

WELCOME TO THE 58TH ANNUAL MEETING OF COMMUNITY SERVICE CREDIT UNION!

Minutes of the 2012 Annual Meeting of Community Service Credit Union

Annual Meeting Agenda

1. Invocation
2. Ascertainment of Quorum
3. Call to Order
4. Appointment of Recording Secretary
5. Welcome and Introductions
6. Approval of Minutes of 2012 Annual Meeting
7. Chairman's Report
Wayne Scott, Chairman of the Board
8. CEO's Report
Brenda Hooker, Chief Executive Officer
9. Unfinished Business - none
10. New Business - none
11. Report from the Nominating Committee
12. Election of Directors
13. Adjournment
14. Drawing for Door Prizes

The Annual Meeting of the members of Community Service Credit Union was called to order by the Chairman of the Board, Mr. Mike Turner, Saturday, April 21, 2012, 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. Turner introduced the Board of Directors, Staff, special guests and welcomed everyone to the 58th Annual Meeting of Community Service Credit Union. After 11 months without a Chief Financial Officer, Mr. Turner was very proud to introduce our new Chief Financial Officer, Ms. Patsy Lindamood, who took office at the first of the year. Ms. Lindamood was previously the Chief Executive Officer of a \$40 million credit union in Gainesville, Florida and is also an accomplished artist.

Mr. Turner asked if there were any corrections, deletions or additions to the minutes of the 2011 Annual Meeting of Community Service Credit Union. There being none, a motion to approve the minutes of the April 16, 2011 Annual Meeting was made by Mr. Frank "Poncho" Roberts, seconded by Mr. John Knapp and unanimously voted.

Mr. Turner reported to the membership on the results of operations for 2011. The Credit Union is currently providing services to over 8,600 members and ended 2011 with \$74.8 million in assets. The Credit Union was audited by Credit Union Resources and found to be in excellent condition with no material exceptions. Regulators found the Credit Union to be in sound financial condition and in compliance with applicable laws and regulations. Mr. Turner reported that CSCU's membership can be proud that their Credit Union is well managed and positioned for the future. Mr. Turner then introduced Ms. Brenda Hooker, Chief Executive Officer.

Ms. Brenda Hooker welcomed and thanked the membership for attending the 58th Annual Meeting of Community Service Credit Union. Ms. Hooker told the membership it was 58 years ago that 55 employees of the Texas Prison System came together to form this Credit Union. As a member-owned cooperative, you own this Credit Union. The United Nations designated 2012 the international year of the cooperative. Ms. Hooker asked the membership to view the display in the foyer of the Texas Prison Museum on the beginnings of the cooperative on loan to us from America's Credit Union Museum in New Hampshire.

Ms. Hooker reported to the membership that the Credit Union funded \$22 million in loans to the membership in 2011 in the form of automobile loans, home loans, personal loans and many other types of loans. We are promoting loans and communicating with the membership through our newsletter, on our website, Facebook, smart phones and on-line banking products. You can sign up for e-mail notifications for low balance warnings, account notices, etc. Changes you can look forward to include elimination of the \$4 service charge on our Basic Checking Account, new checking product "Green Account" targeting the member who writes very few checks, free bill payer, elimination of the \$1 pin-based debit card fee and new loan promotions.

Ms. Hooker concluded by stating that it was a privilege to lead this Credit Union and that she looked forward to bringing the membership many great services in 2012.

After a review of the election process, Mr. Turner introduced Mr. Paul Brown to provide the Nominating Committee Report in Mr. Doug Dretke's absence. Mr. Brown reported that the Nominating Committee Members consisted of Mr. Scotty Kyle, Mr. David McNutt, Mr. Paul Brown and Mr. Doug Dretke, Chairman of the Committee. The Committee nominated Mr. Mike Countz for Position #2 (two year term expiring 2014), Mr. John Burney for Position #4 (three year term expiring 2015), Mr. S.O. Woods, Jr. for Position #5 (three year term expiring 2015), Ms. Ferne Frosch for Position #7 (one year term expiring 2013) and Mr. Wayne Scott for Position #8 (three year term expiring 2015). Mr. Brown reported that a CSCU director serves for a three year term unless the director is appointed by the Board to fill a vacated position; in which case, he or she will serve until the next annual meeting at which time the remaining term will be filled by membership election. Mr. Turner thanked Mr. Brown and then asked if there were any nominations from the floor for Position #2, #4, #5, #7 or #8. There being none, a motion was made by Mr. Larry Winkelmann, seconded by Mr. John Bradley, and unanimously voted to elect these directors by acclamation. Mr. Turner congratulated the directors and asked that they remember to focus on the financial strength of the Credit Union, the quality of service provided to the membership and the welfare of the Staff and employees every time they meet. Mr. Turner thanked the directors for devoting their time.

