



# TOGETHER WE *Shine*



**2023 Annual Report**

# MINUTES OF THE 68<sup>TH</sup> ANNUAL MEETING

## MARCH 4, 2023

### LENAWEE COUNTY FAIR AND EVENT GROUNDS

#### Roll Call:

- The Annual Meeting was called to order by Chairman Mark Spohr at 4:32 P.M.
- Mark welcomed the membership and thanked them for attending the Annual Meeting
- Directors present: Mark Spohr-CCUB, Troy Bevier, Joe Murphy, Dick Egli-CCUB, Mark Bruggeman, Meredith Francis
- Others present Randy Smith-CEO/President, Jeff Brehmer- EVP Administration, Alycia Nichols EVP-Lending and Operations, Vicki Felton-Supervisory Committee Member and Lisa Weddle – Supervisory Committee Member
- Based on the number of verified members present at the Annual Meeting, a quorum was established.

#### Motion to Accept Minutes from Last Year:

Mark Spohr, Chairman of the Board, called for a motion to accept minutes from the 67th Annual Meeting held virtually in 2022.

Motion was made by:

1st - Ron Wimple

2nd - John Frye

Motion carried.

#### Introduction of Nominees and Voting Instructions:

Joe Murphy, Nominating Committee Chairman, introduced the members of the Nominating Committee. In addition to Joe Murphy, Troy Bevier and Dick Egli 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.

Candidates Mark Spohr, Incumbent; Mark Bruggeman, Incumbent; Meredith Francis, Incumbent; and Steven Skornicka, Nominees were introduced by Chairman Joe Murphy. After the reading of each candidate's bio, members were asked to vote.

#### Chairman's Report:

Mark Spohr discussed recent challenges that have faced the credit union -- from coming through the pandemic and now facing inflation pressures. He spoke about how the Board and management work together to create a plan and then work the plan throughout the year. The Board is focused on a strategic level with management and the rest of the organization focused on the operational aspects of the plan.

Many of 2022 objectives were met, others were adjusted based on what was best for all concerned. The 2023 Strategic Plan includes objectives centered around:

1. Giving back to the communities in which we serve
2. Financial stability and continued growth
3. Building a new Dundee Office near Cabela's which is scheduled to open in 2024

One of the additional tasks the Board is charged with is

ensuring that a CEO Succession plan is in place. Toward the end of 2022, CEO, Randy Smith announced his retirement and that it would be effective today, March 4th. Mark discussed Randy's 43 years of service at TLC, serving as CEO since 2000. Randy helped facilitate many changes in technology, regulatory requirements, strategic objectives, asset and loan growth, etc. Mark thanked Randy for his leadership and his part in making TLC a successful financial institution.

Mark also announced Jeff Brehmer, TLC's current Executive Vice President, as the new President and CEO. Mark discussed Jeff's background in finance, administration, and operations. Jeff has also been active in the community and believes in TLC's mission of "People Helping People". Mark reiterated that the Board feels very confident in Jeff's appointment as the next CEO and in his ability to carry on TLC's great traditions.

#### President's Report:

Randy Smith, President and CEO, thanked the Board, staff and membership for the opportunity to be part of an organization with strong community ties. He voiced appreciation for a strong management team who are focused on the membership and helping them succeed. Randy recognized 15 staff members who achieved years of service goals from 5 years to 35 years. He discussed several key measurements that pointed to a strong financial position. In addition, growth through online/mobile banking, membership and loans point to the trust our members have in TLC. Randy thanked the members for their continued business and the trust they place in TLC.

Randy thanked the Board members who gave him the opportunity to become the CEO back in 2000. He thanked the former CEO, Wayne Zettel for his mentorship and friendship over the years.

Randy discussed the CEO succession plan and how the Board worked to create a seamless transition for when he retired. He expressed confidence in Jeff's leadership, knowledge and decision-making skills to improve operations, keeping the needs of our membership in mind.

#### Incoming President's Report & Treasurer's Report:

Jeff thanked Randy for his leadership, passion for serving the members and his friendship. He wished Randy the best in retirement.

Jeff reported a strong 2022. Member deposits increased \$21,000,000 to end the year at \$622,000,000. Assets decreased marginally from 2021, ending the year at \$687,000,000. Net Income for the year was just over \$8,000,000 which is an increase of 11% over 2021. The end result was a net worth slightly exceeding \$103,000,000 and a net worth ratio of 15%.

