

Minutes of the 65th Annual Meeting

John Walker, Chairman of The Board called the meeting to order at 10:00 a.m. on March 17, 2018 at the First Presbyterian Church in Morristown, Tennessee. James Garrett gave the invocation, followed by the Pledge of Allegiance to the American Flag. A total of 311 people attended the meeting with 236 being voting members, 33 guests and 42 teens & children. The Secretary, Todd Marshall, verified that a quorum was present.

Debbie Honeycutt was appointed as the parliamentarian for this meeting.

The following reports were given:

Nominating Committee Report – Mark Creech gave the report on behalf of the Nomination Committee. There were three (3) chairs open and three (3) directors running for election the Nominating committee made a motion to elect these three (3) by acclamation, Tommy Musser seconded, and the motion passed, all were elected by acclamation. Three (3) years expiring in 2021 were: Roy Arnwine, Leon Cagle, & Ronnie Moore.

Chairman's Report- John T. Walker

Treasurer's Report- Ronnie Moore

Audit Committee Report- Mark Creech

President's Report- Mark Creech

Old Business: There was no Old Business **New Business:** There was no New Business

Lee Johns scholarship recipients for 2017 were:

Rachel Watts, Matthew Bradley, Teresa Lane, Kellie Thornton, Caleb McBride

All Lowland Credit Union employees were recognized for their service.

Staff Service Awards: Revonda Golden-Dean, Debra Honeycutt, & Betty Kinsler were each given 15-year service awards. Sharon Greene was given a 10-year service award and Jay Setser was given a 5-year service award.

Director Service Awards: None

Door prizes were awarded and benediction was given by Eddie Gilbert. The meeting was adjourned at 10:43 a.m.

LOBBY HOURS

Monday -Thursday: 9am-5pm

Friday: 9am-6pm

DRIVE THRU

Monday-Thursday: 8am-5pm

Friday: 8am-6pm

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AGENDA

- Invocation
- Welcome & Verification of Quorum
- Appointment of Parliamentarian
- Election of Directors
- Approval of Minutes of the 65th Annual Meeting
- Chairman's Report – John T. Walker
- Treasurer's Report – Ronnie Moore
- Audit Report - Will McKinney
- President's Report – Mark Creech
- Audit Report- Mark Creech
- Old Business
- New Business
- 2018-2019 Lee Johns Memorial Scholarship Recipients:
 - Teresa Lane
 - Daniel Thornton
 - Kellie Thornton
 - Rachel Watts
 - Kendall Williamson
- Awards and Presentations
- Awarding of Door Prizes
- Adjournment
- Benediction

66th Annual Meeting



Joint Report from Board & Management

It seems we are singing the same song this year just a different verse as far as the challenges that we faced as a credit union. However, we did see increased interest rates, a better economy, and some funds were returned to us on the Corporate Credit Union Stabilization Fund front. We are still dealing with an ever-increasing regulatory burden which indirectly affects the bottom line. But through it all, you, our members have stood by us and when we stand together, we are stronger.

We are proud that we grew assets \$4.17 million or 4.36%, total loan balance decreased \$2.9 million or 4.94%, and we had negative Net Income of \$61,203. Net Income was AFTER we transferred \$697,808 to the reserve for bad loans (an increase of 173% over 2017). As you can see if this reserve transfer had **NOT** been made, we would have had a prosperous year. I'm happy to say that we are fairly-certain that we have the reserve account fully funded as to regulatory requirements and are hopeful that the large reserve transfers will not be required in 2019.

We are glad to report that we received a refund of \$61k of the Corporate Stabilization fund that was established back in 2009. (This is the fund that we refer to as the Corporate Bail-Out fund). Lowland Credit Union contributed over \$537k to this fund over the past 10 years and we should be getting a refund of around \$60k again for 2019. This is good news in that the NCUA share insurance fund (the fund that insures your money) is in great shape. This is also a good indicator of the health of the credit union movement overall, if there were still potential credit union failures out there then NCUA would not be refunding monies paid into the Stabilization Fund.

