

NOMINATING COMMITTEE MEETING

The 2017 Nominating Committee met on November 29, 2016 in the Credit Union conference room, 345 South Magnolia Drive. In attendance were Rob Moss, Executive Director Medical Outreach/Practice Management Services, Clarence Herring, Assistant Director Pharmacy Services, and Janis Nall, Director Laboratory. Tim Cook, President, and Maria Legate, VP Administration, were also present.

At this time officers of the Committee were elected. The motion was made by Mr. Herring and duly seconded by Mr. Moss to elect Ms. Nall to serve as Chair. All approved and the motion carried. The motion was made by Mr. Moss and duly seconded by Ms. Nall to elect Mr. Herring to serve as Recording Officer. All approved and the motion carried.

Mr. Cook informed the committee that there are two incumbent directors willing to serve if elected and that there is a vacancy due to Ms. Kelby Tardi, CPA deciding not to serve another term. The committee was asked to determine who should be placed in nomination to fill her expiring term. The committee reviewed biographical information on the candidates (attached to original minutes) and full discussion followed. One topic of discussion was the current make-up of the Board of Directors. Committee members felt that it is of strategic importance that the Board is comprised both retired and actively working individuals, and with a blend of both TMH and non-TMH affiliation.

The candidates selected by the Nominating Committee to serve three year terms were:

- Berinice Mercer-Lewis – 3 year term
- Jamie Sheffield – 3 year term
- Susan Bulecza – 3 year term

A motion was made by Mr. Moss and duly seconded by Mr. Herring to have the candidate names placed in nomination and presented to the Board and the membership. Mr. Cook will notify the membership of their decision and encourage members to file by petition if interested in serving as a board member.

There being no other business, the motion was made by Ms. Nall and duly seconded by Mr. Herring to adjourn at 12:25 pm. All approved and the motion carried.

Respectfully submitted: Clarence Herring, Recording Officer

SUPERVISORY COMMITTEE REPORT

Your Supervisory Committee, volunteers appointed year to year by your Board of Directors, ensures the safety and security of the credit union. The Committee ensures that Management's financial reporting objectives are met and that Management's practices and procedures safeguard the members' assets. Some of the responsibilities this Committee performs include reviewing internal controls, overseeing financial statement audits, and verifying compliance with policies, procedures and regulations; reviewing management reports, attending the monthly meeting of the TMH FCU Board of Directors and periodic training seminars.

Layers of auditing occur on a month-to-month basis to make certain daily operations meet audit and regulatory tests. During 2016 four quarterly audits and a comprehensive balance sheet audit were performed by the auditing firm Sanders, Holloway & Ryan, Certified Public Accountants. We are very pleased to have received a positive report for year end 2016. No adjustments were required to the Credit Union's financial statements.

As a result of an extensive NCUA examination, performed annually, we found that Credit Union records were consistent with the NCUA requirements and there were no questionable practices or procedures. From the Call Report data, the Credit Union also receives a rating from Bauer Financial, Inc. Your Credit Union received a 5-Star Rating nationally for its strength and financial stability.

It is my pleasure to serve on your Supervisory Committee. Be assured that the Board of Directors, Supervisory Committee, Management and the entire staff are determined to keep your credit union on course as your financial institution of choice.

Respectfully submitted: Summer Harrell, Chair

BOARD REPORT TO THE MEMBERSHIP

2016 was another remarkable year of growth and improvements: membership grew by 4.34% for a total of 7,711 members; total loans grew to \$37,414,676.24 outstanding at end of year; total shares grew to \$54,681,471.77 at end of year.

TMH Federal Credit Union remains a viable and stable financial institution because of its sound business and lending practices. At year end the Credit Union held a strong bottom line and a solid capital. A very capable staff handles the daily operations and contributes to the continuity of our operations and performance. Your Board of Directors is intent on providing sound financial management and the highest level of personal financial services for the membership, as evidenced in this past year's services, lending promotions, and improvements.

- The Credit Union established a very successful on-site partnership with Autowise Buying Services, Inc.
- The indirect auto loan program through iDrive continues to provide members further ease and convenience to purchase directly from local dealers.
- EMV cards were implemented to better protect members from debit card fraud.
- The Credit Union held seasonal loan promotions and financing cars with highly competitive rates as low as 1.49%
- Physical and electronic security enhancements were made to the Main Office and the Northeast Branch.
- Discussions began for developing land at Magnolia Drive to better serve our members.

