

ANNUAL REPORT 2015

**ONCE A MEMBER,
ALWAYS A MEMBER**



**Community
Credit Union**



1956 - 2016

MINUTES OF THE 60TH ANNUAL MEETING

March 21, 2015 - Len. Co. Fair Grounds

A. Roll Call

The Annual Meeting was called to order by Chairman Mark Spohr at 4:35 P.M.

- Directors present: Mark Spohr, Dave Miller, Linda Rosacrans, Jim Baldwin, Ron Wimple, Dick Egli and Patty Gerth.
- Supervisory Committee Members present: Chris Lane, John Clark, Joe Murphy and Corey Hinman
- Others present: Randy Smith-CEO/President, Mike Servoss, EVP. Administration, Roy Cadieux EVP Operations and Robert Schrock VP Loans.

B. Motion to Accept Minutes from Last Year.

Jim Baldwin called for a motion to accept minutes from the Annual Meeting held in 2014. Motion was made by

1st Ray Stockinger
2nd Pete Dermeyer
Motion Carried

C. Call for Ballots:

When it was determined all eligible members had voted the ballots were collected and given to Mike Servoss, Roy Cadieux and Robert Schrock to be counted.

D. Presidents Report:

Randy stated as he thought about the Annual Meeting and his report for this year he decided the financial report could speak for itself, he would take a look back at our journey. 2014 financial results speak quite loudly as we had an excellent financial year but sometimes it is wise to ponder where you came from to define and strategize where it is you want to go.

In 2014 a long time community bank was purchased by a major bank. That purchase had an impact on TLC Community Credit Union in many positive ways; we are now one of a few locally owned financial institutions left in Lenawee County and the largest by far. We have benefited by many new members joining TLC, finding out what credit union service is all about, and learning the ease of transacting business at TLC.

He stated many members may not be familiar with History of TLC, so it never hurts to revisit where we came from. Credit Unions are a not-for-profit but is a for service financial institution. We are still required to increase our capital reserves as we grow assets. We are state and federally regulated as is any other financial institution. Your deposits are federally insured by the National Credit Union Association, an agency of the U.S. Government.

In 1956 we were founded to serve Tecumseh Products employees. The name was Tecumseh Products Employees Credit Union and had one employee. In 1961 Wayne Zettel was hired as the first manager. At that time the charter was changed to include all Tecumseh Area Employees thus the new name was Tecumseh Area Employees Credit Union. In 1984 the charter was changed by merging with the Lenawee County Community Credit union becoming TLC Community Credit Union. TLC is an acronym for Tecumseh Lenawee County. In 1987 the building on US 223 at M52 was built and we have since built branches in Blissfield, on West Beecher in Adrian and have leased office space on North Adrian Hwy in Adrian. Our newest office is on Chicago Blvd. in Tecumseh.

Today we are in the top 10% of Credit Unions in the nation measured by size and net worth. We serve over 44,000 members and manage more than \$374,000,000 in assets. Our capital position is over 14% of assets-the regulatory minimum is 7%. We employ over 100 of the best staff members anywhere at our 5 branches.

We are well positioned to serve our current and ever growing new member base. He stated, in his opinion the economic outlook is bright for Lenawee County's largest-locally owned financial service provider.

E. Chairman's Report:

Mark stated what an incredible year for TLC, which was filled with challenges but was very rewarding. One of major competitors presented us with an opportunity that enabled us to see tremendous growth in both members and assets. Our reputation and commitment to being "locally owned" was a major contributing factor. Our primary mission is and will be to represent members and managing growth. I assure you that as in the past new challenges will be handled

appropriately as part of the strategic planning process and by a very dedicated supportive staff.

I am pleased to report during a year of remarkable growth, TLC has remained financially sound and strong. We set ourselves apart from other financial institutions with quality member service, calculated growth strategies and innovated programs. This reputation enabled TLC to again be voted "The Best Financial Institution in Lenawee County"

Our Credit Union is governed by a member elected Board of Directors with competent experience in strategic planning, Leadership, financial oversight, compliance, technology, innovation and member service. Each year the Board and Management Team review our Mission and Vision to develop clear and attainable goals. This past year the overall goals were achieved.

He stated he wished to thank the Board of Directors and the Supervisory Committee for their unpaid volunteer service. Their dedication to training has helped them to provide the proper vision and a proactive approach.

