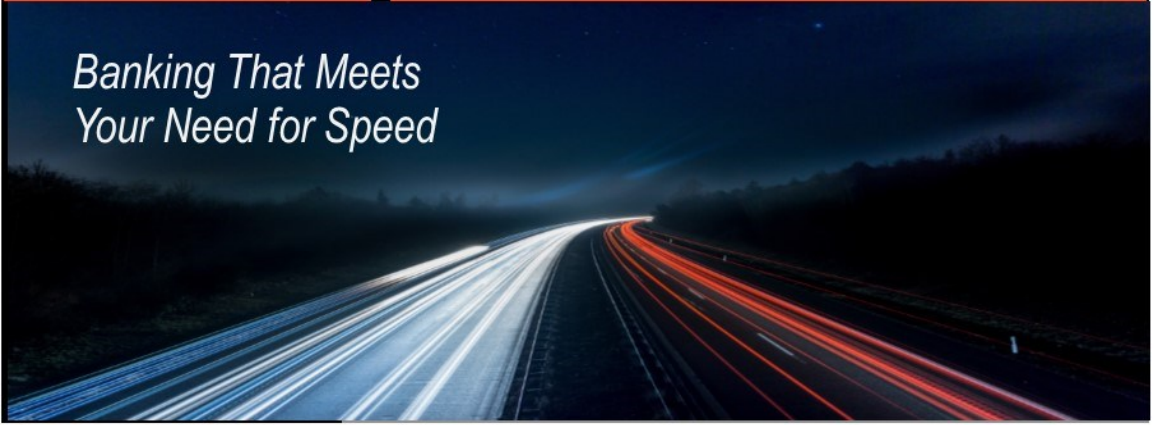




**Community Service  
Credit Union**

Annual Member Meeting  
April 29, 2017

*Banking That Meets  
Your Need for Speed*



**Community Service Credit Union**

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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 2016 Annual Meeting
7. Chairman's Report
8. CEO's Report
9. Report from the Nominating Committee
10. Election of Directors
11. Special Recognition
12. Adjournment

#### .....Minutes of the 2016 Annual Meeting.....

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 30, 2016, 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 62nd 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, Ms. Pasty Lindamood, CFO, Mr. Paul Maley, CLO (not in attendance), 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 2015 Annual Meeting of Community Service Credit Union. There being none, a motion to approve the minutes of the April 25, 2015 Annual Meeting was made by Mr. John Bradley, seconded by Mr. Mike Turner, 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, 2015, to verify the financial performance of the institution.



**Karen Wells**  
Personal Banker



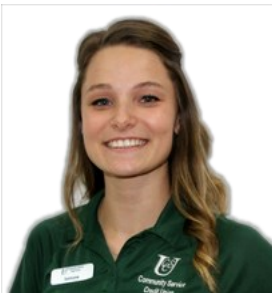
**Leslie Zimmerman**  
Credit Card Program Manager and  
Lien Management



**Leti Wheeler**  
Collector



**Nina Bozeman**  
Account Services Professional



**Samone Lindgram**  
Account Services Professional



**Taelor Brumley**  
Account Services Manager



**Yvonne Bright**  
Personal Banker



**Veronica McMillian**  
Personal Banker

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 in February, for the period ending December 31, 2015, 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. The full Chairman's Report was provided in the Annual Meeting brochure.

Following the Chairman's Report, Mr. Scott introduced Ms. Brenda Hooker to provide the Chief Executive Officer's Report. Ms. Hooker reported on programs launched in 2015 to include an improved Courtesy pay program, Credit Score - a free monthly credit score update, an expanded fleet of ATMs, in-lobby tellers (ILTs) providing members with a quicker self-service alternative, Deposit automation allowing us to accept deposits 24 X 17, CardValet - a mobile app that empowers members to protect their debit cards against fraudulent use, FraudNet - a fraud monitoring and detection system was added to our bill pay service, as well as more technological advancements in 2016 that will provide superior monitoring and management of key sectors of our operations. On behalf of the Board of Community Service Credit Union, its professional management team, and all its dedicated staff reported Mrs. Hooker, thank you for your loyal membership. The full CEO's Report was also provided in the Annual Meeting brochure.

Mr. Scott introduced Mr. S.O. Woods, Jr. to give the Nominating Committee Report. Mr. Woods reported that the 2016 Nominating Committee consisted of himself as Committee Chairman, Mr. John Bradley and Mr. Scotty Kyle. There being no nominees received by petition, reported Mr. Woods, the Committee nominates incumbent Ms. Ferne Frosch for Director Position #7 for a three-year term expiring 2019. Mr. Scott thanked Mr. Woods for his report. In accordance with the bylaws of CSCU, Mr. Scott declared election by acclamation of Ms. Ferne Frosch to Board position #7.

