

• SOCIAL RESPONSIBILITY • BUILDING FINANCIAL STABILITY • DISTRIBUTION TO MEMBERS

• OPEN & VOLUNTARY MEMBERSHIP • SERVICE TO MEMBERS • ON-GOING EDUCATION

• NON-DISCRIMINATION • COOPERATION AMONG COOPERATIVES • DEMOCRATIC CONTROL

# YOUR MONEY YOUR CHOICE YOUR CREDIT UNION



58<sup>th</sup> Annual Meeting  
2009 Annual Report  
February 19, 2010  
Houston, Texas



**CTECU**  
**58<sup>th</sup> Annual Meeting**

**February 19, 2010**

*7:00 p.m.*  
*Social Hour*

*7:30 p.m.*  
*Dinner*

*8:15 p.m.*  
*Business Meeting*

**Marriott Houston Westchase Hotel**

Rose Garden Room  
2900 Briarpark Drive  
Houston, Texas 77042

**Agenda**

- I. Call Meeting to order and ascertain a quorum present
- II. Minutes of 2009 Annual Meeting
- III. Reports
  - a) Chairman's Report
  - b) Treasurer's Report
  - c) Credit Committee Report
  - d) Audit Committee Report
  - e) Membership Report
  - f) President/Manager's Report
- IV. Old Business
- V. New Business
- VI. Election of New Directors
  - g) Nominating Committee Report
  - h) Nominations from the floor
- VII. Moment of Silence to remember Doris Buzek
- VIII. Door Prizes
- IX. Adjournment

## Chairman's Message

With 2009 in the history books, it was a bit of a shock to realize that we have also completed the first decade of the twenty-first century. While the Y2K problem turned out to be minor, the economic issues of the past several years have not been. Unemployment is 10 percent nationally, finding a job is highly competitive, and many of those who are working or retired feel that their 401k is still a 201k despite the latest significant market improvement.

For CTECU, 2009 has also been a time of change:

On the Board of Directors, several resigned and several others were removed because of a bylaw interpretation by the examiners. Some of these volunteers are still working for you on other committees; some have retired.

While CTECU has not had to put anyone on the unemployment roll, it has also experienced some turnover amongst its employees during the past year. We wish them well in their new endeavors.

The loss of Doris Buzek, the Wilcrest Branch Manager, over 2010's New Year weekend, was a shock to everyone who knew her. I will certainly miss her calling me "kiddo".

Despite the economy and the changes in people serving you, this has been a good year for CTECU. Your Board is looking forward to another good year with its volunteers and employees. We have learned once again that the responsibility to serve you, the member/owners, is a full-time job. I am proud to be a part of CTECU and looking forward to what can be achieved in the coming year.

James (Jim) Ryan  
Chairman

## Treasurer's Report

During 2009, your credit union received \$412,145 in interest on loans, \$1,387,936 in investment income, and \$11,644 in Non-Interest Income which represented Fee Income. This total income of \$1,811,725 represents a slight increase of 0.7514 percent over the previous year.

Of this income, \$1,147,626 (approximately 63 percent) was used to cover operating expenses including the original write-down of \$258,988 of our NCUSIF fund and write-down of \$151,942 of our MCA at Southwest Corporate FCU. Also, \$748,270 (approximately 41 percent) was used for members' share dividends and deposit account interest. The remaining net loss of \$27,700 (approximately 1.53 percent) was transferred from undivided earnings. CTECU is very sound and strong with an 11.84 percent net worth-to-asset ratio.

CTECU's assets were \$43.2 million at year-end 2009. Dividends decreased slightly to 1.00 percent stated rate equating to 1.00 Annual Percentage Yield on Regular Shares during the year. IRA Shares dividends decreased slightly to 2.00 percent stated rate equating to 2.01 Annual Percentage Yield during the year. To compensate for lower Share and IRA Share dividends, CTECU offers shorter-term certificates of deposit beginning with 3-month certificates of deposit.

CTECU is in strong financial condition and received a very good rating from our State Regulators, the Texas Credit Union Department. Your continued support will ensure CTECU's continued success.

