



**Community Service Credit Union**  
250 FM 2821 • 2526 Montgomery Road  
936-295-3980  
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**Community Service  
Credit Union**

Annual Member Meeting  
April 30, 2016



*Banking That Meets Your Need for Speed*

1. Welcome and Invocation
2. Ascertainment of Quorum
3. Call to Order
4. Appointment of Recording Secretary
5. Introductions
6. Approval of the Minutes of the 2015 Annual Meeting
7. CEO's Report
8. Chairman's Report
9. Report from the Nominating Committee
10. Election of Directors
11. Recognition
12. Adjournment
13. Drawing for Door Prizes



**Ellen Knouse**  
Personal Banker



**Gabi Zavala**  
Account Services Manager



**Jenny Rodriguez**  
Account Services Professional



**Kali Cummins**  
Personal Banker



**Leslie Zimmerman**  
Loan Document Specialist



**Leti Wheeler**  
Collector



**Luis Zarazua**  
Account Services Professional



**Manda Parker**  
Personal Banker



**Shannon Nettles**  
Account Services Manager



**Taelor Brumley**  
Account Services Professional



**Veronica McMillian**  
Personal Banker



**Yvonne Bright**  
Account Services Professional



**Carol Sullivan**  
Sr. Loan Officer  
31 Years of Service



**Lisa Byrd**  
Credit Card Admin  
27 Years of Service



**Karen Denman**  
Sr. Loan Officer  
17 Years of Service



**Laura Shotwell**  
Marketing Director  
10 Years of Service



**Susan Giroux**  
Controller  
9 Years of Service



**Brandon Williamson**  
Loan Officer  
8 Years of Service



**Jennifer New**  
Compliance Officer  
7 Years of Service



**Todd Armstrong**  
VP of Lending  
6 Years of Service

Staff



**Amanda Rosenlund**  
ACH/ATM Manager



**Beth Legg**  
Accounting Specialist



**Carrie Petter**  
Account Services Professional



**Diane Clarke**  
Debit Card Administrator

The Annual Meeting of the members of Community Service Credit Union was called to order by the Chairman of the Board, Mr. Wayne Scott, on Saturday, April 25, 2015, at 10:00 a.m. in the Conference Room at the Texas Prison Museum. After determination that a quorum was present, Ms. Lisa Byrd was appointed Recording Secretary.

Mr. Scott welcomed everyone to the 61st Annual Meeting of Community Service Credit Union and introduced the Board of Directors in attendance, Messrs. Paul Brown, S. O. Woods, Jr., Michael Countz, Dewitt Oleinik, Jack Parker, John Burney & Ms. Ferne Frosch; the Executive Management Team of Ms. Brenda Hooker, CEO and Ms. Patsy Lindamood, CFO, and the Credit Union employees and special guests.

Mr. Scott asked if there were any corrections, deletions or additions to the minutes of the 2014 Annual Meeting of Community Service Credit Union. There being none, a motion to approve the minutes of the April 26, 2014 Annual Meeting was made by Mr. Larry Winkelmann, seconded by Mr. Mike Turner and unanimously approved.

Mr. Scott introduced Ms. Brenda Hooker, CEO/President, to give the CEO's Report. The full text of the CEO's Report is posted on the CSCU website.

Mr. Scott thanked Ms. Hooker for her report and followed with the Chairman's Report. The full text of the Chairman's Report is posted on the CSCU website.

Mr. Scott introduced Mr. Mike Countz to give the Nominating Committee Report. Mr. Countz reported that the 2015 Nominating Committee consisted of himself as Committee Chairman, Mr. John Bradley, Mr. Scotty Kyle and Mr. David McNutt. There being no nominees received by petition, reported Mr. Countz, the Committee nominates incumbents Mr. John Burney for Director Position #4 (three-year term expiring 2018), Mr. S.O. Woods for Director Position #5 (three-year term expiring 2018), Mr. Wayne Scott for Director Position #8 (three-year term expiring 2018) and Mr. Dewitt Oleinik for Director Position #6 (remaining term expiring 2016). Mr. Scott thanked Mr. Countz for his report. In accordance with the bylaws of CSCU, I have received the slate of candidates filed with the secretary, and I declare election by acclamation of the incumbents re-elected to their respective Board Positions by acclamation.

