

Annual Report

66th Annual Meeting of the Membership



Yeah...We have an expert for that.

TLC Community
Credit Union
Community Owned. *Always!*

MINUTES OF THE 65TH ANNUAL MEETING

JULY 27, 2020

HELD VIRTUALLY

Roll Call:

- The Annual Meeting was called to order by Chairman Mark Spohr at 5:30 P.M.
- Mark welcomed the membership and began explaining that the original Annual Meeting was scheduled for March 14, 2020. On March 12, 2020, the decision was made to delay the meeting due to the COVID-19 pandemic. Much thought and careful consideration was given in coming to this decision. It was decided that a delayed meeting would be held in a virtual setting this year.
- Directors present: Mark Spohr-CCUB, Dave Miller, Troy Bevier (virtual), Joe Murphy, Dick Egli-CCUV, Mark Bruggeman
- Others present Randy Smith-CEO/President, Roy Cadieux, EVP Operations (virtual), Robert Schrock SVP Loans (virtual), Lori Pawson, AVP Internal Audit/Compliance/Security – Recording Secretary, Terrie Hall, Supervisory Committee – Chair, Dana Carver, Supervisory Committee - Member
- Excused: Jeff Brehmer, SVP Administration
- A quorum was established.

Introduction of Nominees and Voting Instructions:

Dick Egli, Nominating Committee Chairman, introduced the members of the Nominating Committee. In addition to Dick Egli, Mark Bruggeman, and Troy Bevier served on the committee. The Nominating Committee prepared to meet about the three available positions this year. Notice was sent to the membership encouraging interested members to apply for those open seats. Seven individuals showed interest and requested packets with information on all that is involved in how to apply and run for the open seats. The committee did not receive completed applications from any of the interested parties by the filing deadline. The three incumbents agreed to continue to serve on the board. No election was required.

Chairman's Report:

Chairman, Mark Spohr gave the report.

- Last year was a very successful year where we saw growth in membership and assets.
- We are proud of TLC and all they do. This past year we were recognized as one of the healthiest credit unions in the nation as well as being the best financial institution in Lenawee County.
- TLC is very involved in our community and have supported many organizations. A few of the organizations we have supported are Boy Scouts, Thank A Vet, Kiwanis Club, Monroe and Lenawee County Fairs, Habitat for Humanity, United Way, Boys and Girls Club, and the Catherine Cobb Women's Shelter. The support provided to these organizations included monetary donations as well as volunteer hours by the staff of TLC.
- The success of the credit union is based on the strategic plan that is created with input from board, management, and buy in by the staff. It is important that we all work together to help move the CU forward.
- Mark thanked the Board members and Supervisory Committee for their dedication, time commitment and commitment to continued education.
- Moving forward we have challenges. The challenges include regulatory, other competition and for this year, adhering to the strategic plan during a pandemic. It has been a challenge this year due to all the changes needed due to COVID to keep staff and members safe. Thank you, membership, and staff, for adapting to the changes that had to be made along the way.

Motion to Accept Minutes from Last Year:

Chairman, Mark Spohr called for a motion to accept minutes from the Annual Meeting held in 2019:

- Motion was made by:
1st - Mark Bruggeman
2nd - Dave Miller
Motion carried.

Presidents Report:

CEO Randy Smith gave the President's, Treasurer's, and Credit Committee reports.

Randy agreed with Mark on the challenges we have experienced due to the pandemic. The membership has been extremely cooperative and thoughtful as we have made the changes necessary to open the business and keep it open.