Mr. Scott requested Mrs. Hooker provide the staff recognitions. Mrs. Hooker reported that she was honored to recognize each member of the CSCU staff. All CSCU staff members were recognized at this time and provided a gift in appreciation of their service to the members of CSCU.

Mr. Scott then declared the 62nd Annual Meeting of the Membership of Community Service Credit Union adjourned at 10.25 a.m.

Paul Brown, Secretary

One of the reasons it is such an honor to serve as Chairman of the Board at Community Service Credit Union is that your credit union has established itself as an extraordinarily forward-thinking credit union, providing a broad range of services—including digital services — for its size. Furthermore, your credit union provides this breadth of state-of-the-art services while maintaining a strong financial position, fully in compliance with all applicable rules and regulations, and still manages to give back to the community which supports it. Members have their financial services at their fingertips, 24 x 7: services like mobile banking that includes mobile payments—to creditors and to individuals, deposits at the ATM, and debit cards that provide access to accounts from almost anywhere around the world. Despite all this new technology, and ability to access accounts remotely at any time of day or night, CSCU remains a friendly, caring provider of financial services, ready to help each and every member on an individual basis. With us, it's personal.

In March 2015, we amended our bylaws to 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, and in portions of Grimes and San Jacinto counties. 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. Meanwhile, growth among our core membership groups continues to grow as well. In response to the demand for new memberships here at CSCU, we are currently working diligently to implement a secure online application

process that will make it simpler and more convenient for eligible individuals to join our credit union.

We are also endeavoring to enhance our online loan application system so that members can request loans and complete major purchases funded with those loans on a 24 x 7 basis.

Security of members' personal financial information and their identities remains a top priority for us. We continue to add programs and utilities to protect this data, to detect potential data breaches, and to identify and halt attempts to takeover accounts or to open accounts fraudulently. Staff undergo continuing education regarding information security and emerging fraud schemes, and we vigilantly audit all channels of service delivery to assure that only essential data is transmitted when performing transactions or delivering services for members.

A major contributing factor to the current and continuing success of your credit union is the professional and dedicated leadership provided by its Board of Directors. The seven directors who serve on the Board of the credit union with me undergo 10—15 hours of annual training, commit numerous hours every month to reviewing hundreds of pages of credit union reports, participate in several hours of meetings month in and month out, and engage in annual strategic and budget planning sessions for the credit union.

This quality and commitment of leadership extends to our senior management staff as well, who bring a depth of education, training, experience and foresight to their respective positions.



**Amanda Rosenlund**  
Assistant Controller



**Bailey Williams**  
Account Services Professional



**Elizabeth Miller**  
Account Services Manager



**Gabi Garcia**  
Marketing Director



**Abbagail Sherling**  
Account Services Professional



**Carrie Petter**  
Account Services Professional



**Ellen Knouse**  
Personal Banker



**Harley Fine**  
Account Services Professional



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



**Lisa Byrd**  
Collector  
28 Years of Service



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



**Laura Shotwell**  
Digital Services & Marketing Manager  
11 Years of Service



**Susan Giroux**  
Controller  
10 Years of Service



**Brandon Williamson**  
Sr. Loan Officer  
9 Years of Service



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



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



**Diane Clarke**  
Credit Card Admin  
5 Years of Service



**Beth Legg**  
Sr. Loan Officer  
5 Years of Service

As part of its ongoing due diligence, 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, 2016, 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 has just this week conducted a regulatory exam of the credit union, for the period ending December 31, 2016. 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.

The Board is proud to report these audit and examination results, yet keenly realizes that the credit union cannot stop for even a moment to savor its PAST success if it desires to sustain itself into the FUTURE as a strong, viable financial institution that provides the types of services today's members want and tomorrow's members will insist upon. We must continue to research and evaluate new and emerging technologies, evolving consumer expectations for service speed and convenience, strategies for continuous improvement of operational efficiencies, as well as how best to protect our members' per-

sonal and financial information. But more than anything else, we must never forget that what makes us different as a financial institution is the personal way in which we conduct our business, and the value we place on understanding and responding to individual members and their unique situations. With us, it's personal.

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 state-of-the-art financial services that meet your need for speed.

For Community Service Credit Union, 2015 was a year of change:

We constructed a new facility on Montgomery Road to replace the leased branch space we previously occupied on Sam Houston Avenue.

We more than doubled our ATM fleet—including the addition of an ILT (In Lobby Teller) at each location.

