

Minutes of the 60th Annual Meeting

The Chairman, Cecil Mills, called the meeting to order at 10:07 AM on March 23, 2013 at the First Presbyterian Church in Morristown, TN. Mr. Gregg gave the invocation. A total of 389 people attended this meeting with 287 being voting members, 17 teens, and 36 children. The Secretary, Calvin Lacey, verified that a quorum was present.

Craig Peters was appointed as parliamentarian for this meeting.

Cecil Mills presented the nominations for directors recommended by the Nomination Committee. Running for three, three-year terms were Eddie Gilbert, Calvin Lacey, and Cecil Mills. Running for a one-year term was Tom Metzger. All were elected by acclamation.

The following reports were given:

Chairman report	Cecil Mills
Treasures report	Ronnie Moore
Audit Committee	Craig Peters
Presidents report	Mark Creech

Old Business: There was no old business.

New Business: There was no new business.

Lee Johns scholarship recipient for 2012 was Peter Epps.

All Lowland Credit Union employees were recognized for their service.

Service Awards for staff:

John Harvey	3 years of service
Jessica Willis	3 years of service
Stacy Walker	5 years of service
Betty Kinsler	10 years of service
Debra Honeycutt	10 years of service
Vonda Dean	10 years of service
Linda Marshall	29 years of service

Service Awards for directors:

Eddie Gilbert	3 years of service
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Door Prizes Were Awarded.

A Benediction was given by Tom Metzger, followed by the pledge of allegiance to the flag.

The Meeting was adjourned at 10:59 AM.

AGENDA

- Invocation
- Welcome and Verification of Quorum
- Appointment of Parliamentarian
- Approval of Minutes of the 60th Annual Meeting
- Election of Directors
- Chairman's Report - Cecil Mills
- Treasurer's Report - Ronnie Moore
- President's Report - G. Mark Creech
- Audit Report
- Old Business
- New Business
- Lee Johns 2013 Scholarship Recipient
- Awards and Presentations
- Announcement of Election Results
- Awarding of Door Prizes
- Adjournment
- Benediction



61st Annual Meeting

Saturday, March 29, 2014

LOBBY HOURS

Monday - Thursday: 9 am - 5 pm

Friday: 9 am - 6 pm

DRIVE THRU

Monday - Thursday: 8 am - 5 pm

Friday: 8 am - 6 pm

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Joint Report Board & Management

We are truly grateful for your continued support over the past year! 2013 was one of the toughest years the credit union has faced in quite some time and we know that it was equally difficult for some of you as well! The sluggish economy, low interest rates, and the continued regulatory burden all weigh heavily on us. Fortunately our strong capital position (10.27% Net Worth at Year-End) enables the credit union to weather storms such as what we have experienced the past couple of years.

We are proud that we were able to grow assets \$500k last year to over \$78 million and we made a modest \$22k in Net Income. Our modest income was due mainly to high a volume of loans that we had to write off in 2013. We wrote off \$567k in bad loans; however, this number was down from \$700k in 2012. We have tightened our lending policies in order reduce write – offs, it may not be as easy to get a loan as it has been in the past due to these tightened guidelines. While we do not like having to deny loans, we have to protect the overall health of the credit union and maintain increasingly stringent capital ratios as required by the regulators. Maintaining a strong capital ratio and a performing loan portfolio are both crucial in the health of the credit union. We were also faced with having to send NCUA \$57k for the Corporate Credit Union bail out. We have discussed at length this situation in years past but on a bright note, we have been told by NCUA that there will be NO assessment for 2014 and it's very likely that there will be NO assessments in the years to come. Without the dark cloud of the yearly assessment hanging over the credit union, we will be able to do some additional planning and allocate those funds back into the credit union which is a win for the membership.