- Last year was an extremely good year with all seven branches making a difference in their community.
- At year end, we had attained \$500 million in assets. At mid-year, we have attained \$600 million in assets. With our current asset size, it puts us in top 10% of credit unions nationally.
- Direction – We have three main goals: technology use, maintain a strong financial position and increase membership. We have been very successful with all three goals.
- Randy thanked the Board and Supervisory Committee their dedication and commitment to the organization, thanked the staff for making us successful, and thank the membership for their support.
- Federal regulation requires a credit union to have a minimum capital ratio of 7% to be considered well-capitalized. TLC ended the year with a capital ratio of 15.00%. This strong capital position allows us to be sustainable and to get through tough times like a pandemic.
- Net earnings for year end 2019 was \$6,200,000.
- TLC has a strong lending presence. We made total of \$95 million in loans to the members in the communities we serve.
- Consumer loans made to members totaled \$52 million.
- Mortgage loans made in 2019 totaled almost \$39 million.
- Commercial business loans made reached almost \$5 million.

Supervisory Committee Report:

Chairman, Terrie Hall gave the report.

- The committee for 2019 consisted of Terrie Hall, Vickie Felton, and Chris Lane.
- Terrie discussed the purpose of the committee. It is broken down into three areas. They are responsible for making sure the Board and management team of the credit union meet required financial reporting objectives and establish risk management practices, communicate through the Internal Auditor/Compliance Officer with the State and Federal Regulators to ensure management responds appropriately to the annual examination findings if necessary. The committee ensures that at least once every calendar year an audit is performed. We use the services of Doeren Mayhew CPA firm for our annual audit and account verification.
- The annual audit reported member assets are being used appropriately, records are properly maintained and there were no major findings.

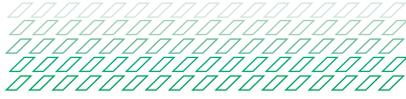
Old Business: None

New Business: None

Motion to adjourn:

- Motion to adjourn made by:
1st - Mark Bruggeman
2nd - Joe Murphy
Motion carried.

Meeting Adjourned at 5:48 P.M.



PRESIDENT'S REPORT

What a year! 2020 was an extremely unusual and stressful year for you, for me, and for our 120 plus employees operating our seven branches. All the preparation one can take could not have prepared us for this pandemic as none of us have ever been through it before. For your patience, for your continued business, your support and for your understanding of having to do business differently due to the worldwide pandemic... I thank you!

All things considered your credit union performed extremely well financially. Our assets grew to over \$635 million dollars which is in the top 10% of credit unions nationally. Even in a worldwide pandemic we made over \$130 million dollars in loans to members and businesses. These numbers along with a very strong net income produced from operations kept your credit union in the great financial shape it has been in for many years... well capitalized and profitable.

Over time and through many generations since TLC Community Credit Union was founded, it is understandable that many in the public would not understand the concept of our model – the credit union model. Credit Unions were established as a financial cooperative, with the mission of providing members with financial services at the lowest possible price and with the best possible personal service.

Simply said – as a not-for-profit financial cooperative our member and our community is the priority.

1. We aim for providing low cost services.
2. We expect and strive for great personal service.
3. We strive to remain relevant with branches and with technological advancement.
4. We look to fund and participate in projects for the better good of our communities.
5. We run the organization in a manner to remain financially strong, to meet regulatory requirements as well as being able to continue to provide improved financial tools to the generations.

Each year the board of directors elected by you in this annual meeting process, works with management as your voice to keep the credit union successful and moving forward. They strive to make sure management does its best to meet our loyal member's needs while balancing the many governmental regulations and requirements.

Your board members along with appointed supervisory committee members direct management's efforts using the following strategic direction and setting the following main objectives year to year:

Our Strategic Direction

TLC Community CU will strengthen our leadership position as the premier locally owned financial institution in Lenawee County while maintaining a strong financial performance by:

1. Using technology to attract and maintain members, increase member satisfaction and operational efficiency.
2. Maintaining a strong financial position.
3. Increasing membership with a focus on the member using TLCCU as their PFI (Primary Financial Institution).

Our strategies for growth, for improved technologies and for laying the groundwork for continued success is a direct result of the strategic planning meetings and business planning process that your elected volunteer officials take very seriously.