And finally, we have not let up on the critical area of information security.

We are very pleased to announce that our credit union is a five-star rated credit union by Bauer Financial, Inc. for its strength and financial stability. We thank you for your support and the continued support of our sponsor, Tallahassee Memorial HealthCare, Inc.

It has been my pleasure to serve as your Board Chair during 2016.

Respectfully submitted:

Berinice Mercer-Lewis, Chair of the Board

PRESIDENT'S REPORT

YOUR Healthcare Credit Union had another record growth year in 2016. Consumer confidence climbed in December 2016 to the highest level since August 2001, unemployment in the Tallahassee Metro Area remained at 4.4% as of year-end, and home prices are on the rebound. The health care community continues to grow in our area with the opening of the new VA Clinic and the major building expansion at TMH. As a result, total loans grew by 9.95% in 2016 to \$37,414,676 and total deposits grew by 8.41% in 2016 to \$54,681,472 due to your support. Through your credit union's partnership with iDrive Lending, members purchased 139 vehicles totaling \$2,914,337 in auto loans direct from local car dealers. The credit union also had 68 new members join the credit union through this program. In 2016, total members grew by 4.34% due to you referring your credit union to your family and colleagues.

In April 2016, Autowise Buying Services moved on-site at the Main Office with a staff member and a portion of their vehicle inventory. In 2016, members purchased from Autowise 67 vehicles totaling \$1,132,258 in auto loans. In 2018, your credit union will be adding a separate building at the Main Office for Autowise.

In 2016, EMV (smart chip) debit cards were issued to members as their existing debit card expires. As a result, debit card fraud expense continued to decline. Mid 2017, members will start receiving EMV credit cards as their cards expire. If you would like to receive an EMV credit card before your card expires, please contact any member services specialist to place your request.

Thank you for being an owner/ member of this credit union. Please continue to share your credit union with your colleagues and family. Anyone working in healthcare in our area and their immediate family members are eligible for membership. Through your continued support this credit union is one of the safest and fastest growing credit unions in Tallahassee. Supporting the healthcare community by improving the financial life of each member is our priority and our pleasure.

Sincerely,

Timothy L. Cook, President



tmH
federal credit union

ANNUAL MEMBERSHIP REPORT

APRIL 18, 2017
6:00 P.M.

GOODWOOD CARRIAGE
HOUSE
1600 Miccosukee Road
Tallahassee, Florida

*Improving the financial
life of each member is our
priority and our pleasure.*

ANNUAL MEETING AGENDA

- I. Call to Order
- II. Roll Call
- III. Approval of 2016 Meeting Minutes
- IV. Report
 - A. Chairperson's Report
 - B. Supervisory Committee Report
 - C. Financial Officer's Report
 - D. President's Report
- V. Old Business
- VI. New Business
 - A. Nominating Committee Report
 - B. Elections
- VII. Adjourn to Drawings and Dinner

2017 ROSTER OF OFFICIALS

BOARD OF DIRECTORS:

Chair: Berinice Mercer-Lewis
 Vice Chair: Kelby Tardi, CPA
 Recording Officer: Joseph Conklin
 Financial Officer: Paul Lucas
 Directors at Large: Jamie Sheffield
 Christie Sloan
 Vickie Woodell

SUPERVISORY COMMITTEE:

Chair: Summer Harrell
 Committee Members: Debbie Gwaltney
 Clarence Herring
 Auditing Firm: Sanders, Holloway & Ryan, CPAs

NOMINATING COMMITTEE:

Chair: Janis Nall
 Recording Officer: Clarence Herring
 Committee Member: Rob Moss

SECURITY OFFICER and INFORMATION

SECURITY OFFICER: Tim Cook

BSA/COMPLIANCE

OFFICER: Tim Cook

ROSTER OF COLLEAGUES

EXECUTIVE STAFF:

Tim Cook, President
 Grace Chambers, Vice President Member Services
 Maria Legate, Vice President Administration
 Liz Thiele, Vice President Marketing

MANAGERS:

Valerie Papka, Member Services Manager
 Frances Locke, Member Services Manager
 Carolyn Wilson, Member Services Manager
 Susan Smioldo, Financial Literacy Officer

COLLEAGUES:

Patreka Daniels, Loan Officer
 Lisa Crum, Accounting Coordinator
 Debra Enfinger, Accounting Specialist
 Maria Kimball, Accounting Specialist
 Joyce Desilets, Collections Specialist
 Jaylee Beebe, Member Services Representative
 Lisa Gray, Member Services Specialist
 Karen Brokamp, Member Services Specialist
 Yvonne Dorsey, Member Services Specialist
 Erin Libersat, Member Services Specialist
 Zandra Smith, Member Services Specialist
 Derrius Thomas, Member Services Specialist
 Michelle Treadwell, Member Services Specialist

TMH FCU ANNUAL MEMBERSHIP MEETING MINUTES

I. Call to Order

Chairperson Joseph Conklin called to order the Annual Membership Meeting of the TMH FCU membership at 6:10 pm, April 14, 2016 in the Goodwood Museum & Gardens Conference Center at 1600 Miccosukee Road, Tallahassee, FL 32308.

II. Quorum

Mr. Conklin called on Jamie Sheffield of the Supervisory Committee to act as parliamentarian and determine that a quorum was present. Ms. Sheffield declared a quorum of members present and the meeting continued.

III. Minutes from Prior Meeting

The minutes from the last meeting were presented in written form. After review, a motion was made from the floor to approve the minutes as presented. The motion was seconded without changes or objections. The motion carried.

IV. Reports

A. Chair of the Board. Mr. Conklin gave his report in written form. Mr. Conklin highlighted an exceptional year of growth, both physically and financially: greater than ever increased membership growth, increased assets and loan portfolio volume. He thanked the membership for the opportunity to serve and to be working with the talented and professional staff of the Credit Union.

B. Supervisory Committee. Ms. Sheffield gave her report in written form. She summarized how the Committee acts as the "watch dog" of the Credit union to ensure safety and security, and that members are able to direct their concerns to the Committee by way of the audit post office box or report to the Credit Union's external auditing firm, Sanders, Holloway & Ryan. At this time, she introduced Mr. Mark Whitaker, CPA, of the auditing firm. Ms. Sheffield reported that the Credit Union has a history of excellent quarterly and annual audits that have resulted in audit reports of either minor adjustments or no adjustments. She attributed the strength of this performance to the efforts of an exceptional staff. In closing, Ms. Sheffield expressed her appreciation to have worked with the Credit Union since 1970, and for the opportunity to serve on the Supervisory Committee and the Board of Directors.

C. Financial Officer. Mr. Lucas gave his report in written form. He reminded attendees that they are both members and owners of the Credit Union and he thanked them for their contribution to an exceptional financial performance in 2015. He attributed that success to the membership working in an industry that has provided a stable environment for the Credit Union: healthcare. He summarized financial highlights and thanked the membership for the opportunity to serve on the Board of Directors.

D. President. Mr. Cook presented his report in written form. Mr. Cook took time to recognize the members of the Board of Directors and the Supervisory Committee. He thanked them for their time and commitment, noting that they always come to work to do their jobs well for the benefit of the membership. He thanked the attendees for taking time to come tonight and reminded them that as an account holder they are owners of the Credit Union.

Mr. Cook noted that healthcare is thriving, recognizing both the Credit Union's sponsor, Tallahassee Memorial Healthcare, and all medical professionals and practices. He further stated that he appreciates that the Credit Union is able to serve the best care-givers in the area. Mr. Cook highlighted exceptional financial performance in 2015, new services, and growth opportunities that opened up with the purchase of the land parcel behind the Magnolia Drive main office. At this time he named and recognized each employee of the Credit Union, thanking them for their dedication to the membership. He asked the members to continue telling their immediate family members and co-workers about the Credit Union and that once a member, always a member.

In closing, Mr. Conklin recognized board director Mr. Al Parker who was not able to attend tonight but who has been involved with the Credit Union since the 1970's. Mr. Conklin announced that Mr. Parker is retiring from the Board of Directors.

At this time the motion was made from the floor to accept all the reports as presented. The motion was duly seconded without changes or objections. The motion carried.

