



MICHIGAN TECH
EMPLOYEES FEDERAL

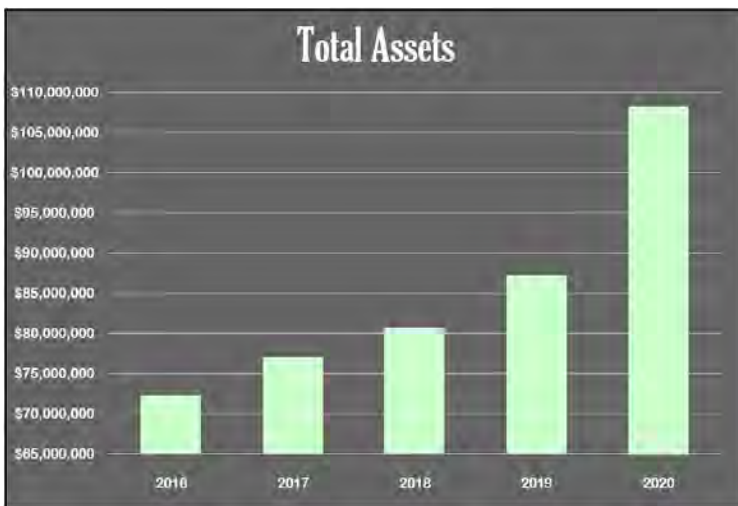
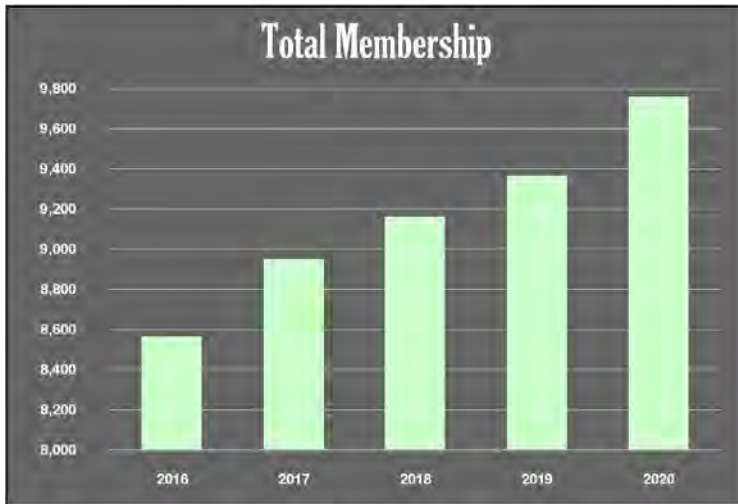
CREDIT UNION



Annual Report 2020

Welcome to the 67th Annual Business Meeting!

Wednesday, April 21, 2021



AGENDA

CALL TO ORDER
Welcome
Confirmation of a Quorum
Adoption of Agenda

APPROVAL OF MINUTES
66th Annual Meeting, April 22, 2020

REPORTS
Board of Directors
Supervisory Committee
President

**QUESTIONS/COMMENTS FROM
THE MEMBERSHIP**

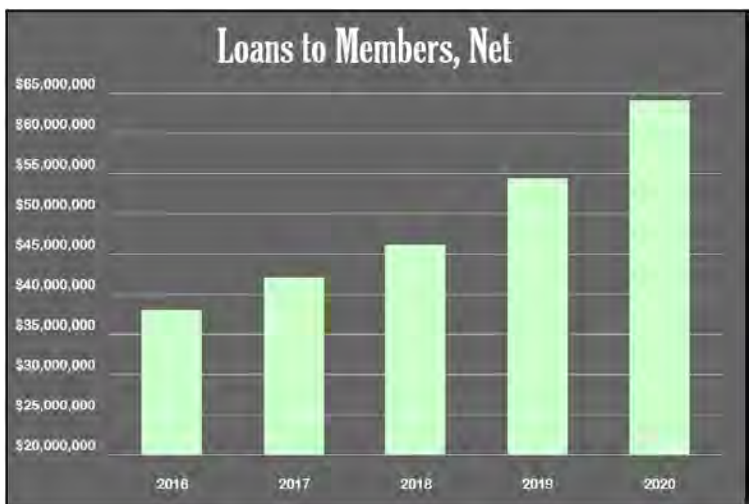
UNFINISHED BUSINESS

NEW BUSINESS
2021 College Scholarships

ELECTION OF THE BOARD
Report of Nominating Committee
Nominations from the Floor
Appointment of Tellers
Completion of Ballots
Collection and Counting of Ballots
Report of Tellers/Election Results