He stated he wished to thank the dedicated management team and employees who have contributed to our mission of exceptional member service, throughout this busy and productive year.

On behalf of the Board of Directors, I want to thank you for supporting TLC and continuing to share in its success. Even though our Credit Union was founded over a half century ago, we remain focused on the same mission—serving our members.

F. Credit Committee:

Another productive year in the area of lending as follows:

• Home Equity	\$ 2,011,862
• Mortgage	\$16,373,027
• New & Used Auto	\$32,569,375
• Business Loans	\$ 1,536,503
• All other loans	\$15,653,297
Total loans made	\$68,144,064

Our Collection Department has continued to do an excellent job of mitigating our shortfalls using a straight forward collection approach. The Credit Committee would like to thank the entire credit union staff for sharing TLC's commitment of extending more financial opportunities and creating more value for members.

G. Treasurer's Report:

• Total Assets for 2014	\$374,110,033
• Total Liabilities & Equity	\$374,110,033
• Total Net Earnings	\$4,290,799

Total Net worth was \$52,893,431, with a Net Worth ratio of 14.14%.

H. Supervisory Committee Report:

Chris Lane gave the report stating the members of the committee are Joe Murphy, John Clark, Chris Lane, and Corey Hinman as the alternate. He discussed the function of the committee is to ensure ongoing reviews and audits too make sure credit union records are maintained properly, honestly, and accurately, that policies established by law and board of directors are carried out faithfully and that members assets are safe guarded. They work closely with Lori Pawson, TLC's compliance officer.

I. Old Business: None

J. New Business: Randy presented an award to Dick Egli for obtaining his volunteer certification (CCUV). Awards were presented to staff members for years of service with TLC.

K. Election results: Dick Egli gave the election results from 237 collected votes. Linda Rosacrans and Jim Baldwin were reelected to the board. Others running for election were Jeff Behmer, Jim Hammond, Mark Murray and Curtis Parsons.

L. Motion to adjourn: Meeting adjourned at 5:30 PM; Motion to adjourn made by:

1st Ron Wimple
2nd Shirley Spohr
Motion carried.

PRESIDENT'S REPORT

60 Years and Going Strong

As you realize, TLC Community Credit Union is celebrating 60 years of service to the community of Lenawee County. Founded in 1956 by the employees of the Tecumseh Products Company, we continue to grow, increase assets and provide low cost excellent financial service to our membership.

Most all credit unions were founded to serve a single entity much like we were in 1956. We were founded by Tecumseh Products employees to serve the Tecumseh Product's employees – thus our initial name: Tecumseh Products Employees Credit Union. Our office was in their lunch room with the late Beth Brown as the only credit union staff member.



Beth Brown, our 1st employee.

Times change and thriving organizations need to change and adapt in order to remain viable in a very competitive environment. Credit Unions, large and small still in business today have had to change the manner in which they operate as well as the regulations they are required to adhere to in order to remain in operation.

The initial step in our change was to hire Wayne Zettel in 1961 as the first manager. In the 1970s, the credit union then changed its common bond or charter to serve Tecumseh Area Employees – thus the credit union's new name at that time was Tecumseh Area Employee's Credit Union.

In 1984, Tecumseh Area Employee's Credit Union again changed its charter by merging with the Lenawee County Community Credit Union, thus becoming TLC Community

Wayne Zettel, our 1st manager.



Credit Union. This was the strategic move that set in motion our ability to accomplish what we have since. Instead of serving select employee groups, we were now able to serve the entire community, which included anyone living or working in Lenawee County along with any family members of current members that wanted to join.

In 1987, we built what is now our main office on the corner of M-52 and US-223 in Adrian. We opened the office in April of 1988. We have since built offices on West Beecher road in Adrian, US-223 in Blissfield, and have leased office space on North M-52 in Adrian. Our newest office, built in Tecumseh on Chicago Boulevard, gave us much needed visibility and better access for our Tecumseh area members.