Michael Beard  
Treasurer

## Credit Committee Report

During 2009, there were 169 regular loans made for a total of \$5,551,996. Loans outstanding increased by 6.64 percent from \$7,297,131 on December 31, 2008, to \$7,781,743 on December 31, 2009. This increase was mainly due to members taking advantage of low mortgage loan rates during 2009. CTECU came close to reaching its goal of 20 percent loan to asset ratio before year-end 2009. We ended with 18.02 percent loan to asset ratio year-end 2009.

CTECU has partnered with several vendors such as Credit Union Members Mortgage and Great Lakes Higher Education Corporation via CUNA, Town North Bank for MasterCard and MasterCard Gold, etc. We look forward to assisting you with all your loan needs, whether it is a personal loan, student loan, MasterCard, vehicle loan, home loan, or vacation home loan.

## Audit Committee Report

The Audit Committee consisting of five members appointed by the Board of Directors is charged with conducting an annual audit of CTECU's records and submitting a summary to the Board of Directors at the annual meeting. The 2009 Audit Committee members were Gary Cohen, Glenn Ewan, Rod Loper, Kane Prestwood, Sharon Savage, and Johnny Van Etta.

In 2009, the Audit Committee was assisted by outside auditors Joe Hamilton & Associates. Joe Hamilton & Associates verified the existence of all assets and liabilities of the Credit Union. The audit committee verified that all cash accounts were reconciled with the bank statements and all loans were reviewed for proper execution and for supporting documentation. We have determined that the Credit Union is in compliance with the appropriate regulations and accounting practices.

Gary Cohen  
Audit Committee Chairman

During 2009, a regulatory audit was performed as of December 31, 2009, and no exceptions were noted during this engagement. The credit union is in compliance with standard accounting practice and regulations as required by the Texas Credit Union Department. In addition, a controlled verification was performed as of September 30, 2009, and no exceptions were noted in this program either. These engagements were performed in contract with Joe E. Hamilton & Associates.

Joe Hamilton & Associates  
Auditor

## Membership Report

During 2009, our membership decreased from 2230 to 2216, less than one percent decrease or 14 members less over the previous year.

The CTECU field of membership includes CTECU employees; employees of Chevron Energy Technology Company nationwide; employees of any subsidiary of Chevron Corporation and any affiliates, divisions, or subsidiaries located within Texas; employees of Chevron Phillips Chemical Company paid out of The Woodlands, Texas; retirees of any one of the organizations/companies as well as family members of the above mentioned employees; any business or organization included within this field of membership; as well as groups of employees or members of companies or associations which are located within a ten mile radius of this credit union's main office or any additional office of this credit union.

We invite you to sign up your coworkers as well as your immediate family members.

# President/Manager's Message

Good evening ladies and gentlemen. I am honored to stand before you this evening and welcome you to the 58<sup>th</sup> Annual Shareholders Meeting of CTECU.

Let me introduce our staff beginning with **Anita Woolley** our Assistant Manager; **Orelia Peterson** our Downtown Branch Manager at 1415 Louisiana; **Lynn Coats** our new Branch Manager at 3100 Wilcrest; **Trinh Nguyen**, Loan Processor/Teller; **Bianca Blak**, Senior Teller; **Dianne Teasdale**, **Sara Cantu**, **Shaloma Lopez**, and **Kimesha Kiel**, Tellers; and **Alice Freeland**, Administrative Assistant. Assist me in giving a big hand of applause to the Credit Union Staff as well as the Board of Directors and Committee members.

As I look out at our audience today, I am truly humbled. I want to take a moment to sincerely thank you for your confidence in CTECU and to congratulate you for standing strong and resilient as we rode together the tidal wave of the most turbulent economy in our recent memory.

It truly has been a difficult year but in many ways, it has been a year of reawakening as well.

World renowned anthropologist, Margaret Mead is often quoted for saying that we should “never underestimate the power of a few dedicated people to change the world,” and 2009 has been a perfect illustration of her point.