Electronic services continue to grow at a pace of 15% year after year which is great. Electronic services are the MOST efficient way that we can serve you, so naturally we are pleased that we have seen steady growth in these services over the past several years. We introduced Mobile Banking mid-year 2013 and already have almost one thousand users. Mobile Banking has been the fastest adopted electronic service that we have ever implemented. New technology has enabled us to serve you better than ever and we only expect the trend to continue over the next few years.

We appreciate your patience where the Newport Office is concerned...we had planned to be in a great new office by now but we have hit several snags along the way. We purchased the former Goddard Real Estate office in June of last year and are in the process of remodeling it right now. We hope to be in the new office space by 3rd quarter of 2014. This new office will be almost a \$1 million investment for the credit union in Cocke County. We will more than triple our office space and will be in a much better location. We are committed to the members of Cocke County and we look forward to having a larger, more convenient & a more appealing location for them to use.

As we look forward to 2014 and beyond, we will continue to keep your money safe and secure and will continue to invest in new technologies so that we can better serve you. Thanks to the staff for all their hard work this past year and thank you for your continued support of Lowland Credit Union.

SUMMARY OF SIGNIFICANT CHANGES SINCE LAST ANNUAL MEETING 3/23/2013

Changes to Management	None
Changes to By-Laws	Par Value Shares raised from \$5 to \$25
Important Notes to Changes in Financial Condition	Lowland Credit Union's cost to stabilize to industry losses at US Central & Corporate Credit Unions was \$57K for 2013. NCUA has projected no assessment for 2014.
Changes to Membership Size	Members December 2012: 12,268 Members December 2013: 12,258 New Member Increase (Decrease): 10
Services offered since last Annual Meeting	Mobile Banking

BOARD OF DIRECTORS

Cecil Mills, Chairman
Mark Wisecarver, Vice Chairman
Calvin Lacey, Secretary
Ronnie Moore, Treasurer
Roy Arnwine
Joann Jenkins
Eddie Gilbert
Tom Metzger
Todd Marshall, Associate Director
Tommy Musser, Associate Director

Balance Sheet

	2013	2012
	Unaudited	Unaudited
ASSETS		
Loans to Members	34,736,454	38,065,311
Allowance for Losses	(527,687)	(553,023)
Cash	2,515,271	2,488,407
Investments	38,571,229	35,367,498
Deposit in NCUSIF	711,621	700,311
Prepaid Expenses and Other Assets	642,935	377,768
Property & Equipments, Net	1,729,222	1,417,529
Total Assets	78,379,045	77,863,801
LIABILITIES & EQUITY		
Member's Savings Accounts	71,592,795	69,909,031
Interest Payable on Member's Savings	-	-
Other Liabilities	178,105	40,656
Total Liabilities	71,770,900	69,949,687
Retained Earnings, Substantially Restricted	6,608,145	7,914,114
Total Liabilities & Equity	78,379,045	77,863,801

Statement of Income

	2013	2012
	Unaudited	Unaudited
INTEREST REVENUE		
Interest & Fees on Loans	2,495,213	2,797,247
Interest on Investments	504,288	525,973
Total Interest Revenue	2,999,501	3,323,220
Interest Expense:		
Dividends & Interest Expense On Member Savings	268,846	369,651
Total Interest Expense	268,846	369,651
Net Interest Revenue	2,730,655	2,953,569
Provision for Loan Losses:		
Net Interest Revenue after Provision for Loan Losses	453,547	741,982
Other Operating Revenue	2,277,108	2,211,587
	951,698	961,581
	3,228,806	3,173,168
Other Operating Expenses:		
Salaries & Employee Benefits	1,379,414	1,387,715
Office Occupancy and Operations	126,027	527,905
Professional Fees	809,805	657,839
Members' Insurance	103,945	128,288
Other Operating Expenses	786,824	402,094
Total Operating Expenses	3,206,015	3,103,841
Other Income (Expense):		
Potential Gain (loss) asset for sale	-	-
Gain (loss) on Disposal of Assets	-	-
Gain (loss) on Disposal on Investments	-	-
Net Income	22,791	69,327