Ms. Hooker thanked Mr. Mike Turner for his approximately 30 years of service on the board. Mr. Turner received a standing ovation from the membership.

There being no further business, a motion was made by Mr. Harold Hurry, seconded by Mr. Colby Oldham, and unanimously voted to adjourn the meeting at 10:30 a.m.

Paul Brown, Secretary

2012 Statement of Financial Position

ASSETS

CASH AND BANK DEPOSITS	\$ 5,333,418
INVESTMENTS	\$ 28,272,020
LOANS	\$ 39,312,370
RECEIVABLES	\$ 14,402
ACCRUED INCOME	\$ 169,501
LAND	\$ 144,066
BUILDING AND LEASEHOLD IMPROVEMENTS	\$ 1,703,075
FURNITURE AND EQUIPMENT	\$ 270,437
OTHER ASSETS	\$ 306,226
TOTAL ASSETS	\$ 75,525,516

LIABILITIES

ACCOUNTS PAYABLE	\$ 306,792
OTHER PAYABLES	\$ 205,145
TOTAL LIABILITIES	\$ 511,936

MEMBER DEPOSITS

REGULAR SHARES	\$ 18,612,710
CHECKING	\$ 10,573,574
CERTIFICATES OF DEPOSIT	\$ 22,596,414
IRA CERTIFICATES OF DEPOSIT	\$ 2,816,923
MONEY MARKET	\$ 11,173,832
OTHER SAVINGS	\$ 1,734,208
TOTAL DEPOSITS	\$ 67,507,661

RESERVES & UNDIVIDED EARNINGS \$ 7,505,919

TOTAL LIABILITIES, MEMBER DEPOSITS AND RESERVES \$ 75,525,516

2012 Statement of Income and Expenses

INCOME

INCOME ON LOANS	\$ 2,432,804
INCOME FROM INVESTMENTS	\$ 334,794
OTHER INCOME	\$ 1,318,457
TOTAL OPERATING INCOME	\$ 4,086,054

EXPENSES

COMPENSATION AND BENEFITS	\$ 1,358,996
TRAVEL & CONFERENCE	\$ 14,368
OFFICE OCCUPANCY EXPENSE	\$ 208,272
OFFICE OPERATIONS EXPENSE	\$ 366,501
MARKETING AND EDUCATION	\$ 88,334
LOAN SERVICING	\$ 114,333
PROFESSIONAL SERVICES	\$ 805,446
PROVISION FOR LOAN LOSS	\$ 105,622
OTHER OPERATING EXPENSES	\$ 60,293
TOTAL OPERATING EXPENSE	\$ 3,122,163

INCOME FROM OPERATIONS	\$ 963,892
NON-OPERATING GAIN (LOSS)	\$ 62,125
DIVIDENDS AND INTEREST PAID TO MEMBERS	\$ 333,608
NET INCOME	\$ 568,159

Office Locations and Contact Information

Main Office

250 FM 2821
Huntsville, TX
P 936.295.3980
F 936.295.3105

Toll Free 877.293.3980

Sam Houston Office

2432 Sam Houston Avenue
Huntsville, TX
P 936.295.3980
F 936.291.0982

Nucor Steel

Jewett, TX
Access Restricted to
Plant Employees

Vulcraft Manufacturing

Grapeland, TX
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Mailing Address

P.O. Box 479
Huntsville, TX 77342-0479

Nationwide Access

www.creditunion.net
(over 5,000 locations)

Website

www.cscutx.com