TLC is in an excellent capital position. Capital is what helps TLC weather financial challenges such as the pandemic,

# MINUTES OF THE 68<sup>TH</sup> ANNUAL MEETING

## CONTINUED

and extended periods of low interest rates, and the current challenge of historically rapid interest rate increases. A strong capital position also allows us to grow, expand and make changes to meet member needs.

Jeff highlighted several services including new online account opening and TLC's great rates on CDs. He also spoke about new services expected in 2023 - a high-yield checking account and high reward VISA credit card.

Jeff ended in thanking the members, staff and Board. He recognized the number of choices members have in our marketplace, and appreciates their loyalty. He recognized the Board for their countless volunteer hours helping to oversee the operation and set the direction of TLC. Lastly, Jeff thanked the staff for not only what they do on a daily basis, but also the work they do out in the community. They worked on 150 different events in 2022 putting in over 1000 hours to support the communities in which we live.

### **Credit Committee Report:**

Alycia Nichols-EVP of Operations and Lending gave the Credit Committee Report. She spoke on how TLC maintains a strong lending position, competing on both rate and service.

- Consumer lending grew to a team of 6 individuals who review and approve online and phone applications. In 2022, TLC reviewed over 7500 applications, which is 1000 applications above 2021. This resulted in \$78.4 million in funded consumer loans.
- Our mortgage department funded 562 mortgages, which fell short of the 2021 total, however home equity loans were strong in 2022. As a result, TLC closed \$47 million in real estate loans.
- Commercial loan portfolio closed at \$19.6 million in 2022 which was a record high for TLC.
- The collection department works with members going through difficult times. At year end, we had a .05% delinquency rate which is much lower than our peer group at .49%. This is a testament to the diligence put into underwriting loans and effective collection practices.

### **Supervisory Committee Report:**

Mark Spohr, read the Supervisory Committee Report for Chairman Dana Carver.

- The Committee for 2022 consisted of Vickie Felton, Dana Carver, Lisa Weddle and Phillip Carolan.
- The Committee works to ensure that:
  - Internal controls have been established and effectively maintained to achieve financial reporting objectives.
  - The credit union's accounting records and financial reports are promptly prepared and accurately reflect operations and results.
  - The relevant plans, policies, and control procedures established by the Board of Directors are properly administered.
  - Policies and control procedures are sufficient to safeguard against error, conflict of interest, self-dealing and fraud.

- The Committee meets every other month and is invited to attend and participate in Board meetings as well as the strategic planning process. They are tasked with asking the tough questions and following up on any findings.
- At least once every calendar year the Committee must complete, through an outside audit firm, the Supervisory Committee audit.
- At least once per calendar year, the Committee meets with our regulator, the Department of Insurance and Financial Services
- Mark reported that members should feel confident that member assets are being used properly, financial records are reported accurately, and no major findings or regulatory breaches have occurred.

### **Election Results:**

Joe Murphy reported to the membership the election results.

Election results:

- Mark Spohr - 230 Votes
- Mark Bruggeman - 188 votes
- Meredith Francis - 254 votes
- Steven Skornicka - 174 Votes
- Total number of members in attendance was 330.

Congratulations Meredith Francis, Mark Spohr and Mark Bruggeman for being re-elected to serve on TLC's Board of Directors.

A motion to destroy the ballots was made by:

- 1st - Ron Alter
- 2nd - Neil Haseley

Motion carried.

Announcement of the prize winners, drawn at random was made by Lilly Wurm and Carrie Zubke of TLC's Financial Education department.

- Blackstone griddle and accessories - Sharon Hood of Adrian
- Yeti cooler and TLC swag - Carol Root of Adrian
- Restaurant gift card package - Jaye Griffith of Clayton
- 65" TV and soundbar - Nick Liscomb of Onsted
- iPad, case and pencil - Delores Letson of Adrian

**Old Business:** None

**New Business:** None

### **Motion to adjourn:**

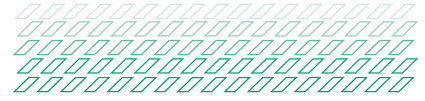
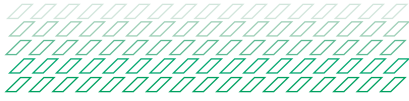
Chairman, Mark Spohr thanked the membership for attending our meeting. Mark called for a motion to adjourn the 68th Annual Meeting of the Membership.

Motion to adjourn made by:

- 1<sup>st</sup> - Carol Fisher
- 2<sup>nd</sup> - Kerry Smith

Motion carried.

Meeting Adjourned at 5:20 P.M.



## PRESIDENT'S REPORT

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2023 has been a year of growth, resilience, and commitment to our members. Despite the challenges posed by the ongoing economic uncertainties, our credit union has remained steadfast in its mission to serve our community.

