



Annual Member Meeting
April 28, 2018

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



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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 2017 Annual Meeting
7. CEO's Report
8. Chairman's Report
9. Report from the Nominating Committee and Election of Directors
10. Special Recognition
11. Adjournment
12. Drawing for Door Prizes



Abbagail Sherling
Account Services
Manager



Angel Merino
Account Services
Professional



Carrie Petter
Account Services
Professional



Faiza Malik
Account Services
Professional



Gabi Garcia
Marketing Services
Director



Jessica Wilson
Personal Banker
Supervisor



Julia Elliot
Account Services
Professional



Leti Wheeler
Collector



Susana Sanchez
Personal Banker



Taelor Brumley
Account Services
Manager



Veronica McMillian
Loan Officer



Yvonne Bright
Personal Banker



Carol Sullivan
Sr. Loan Officer
33 Years of Service



Lisa Byrd
Collector
29 Years of Service



Karen Denman
Sr. Loan Officer
19 Years of Service



Laura Shotwell
Digital Services Manager
12 Years of Service



Susan Giroux
Controller
11 Years of Service



Jennifer New
Compliance Officer
9 Years of Service



Todd Armstrong
VP of Lending
8 Years of Service



Beth Legg
Accounting Assistant
6 Years of Service



Diane Clarke
Debit Card Admin
6 Years of Service



Amanda Rosenlund
Asst. Controller
5 Years of Service



Ellen Knouse
Personal Banker
5 Years of Service



Leslie Zimmerman
Title Admin
5 Years of Service

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 29, 2017, 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 63rd 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 and John Burney; the Executive Management Team of Ms. Brenda Hooker, CEO, Ms. Patsy Lindamood, CFO, Mr. Paul Maley, CLO, Ms. Tina McDonald, COO, and Ms. Mary Dye, Risk Manager; and the Credit Union employees and special guests.

Mr. Scott asked if there were any corrections, deletions or additions to the minutes of the 2016 Annual Meeting of Community Service Credit Union. There being none, a motion to approve the minutes of the April 30, 2016 Annual Meeting was made by Mr. Mike Turner, seconded by Mr. Harold Hurry, and unanimously approved.

Mr. Scott then gave the Chairman's Report. Mr. Scott reported that the Board had engaged the audit firm of Nearman, Maynard, Vallez, CPAs of Miami, FL, to perform an annual audit of the credit union for the period ended September 30, 2016 to verify the financial performance of the institution. The firm has rendered an opinion, reported Mr. Scott, 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, the Texas Credit Union Department, Mr. Scott reported, conducted a regulatory exam of CSCU, for the period ending December 31, 2016, determining that operational management at CSCU 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.

Following the Chairman's Report, Mr. Scott introduced Ms. Brenda Hooker to provide the Chief Executive Officer's Report. Ms. Hooker referred the membership to the Annual Report for financial performance results of operations and reported that her last report to the membership had been on new programs at CSCU so for this year's report Ms. Hooker prepared a power point presentation on the different types of fraudulent transactions CSCU is experiencing with the expanded services now offered. Ms. Hooker also recognized staff members who had performed community service throughout the year as well as staff members' years of service worked for CSCU. On behalf of the Board of Community Service Credit Union, its professional management team, and all its dedicated staff, reported Ms. Hooker, thank you for your loyal membership.

Mr. Scott introduced Mr. John Burney to give the Nominating Committee Report. Mr. Burney reported that the 2017 Nominating Committee consisted of himself as Committee Chairman, Mr. John Bradley and Mr. Mike Turner. There being no nominees received by petition, reported Mr. Burney, the Committee nominates incumbents Mr. Paul Brown, Mr. Jack Parker and Mr. Mike Countz for a three-year term expiring 2020. Mr. Scott thanked Mr. Burney for his report. In accordance with the bylaws of CSCU, Mr. Scott declared election by acclamation of Mr. Paul Brown, Mr. Jack Parker and Mr. Mike Countz. Mr. Scott then declared the 63rd Annual Meeting of the Membership of Community Service Credit Union adjourned at 10:25 a.m.

Paul Brown, Secretary

Welcome to the 63rd annual meeting of Community Service Credit Union. It's heartening to see the evidence of our very engaged membership right in front of me. Thank you for joining us today. I applaud you for being truly connected member-owners.

I want to start by recognizing our board for their leadership, dedication, and passion for credit unions. Those are integral qualities for long-term sustainability and prosperity, and I know I speak for all of us when I say that the trust you've placed in us is humbling. As a united body of leadership, we are responsible for ensuring that we have a competent, qualified, and trustworthy management team, and I can say unequivocally that we do.