Remember, if you will, back to September 2008. Quietly, at first, rumblings of issues concerning Lehman Brothers, a well-respected Wall Street giant, began to surface but many of us dismissed them as something concerning “other folks”. Only 48 hours later, however, the rest of us realized that the “other folks” we dismissed were actually staring back at us from our mirrors.

With no warning our collective view of America's financial world was altered. Unprecedented bank frauds and failures, as well as the blatant greed and high-level corporate corruption, overwhelmed us.

“Financial ruin” was suddenly a concept hard working Americans were facing at the invisible hands of others.

It didn't take long for the polite company and neighborhood whispers to swell into frustration and a roaring demand for change and reparations. Americans have found their voices and realized that banding together strengthens their collective cause. Of course, in the credit union movement, we have always understood the power of unity. We are after all a cooperative movement built on the principal of “**people helping people**”.

It has been a rough journey, but thankfully, in the past quarter, American corporations have seen the results of their streamlined, cost-effective and efficiently-run operations giving their investors a better return for their monies and a positive percentage growth in the stock market. Most of us opened our most recent 401K statements to find more positives than negatives and more black ink than red.

Existing home sales are still a bit sluggish but America has seen a strong third quarter rebound so most economists are seeing this as an optimistic sigh of hope on the horizon. Consumers did their holiday shopping with cash over plastic as the currency of choice and some retailers reported as much as an 8 percent increase in sales over the previous year.

In general, we are making progress but there is still much more work to be done.

Unfortunately, our for-profit counterparts have been slow to recognize the public's demands. While many are continuing to tighten their lending practices and seeking ways to recoup lost revenues with the new credit card mandates, their customers are voicing their dissatisfaction and closing their accounts. In many cases, those folks are heading to their local credit union. Consumers today want to feel a part of an organization that cares about them and their hard earned money. Just recently, internationally acclaimed personal finance expert Suze Orman spoke out about the benefits of credit unions. Personal finance editor Gerri Willis told CNN viewers recently that they may get a better deal at a credit union and Bob Trebilock reported recently on CBS' Money Watch that consumers might want to consider saying “bye bye” to their banks and hello to America's credit unions.

These are just a few examples of how media and financial experts alike are taking notice. Clearly they have discovered what all of us have known for a very long time –cooperatives are a solid business model with a proven track record for success.

In Texas, the numbers speak for themselves. Membership growth rates and savings growth rates have both increased in 2009, with the total amount of members increasing 3.1 percent and savings enjoying a 13.1 percent raise. Additionally, a staggering 84.4 percent of the credit unions around the state saw an increase in their assets this past year.

At CTECU we are experiencing solidly positive growth trends and high-performing loan portfolios.

- Our assets have increased by 10.2 percent;
- Our loans have grown 6.6 percent;
- Our investments have grown by 11.1 percent;
- Shares/savings have increased by 11.8 percent

Yes, CTECU is financially stable and well capitalized at 11.84 percent – well above regulatory standards at 7 percent. You can be proud of your credit union and you can have faith in it.

And of course because we are a not-for-profit financial cooperative, our success is your success. In 2009, we:

- Paid above market dividends;
- Provided monthly Vehicle Loan Promotions;
- Promoted National Credit Union Youth Week – April 20<sup>th</sup> through 24<sup>th</sup>;
- Held Spring, Summer, and Fall Brown Bag Mortgage (Home Buying) Seminars;
- Held Spring, Summer, and Fall Car Buying Seminars;
- Participated in the CPL-Bellaire Complex “Bring Your Child to Work” Day, July 22<sup>nd</sup>;
- Promoted and celebrated International Credit Union Day, October 15<sup>th</sup>;
- Provided a MasterCard Holiday Promotion at a low rate of 3.9% Annual Percentage Rate on November and December purchases using CTECU MasterCard.

In April of 2009, CTECU converted to live/real time ATM and Debit Card processing, and has just completed conversion to live/real time of our MIA-Members Internet Access program in February 2010.