Interest rates increased in 2023 at a velocity never before seen in our country and as a result, early in 2023 we saw the failure of a small number of banks which caused concern across the financial industry. At TLC, our prudent financial management has ensured the safety and security of your funds while also allowing us to provide competitive rates and services. Financially, we have seen a steady increase in our assets, deposits, and loans, reflecting the trust and confidence that our members have placed in us. Our assets grew to over \$715 million; deposits grew to \$636 million, and we made over \$97 million in loans bringing our outstanding loans to \$354 million.

Our strong financial position has allowed us to continue to invest for the future. The Dundee expansion project is underway and is scheduled to open in the summer of 2024 bringing additional convenience and services to our growing membership. We will be upgrading our ATM fleet with next-generation machines, as well as introducing Integrated Teller Machines (ITM's) in select locations to enhance the services offered in remote locations and during extended hours. We upgraded our loan origination system to make the online loan application process faster and easier for members, while also streamlining the in-branch application process to make our team more efficient in serving our members' lending needs. We launched two new checking accounts that reward members with higher dividends or a statement credit for utilizing TLC as their everyday financial institution. And we will be enhancing our Visa card offering this year with a "High Reward - Cash Back" card for those who like to earn a higher reward on their Visa purchases.

In terms of community engagement, we have continued our efforts to give back and support local initiatives. Through various outreach programs and partnerships, we have embraced our motto of "People Helping People" with over 60% of our dedicated staff actively volunteering their time in the community. TLC team members logged over 1,400 hours of volunteer time across forty-one different events.

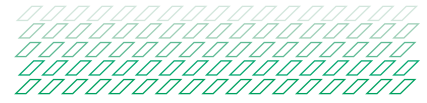
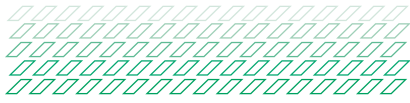
Looking ahead, TLC Community Credit Union is well-positioned for continued success, backed by loyal members, strong financial performance, and a dedicated team of professionals. We will continue to innovate and adapt to meet the evolving needs of our members while remaining focused on exceeding member expectations and contributing to the financial well-being of the community.

I want to express my gratitude to you, the members of our credit union, for your continued support and trust. I would also like to thank the dedicated team of professionals who help TLC fulfill our mission of being the premier, locally owned financial institution in the communities we serve.

Thank you for being part of our credit union family.

Jeff Brehmer, CCUIP  
President and CEO  
TLC Community Credit Union





## COMPARATIVE FINANCIAL REPORT

<b>ASSETS</b>	<b>2023 (UNAUDITED)</b>	<b>2022</b>
Outstanding Loans (Net)	\$353,592,652	\$342,127,128
Cash and Investments	\$324,208,789	\$307,884,342
Property and Equipment, Net	\$10,074,914	\$9,362,429
Other Assets	\$27,887,063	\$27,547,338
<b>TOTAL ASSETS</b>	<b>\$715,763,418</b>	<b>\$686,921,237</b>

### LIABILITIES & MEMBER EQUITY

#### LIABILITIES

Accrued Interest & Dividend	\$116,826	\$125,174
Borrowed Funds	\$0	\$0
Other Liabilities	\$5,209,101	\$2,923,714
<b>TOTAL LIABILITIES</b>	<b>\$5,325,927</b>	<b>\$3,048,898</b>

#### MEMBER EQUITY

Shares-Drafts-Clubs-Money Mkt	\$484,269,763	\$530,470,526
Certificate of Deposits/IRAs	\$151,554,666	\$91,292,829
Undivided Earnings and Reserves	\$74,613,062	\$62,108,984
<b>TOTAL MEMBER EQUITY</b>	<b>\$710,437,491</b>	<b>\$683,872,339</b>

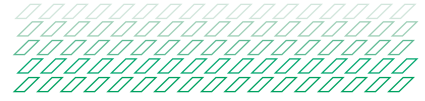
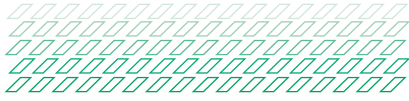
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$715,763,418</b>	<b>\$686,921,237</b>
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#### INCOME AND EXPENSES

Gross Income	\$34,512,395	\$27,696,039
Less Dividends and Interest	\$5,334,689	\$1,837,840
Less Operating Expense	\$19,399,013	\$17,810,928
<b>NET EARNINGS</b>	<b>\$9,778,693</b>	<b>\$8,047,271</b>

#### INFORMATIONAL PURPOSES ONLY

Total Net Worth	\$112,279,592	\$102,929,217
Net Worth Ratio	15.69%	14.98%



## 2024 BALLOT

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### Joe 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.