Mr. Scott requested Ms. Hooker provide the special recognitions: Ms. Hooker reported that she was honored to provide a special recognition for the following milestone anniversaries: Ms. Carol Sullivan for 30 years of service, Ms. Mary Dye for 25 years of service and Mr. Todd Armstrong for 5 years of service.

Mr. Scott then declared the 61st Annual Meeting of the Membership of Community Service Credit Union adjourned at 10:30 a.m.

Paul Brown, Secretary



It has been my honor to serve another year as Chairman of the Board of the Community Service Credit Union. Founded in 1954 on the cooperative principle of "people helping people," **today** CSCU strives to be a leader in helping people to help themselves, putting their financial services at their fingertips, 24 x 7 -- services like mobile banking, Popmoney, deposits at the ATM, and debit cards that provide access to accounts from almost anywhere around the world.

My role as Chairman, supported by a strong and involved Board of Directors, has been, and continues to be, a rewarding experience. I take great pride in the growing number of ways our credit union empowers the members of this community to make the most of their financial means. We offer a range of loan programs that make buying everything from a vehicle to a home more affordable, a credit card program that rewards members for their use, and a full spectrum of mobile and digital services that make "visiting" the credit union any time of day or night, from just about anywhere in Texas or beyond, as easy as checking in on Facebook or posting an Instagram.

Seeking to make all our credit union has to offer available to a wider community, the credit union requested approval by the Texas Credit Union Department for a bylaw change that would allow us to extend our membership to all those who live, work, attend school, or worship in, as well as businesses and other legal entities in, Trinity and Madison counties. We also requested to offer membership to significant portions of Grimes and San Jacinto counties. Our bylaw changes were

approved in March 2015. The resulting growth in our membership since this bylaw change went into effect speaks volumes about the need in our community for a banking institution like ours.

While I am really proud of broadening our membership to serve more, I and the Board are probably most proud of our newly constructed facility on Montgomery Road, near Sam Houston Avenue. This location features a wealth of self-service alternatives for traditional banking services, like making deposits and withdrawals, and completing loan applications online. Our staff at this busy location now spend more time assisting members learning to use the various mobile and digital services we offer, and responding to many other member questions about available services, such as loans for almost anything members could imagine they want or need.

As a Board, your Directors strive to understand what you, our members, want and need from us as your financial institution. We understand that today's members want their financial services to be easier than figuring out how to post a photo on Facebook and faster than checking out at WalMart.

We know that today's members want to borrow money for purchases like cars and trucks, horse trailers and four-wheelers, or just to pay off some bills elsewhere and get a lower rate and one simple monthly payment, to be as easy as shopping on Amazon.com.

And, we are keenly aware that you are concerned about protecting your identity and your money while doing business over the Internet and with various retailers.