As you can see in the Annual Report, CSCU performed well in 2017. Though the credit union needs to make a profit to keep the doors open, our sole interests are in our *stakeholders'* interests, and whenever we can, in keeping with our credit union mission, we will distribute profits back to you in the form of competitive rates and lower fees.

Membership at CSCU now stands at 11,077, representing an increase of 6.2% percent over the prior year. As our credit union membership grows, so do our assets, which is one of the primary indicators of how well our members are receiving the products and services we offer. Our assets at the end of 2017 were 94,739,282, an increase over 2016 of 3.1% percent. I'm very pleased to announce that again this year CSCU is a well-capitalized financial institution, with a strong net worth ratio of 10.3% percent. A net worth position above 7 percent is considered well-capitalized by our regulators.

You, the members and owners of this institution, have borrowed more than \$73M, an increase of 4.5% from last year. CSCU originated 2,475 loans in 2017, for a total of \$40.5M, which reflects the continued optimism in our economy and trust in your credit union. As loan demand has increased, delinquencies remain low at an average of 0.5% percent. This is a reflection of two things: the competitive rates we're able to offer and your strong commitment to honoring your financial obligations.

Access to your account is always a priority for CSCU, and the decision was made to expand our debit card support service. Members can now receive assistance

with their debit card no matter the day of the week, or time of day. The expanded service includes assisting members with fraud disputes, travel exemptions, debit card activation, and more.

Your board of directors has also taken our responsibility in monitoring risk and security a step further. CSCU partners with third-party vendors to deliver you the protection and access to your accounts that you have come to expect. We have committed ourselves to review these vendors on a regular basis, to ensure that your information security, and the security of the systems we use, are held to the highest standards.

Our Texas Credit Union Department examiners recommended that we establish the number of directors as an odd number, rather than an even number. In June 2017, the bylaws were amended to change the total number of directors from 8 to 7.

In closing, I'd like to express my deepest confidence in the leadership of Brenda, the wisdom and guidance of our esteemed board of directors, the commitment of our dedicated staff, and the support and loyalty of our member-owners. We look optimistically into the future because CSCU is well positioned to face any challenge and seize any opportunity that presents itself in 2018.

Thank you, ladies and gentlemen. I want to again express my gratitude for your trust and your continued membership. I wish you and your families the best in 2018.

Wayne Scott

Chairman

Term Expires 04/2018

Jack Parker

Vice Chairman

Term Expires 04/2020

S.O. Woods

Treasurer

Term Expires 04/2018

Paul Brown

Secretary

Term Expires 04/2020

John Burney

Director

Term Expires 04/2018

Dewitt Oleinik

Director

Term Expires 04/2018

Mike Countz

Director

Term Expires 04/2020

Executive Management



Brenda Hooker
Chief Executive Officer
34 Years of Service



Patsy Lindamood
Chief Financial Officer
6 Years of Service



Paul Maley
Chief Lending Officer
2 Years of Service



Tina McDonald
Chief Operations Officer
3 Years of Service



Mary Dye
Risk Manager
28 Years of Service

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

Good morning and welcome to the 2018 Annual Meeting of Community Service Credit Union. I am delighted to be here with you for this 63rd annual meeting. When our credit union founders opened for business in 1954, they could only have dreamed that their vision for a banking alternative for their small field of membership might be successful. They couldn't know their venture would grow from 55 members to over 11,000 members in 64 years and that our assets would grow from \$10,000 to \$94M. We look back on those earliest days with gratitude for their courage, but also with a sense of awe at how far we've come.

For the successes we can claim today, we have many people to thank. I'll start by recognizing our committed volunteer directors for their responsible stewardship of our principles, philosophy, and mission. Next, our outstanding leaders for their insightful strategic planning and organization, and our dedicated employees for embracing our values and our goals and delivering best-in-class service. Last, but not least, our loyal members who appreciate the many ways this credit union is a partner in their financial wealth. I thank you all very much for joining me here today.

This year will go down in history as one of the most unusual for its hurricanes, storms and devastating flooding. Some people lost their cars, their belongings, their homes—some people lost everything. If there's one thing we can be proud of, it's how we shined as a community, how we rose up and did what was necessary to help our neighbors in the face of tremendous adversity. We were able to reach out to those in devastated communities to offer financial assistance, to ease a small burden for those who were already overwhelmed.