Times have changed over the decades of service but our mission has never wavered. Service to our membership was and remains our primary focus and our most important function. Our current Strategic Direction Statement established by the board of directors and management of the credit union reads:

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

1. Achieving steady balanced growth with a focus on loans and PFI members (members using TLC as their primary financial institution)
2. Attracting youth and retaining members who leave the area
3. Staying relevant with changing technologies and delivery methods

Back in the early days of our existence I am sure that there were no written vision statements or strategic plan statements, however I know that the objectives were the same – to provide members of the credit union the service behind the principles that credit unions were founded on. I know that because my friend, mentor and Director Emeritus Wayne D. Zettel instilled that into me and everyone else that

has worked with and for him. He lived it every day when he was the General Manager and then the Chief Executive Officer of the credit union from 1961 to 2000.

Today, TLC Community Credit Union is recognized in the top 10 percent of credit unions in the nation when measured by size and net worth. We now offer many complex financial services that were once only available at very large regional and national institutions. We are a full financial service credit union.

As you can see by our financial statement snapshot in the financial report, we are strongly positioned for future success both financially and competitively. This position was set up by TLC's past financial performance. We now serve more than 46,000 members and manage more than \$400,000,000 in assets. Our capital position is over 14 percent of assets – the regulatory minimum is 7 percent. We are well positioned to continue to offer our current members and our ever-growing new member base the financial services they desire.

Is the Past a Good Predictor of the Future?

In my opinion, the economic outlook is bright for Lenawee County's largest locally-owned financial service provider.

We are well-positioned to continue to loan money to borrowers and to accept deposits from depositors while providing many other ancillary financial services that members use to assist them in their daily lives. While we will always look for ways to grow and expand, we will continue to make all of our strategic decisions with the best interest of both the member and the future of TLC Community Credit Union in mind.

I thank each and every member of the Credit Union reading this report for what you have done and for what you continue to do to make us what we are today. We take our reputation for service very seriously and hope that we are meeting your expectations each and every time you visit us.

Sincerely,



Randall L. Smith – CCUE
President and CEO
TLC Community Credit Union



61ST ANNUAL MEETING

**ONCE A MEMBER,
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CHAIRMAN OF THE BOARD REPORT

As we celebrate TLC Community Credit Union's 60th Anniversary, I would like to thank everyone who has helped make TLC what it is today. This includes the handful of individuals who founded the initial Credit Union in Tecumseh and to all of the individuals who are associated with TLC today.

Over the years, TLC has seen many changes in management, volunteers, staff and membership. Throughout TLC's history there has been continuous growth, during the good times as well as some of the more challenging times. There are many stories over the years as to how the Credit Union persevered with the help of the membership as well as how the Credit Union has assisted members in time of need. This is one of the many things that differentiates a Credit Union from other financial institutions, especially TLC.

Since 1955 when the first annual meeting was held, to 1956 when the first deposits were made, TLC has enjoyed a long tradition of growth and a great reputation within Lenawee County. Sixty years ago the Credit Union started at the Tecumseh Products Company with a cash box and a few savings accounts. Today TLC serves all of Lenawee County as well as some additional surrounding communities. It is a total financial institution offering a wide variety of personal and business services. There are also many physical locations as well as other ways to access accounts and to seek information. From its modest beginnings to today, TLC can be considered a Global institution, which can assist members, wherever they may be.

During the past year TLC again experienced growth, in both members and assets and is well positioned to move forward. Much of this growth and overall success can be directly attributed to our past, as we have continued to

build on our reputation and our service to the membership. As we move forward, our primary focus will continue to be, representing the membership and managing the growth. This is achieved by everyone working together and following the Strategic Business Plan, which is jointly developed by the volunteers and management.

In closing, I wish to thank the Board of Directors and the Supervisory Committee, for their service as volunteers. I also want to recognize the dedicated management team and staff who have contributed to our mission of exceptional member service, throughout this busy and productive year. As part of being a leader in the community, I believe it is important to give back and wish to express thanks to the many staff members who have volunteered their time and support, to various community activities.

In closing, on behalf of the Board of Directors, I primarily want to thank you the members for supporting TLC and continuing to share in its success. Even though our Credit Union was founded over 60 years ago, we will remain focused on the same mission – serving our members.

With appreciation,



Mark D. Spohr, CCUV
Board Chairman



CREDIT COMMITTEE REPORT

The Credit Committee is extremely pleased to report an outstanding year in the area of lending. We were able to make loans to our members totaling \$83,990,399.00

Our Member Business Loan Department made loans totaling \$1.7 million. The business loan portfolio ended the year at \$8.1 million in total outstanding loans.