**Wayne Scott**

Chairman

Term Expires 04/2018

**Jack Parker**

Vice Chairman

Term Expires 04/2017

**S.O. Woods**

Treasurer

Term Expires 04/2018

**Paul Brown**

Secretary

Term Expires 04/2017

**John Burney**

Director

Term Expires 04/2018

**Dewitt Oleinik**

Director

Term Expires 04/2018

**Mike Countz**

Director

Term Expires 04/2017

**Ferne Frosch**

Director

Term Expires 04/2016

Executive Management



**Brenda Hooker**  
Chief Executive Officer



**Patsy Lindamood**  
Chief Financial Officer



**Paul Maley**  
Chief Lending Officer



**Tina McDonald**  
Chief Operations Officer



**Mary Dye**  
Risk Manager

Alpha Omega Academy	Huntsville Youth Baseball Association
American Heart Association Heart Walk	Huntsville/Walker County Chamber of Commerce
Boys and Girls Club	Junior Service League
Boy Scouts of America - Huntsville	New Waverly Public Library
C.O.M.E. Center	Pregnancy Care Center
CASA of Walker County	Radio MASH Toy and Food Drive
Ducks Unlimited	Rita B. Huff Animal Shelter
Faith Lutheran School	SAAFE House
Friends of Criminal Justice - SHSU	Sam Houston State University
Good Shepherd Mission	Santa's Helpers
Hearts Veterans Museum	Senior Center of Walker County
HMH Neon for Neurons Color Run	Texas High School Rodeo Association
Huntsville Community Theatre	Ducks Unlimited - Local Chapter
Huntsville Education Foundation	Texas Jr High School Rode Association
Huntsville Hornet Athletics	Tu-Mile Quail Coalition
Huntsville Hornet Marching Band	Veterans Banquet
Huntsville Independent School District	WCFA Halloween Carnival
Huntsville Lions Club	Walker County Emergency Personnel
LULAC of Huntsville	Walker County Fair and Rodeo
Huntsville Pets Helping People	Warrior and Family Support Center
Huntsville Rotary Club	YMCA - Huntsville

Community Service Credit Union strives diligently and continuously to address all these wants and needs. Our CEO, Brenda Hooker, will be reporting highlights of the various initiatives undertaken in 2015 to make this credit union the type of financial institution that will meet your expectations for banking services.

Not only must credit unions meet member expectations to thrive and survive, they must maintain financial strength and reserves, and operate in a safe and sound manner, fully in compliance with all applicable laws and regulations.

The Board engaged Nearman, Maynard, Vallez, CPAs, of Miami, FL, to perform an annual audit of the credit union for the period ended September 30, 2015, to verify the financial performance of the institution. I am pleased to report that the firm has rendered an opinion that our financial statements fairly represent the financial position of the credit union for this time period, and that the results of its operations are in accordance with accounting principles generally accepted in the United States.

Charged with regulatory oversight for all state-chartered Texas credit unions, such as CSCU, the Texas Credit Union Department conducted a regulatory exam of the credit union in February, for the period ending December 31, 2015. Their examination determined that operational management at our credit union maintains effective control over the daily operations of the credit union, the board of directors provides sound administrative oversight, and the credit union is operating in a safe and sound manner.

Clearly, the credit union is a strong credit union today. To assure your credit union remains strong, your Board of Directors must think well beyond today's success to plan for the future of our credit union. The Board has diligently endeavored this last year to direct CSCU along a path that can sustain our credit union's success. To do this, we are educating ourselves about what the experts predict for the future of credit unions, trying to understand the direction of change in financial services so that we can best adapt and thrive long into the future.

As we look forward to 2016 and beyond, Community Service Credit Union is committed to being there for its members, helping each and every one make the most of their financial resources, making financial transactions simpler and ever faster, putting money and service back into our local community, and providing monetary resources that enable our members to enjoy their lives to the fullest.

On behalf of the Board of Community Service Credit Union, its professional management team, and all its dedicated staff, I sincerely thank you for your loyal membership. May we continue to be the source to whom you turn for the very best in financial services.

If you could ever be a fly on the wall at a Community Service Credit Union board, committee, or staff meeting, you would quickly realize we love our numbers – almost as much as we love our members!

We love our numbers because they show that in 2015 CSCU experienced exciting growth in membership and assets, as well as loans to members.

We love our numbers because they demonstrate that CSCU is delivering the ease and convenience of electronic banking services to an ever-growing number of members. We try hard to satisfy your need for speed!

We love our numbers because they prove that your credit union Directors are good and faithful stewards of the credit union's assets, making sure that we use earnings wisely to continuously improve services for members while maintaining the financial strength and stability of the credit union, assuring it can weather another economic downturn or other unexpected event.

We love our numbers because they sure seem to indicate that you, our members, love what we are doing, and how we are doing it, and that you want us to keep doing what we do.

Our Chairman has already reported on a few of the most notable highlights of our 2015 experience. I'd like to share some of the other programs we launched in 2015 to make banking with us better than ever:

An improved Courtesy Pay program that automatically qualifies members for eligibility based on their direct deposit relationship, and that has been further refined to reflect industry best practices.