We are not like the cold, impersonal banks dotting the sidewalks of Wall Street. But of course you already know that. The board members and I live in the neighborhood - or - work alongside you - or – are part of your workforce and we have a vested interest.

In 2009, the United States Congress took steps to enact laws to safeguard our assets and to never let the corrupt governance that swept through Wall Street ever compromise its citizens again. While credit unions were never a part of the problem, as a financial institution, we are not excluded from many of the new mandates Congress has, or is attempting, to put through. For example: *Overdraft Protection* and *the issue of Interchange*. CTECU is, as always, ready to fight for continued growth and the prosperous future of our members. Our staff has worked diligently through a very difficult year and proven time and again that together, we have the potential to exceed even our most lofty expectations. My staff and I, as well as the Board of Directors proudly work for you and your financial health and well-being.

Of course, your membership and your loyalty are paramount to the success of CTECU.

I look forward to working together and to making 2010 a most successful year. Thank you.

Jackie Kapalski  
President/Manager

## Year End Analysis 2009

Total Income	Dollars	Percent of Total
Loan Interest Income	\$ 412,145	22.7%
Investment Income	\$ 1,387,936	76.6%
Other Non-Operating Income	\$ 11,644	0.7%
Miscellaneous Income	\$ -	0%
<b>Total</b>	<b>\$ 1,811,725</b>	<b>100.0%</b>
Total Expenses	Dollars	Percent of Total
Operating Expenses *	\$ 1,147,626	63.3%
Dividends & Interest Pd	\$ 748,270	41.3%
Reserve Transfers	\$ -	0%
Other Non-Operating Gain (Loss) **	\$ (56,471)	-3.1%
<b>Net Income (Loss)</b>	<b>\$ (27,700)</b>	<b>-1.5%</b>
(transferred from Und.Earnings)		
<b>Total</b>	<b>\$ 1,811,725</b>	<b>100.0%</b>