### Gordon Gauss (Nominee)



Gordon has been a member of TLC Community Credit Union since 2013. He is active in the community serving as Adrian City Commissioner, sitting on the Adrian City Planning Commission, and serving as a board member of the Adrian Kiwanis Foundation. Gordon earned a Bachelor of Business Administration in Accountancy from Adrian College and his Master of Business Administration in Finance from Pepperdine University. He is a licensed property, casualty, and life insurance agent. Before retiring, Gordon worked as a Corporate Automotive Executive at Toyota. Gordon and his wife, JoAnn, reside in Adrian; they have two grown children and three grandchildren.

### Harold "Rick" Ruhl (Nominee)



Rick has been a member of TLC Community Credit Union since 1986. He is active in the community serving as a Deacon at First Presbyterian Church of Tecumseh, a Board member of Tecumseh Kiwanis and has sat on the Tecumseh Planning Commission. Rick is a veteran who served in the military with the Military Police. Before retiring, he worked for Ford Motor Company in Saline and owned his own lawn care business for 15 years. Rick and his wife, Diana, reside in Tecumseh; they have three grown children.

### Lisa Weddle (Nominee)

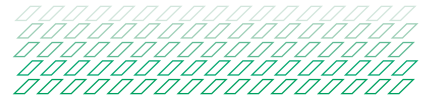
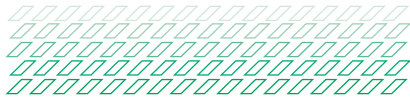


Lisa has been a member of TLC Community Credit Union since 2019. She is active in the community by volunteering with her church and serving on the Board of Directors for Neighbors of Hope since 2021. Lisa is the co-owner of Naugle Heating & Cooling LLC. She has a Bachelor of Business Administration, 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 and a granddaughter. Lisa currently serves TLC Community Credit Union as a member of the Supervisory Committee

### Ron Wimple (Nominee)



Ron is a lifelong resident of Tecumseh and has been a member of TLC Community Credit Union since 1971. He served on the TLC Board from 2001 – 2016, plus one year on the Supervisory Committee. Ron is active in the community, serving the City of Tecumseh as a council member for a total of 18 years and Chair for the City of Tecumseh Employee Retirement Systems Board. He is a past President of the Kiwanis Club and remains active with the organization. Ron retired from Michigan Human Resource Development Inc., as a corporate trainer. Ron and his wife, Sharon, reside in Tecumseh; they have three grown children, three granddaughters, one grandson and one grandchild on the way.



## 2023 BOARD OF DIRECTORS/COMMITTEE MEMBERS

Chairman of the Board	Mark Spohr
Vice Chairman	Richard Egli
Treasurer	Joe Murphy
Secretary	Meredith Francis
Director	Troy Bevier
	Mark Bruggeman
	Randy Smith
Supervisory Committee	Vickie Felton
	Phil Carolan
	Steven Skornicka
	Lisa Weddle

## SENIOR MANAGEMENT

President & Chief Executive Officer	Jeff Brehmer
Executive Vice President - Operations & Lending	Alycia Nichols
Senior Vice President - Consumer Lending & Call Center	Lorie Easton
Senior Vice President - Finance	Jennifer Frost
Senior Vice President - Information Systems	Paul Corazzol
Senior Vice President - Operations	Michael Zarnecki
Vice President - Accounting	Mary McKinney
Vice President - Audit, Compliance, & Risk Management	Lori Pawson
Vice President - Human Resources	Linda Tomford
Vice President - Marketing	Suzanne Miller
Vice President - Member Solutions	Susan Ruetz
Vice President - Mortgage Operations	Alisha Morton
Vice President - Operations	Bailey Damon

## IN MEMORIAM



### David Miller

TLC Community Credit Union celebrates the remarkable life and legacy of David Miller who passed away recently. He served our organization for an incredible 40+ years. Joining the Supervisory Committee in 1980 with the merger of Tecumseh Trim, Dave quickly became a cornerstone of our institution. His wisdom, foresight, and unwavering dedication played a pivotal role in shaping our growth and stability. From 1996 to 2001, he served as our Chairman, with a steadfast belief in our mission. Upon his retirement from the TLC Board of Directors, in 2020, Dave was given the title Director Emeritus.

Our deepest condolences go to his family and friends during this difficult time. We will forever cherish his memory and continue to draw inspiration from his commitment to serving our community.