Credit Score – a free service inside our Online Banking service, providing not only a free monthly credit score update, but a wealth of education about what comprises that score, and how scores can be improved.

An expanded fleet of ATMs, adding three exterior units at our new Montgomery Road location - available 24 x7 for withdrawals and for deposits. We plan to add more ATMs at our FM 2821 location in the near future.

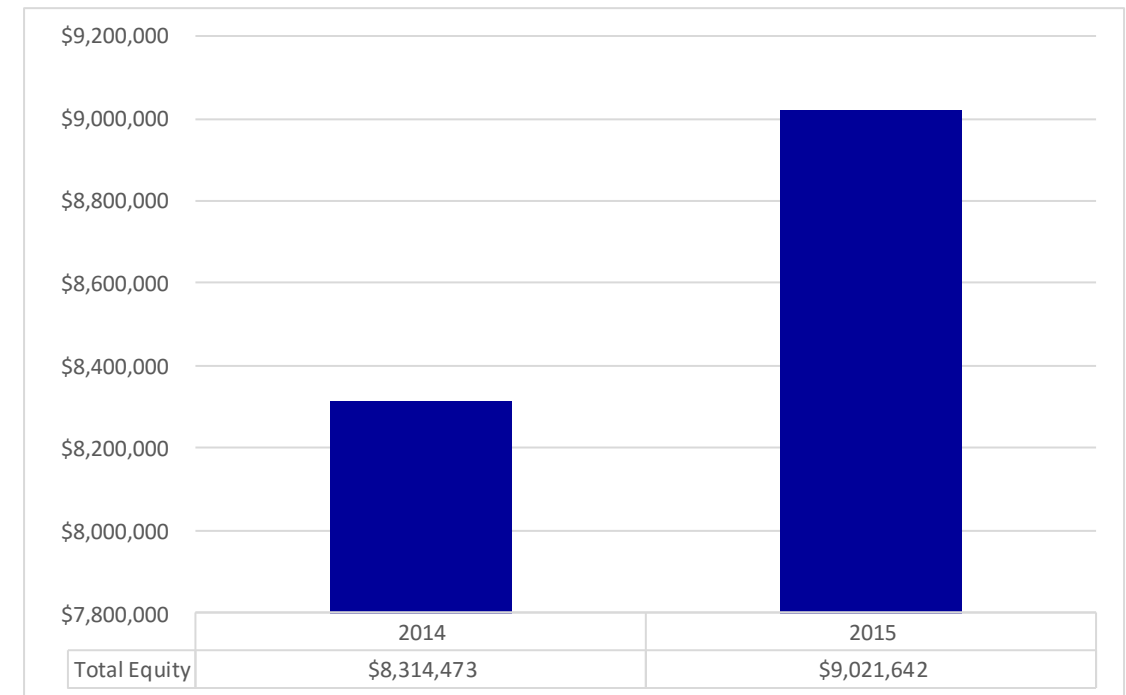
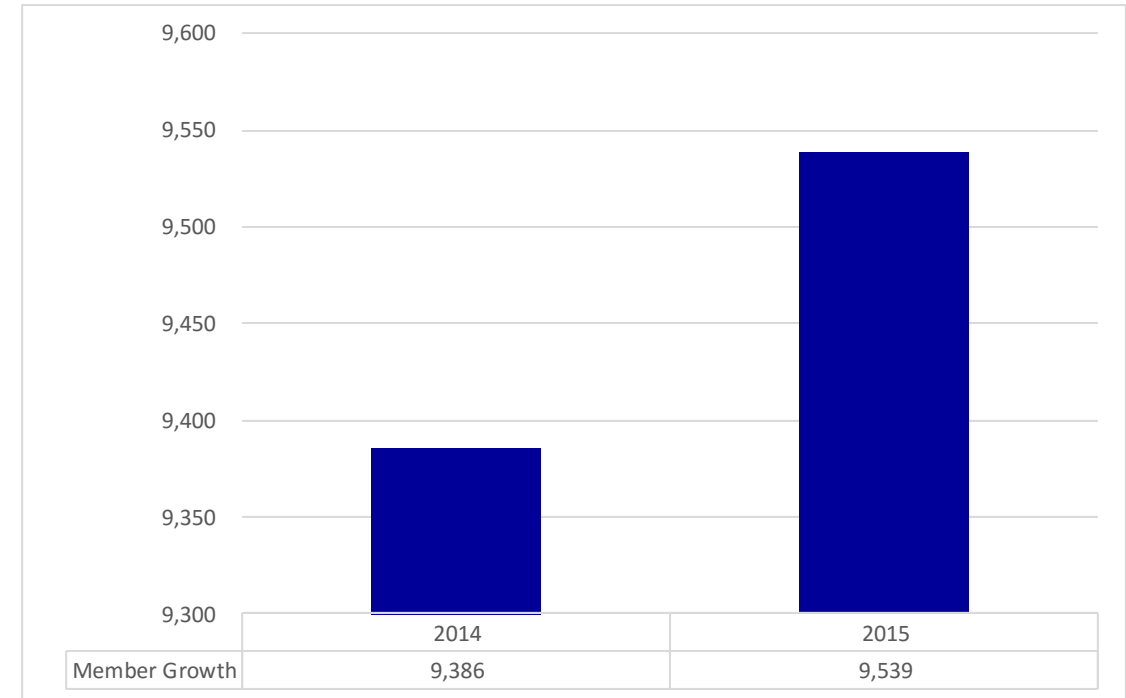
In-lobby tellers, or ILTs, were installed in each of our locations, providing members with a quicker self-service alternative to waiting in line for making simple check and cash deposits and cash withdrawals.