\* includes write-down of \$258,988 of our NCUSIF fund

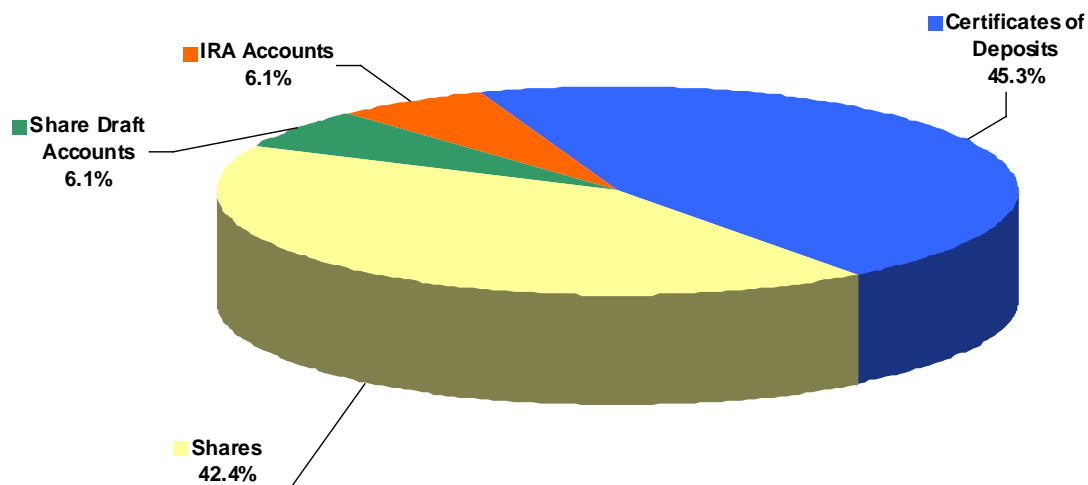
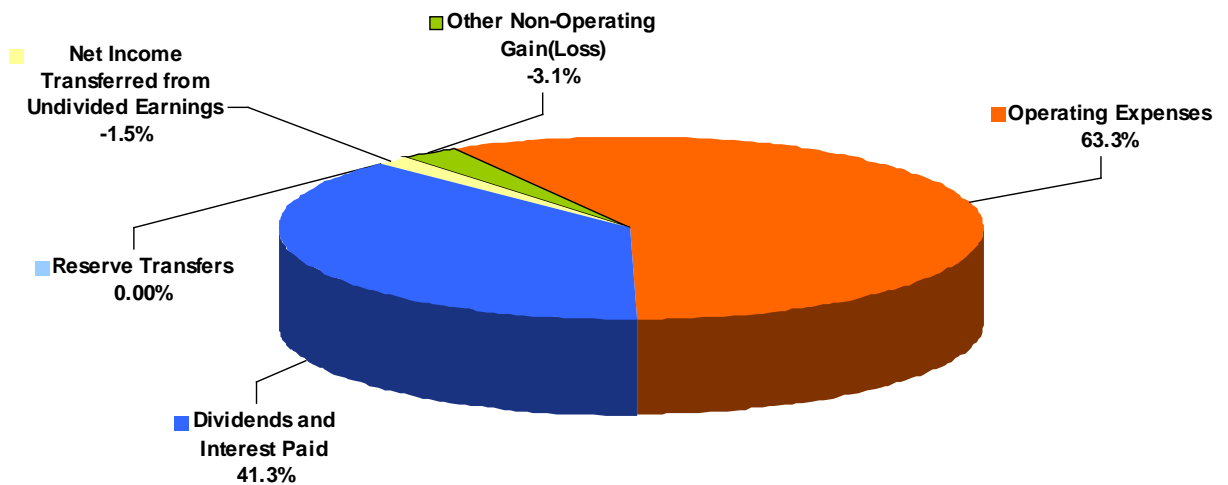
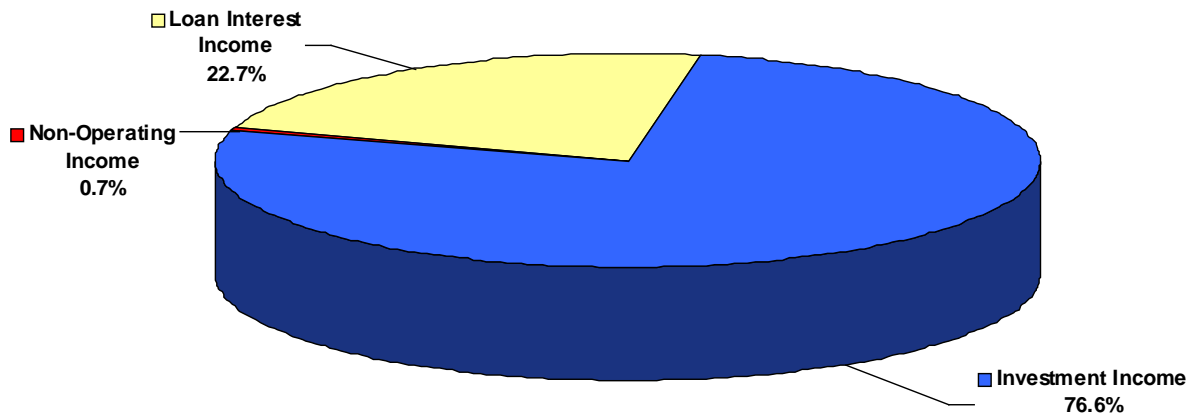
\*\* includes credit of \$208,413 of NCUSIF write-down and MCA write-down of \$151,942

Total Member Deposit	Dollars	Percent of Total
Share Accounts	\$ 16,102,255	42.4%
IRA Accounts	\$ 2,310,984	6.1%
Share Drafts (checking)	\$ 2,331,217	6.1%
Certificates of Deposit	\$ 17,197,731	45.3%
<b>Total</b>	<b>\$ 37,942,187</b>	<b>100.0%</b>