The Mortgage Department continued to make loans to our members to purchase new homes and to re-finance loans from other institutions. Mortgage and Home Equity loans made during 2015 totaled nearly \$30.6 million.

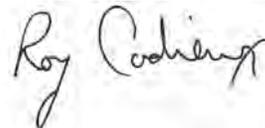
Our Loan Officers made consumer loans to members totaling \$51.7 million. The funds from these loans were used to purchase new and used vehicles, boats, motorcycles, motorhomes, and many other items. This achievement was a direct result of our competitive loan products and the hard work and dedication of our staff.

Our Collection Department has continued to do an excellent job of mitigating our shortfalls using a proactive, straightforward collection approach. They accomplish this task while keeping in mind the personal aspects of the job.

The Credit Committee would like to thank the entire credit union staff for sharing TLC's commitment of extending more financial opportunities and creating more value for our members.

LOANS MADE – 2015

HOME EQUITY	\$ 2,130,549
MORTGAGE	\$ 28,443,978
NEW & USED AUTO	\$ 38,458,524
BUSINESS LOANS	\$ 1,745,986
ALL OTHER LOANS	\$ 13,211,362
TOTAL LOANS MADE	\$ 83,990,399



*Roy Cadieux, CCUE
Executive Vice President of
Operations*



SUPERVISORY COMMITTEE REPORT

The Supervisory Committee meets every other month with TLC's Compliance Officer, Lori Pawson. Our committee is comprised of the following members; Joe Murphy, John Clark, myself and Jeff Brehmer as the alternate member.

The Supervisory Committee is responsible for making sure the credit unions financial records are in order and that internal controls are in place to protect the assets of the credit union and its members. The committee does this by making sure that an annual audit is conducted and by making sure that internal controls are tested regularly. We also work closely with TLC's Compliance Officer Lori Pawson. We review her monthly Compliance Reports and Quarterly Internal Audit Reports. Lori is continually staying on top of the latest Compliance standards and regulations governing Credit Unions and does an outstanding job keeping us informed of how TLC is working to proactively implement these standards and regulations.

The Department of Insurance and Financial Services performed their annual audit this last September. Upon completion of their annual audit the results of the exam were good with no major findings. Also Cindrich & Mahalak our external auditing firm whom we employ began their annual audit February 8, 2016. At the time of this annual report their audit was not yet complete however there has been no major findings to date.

All staff, as well as the Board of Directors and The Supervisory Committee have completed the annual Bank Secrecy Act training requirements. The Supervisory Committee is pleased to report that TLC's records are accurately maintained, established policies are followed and the member's assets are used according to the purposes of the credit union.



Chris Lane
Supervisory Committee Chairman





COMPARATIVE FINANCIAL REPORT

ASSETS	2014	2015 (UNAUDITED)
Outstanding Loans (Net)	\$211,331,392	\$225,758,524
Cash and Investments	\$148,639,905	\$173,065,253
Property and Equipment, Net	\$8,208,683	\$8,199,370
Other Assets	\$5,930,053	\$6,781,792
TOTAL ASSETS	\$374,110,033	\$413,804,939
LIABILITIES & SHARE HOLDER EQUITY LIABILITIES		
Accrued Interest & Dividends	\$139,116	\$158,557
Borrowed Funds	\$0	\$0
Other Liabilities	\$1,190,798	\$1,373,170
TOTAL LIABILITIES	\$1,329,914	\$1,531,727
MEMBER EQUITY		
Shares-Drafts-Clubs-Money Mkt	\$226,488,767	\$259,071,843
Certificate of Deposits/IRAs	\$93,397,921	\$95,924,802
Undivided Earnings and Reserves	\$52,893,431	\$57,276,567
TOTAL MEMBER EQUITY	\$372,780,119	\$412,273,212
TOTAL LIABILITIES & EQUITY	\$374,110,033	\$413,804,939
INCOME AND EXPENSES		
Gross Income	\$16,154,971	\$17,228,387
Less Dividends and Interest	\$1,326,732	\$1,372,927
Less Operating Expense	\$10,537,440	\$10,735,541
NET EARNINGS	\$4,290,799	\$5,119,919
INFORMATIONAL PURPOSES ONLY		
Total Net Worth	\$52,893,431	\$57,276,567
Net Worth Ratio	14.14%	13.84%

ONCE A MEMBER, ALWAYS A MEMBER



2016 BALLOT

TLC is governed by a board of directors, elected by and from the credit union's membership. Board members serve voluntarily and are not compensated for their duties. There will be 4 members on the 2016 ballot; 2 incumbents and 2 members who agreed to serve voluntarily and who passed the interview and background check. This year there are two open positions up for election. Those elected will be asked to serve a three year term.