COMMUNITY DONATION

ADJOURNMENT



2020 FINANCIAL STATEMENT

Statement of Financial Condition

Assets			
	2020	2019	2018
Cash and cash equivalents	\$ 9,790,965	\$ 3,899,340	\$ 4,149,588
Investments	31,614,645	26,409,762	26,548,077
Loans held for sale	-	276,727	99,639
Loans to members, net	63,937,432	53,892,919	46,538,026
Accrued interest receivable	269,408	238,690	208,286
Property and equipment, net of accumulated depreciation	1,201,502	1,253,107	1,255,952
Other real estate or collateral owned	-	27,957	128,447
National Credit Union Share Insurance Fund Deposit	906,305	776,186	722,131
Perpetual Capital Investment, at cost	311,700	311,700	311,700
Other assets	280,895	271,475	400,820
TOTAL ASSETS	\$ 108,312,852	\$ 87,357,863	\$ 80,362,666
Member's Equity and Liabilities			
	2020	2019	2018
EQUITY			
Member's equity, substantially restricted	\$ 1,405,530	\$ 1,405,530	\$ 1,405,530
Unappropriated earnings	7,800,549	6,705,068	5,807,603
Unrealized gain/(loss) on unavailable for sale securities	315,308	26,475	(635,628)
TOTAL EQUITY	9,521,387	8,137,073	6,577,505
LIABILITIES			
Members' shares and deposits	98,256,523	78,600,506	73,461,051
Other liabilities	534,941	343,557	336,657
TOTAL LIABILITIES	98,791,464	78,944,063	73,797,708
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 108,312,851	\$ 87,081,136	\$ 80,375,213

Statement of Income

	2020	2019	2018
INTEREST INCOME			
Interest on loans to members	\$ 2,665,289	\$ 2,400,482	\$ 2,079,120
Interest on securities and cash equivalents	418,805	632,231	572,155
TOTAL INTEREST INCOME	3,084,094	3,032,713	2,651,275
INTEREST EXPENSE			
Dividends on members' shares	133,499	139,490	94,129
Interest on borrowed funds	-	-	37
TOTAL INTEREST EXPENSE	133,499	139,490	94,166
PROVISION FOR LOAN LOSSES			
Net Interest Income	2,950,595	2,893,224	2,557,109
Provision for loan losses	149,000	37,000	12,000
TOTAL NET INTEREST INCOME	2,801,595	2,856,224	2,569,109
NON-INTEREST INCOME			
Service charges and other fees	682,889	585,792	553,413
Other non-interest income	554,757	519,778	521,454
Net gain/(loss) on sale of loans	487,246	151,942	74,372
Net gain/(loss) on sale of investment securities	781	616	1,801
Net gain/(loss) on sale of other assets	(651)	7,929	11,525
TOTAL NON-INTEREST INCOME	1,725,022	1,266,057	1,162,565
NON-INTEREST EXPENSE			
Salaries and benefits	1,635,746	1,525,758	1,340,850
Operations	1,668,355	1,581,246	1,343,803
Occupancy	127,036	117,812	116,916
TOTAL NON-INTEREST EXPENSE	3,431,137	3,224,816	2,801,569
NET INCOME	\$1,095,481	\$897,465	\$906,105

Thank you to the Board of Directors,
Supervisory Committee, and employees for
their outstanding service to the Michigan Tech
Employees Federal Credit Union and its members.