## Statement of Financial Condition

Assets	2009	2008	2007
Loans to Members	\$ 7,781,743	\$ 7,297,131	\$ 7,343,819
<b>Less: Allow for Ln Ls</b>	<b>\$ 35,941</b>	<b>\$ 31,067</b>	<b>\$ 46,808</b>
Investments	\$ 35,114,386	\$ 31,619,854	\$ 31,084,017
Fixed Assets	\$ 3,742	\$ 6,854	\$ 10,765
Other Assets	\$ 316,044	\$ 285,175	\$ 236,810
<b>Total Assets</b>	<b>\$ 43,179,974</b>	<b>\$ 39,177,947</b>	<b>\$ 38,628,603</b>
Liabilities & Equity	2009	2008	2007
Payables	\$ 125,261	\$ 103,694	\$ 316,423
Shares	\$ 16,102,255	\$ 13,163,332	\$ 11,793,440
Share Draft (checking)	\$ 2,331,217	\$ 2,018,519	\$ 2,202,923
Certificates of Deposit (Reg. & IRA)	\$ 17,197,731	\$ 17,635,155	\$ 18,276,746
IRA Accounts	\$ 2,310,984	\$ 1,117,021	\$ 943,642
Regular Reserves	\$ 610,516	\$ 610,516	\$ 610,516
Undivided Earnings	\$ 4,502,010	\$ 4,529,710	\$ 4,484,913
<b>Total Liabilities &amp; Equity</b>	<b>\$ 43,179,974</b>	<b>\$ 39,177,947</b>	<b>\$ 38,628,603</b>

# Year End Analysis - 2009



**- Board of Directors -**

**Chairman**

James E. Ryan

**Vice-Chairman**

Mike Jung

**Treasurer**

Michael Beard

**Secretary**

Charlie Hancock

**Directors**

Bill Alvarez • Dell Vance

Pat Whitnel

**- Audit Committee -**

**Chairman**

Gary Cohen

**Secretary**

Glenn Ewan

Rod Loper • Kane Prestwood • Sharon Savage • Johnny Van Etta

**- Office Staff -**

**President/Manager**

Jackie Kapalski

**Assistant Manager**

Anita Woolley

**Administrative Assistant**

Alice Freeland

**Branch Manager – Wilcrest Location**

Rebecca Lynn Coats

**Branch Manager – Downtown Location**

Orelia Peterson

**Loan Officer**

Betty Clowers

**Loan Processor/Teller**

Trinh Nguyen

**Senior Teller**

Bianca Blak

**Tellers**

Sara Cantu • Kimesha Kiel • Shaloma Lopez • Dianne Teasdale

**CTECU – Serving Employees of Chevron Corporation**

4800 Fournace Place, BTF- B Room #116  
Bellaire, Texas 77401 (**Restricted Access Site**)  
(713)432-6572 Fax: (713)432-6561  
P.O. Box 430  
Bellaire, Texas 77402-0430  
Toll Free: 1-888-658-2328

3100 Wilcrest, Suite 141 (Wilcrest Branch)  
(713)532-7570 Fax: (713)532-7578

1415 Louisiana, Suite 100 (Downtown Branch)  
(713)650-3400 Fax: (713)650-3401

**- Office Hours -**

Monday through Friday  
8:00 a.m. until 4:00 p.m.

Closed on Chevron Corporation holidays.

**- Website -**

[www.ctecu.org](http://www.ctecu.org)

## Mission Statement

To offer members exceptional service, competitive interest rates, and sound financial management.

## CTECU Vendors

CTECU would like to send a special thank you to all the vendors who contributed door prizes for our 58<sup>th</sup> Annual Meeting:

AGBS Texas, Inc.

Absolute ATM

Auto Exam

Credit Union Employment Resources, Inc.

CU Members Mortgage

Dealer Select

Encore Bank

For Members Only Insurance Services

HarlandClarke

Houston Marriott Westchase Hotel

Ideascope, Inc.

Jim Ryan and The Grapevine Wine Club

Larry Plaxe, SVP with RBC Wealth Management

Nails Beautiful II Day Spa

OfficeMax

Total/1 Services

Viking Express Freight Services

World Wide Interactive Services

CTECU

