community.

Best wishes for a healthy, happy, and prosperous 2017.

Mary Lauderdale, Chairman

President's Report

Good evening and thank you for attending our 2017 Annual Meeting. On behalf of the management and staff of Texas DPS Credit Union, let me say how happy I am to be here. As our Chairman, Mary Lauderdale, noted, 2016 was a year of change for our credit union. Although we lost three long-time team members this past year, Texas DPS Credit Union is stronger than ever, ready, willing and able to serve all your financial needs. We know you have choices and we truly appreciate you choosing us.

Just as you are committed to your financial institution, we are committed to you. The following are a few implementations during 2016 that demonstrate our dedication to providing convenient products and services that benefit you and your families:

- Automated Phone System including Voice Mail
- Electronic Signatures
- Extended Hours including Saturday lobby hours

As we continue our focus on bringing new and enhanced products and services, we are looking at new account products, new loan offerings, a full-service mobile application, and building renovations. We are extremely excited about 2017 and look forward to all we can accomplish!

We have an excellent team of professionals who report to work every day with the intention of helping our members meet their financial goals. This credit union's accomplishments would not be possible without their energy,

commitment, and wholehearted belief in our cause. We also have extremely dedicated volunteers that serve on our committees and Board of Directors who share an enormous amount of time, knowledge, and expertise in guiding this organization; we thank you. It has truly been my pleasure to work with you over the past year to plan and prepare our organization for the future.

On behalf of the entire staff of Texas DPS Credit Union, we would like to extend a special “thank you” to you, our members, for being a part of our family. You are why we do what we do every day. We appreciate your business and wish you and your family the best for 2017.

Cassy Sass

President/CEO

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 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, and 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 criteria 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 2017. During 2016, the Credit Committee met on 48 different occasions to act on 187 separate items, totaling \$2,193,008.83 referred to us by the loan officers. In addition the Credit Committee reviewed and approved 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.

Janet Walsmith, *Chairperson*

Kathleen Munchow, *Secretary*

Jojo Heselmeyer, *Member*

Jim Kilchenstein, *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 and other reports 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, 2016. Over 5,424 quarterly statements were mailed to members for audit purposes. There were no discrepancies in monetary amounts. An audit by the Cornerstone Credit Union League was conducted as of December 31, 2015. 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, **PO Box 16158 Austin, TX 78761**. 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.

Shirley Baker , <i>Chairman</i>	Pat Johnson , <i>Member</i>
Claude Bookout , <i>Member</i>	Louise Henderson , <i>Member</i>
Matt Lindemann , <i>Member</i>	Ruby Wilcox , <i>Member</i>
BC Lyon , <i>Member</i>	Elise Jordan , <i>Member</i>
Todd Patterson , <i>Member</i>	Ronald Snow , <i>Member</i>
Renee Weise , <i>Member</i>	

Reserve Accounts

2016 RECAP

Guaranty Fund

Balance 12-31-15	\$2,286,041
+ Income Transfer.....	0
Balance 12-31-16	\$2,286,041

Special Reserve

Balance 12-31-15	\$1,505,062
+ Income Transfer.....	\$72,058
+ Reserve Adjustment.....	(\$25,918)
Balance 12-31-16	\$1,605,038

Retained Earnings

Balance 12-31-15	\$1,773,822
Balance 12-31-16	\$1,773,822

Total of All Reserve Accounts

12-31-16.....	\$5,662,902
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Allowance for Loan Loss

Balance 12-31-15	\$125,533
- Chargeoff Loans.....	92,569
- Chargeoff Overdrafts.....	\$4,371
+ Recoveries	2,909
+ Income Transfer.....	98,812
Balance 12-31-16	\$130,314

Comparison

DECEMBER 31, 2016 vs. DECEMBER 31, 2015

<u>2016</u>	<u>2015</u>	<u>Change</u>
Assets		1.90%
\$70,924,069	\$69,603,532	\$1,320,537
Deposits		5.07%
\$64,815,093	\$61,692,673	\$3,122,420
Investments		7.35%
\$32,219,027	\$30,013,623	\$2,205,404
Loans		3.00%
\$36,465,216	\$35,413,900	\$1,051,316
Income		1.21%
\$2,416,266	\$2,387,467	\$28,799
Reserves		1.76%
\$5,662,902	\$5,564,926	\$97,976
Operating Expenses*		(1.58%)
\$2,170,846	\$2,205,546	(\$34,700)
Cost of Funds		(2.29%)
\$81,551	\$83,458	(\$1,907)
Net Income		55.4%
\$72,058	\$10,995	\$61,063
Operating Expenses to Gross Income		
89.9%	92.38%	(2.48%)
Membership		
6,472	6,614	(142)

*Does not include Provision for Loan Loss Expense

Cost of Funds

(Interest and Dividends Paid)

	<u>2016</u>	<u>2015</u>
Share Accounts	\$35,332	\$42,703
Bonus Dividends	\$11,525	\$10,665
Checking Accounts	\$9,939	\$9,060
Certificates of Deposit	\$15,728	\$14,700
IRAs	\$9,027	\$6,330
	<u>\$81,551</u>	<u>\$83,458</u>

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

Texas DPS Credit Union

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WEB SITE: WWW.TXDPSCU.ORG

Services

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VISA CHECK CARD

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SECURED & UNSECURED LOANS

HOME MORTGAGE LOANS

AUTOMATIC LOAN PAYMENTS

SHARE ACCOUNTS

YOUTH ACCOUNTS

CHECKING ACCOUNTS

CERTIFICATES OF DEPOSIT

IRAs

ROTH IRAs

AUDIO RESPONSE (TELLER-LINE)

DIRECT DEPOSIT

SAFE DEPOSIT BOXES

MASTERCARD AND MASTERCARD GOLD

SAVINGS SECURED MASTERCARD

MASTERCARD CASH ADVANCE

U.S. SAVINGS BONDS REDEEM ONLY

WIRE TRANSFERS

DRIVE-THRU LANES

NIGHT DEPOSITORY

COIN COUNTER

NOTARY PUBLIC

FAMILY MEMBERSHIP

EXCESS SHARE INSURANCE

OVERDRAFT PRIVILEGE

MASTERCARD GIFT CARDS

SHARED BRANCH