Board of Directors

Brent Lekvin (Chair)
Mark Korkko (Vice Chair)
Karl Benda (Secretary)
Anders Hill
Susan Laajala
Tammy LaBissoniere
Steve Patchin

Supervisory Committee

Sheila Milligan (Chair)
Tammy LaBissoniere (Board Liaison)
Mitch Apriesnig
Nels Christopherson
Tom Merz

Employees

Alex Arseneau
Kirsten Berg
Robin Bonini
Lindsay Capek
Eric Coon
Nichole Este
Sheila Geshel
Michaela Haag
Heidi Hillstrom
Shannon Holman
Maddie Johnson
Krista Jukkala
Marya Julio

Pete Lammi
Lisa Marjamaa
Wendy Mattfolk
Holly Mattson
Paula J. Megowen
Marieta Mitchell
Shelby Oja
Megan Raffaelli
David Rautiola
Lisa Ruelle
Macy Ryyananen
Theresa Tangen
Amber Wentworth

67th Annual Business Meeting of the Michigan Tech Employees Federal Credit Union 2021 Board Election

This year, we have two Board of Directors positions to vote upon. The incumbents for both positions are the only nominees at this time. Unless nominations are brought to the floor at the meeting, the incumbents will retain their seats on the Board of Directors.

Meet the Nominees

Susan Laajala

Susan Laajala has been a member of the Michigan Tech Employees Federal Credit Union Board of Directors for the past three years, and she has been a member of the credit union since 1985. She graduated from Michigan Tech University in 1984 with a Bachelor's Degree in Business Administration. She has worked at Michigan Tech for 36 years in Financial Services and Operations. In her current position as the Director of General & Auxiliary Accounting, Susan oversees the university's operating fund, gift fund, and auxiliary fund, which includes ensuring compliance of university policies and procedures, state and federal regulations, monitoring available funding, approval of expenditures, and financial reporting and analysis. Susan advises the university community on accounting principles and best practices, works with internal and external auditors, and has knowledge of financial statements and budgets. She also directs the day-to-day operations of the Accounts Payable Team.

Brent Lekvin

Brent Lekvin has been a member of the Michigan Tech Employees Federal Credit Union Board of Directors for the past eight years, and he has been a member of the credit union since 1999. During his time on the board, he has served as a member of both the Asset and Liability Committee and Supervisory Committee, and he currently serves as Chair of the Board. He has more than 30 years of experience in the finance field, both as an academic and practitioner. He is currently President and Portfolio Manager for Sage Financial Advice, an independent investment advisory firm he founded in 2010. He has a Ph.D. in finance from the University of Iowa, and is a CFA® charter holder.

Michigan Tech Employees Federal Credit Union
66th Annual Meeting
April 15, 2020

David Rautiola, President/CEO, called the meeting to order at 4:30 p.m.

In addition to David Rautiola, the following members were present:

- Wendy Mattfolk
- Theresa Tangen

It was moved by Theresa Tangen and seconded by Wendy Mattfolk to appoint David Rautiola as chair and recording secretary. Motion carried.

Confirmation of a Quorum: David Rautiola stated 15 members present constituted a quorum. With three members in attendance a quorum could not be confirmed.

It was moved by David Rautiola and seconded by Theresa Tangen to reschedule the 66th Annual Meeting to Wednesday, April 22, 2020, at 4:30 p.m. in the lobby of the Michigan Tech Employees Federal Credit Union. Motion carried. .

Adjournment: Chair David Rautiola adjourned the meeting at 4:33 p.m.

Approved:



David Rautiola, Chair

Members Present:



Wendy Mattfolk



Theresa Tangen



David Rautiola

Minutes Respectively Submitted by Recording Secretary David Rautiola

Michigan Tech Employees Federal Credit Union
66th Annual Meeting
April 22, 2020

Due to the COVID-19 pandemic and a lack of a quorum the 66th Annual Meeting, initially scheduled for April 15, 2020, was held in the lobby of the Michigan Tech Employees Federal Credit Union. All current board members, nominee Stephen Patchin, Sheila Milligan, and Nels Christopherson attended the meeting via conference call.

Board Chair Brent Lekvin called the meeting to order at 4:34 p.m. He welcomed members in attendance and appointed Margo Bier as Recording Secretary.

Confirmation of a Quorum: The adjournment language in the Board of Directors Bylaws states in part that any number of members in attendance constitutes a quorum. Brent Lekvin confirmed a quorum was present.

Adoption of the Agenda: It was moved by Margo Bier and seconded by Macy Ryynanen to approve the agenda as presented. Motion carried with all members saying AYE.

Approval of Minutes from the 65th Annual Meeting: It was moved by Margo Bier and seconded by Macy Ryynanen to approve the minutes from the 65th Annual Meeting, held on April 10, 2019, as presented. Motion carried with all members saying AYE.