In 2017, the credit union movement weathered more than hurricanes. Many of our members got caught up in the Equifax breach that affected 143 million Americans. But your financial institution suffered no data breaches, and you can rest assured your data remains safe with us. To help combat data breaches such as this, and ones in the future, be sure to take advantage of Credit Sense, a free credit monitoring tool available through CSCU Online and CSCU Mobile. Monthly updates are delivered directly to your inbox, highlighting any new or unusual activity on your credit report.

Just as you are committed to your financial institution, we are committed to you. In addition to establishing policies and ensuring that the credit union adheres to pertinent

laws, regulations, and sound business practices, we are also charged with developing new products and services as needed. With the continued success of CSCU, we can offer financial products and services that enhance your life, improve our delivery channels, and expand our community outreach.

Our highest and best purpose in serving you includes some of the following objectives:

- We want to target particular segments of our community where we can make the greatest impact. Helping with financial literacy and the account management for our members is one way we can do that.
- We want to offer access to your account when and where it's most suitable for you. Our ATM fleet will continue to remain a top priority for you, allowing not only withdrawals and transfers but also deposits and loan payments around the clock. Also, our partnership with CO-OP Shared Branch gives you access to your account at over 5,000 branch locations and nearly 30,000 ATMs, free of charge.
- We want to offer more and better resources that ensure our members are using the most secure, and most convenient technology available; and
- We want to help you finance life activities, such as education, small businesses, real estate and transportation in a responsible way.

We have an excellent team of volunteers and professionals who report to work every day with the intention of helping our members meet their financial goals. Our many accomplishments would not have been possible without their energy, optimism, commitment, and wholehearted belief in our principles and philosophies as a cooperative, not-for-profit entity. I thank them for their service.

As we move forward in 2018, my commitment to you today is that CSCU will continue to grow while listening and responding to your needs; explore innovative product and service solutions to enhance your financial life, and develop our staff and board so they can confidently and wisely serve your interests.

Our member-owners are integral to our credit union family, and we are sincerely grateful that you've chosen CSCU as your financial partner. We look forward enthusiastically to a great 2018. Thank you.

2017 Statement of Financial Position

2017 Statement of Income and Expenses

Assets	December 31, 2017	December 31, 2016
Loans	\$72,871,746	\$69,777,884
Cash & Bank Deposits	\$6,907,513	\$5,445,664
Investments	\$9,580,049	\$8,099,437
Land and Building	\$3,177,458	\$3,186,387
Furniture and Fixtures	\$732,169	\$672,998
Leasehold Improvements	\$0	\$0
Accrued Interest	\$207,378	\$219,893
Accounts Receivable	(\$5,297)	\$21,254
Other Assets	\$1,268,266	\$4,500,151
Total Assets	\$94,739,282	\$91,923,668
Liabilities		
Accounts Payable	\$984,405	\$616,455
Other Payables	\$1,060,583	\$867,734
Total Liabilities	\$2,044,988	\$1,484,189
Member Deposits		
Regular Shares	\$32,585,053	\$30,440,664
Checking	\$23,072,114	\$20,809,950
Certificates of Deposit	\$12,009,979	\$12,651,991
IRA Certificates of Deposit	\$2,224,236	\$2,400,851
Money Market Accounts	\$11,194,594	\$12,504,323
Other Savings	\$1,895,387	\$2,312,600
Total Deposits	\$82,981,363	\$81,120,379
Reserves & Undivided Earnings	\$9,712,931	\$9,319,100
Total Liabilities, Member Deposits and Reserves	\$94,739,282	\$91,923,668

Income	December 31, 2017	December 31, 2016
Income on Loans	\$3,742,213	\$3,725,926
Income from Investments	\$123,558	\$148,488
Other Income	\$2,545,815	\$2,403,470
Total Operating Income	\$6,411,586	\$6,277,884
Expenses		
Compensation and Benefits	\$2,083,814	\$1,932,776
Travel and Conference	\$21,629	\$20,806
Office Occupancy Expenses	\$191,989	\$270,935
Office Operations Expenses	\$675,029	\$612,946
Marketing and Education	\$189,486	\$195,961
Loan Servicing	\$304,350	\$293,046
Professional Services	\$1,697,386	\$1,622,610
Provision for loan Loss	\$584,262	\$773,567
Other Operating Expenses	\$74,971	\$103,211
Total Operating Expenses	\$5,822,916	\$5,825,858
Income from Operations	\$588,670	\$452,026
Non-Operating Gain (Loss)	\$28,462	(-1,965)
Dividends and Interest Paid to Members	\$156,153	\$126,443
Net Income	\$404,055	\$323,618