We then enhanced the fleet by adding deposit automation to all ATMs. This feature provides qualified members with a quicker self-service alternative to waiting in line for making simple check and cash deposits and cash withdrawals. And, deposit automation at the ATMs means members can make deposits 24 x 7.

We enhanced our debit card offering with the CardValet mobile app, empowering 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.

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

We expanded our online banking service to include Credit Sense a free 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. The application also provides a way to monitor the details of your credit report—both for potential

fraud or identity theft and for errors in credit reporting.

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

Finally, in 2015, we revised the way our Courtesy Pay program automatically qualifies members for eligibility based on their direct deposit relationship to best reflect industry best practices.

After spending so much time and effort on these new services and service enhancements in **2015**, we decided that **2016** would be a year of getting back to basics, focusing on the essential building blocks of service delivery efficiency and compliance, and taking steps to assure our financial stability and sustainability.

Throughout 2016, my staff and I have studied all our various channels of service delivery and our basic business model. We have carefully analyzed where risk exists, documented what we are doing to mitigate that identified risk, and set up systems to provide continuous monitoring to protect the credit union's assets as well as to protect the identities and financial assets of all our members.

As an outcome of that process, we have made a few additional changes in services and support programs in 2016.

- Additional qualifications have been put in place for deposit access at the ATMs
- Courtesy Pay eligibility has been refined
- Refunds of Courtesy Pay fees for small dollar transactions have been put in place

<b>Wayne Scott</b> Chairman Term Expires 04/2018	<b>Jack Parker</b> Vice Chairman Term Expires 04/2017	<b>S.O. Woods</b> Treasurer Term Expires 04/2018	<b>Paul Brown</b> Secretary Term Expires 04/2017
<b>John Burney</b> Director Term Expires 04/2018	<b>Dewitt Oleinik</b> Director Term Expires 04/2018	<b>Mike Countz</b> Director Term Expires 04/2017	

Executive Management.....



**Brenda Hooker**  
Chief Executive Officer



**Patsy Lindamood**  
Chief Financial Officer



**Paul Maley**  
Chief Lending Officer



**Tina McDonald**  
Chief Operations Officer



**Mary Dye**  
Asset Recovery Officer

Alpha Omega Academy  
 American Heart Association Heart Walk  
 Boys and Girls Club  
 Boy Scouts of America - Huntsville  
 C.O.M.E. Center  
 CASA of Walker County  
 Ducks Unlimited  
 Faith Lutheran School  
 Friends of Criminal Justice - SHSU  
 Good Shepherd Mission  
 Hearts Veterans Museum  
 HMH Neon for Neurons Color Run  
 Huntsville Community Theatre  
 Huntsville Education Foundation  
 Huntsville Hornet Athletics  
 Huntsville Hornet Marching Band  
 Huntsville Independent School District  
 Huntsville Lions Club  
 LULAC of Huntsville  
 Huntsville Pets Helping People  
 Huntsville Rotary Club

Huntsville Youth Baseball Association  
 Huntsville/Walker County Chamber of Commerce  
 Junior Service League  
 New Waverly Public Library  
 Pregnancy Care Center  
 Radio MASH Toy and Food Drive  
 Rita B. Huff Animal Shelter  
 SAAFE House  
 Sam Houston State University  
 Santa's Helpers  
 Senior Center of Walker County  
 Texas High School Rodeo Association  
 Ducks Unlimited - Local Chapter  
 Texas Jr High School Rode Association  
 Tu-Mile Quail Coalition  
 Veterans Banquet  
 WCFA Halloween Carnival  
 Walker County Emergency Personnel  
 Walker County Fair and Rodeo  
 Warrior and Family Support Center  
 YMCA - Huntsville

- Our loan loss allocation program has been refined to provide more appropriate provisions for possible loan losses
- A loan monitoring system has been put in place that will provide superior monitoring and management of our loan performance
- Our email system has been upgraded to provide for superior uptime and improved “backup” access
- A vendor management system has been put in place to enable us to more efficiently manage the multitude of vendors with whom we contract to provide you with fast, convenient services, such as mobile banking and debit cards
- A powerful new member communication system has gone in to production to help us greet new members and new borrowers with pertinent information that will help them to maximize their credit union relationship, as well to provide our valued members throughout the year with informational tips and suggestions.

The intention of these various implementations has been to automate many labor-intensive processes so staff can focus on interacting directly with you, our members, to better provide you the personal attention you have come to rely upon. With us, it’s personal!

We have more technological advancements scheduled for implementation in 2017:

- Expanded capabilities for out ILTs and ATMs, including the ability to make loan payments and access to shared branching at these

machines for guest members.