Board of Directors Report: Brent Lekvin stated the current board members are himself, Terry Monson, vice-chair, Karl Benda, secretary, Tammy LaBissoniere, Mark Korkko, Sue Laajala and Anders Hill. He thanked the board for their service and also extended thanks to the members of the supervisory committee.

He also thanked retiring board member Terry Monson for his years of service. Terry has been an active board member and has served as chair of the asset and liability committee. The role of this committee goes to the very heart of the role of our credit union, namely to help make sure that the borrowing and lending activities are being done in a sound manner. Fortunately, Terry has agreed to remain on the committee even as his board term concludes.

Brent Lekvin stated the pandemic the world is experiencing is having very significant economic impacts, and they are going to have an effect on our credit union. The credit union's performance in the years leading up to these difficult times has been excellent, we are in a strong position to weather this storm.

He also noted we have a great team of dedicated employees who are doing an outstanding job of serving our membership. Our credit union is in great shape financially, and we are in a position to continue to grow in a steady, healthy manner.

Brent Lekvin is very optimistic concerning the operational and fiscal health of our credit union and remains impressed with our talented, dedicated employees as they continue to serve our biggest asset, our members.

Supervisory Committee Report: Sheila Milligan presented the Supervisory Committee report as the committee chair. Other committee members are: Mitch Apriesnig, Nels Christopherson, Tom Merz and Tammy Labissoniere, board liaison.

The committee follows up on all examinations, audits, and reviews that are performed by outside parties or internal members. Sheila Milligan stated the recent Opinion Audit, conducted by Wipfli, was a clean audit. There were two findings and the committee is satisfied management has corrected the problems.

Sheila Milligan thanked David Rautiola and his staff. The credit union is in excellent condition.

President's Report: David Rautiola thanked the board of directors and the supervisory committee members for their years of service. He also thanked Terry Monson for his nine years of supporting the credit union and was excited to hear about his continued participation on the asset and liability committee.

It has been an exciting journey and there has been quite a bit of change since he took over as president.

Brent Lekvin and Tammy LaBissoniere are the only board members still serving since he was hired.

Our strategy has been to build net worth and capital. With the COVID-19 pandemic we realize how important this strategy is. The credit union is well positioned to weather this storm. Earnings will be impacted but not deleted. We have the ability to grow our loan portfolio and need to find ways to put loans on our books. In the 17 year period 1999 – 2016, the credit union's loan portfolio grew by \$15.8 million. In the last three years, the loan portfolio grew by \$15.8 million, in three years we did what previously took 17 year to accomplish. We brought on additional lenders, upgraded technology, and had attractive rates. Loans are 70% of our revenue source.

This increase in loan growth doesn't downplay the efforts of our non-lending employees. We have a solid team of 25 employees to support our membership. He is very optimistic the future is bright and thanked the employees in attendance.

Questions/Comments from the Membership: None

Unfinished Business: No old business was presented for member consideration.

New Business: David Rautiola announced the MTEFCU Scholarship Awards for 2020. The credit union awarded three \$1,000 scholarships to qualifying individuals planning to enroll in secondary education. This year's scholarship recipients are:

- Katherine Jaszczak – Houghton High School
- Sydney LaCourt – Hancock Central High School
- Shweta Pati – Houghton High School

Election of the Board of Directors: Brent Lekvin stated there are two seats available for election this year. He then presented the Nominating Committee's report of the individuals seeking to run for the vacant seats noting all candidates have been found eligible and qualified to serve on the board of directors in accordance with their bylaws. He entered the following names into nomination:

- Karl Benda
- Stephen Patchin

Brent Lekvin called for nominations from the floor three times. Hearing none, the nominations were closed. Since the candidates on the ballot equal the number of open seats, both candidates were elected to serve a three year term on the board of directors by acclamation.

Community Donation: David Rautiola stated the credit union will donate \$500 to a deserving local not-for-profit. The decision of this year's recipient will be deferred to management to select a deserving charity.

Adjournment: Brent Lekvin adjourned the meeting at 4:49 p.m.

Approved:

Brent Lekvin, Chair

Karl Benda, Secretary

Minutes Respectively Submitted by Recording Secretary Margo Bier