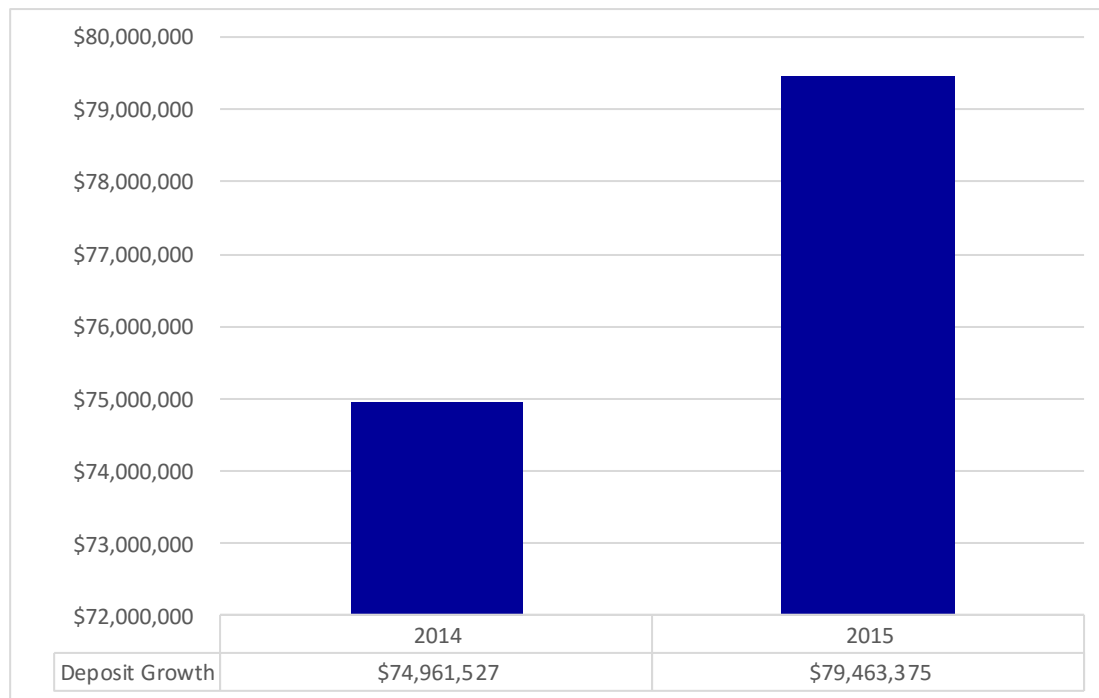
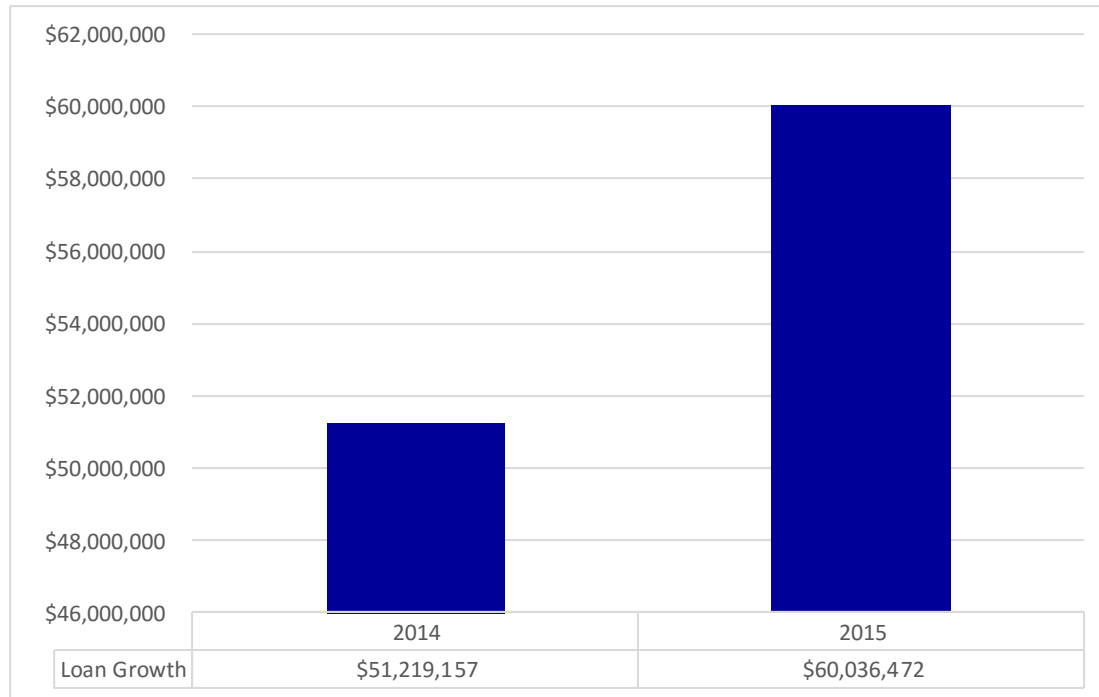
Deposit automation – allowing us to accept your deposits 24 x 7 at all our ATMs, as well as at the two new automated in-lobby teller units. Even better, members using these self-service deposit options can choose to receive images of their deposited items on their deposit receipts.