We are super excited about our new Main Office which is almost complete. As with any construction project, we hit a few snags and have had some delays, but it looks as though we will be in the new office sometime late Spring. We are proud of the investment that we have made into our local community with this new facility and are very proud that we can say that we used a local contractor (Burke-Ailey) to do the work. We are the **ONLY** local financial institution (bank or credit union) in Morristown/Hamblen County and we are the only credit union in Cocke County. Since we are local, we feel it is important to support the local businesses in our area. I cannot stress enough that for us, as a small, locally managed institution to survive against the giants that are in our back yard we have got to have your help and support if we are to remain relevant. If we are going to continue to thrive in this ever-increasing competitive environment, then we need to be your first choice for ALL things financial. We do our best to have competitive deposit and loan rates (and in many cases are the best) so check with us before you check elsewhere.

I want to thank the board for another year of service as well as each-and-every staff member for their service. As we look to 2019 and beyond we will continue to invest in our people, newer & better technologies, and will keep your money safe. We thank you for your continued support and entrusting us with your finances for another year.

SUMMARY OF SIGNIFICANT CHANGES SINCE LAST ANNUAL MEETING 03/17/2018

Changes to Management	Heather Moore named Chief Experience Officer, Sonya Antrican named Chief Lending Officer, and William McKinney named Chief Financial Officer
Changes to By-Laws	None
Important Notes to Changes in Financial Condition	No NCUA Corporate Stabilization deposit required for 2018. Partial refund is expected 3rd quarter of 2019.
Changes to Membership Size	Members December 2016: 12,690 Members December 2017: 12,622 New Member Increase (Decrease): (68)
Services offered since last Annual Meeting	None

BOARD OF DIRECTORS

John T. Walker, Chairman
Brandon Tomassoni, Vice-Chairman
Ronnie Moore, Treasurer
Todd Marshall, Secretary
Roy Arnwine
Leon Cagle
Eddie Gilbert
Joann Jenkins
Tommy Musser

Balance Sheet

	2018 (Unaudited)	2017 (Unaudited)
ASSETS		
Loans to Members	57,357,593	60,430,263
Allowance for Losses	(589,191)	(297,100)
Cash	2,716,730	3,437,411
Investments	33,192,769	28,312,879
Deposit in NCUSIF	892,558	836,183
Prepaid Expenses and Other Assets	471,952	388,249
Property & Equipment, Net	5,731,673	2,657,176
Total Assets	99,774,084	95,765,061
LIABILITIES & EQUITY		
Members' Savings Accounts	91,625,628	87,621,041
Interest Payable on Members' Savings	-	-
Other Liabilities	182,455	46,944
Total Liabilities	91,808,083	87,667,985
Retained Earnings, Substantially Restricted	7,966,001	8,097,076
Total Liabilities & Equity	99,774,084	95,765,061

Statement of Income

	2018 Unaudited	2017 Unaudited
INTEREST REVENUE		
Interest & Fees on Loans	2,582,194	2,391,422
Interest on Investments	539,389	452,260
Total Interest Revenue	3,121,583	2,843,682
INTEREST EXPENSE		
Dividends & Interest Expense		
On Member Savings	398,336	283,949
Total Interest Expense	398,336	283,949
Net Interest Revenue	2,723,247	2,559,733
Provision for Loan Losses	697,808	254,836
Net Interest Revenue after Provision for Loan Losses	2,025,439	2,304,897
Other Operating Revenue:	1,390,649	1,313,039
	3,416,088	3,617,936
Other Operating Expenses:		
Salaries & Employee Benefits	1,448,022	1,517,903
Office Occupancy	176,162	173,778
Professional Fees	940,705	889,256
Members' Insurance	54,828	51,507
Other Operating Expenses	808,576	929,830
Total Operating Expenses	3,428,293	3,562,274
Other Income (Expense)		
Potential Gain (loss) asset for sale	-	-
Gain (loss) on Disposal of Assets	(48,998)	(13,345)
Gain (loss) on Disposal of Investments	-	(10,674)
Net Income	(61,203)	31,643