V. Old Business There were no old business items.

VI. New Business

The Nominating Committee Report was presented by Tim Cook in written form with the slate of candidates to be elected to the Board for 3-year terms:

• Paul Lucas • Christie Sloan

Mr. Cook explained that Mr. Lucas's term is ending and that he has gladly agreed to continue in service for another term. He explained that Mr. Al Parker's term is also ending, due to his retirement from the Board effective tonight. Ms. Christie Sloan is a veteran board member, and has returned to Tallahassee and able to serve again bringing with her many years of leadership experience and knowledge. There were no petitions filed and the slate of candidates was elected by acclamation.

VII. Adjournment

In conclusion, Mr. Cook thanked the membership again for attending this evening. At this time, the motion was made from the floor to adjourn. The motion was duly seconded and the motion carried. Mr. Cook adjourned the meeting at 6:35 pm. The membership enjoyed drawings for prizes and dinner following the meeting.

Minutes Submitted By:

Glenn Strickland, Recording Officer

FINANCIAL OFFICER'S REPORT

What a remarkable financial year your credit union experienced. As of December 31, 2016:

- Total shares and deposits increased 8.41% with \$ 54,681,471.77 deposited.
- We had excellent loan growth at an increase of 9.95% with \$37,414,676.24 loans outstanding.
- The loan-to-share ratio was 68.42% at year-end compared to 63.78% peer average ratio.
- Our delinquent loan ratio slightly increased to 0.35%, which is far below peer average ratio of 1.11%.
- We saw positive movement in member growth at 4.34%, far exceeding peer average ratio of 1.32%, for a total of 7,711 members.
- Your credit union is well-capitalized according to NCUA, with Net Worth/Total Assets of 10.12%, and earned \$284,900.25 in net income for the year.

We strive to make sound lending decisions on a daily basis and we remain committed to recovering every dollar.

2016 LOAN LOSS REVIEW:

TOTAL LOSSES: \$189,306.64
 RECOVERED: \$40,959.05
 NET LOSSES: \$148,347.59

HISTORICAL COMPARISON

YEAR	LOANS	#APPROVED	# DENIED	%DENIED
2016	3528	2319	1209	34.27 %
2015	3453	2262	1188	34.40 %
2014	2814	1754	1123	39.90 %
2013	2647	1744	903	34.11 %
2012	2774	1827	947	34.14 %

Thank you for being a member/owner and giving us the opportunity to serve your financial needs. I encourage you to continue using the credit union and invite your family members and your healthcare friends to join. It has been my pleasure serving as your Financial Officer of the Board of Directors.

Respectfully submitted:

Paul Lucas, Financial Officer



INCOME STATEMENT

DECEMBER 31, 2016

REVENUE	
Interest on Loans	\$2,011,954.72
Income on Investments	\$130,422.29
Total Interest Income	\$2,142,377.01
Dividend Expense	\$186,041.69
Provision for Loan/Share Loss	\$ 204,320.24
Non-Interest Income	\$1,263,630.00
OPERATIONAL EXPENSE	
Compensation/Benefits	\$1,135,178.31
Travel/Conference	\$39,470.40
Association Dues	\$26,380.94
Office Occupancy	\$128,665.77
Office Operations	\$164,722.58
Marketing	\$46,549.38
Loan Servicing	\$238,379.02
Outside Services	\$865,346.50
NCUA Operating Fees	\$10,983.70
Cash Over Short	\$(175.90)
Annual Membership Meeting	\$15,365.49
Misc. Operating Expense	\$4,234.60
Total Operating Expense	\$2,675,100.79
Gain/Loss in Disposal of Assets	\$ (668.87)
Gain/Loss on Investment	\$ (54,975.17)
NET INCOME	\$284,900.25

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2016

ASSETS	
Total Loans	\$37,414,676.24
Allowance for Loan/Share Loss	\$(159,884.05)
Total Cash and Investments	\$20,988,168.82
Prepaid - Deferred Expense/Income	\$165,127.15
Land and Building Net	\$2,657,876.52
Furniture and Equipment Net	\$110,160.02
All Other Assets	\$779,058.51
Total Assets	\$61,955,183.21
LIABILITIES	
Other Liabilities	\$1,004,218.34
Share	\$54,681,471.77
Capital	\$6,269,493.10
Total Liabilities & Equity	\$61,955,183.21