CardValet – a mobile app that empowers members to protect their debit cards against fraudulent use. This powerful tool allows you to control the use of your debit card through location controls, merchant type controls, and even amount controls, or to turn the card off altogether when you are not using it.

FraudNet, a fraud monitoring and detection system, was added to our bill pay service.

Our already-powerful debit card monitoring system has been enhanced with real-time detection and scoring that dramatically improves our ability to limit attempts to use member cards fraudulently.





EMV/Chip cards became available for new accounts and re-issues on our credit card program.

And, ground work was done in 2015 so that our debit card program will be ready to migrate to EMV/Chip cards during the last quarter of 2016.

2016 promises to bring more technological advancements, including expanded capabilities for our ILTs and ATMs, including the ability to make loan payments and access to shared branching at these machines.

Our mobile banking app will provide more complete account access, almost totally replacing our online banking system.

Online account opening will become available, so that eligible parties can apply for and open accounts 24 x 7, funding their new accounts with one of several electronic transfer options, including debit and credit cards.

Finally, we completed significant ground work in 2015 for several more systems that will provide superior monitoring and management of key sectors of our operations, such as loan performance, information systems network administration, vendor management, and improved systems for communicating with our members. As these systems are finalized and go into production in 2016, our staff will have access to powerful tools that will automate many labor-intensive processes, affording them more time to focus on interacting directly with you, our members, providing you the personal attention you have come to rely upon.

So, while we do love our numbers, what we

care about most is our members. And, while we think our numbers prove you like the way we do business, that we can deliver the services you need and want, at the end of the day banking with CSCU is about so much more than just the numbers.

It's about the way we do business.

It's about what you - our members - mean to us.

It's about having the honor and the privilege to enable so many members of our community to make the most of their financial means.

It's about making banking of the things our members DON'T have to worry about.

Each of you is so much more than a number to us. Our greatest desire is that you will find doing business with us one of the simpler things in your life. With us, it's personal.

## 2015 Statement of Financial Position

Assets	December 31, 2015	December 31, 2014
Loans	\$60,036,472	\$51,219,157
Cash & Bank Deposits	\$3,962,804	\$5,632,992
Investments	\$17,648,105	\$20,562,410
Land and Building	\$3,201,287	\$2,203,829
Furniture and Fixtures	\$825,745	\$426,486
Leasehold Improvements	\$0	\$13,166
Accrued Interest	\$204,782	\$187,415
Accounts Receivable	\$31,638	\$236,741
Other Assets	\$3,609,420	\$3,867,943
<b>Total Assets</b>	<b>\$89,520,253</b>	<b>\$84,350,139</b>
<b>Liabilities</b>		
Accounts Payable	\$481,279	\$656,404
Other Payables	\$553,957	\$417,866
<b>Total Liabilities</b>	<b>\$1,035,236</b>	<b>\$1,074,270</b>
<b>Member Deposits</b>		
Regular Shares	\$28,793,767	\$25,629,907
Checking	\$18,844,220	\$16,382,310
Certificates of Deposit	\$14,057,575	\$16,071,667
IRA Certificates of Deposit	\$2,338,449	\$2,462,705
Money Market Accounts	\$13,445,466	\$12,128,884
Other Savings	\$1,983,898	\$2,286,054
<b>Total Deposits</b>	<b>\$79,463,375</b>	<b>\$74,961,527</b>
<b>Reserves &amp; Undivided Earnings</b>	<b>\$9,021,642</b>	<b>\$8,314,342</b>
<b>Total Liabilities, Member Deposits and Reserves</b>	<b>\$89,520,253</b>	<b>\$84,350,139</b>

## 2015 Statement of Income and Expenses

Income	December 31, 2014	December 31, 2015
Income on Loans	\$3,009,136	\$3,399,929
Income from Investments	\$252,245	\$203,518
Other Income	\$1,766,232	\$2,068,883
<b>Total Operating Income</b>	<b>\$5,027,613</b>	<b>\$5,672,330</b>
<b>Expenses</b>		
Compensation and Benefits	\$1,761,265	\$1,881,975
Travel and Conference	\$29,399	\$31,592
Office Occupancy Expenses	\$241,394	\$265,757
Office Operations Expenses	\$398,246	\$504,686
Marketing and Education	\$140,403	\$141,312
Loan Servicing	\$194,309	\$224,867
Professional Services	\$1,223,017	\$1,396,980
Provision for loan Loss	\$269,844	\$296,294
Other Operating Expenses	\$79,245	\$86,906
<b>Total Operating Expnses</b>	<b>\$4,337,122</b>	<b>\$4,830,369</b>
<b>Income from Operations</b>	<b>\$690,491</b>	<b>\$841,961</b>
<b>Non-Operating Gain (Loss)</b>	<b>(-16,038)</b>	<b>(-10,131)</b>
<b>Dividends and Interest Paid to Members</b>	<b>\$162,978</b>	<b>\$129,488</b>
<b>Net Income</b>	<b>\$543,551</b>	<b>\$722,604</b>