In prioritizing efforts, our focus this year will be to improve and strengthen our technological platform thus improving our online banking and bill pay systems, our mobile online banking system and our ATM network with the goal of greater member satisfaction, improved member experiences and ease of use.

In closing, I want to thank each one of our employees who provided you the best service they could while battling COVID-19 concerns at work and home. I want to thank the membership for your understanding on COVID rules, branch closings, appointment making and being moved to use more technology for basic financial service needs.

The pandemic will have some good unintended consequences. One being that many businesses, including TLCCU will provide convenient options for moving all of us to a more efficient, convenient means of doing business using technology.

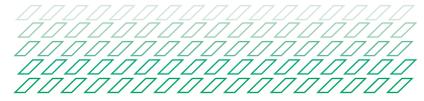
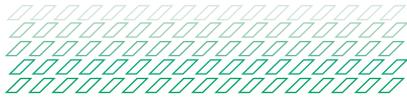
Out of this tumultuous year, we have gone on to develop and will be introducing our "eBranch". The eBranch's charge is to assist members with technology banking issues, teach members to better use our improved online – mobile banking platform and to educate members on making their financial lives easier, quicker and at your convenience – with mobile phones, computers, ATMs and more.

I thank you for your business and for your support,

Randall L. Smith

Randall L. Smith - CCUE
President and CEO
TLC Community Credit Union
"Community Owned - Always!"





COMPARATIVE FINANCIAL REPORT

ASSETS	2020 (UNAUDITED)	2019
Outstanding Loans (Net)	\$308,968,869	\$281,965,994
Cash and Investments	\$309,101,866	\$225,637,567
Property and Equipment, Net	\$9,580,075	\$9,448,886
Other Assets	\$9,220,513	\$7,954,083
TOTAL ASSETS	\$636,871,323	\$525,006,530

LIABILITIES & MEMBER EQUITY

LIABILITIES

Accrued Interest & Dividends	\$236,367	\$302,516
Borrowed Funds	\$0	\$0
Other Liabilities	\$2,582,002	\$2,652,955
TOTAL LIABILITIES	\$2,818,369	\$2,955,471

MEMBER EQUITY

Shares-Drafts-Clubs-Money Mkt	\$442,681,166	\$335,658,884
Certificate of Deposits/IRAs	\$100,377,418	\$106,695,089
Undivided Earnings and Reserves	\$90,994,370	\$79,697,086
TOTAL MEMBER EQUITY	\$634,052,954	\$522,051,059

TOTAL LIABILITIES & EQUITY	\$636,871,323	\$525,006,530
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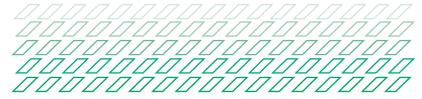
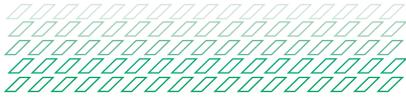
INCOME AND EXPENSES

Gross Income	\$25,099,960	\$23,672,498
Less Dividends and Interest	\$2,536,179	\$2,626,564
Less Operating Expense	\$15,010,458	\$14,755,223

NET EARNINGS	\$7,553,323	\$6,290,711
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INFORMATIONAL PURPOSES ONLY

Total Net Worth	\$90,994,370	\$79,697,086
Net Worth Ratio	14.29%	15.18%



2021 BALLOT

Chris Lane (Incumbent)



Chris has been a member of TLC Community Credit Union since 2007. He is active in the community serving as a member of the Kiwanis Club of Adrian and as a Member of the Kiwanis Club Foundation Board. Chris is a licensed builder and United States Marine Corps veteran. Chris has studied Business Administration at Siena Heights University, Wayne State University and Henry Ford Community College. Chris and his wife, Jini, have two daughters, one son and four grandchildren. Chris currently serves as Secretary on the TLC Community Credit Union's Board of Directors.