- A new release for our mobile banking system that will provide an app that can do essentially everything our browser-based online banking system can do.
- An online account opening system that will allow eligible parties to apply and open accounts 24 x 7, and to fund their new accounts with one of several electronic transfer options, including debit and credit cards.
- A backup and replication system for our computer network that will provide us a means to quickly and efficiently recover when we lose communications or equipment at either of our two locations


In summary, 2016 has been a year of continuous improvement, of looking hard at what we do and how we do it, questioning how everything we do could be done more effectively and/or more efficiently, examining how we can best identify potential risk and control those risks, and evaluating our responsiveness to member requests. With us, it’s personal! We want to make sure that you feel that we place a high value on individualized, responsive, professional, thorough, and very personalized standards of service.

Our goal is that your every member experience with us be one you will always remember — and in a good way!

Assets	December 31, 2016	December 31, 2015
Loans	\$69,777,884	\$60,036,472
Cash & Bank Deposits	\$5,445,664	\$3,962,804
Investments	\$8,099,437	\$17,648,105
Land and Building	\$3,186,387	\$3,201,287
Furniture and Fixtures	\$672,998	\$825,745
Leasehold Improvements	\$0	\$0
Accrued Interest	\$219,893	\$204,782
Accounts Receivable	\$21,254	\$31,638
Other Assets	\$4,500,151	\$3,609,420
<b>Total Assets</b>	<b>\$91,923,668</b>	<b>\$89,520,253</b>
<b>Liabilities</b>		
Accounts Payable	\$616,455	\$481,279
Other Payables	\$867,734	\$553,957
<b>Total Liabilities</b>	<b>\$1,484,189</b>	<b>\$1,035,236</b>
<b>Member Deposits</b>		
Regular Shares	\$30,440,664	\$28,793,767
Checking	\$20,809,950	\$18,844,220
Certificates of Deposit	\$12,651,991	\$14,057,575
IRA Certificates of Deposit	\$2,400,851	\$2,338,449
Money Market Accounts	\$12,504,323	\$13,445,466
Other Savings	\$2,312,600	\$1,983,898
<b>Total Deposits</b>	<b>\$81,120,379</b>	<b>\$79,463,375</b>
<b>Reserves &amp; Undivided Earnings</b>	<b>\$9,319,100</b>	<b>\$9,021,642</b>
<b>Total Liabilities, Member Deposits and Reserves</b>	<b>\$91,923,668</b>	<b>\$89,520,253</b>



**Bill Pay**  
Pay any bill anywhere, anytime.



**24/7 ACCESS**  
**Mobile**  
**and**  
**Online Banking**



**CardValet**  
**ALERTS**  
CONTROL WHERE, WHEN,  
AND HOW YOUR SLCU  
DEBIT CARD IS USED  
**YOU'RE IN CHARGE.**

**Credit Sense for Credit Unions**  
**GET MORE THAN JUST**  
**A CREDIT SCORE**




**popmoney**  
The new way to  
give and get  
money.

**Make**  
**Withdrawals**  
**and Cash or**  
**Check Deposits!**



**ATM**



## 2016 Performance Highlights

## Loan Growth

2015

2016

**\$69,777,884****↑ 14%**

## Deposit Growth

2015

2016

**\$81,120,379****↑ 2%**

## Member Growth

2015

2016

**10,428****↑ 14%**

## Equity Growth

2015

2016

**\$9,319,100****↑ 3%**

Income	December 31, 2016	December 31, 2015
Income on Loans	\$3,725,926	\$3,399,929
Income from Investments	\$148,488	\$203,518
Other Income	\$2,403,470	\$2,068,883
<b>Total Operating Income</b>	<b>\$6,277,884</b>	<b>\$5,672,330</b>
<b>Expenses</b>		
Compensation and Benefits	\$1,932,776	\$1,881,975
Travel and Conference	\$20,806	\$31,592
Office Occupancy Expenses	\$270,935	\$265,757
Office Operations Expenses	\$612,946	\$504,686
Marketing and Education	\$195,961	\$141,312
Loan Servicing	\$293,046	\$224,867
Professional Services	\$1,622,610	\$1,396,980
Provision for loan Loss	\$773,567	\$296,294
Other Operating Expenses	\$103,211	\$86,906
<b>Total Operating Expenses</b>	<b>\$5,825,858</b>	<b>\$4,830,369</b>
<b>Income from Operations</b>	<b>\$452,026</b>	<b>\$841,961</b>
<b>Non-Operating Gain (Loss)</b>	<b>(-1,965)</b>	<b>(-10,131)</b>
<b>Dividends and Interest Paid to Members</b>	<b>\$126,443</b>	<b>\$129,488</b>
<b>Net Income</b>	<b>\$323,618</b>	<b>\$722,604</b>