

## Minutes of the 61st Annual Meeting

The Chairman, Cecil Mills, called the meeting to order at 10:03 AM on March 29, 2014 at the First Presbyterian Church I Morristown, TN. Hugh Lee Simmons gave the invocation. A total of 390 people attended this meeting with 292 being voting members, 33 non-members, 13 teens, and 52 children. The Secretary, Calvin Lacey, verified that a quorum was present.

Randall Shelton was appointed as parliamentarian for this meeting.

Mark Creech presented the nominations for directors recommended by the Nomination Committee. Running for three, three-year terms were, Joann Jenkins, Todd Marshall, and Tommy Musser. Running for a one-year term was Tom Metzger. All were elected by acclamation.

The following reports were given:

Chairman's report	Cecil Mills
Treasurer's report	Ronnie Moore
President's report	Mark Creech
Audit Committee	Larry Elmore – Pugh CPA's

Old Business: There was no old business. New Business: There was no new business.

Lee Johns scholarship recipient for 2013 was Drew Epps.

All Lowland Credit Union employees were recognized for their service.

Service Awards for staff:

Ellen Leach	25 years of service	Lisa Jones	3 years of service
Mark Creech	20 years of service	Gabby Morgan	3 years of service
Kathy Haley	10 years of service	Shauna Green	3 years of service
Barbara Linkous	10 years of service	Kathy Walker	8 years of service
Monica Worley	5 years of service		
		Pat Jones	Helping as needed

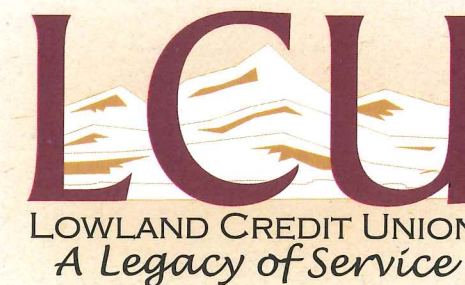
Service Awards for directors:

Roy Arnwine	25 years of service
Ronnie Moore	10 years of service
Mark Wisecarver	3 years of service

Door Prizes Were Awarded. A Benediction was given by Charles Wilder, followed by the pledge of allegiance to the flag. The Meeting was adjourned at 10:59 AM. Ronnie Moore made a motion to adjourn, which was seconded by Tom Metzger.

## AGENDA

- Invocation
- Welcome and Verification of Quorum
- Appointment of Parliamentarian
- Approval of Minutes of the 61st Annual Meeting
- Election of Directors
- Chairman's Report – Cecil Mills
- Treasurer's Report – Ronnie Moore
- President's Report – Mark Creech
- Audit Report – Mark Creech
- Old Business
- New Business
- Lee Johns 2014 Scholarship Recipient
- Awards and Presentations
- Awarding of Door Prizes
- Adjournment
- Benediction



# 62<sup>nd</sup> Annual Meeting

Saturday, March 21, 2015

### 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

1-888-581-8345

[www.LowlandCU.org](http://www.LowlandCU.org)  
[generalinfo@lowlandcu.org](mailto:generalinfo@lowlandcu.org)

### Main Branch

622 West First North Street  
Morristown, TN  
423-581-8345

### Morningside Place

1551 East Morris Boulevard, Suite A  
Morristown, TN  
423-581-8345

### Newport

344 West Broadway  
Newport, TN  
423-623-2800



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## Joint Report Board & Management

Once again, we thank you for your continued support of Lowland Credit Union this past year. 2014 much like 2013 was a tough year for your credit union and we know that the economy has been tough on many of you as well. Low investment rates, the sluggish economy and the continuing burdensome regulatory environment impacted the credit union this past year.

We are proud to report that we grew assets by almost \$6 million in 2014; we ended the year with \$84.3 million in assets and in spite of writing off over \$500k in bad loans we made just over \$23k in Net Income. (That's a reduction in write offs of 12% over 2013). We ended the year with a capital ratio (Net Worth) of 9.58% down from 10.27% in 2013. The decrease in Net Worth is primarily due to deposits growing at a quicker rate than loans. Maintaining a strong Net Worth and a performing loan portfolio can be a delicate balancing act, yet it's crucial for the overall health of the credit union.

We are pleased to report that we did not have to send NCUA (National Credit Union Administration) any assessment (bail-out monies) for 2014 and it looks as though we won't be sending them any for 2015 either. There is even talk that we may get some of prior year's assessments returned to us, but we aren't going to count on it. This has been a challenge for the credit union for the past several years and it looks as though it has come to a close.