Joseph Murphy (Incumbent)



Joseph grew up in Tecumseh and has been a member of TLC Community Credit Union since 1977. He has previously served on the Supervisory Committee for TLC Community Credit Union before becoming a Director in 2018. Joseph has attended several credit union educational events offered through the Michigan Credit Union League. He earned a Bachelor of Applied Science from Siena Heights University. Joseph and his wife, Lisa, reside in Tecumseh; they have three daughters, one son and three grandchildren. Joseph currently serves as Treasurer of TLC Community Credit Union's Board of Directors.

Aaron Ricketts (Nominee)

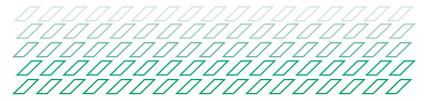
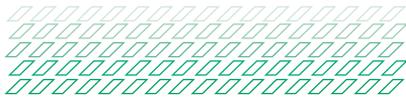


Aaron has been a member of TLC Community Credit Union since 1988. He is active in the community serving as a member of the Lenawee County Department of Veteran Affairs Executive Committee, former commander with AMVETS Post 1957, a lunch buddy with Communities in Schools Lunch Buddy program and a former ambassador for the Adrian Area Chamber of Commerce. Aaron is the owner of Ricketts, Ricketts & Associates, and a licensed Financial Advisor. He earned a Bachelor of Science in Public Law and Government from Eastern Michigan University and is a graduate of Tecumseh High School. Aaron and his wife, Karen, reside in Adrian; they have two children, and two grandchildren.

Lisa Weddle (Nominee)



Lisa has been a member of TLC Community Credit Union since 2019. She recently relocated to Michigan and is becoming active in the community by volunteering with her church. Before moving to Michigan, she volunteered with Southeastern Guide Dogs, Smith Foundation and served as a facilitator for Therapeutic Foster Parenting Certification classes. Lisa is the co-owner of Naugle Heating & Cooling LLC. She has a Bachelor of Business Administration, is a graduate of Florida Trust School and has over 25 years of experience in the financial industry. Lisa and her husband, James, reside in Onsted; they have two daughters.



2020 BOARD OF DIRECTORS/COMMITTEE MEMBERS

Chairman of the Board
 Vice Chairman
 Treasurer
 Secretary
 Director

Mark Spohr
 Richard Egli
 Joe Murphy
 Chris Lane
 Troy Bevier
 Mark Bruggeman
 Meredith Francis
 Vickie Felton
 Dana Carver

Supervisory Committee

SENIOR MANAGEMENT

President, Chief Executive Officer
 Executive Vice President, Operations
 Senior Vice President, Administration
 Senior Vice President, Lending
 Vice President - Accounting
 Vice President - Audit, Compliance, & Risk Management
 Vice President - Consumer Lending & Call Center
 Vice President - Human Resources
 Vice President - Information Technology
 Vice President - Marketing
 Vice President - Mortgage Lending
 Vice President - Operations

Randall Smith
 Roy Cadieux
 Jeff Brehmer
 Robert Schrock
 Mary McKinney
 Lori Pawson
 Lorie Easton
 Linda Tomford
 Paul Corazzol
 Suzanne Miller
 Alisha Morton
 Alycia Nichols

BRANCH LOCATIONS



Main Office
 3030 S. Adrian Hwy.
 Adrian, MI 49221



Tecumseh Office
 1102 W. Chicago Blvd.
 Tecumseh, MI 49286



Beecher Office
 2522 W. Beecher St.
 Adrian, MI 49221



Clinton Office
 11839 Tecumseh-Clinton Hwy.
 Clinton, MI 49236



North Adrian Office
 1325 N. Main St, Ste. A
 Adrian, MI 49221



Dundee Office
 102 Cabela Blvd. E., Ste. D
 Dundee, MI 48131



Blissfield Office
 907 E. US 223
 Blissfield, MI 49228