Members on the 2016 ballot include:

Dick Egli (Incumbent)

Dick is a member of the TLC Board of Directors, having served since he was elected in 2005. He served prior to that on the TLC Supervisory Committee. Dick has received several awards for the credit union courses he's taken. He is a Certified Credit Union Volunteer (CCUV) which he received following a week-long course and examinations. He holds a BA from Westminister College in Pennsylvania and an MA in Communications from Michigan State University. Dick lives in Tecumseh, where he and his late-wife, Lori, raised daughters Valerie, Cindy and Karen.

Ron Wimple (Incumbent)

Ron has served on the TLC Board since 2001 plus one year on the Supervisory Committee. He is active in the community, serving as councilman for the City of Tecumseh, member of Kiwanis Club of Tecumseh and the Selective Service Board. He is past member on the Lenawee United Way Board and Lenawee Economic Development Board. Ron has worked for Michigan Works, Michigan Human Resource Development Incorporated for 26 years. Ron and his wife, Sharon, reside in Tecumseh and have three grown children.

Troy Bevier (Nominee)

Troy is a retired Washtenaw County Sheriff with 27 years of police service. He currently serves as Deputy Director at Lenawee County Information Technology. Troy has a Bachelor Degree in Business and Associates Degree in Criminal Justice. He has been active in our community with Toys for Tots and Shop with a Cop. Troy and his wife, Sally, reside in Tecumseh. They have 2 grown children, Kyle and Tyler.

Gary Rhinehart (Nominee)

Gary has been a member at TLC since 1975. He is retired from Hydro Aluminum as Plant Superintendent. Gary is very active with various veterans groups: provides rides to veterans to Ann Arbor VA; past commander of The American Legion Honor Society 40/8; serves on the decision-making committees for scholarships and charitable giving and belongs to Post 97 and Disabled Veterans. Gary and his wife, Jeanne, reside in Adrian and have 2 children, Jason and Jodi and 4 grandchildren.





BOARD OF DIRECTORS / COMMITTEE MEMBERS

Chairman of the Board	Mark Spohr
Vice Chairman	Ron Wimple
Treasurer	Linda Rosacrans
Secretary	Jim Baldwin
Directors	Richard Egli
	Dave Miller
	Patty Gerth
Supervisory Committee	Chris Lane, Chair
	John Clark
	Joe Murphy
	Jeff Brehmer - Alternate

SENIOR MANAGEMENT

President, Chief Executive Officer	Randall Smith
Executive Vice President, Administration	Michael Servoss
Executive Vice President, Operations	Roy Cadieux
Senior Vice President	Robert Schrock
Vice President - Indirect Lending & Call Center	Lorie Easton
Vice President - Information Technology	Paul Corazzol

ASSISTANT VICE PRESIDENTS

Accounting Manager	Mary McKinney
Beecher Branch Manager	Kim Morin
Blissfield Branch Manager	Alycia Demey
Collections Manager	Susan Ruetz
Compliance & Security Officer	Lori Pawson
Main Branch Manager	Lisa Williams
Marketing Manager	Suzanne Miller
Member Business Development Manager	John Carlson
North Adrian Branch Manager	Alisha Morton
Tecumseh Branch Manager	Tino Rebottaro

ADDITIONAL MANAGEMENT

Assistant Branch Manager-North Adrian	Dee Garcia
Assistant Branch Manager-Blissfield	Katie Bracey
Assistant Branch Manager-Tecumseh	Dawn Wertz
Assistant Branch Manager-Main	Laura Soto
Card Program Supervisor	Jennifer Bennett
Member Services Supervisor-Main	Laurie Fredenburg
Member Services Supervisor-Tecumseh	Lyndsey Balyeat
Mortgage Loan Servicing Supervisor	Connie Valdez
Youth Financial Literacy Supervisor	Lillian Wolcott