Electronic services continue to grow at an annual rate of 15% which is great for the credit union. As we've stated in year's past, electronic services are the MOST efficient way that we can serve you. Along those lines, we would encourage everyone to sign up for e-statements-that's one way you can

save the credit union lots of dollars as we would save on printing costs as well as postage expense. The more monies we save the better deposit and loan rates we can pass along to our members... so adopting the electronic services is a win/win for everyone!

One BIG undertaking that we saw come to fruition in 2014 was our brand new office in Newport that was opened in September 2014. This new office represents a \$1 million investment for the credit union in Cocke County. We have a much nicer office, better location, better parking and a whole lot more space! We appreciate your patience as this has been in the works for almost 3 years but we now have an office in Newport that the credit union employees and members can be proud of.

Another undertaking for this past year was bringing our VISA credit cards in house. We know that there were some "bumps" and the membership all had to have new cards issued; but rest assured the credit union is reaping efficiencies from bringing the portfolio in house. We have much more control over the program and can serve you better since you are not having to depend on a 3rd party to serve our members in this critical area. Your LCU VISA credit card is the BEST credit card deal around, the rate starts at 6.25% (that is unheard of for a credit card rate). If you don't have a LCU credit card go by one of the offices and apply ASAP. It truly is a GREAT deal!

Looking to the future, we will continually strive to keep your money safe and secure and will continue to look for ways to more efficiently serve you. Thanks for the staff for all their hard work this past year and thanks to you the membership for your continued support of this fine institution, Lowland Credit Union.

### SUMMARY OF SIGNIFICANT CHANGES SINCE LAST ANNUAL MEETING 3/29/2014

Changes to Membership Size	None
Changes to By-Laws	None
Important Notes to Changes in Financial Condition	No NCUA Corporate Stabilization deposit required for 2014.
Changes to Membership Size	Members December 2013: 12,258 Members December 2014: 12,103 New Member Increase (Decrease): (155)
Services offered since last Annual Meeting	LCU Visa credit card brought in-house to better serve our members. New state of the art branch office at Newport which translates to a to a \$1 million investment for LCU.

### BOARD OF DIRECTORS

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

## Balance Sheet

	2014 Unaudited	2013 Unaudited
<b>ASSETS</b>		
Loans to Members	32,847,625	34,736,454
Allowance for Losses	(404,150)	(527,687)
Cash	3,411,263	2,515,271
Investments	44,455,995	38,571,229
Deposit in NCUSIF	735,582	711,621
Prpaid Expenses and Other Assets	526,102	642,935
Property & Equipment Net	2,739,336	1,729,222
<b>Total Assets</b>	<b>84,311,753</b>	<b>78,379,045</b>
<b>LIABILITIES &amp; EQUITY</b>		
Member's Savings Accounts	76,431,076	71,592,795
Interest Payable on Member's Savings	-	-
Other Liabilities	198,294	178,105
<b>Total Liabilities</b>	<b>76,629,370</b>	<b>71,770,900</b>
Retained Earnings, Substantially Restricted	7,682,383	6,608,145
<b>Total Liabilities &amp; Equity</b>	<b>84,311,753</b>	<b>78,379,045</b>

## Statement of Income

	2014 Unaudited	2013 Unaudited
<b>INTEREST REVENUE</b>		
Interest & Fees on Loans	2,122,649	2,495,213
Interest on Investments	557,977	504,288
<b>Total Interest Revenue</b>	<b>2,680,626</b>	<b>2,999,501</b>
Interest Expense: Dividends & Interest Expense On Member Savings	243,909	268,846
<b>Total Interest Expense</b>	<b>243,909</b>	<b>268,846</b>
<b>Net Interest Revenue</b>	<b>2,436,717</b>	<b>2,730,655</b>
Provision for Loan Losses: Net Interest Revenue after Provision for Loan Losses	313,671	453,547
Other Operating Revenue	2,123,046	2,277,108
	1,089,182	951,698
	<b>3,212,228</b>	<b>3,228,806</b>
Other Operating Expenses: Salaries & Employee Benefits	1,333,355	1,379,414
Office Occupancy and Operations	155,060	126,027
Professional Fees	846,440	809,805
Members' Insurance	48,317	103,945
Other Operating Expenses	806,055	786,824
<b>Total Operating Expenses</b>	<b>3,189,227</b>	<b>3,206,015</b>
Other Income (Expense): Potential Gain (loss) asset for sale	-	-
Gain (loss) on Disposal of Assets	-	-
Gain (loss) on Disposal on Investments	-	-
<b>Net Income</b>	<b>23,001</b>	<b>22,791</b>