

14

Annual Report

*Our business is YOUR future!*





## **77<sup>th</sup> Annual Meeting**

**Tuesday, April 21, 2015**

5:00 p.m. Pledge of Allegiance.

### **MEETING AGENDA**

1. Call to Order.
2. Determine Quorum and Majority Requirements.
3. Introduction of Directors and Senior Management.
4. Approve Minutes of the 76<sup>th</sup> Annual Meeting.
5. Report of the Chair of the Board.
6. Report of the Supervisory Committee.
7. Report of the Credit Committee.
8. Report of the Membership Committee.
9. Report of the President/CEO.
10. Report of Bylaw Amendments.
11. Report of the Nominating Committee.
12. Report of the Proxy Votes.
13. Elect Directors.
14. New Business.
15. Member Inquiries/Suggestions.
16. Adjournment.

### **THE DIRECTORS**

Rich Durante  
James Fabrie  
Jim March

Bertine Nixon  
Stephen Park  
Pat Price

R. Lee Piekarz  
Shirley Solberg

Door prizes will be drawn immediately following the meeting. Employees, Directors & Director's Spouses will not be eligible.

**GREAT LAKES CREDIT UNION**  
**76<sup>th</sup> ANNUAL MEETING**  
**April 15, 2014**

1. The 76<sup>th</sup> Annual Meeting of the Members was held at Great Lakes Credit Union, North Chicago on Tuesday, April 15, 2014. 61 members were in attendance.
2. The meeting was called to order by James Fabrie, Chair, at 5:00 p.m.
3. Bertine Nixon, Secretary, declared that a quorum was present and that 42,317 of 56,359 or 75% of the outstanding members were represented either in person or by proxy. The Chair declared that it was a legal meeting.
4. Motion was made and seconded to dispense with the reading of the minutes of the previous Annual Meeting. Carried.
5. Jim Fabrie presented his Report as the Chair.
6. The following reports were presented:
  - A. Supervisory Committee Report – Daniel Doyle
  - B. Credit Committee Report – Stephen Park
  - A. Membership Committee Report – Shirley Solberg
  - B. President/CEO Report – Vikki KaiserMotion was made and seconded to accept all reports as printed and discussed. Carried.
7. The Chair reported amendments made to the Bylaws during 2013. A motion was made and seconded to dispense with the reading of the Bylaw amendments and to approve the Bylaw amendments made in 2013. Carried.
8. Shirley Solberg, Nominating Committee Chair, presented a slate of nominees for Directors for three-year terms. The nominees were Daniel Doyle, Stephen Park and R. Lee Piekarz.
9. Bertine Nixon, Secretary, reported that 42,317 proxies would be voted for each nominee that was presented by the Nominating Committee.
10. Motion was made and seconded to instruct the Secretary to cast a unanimous ballot for the slate of nominees. Carried.
11. James Fabrie asked if there was any new business or comments from the floor. Attachment 1.
12. Prior to adjourning the meeting, Jim Fabrie recognized Shirley Solberg for 25 years of dedicated service to GLCU's Board of Directors and presented her with a bouquet of flowers. A motion was seconded and carried to adjourn the meeting at 5:38 p.m.
13. A drawing was held for meeting attendees. There was \$750 in cash prizes awarded to members – two \$100, five \$50 and 15 \$20.

  
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**JAMES FABRIE, Chair**

  
\_\_\_\_\_  
**BERTINE NIXON, Secretary**

Q: Is GLCU expanding mortgage opportunities to help members who are having difficulties?

A: Vikki Kaiser advised the member that as this sounded more like a personal question a member of Senior Management would speak with them after the meeting.

Comment: A member wanted to take the opportunity to thank the staff at the Libertyville branch for their excellent service over the years as the branch is closing at the end of April.

## Chair's Report to the Membership:

2014 was an extremely exciting year for Great Lakes Credit Union. Let's start with the big news! Last November, we purchased and moved to a 37,000 square foot building on nine wooded acres in Bannockburn. This new building is GLCU's Corporate Headquarters, housing most of the back office support staff and includes large, state of the art training facilities, an exercise room and equipment for staff, five meeting rooms, and a fabulous lunch room with beautiful views of the surrounding ponds and woods. We had literally run out of office space here in North Chicago, and as we have expanded membership geographically and added new member-requested products and services over the years, the number of support staff continued to grow. This new building will allow us to expand for many years! Also, with the recent addition of branches in the Southern suburbs, we needed a more central location for our employees to gather for credit union-wide meetings and training, and the Corporate Headquarters is well equipped for these uses.

We also merged with Flossmoor CU in November, adding a new branch in Homewood and 1,359 members, for a total of 6,856 new members in 2014!

Now to more numbers and financial results: GLCU ended the year with \$639 million in assets, \$405 million in loan balances, 58,205 members and a net worth ratio of 9.79%.

We also saw an increase in member business loans in 2014, generating nearly \$12 million in new loan volume. Consumer loan applications increased by 37% in 2014.

We funded nearly \$104 million in first mortgage loans in 2014 which indicates that members are still taking advantage of the historically low mortgage loan rates. We also generated nearly \$35 million in home equity volume. Our experienced Mortgage staff offers expertise in every area of mortgage lending, from purchasing to refinancing a home, and we are dedicated to finding our members the right loan with the best rates, terms and costs to meet their unique needs, including reverse mortgages for our members aged 62 and better.

Deposits were down by \$10 million in 2014. Net Income for the year was \$1.62 million, strongly exceeding and nearly doubling 2013 earnings. Net Worth grew by \$2 million during the year, thanks to improvement in earnings and capital added through mergers. Total Operating Expenses were up by \$1.3 million in 2014, primarily as a result of Salaries and Benefits increases. Overall, 2014 was a strong recovery year for GLCU, with non interest income and fee income increasing faster than the operating expenses.

Improvements in asset quality not only helped 2014 results, but are also expected to reflect in 2015 performance, with GLCU poised to capitalize on strong economic trends.

You have hopefully noticed that we completely redesigned the GLCU website in 2014, which we feel is easier to navigate, allowing members to find information more quickly. GLCU also expanded our Call Center and Loan Center hours to 7:00 p.m. on weekdays and 4:00 p.m. on Saturdays for member convenience.

GLCU's electronic services continues to be the fastest growing area within GLCU. Members are taking advantage of the Remote Deposit Capture service – the convenient service for check deposits, saving them time and a trip to a branch, as well as Shared Branching – a network of over 5,000 credit unions and Credit Union Service Centers across the country where you can perform many of your GLCU financial transactions by simply presenting identification and your account number!

GLCU kept up its focus on youth financial education in 2014. We hosted 42 events seeing 3,800 students at various educational events like Mad City Money, a budget simulation exercise for teens, as well as conducting two college planning aid webinars.

Plus, we won two social responsibility awards in 2014—The Louise Herring Award for Philosophy in Action and the Desjardins Youth Financial Literacy Award, and we placed second in the state Dora Maxwell Social Responsibility Award.

GLCU continued to assist wherever possible in the communities in which we have branches. We hosted Child Safety Fairs at the Antioch and Bolingbrook branches; offered Shred Days at Country Club Hills, Round Lake Beach & Waukegan branches; and continued our credit union wide annual events of the Giving Dinner, Warm Clothing Drives and we added a Secret Santa for Seniors. We also achieved our goal of raising \$10,000 for the Children's Miracle Network, an extremely worthy cause.

As GLCU moves forward into 2015, we continue to be committed to providing the most innovative, convenient products and services to our members, in keeping our products and services as affordable as possible, as well as giving back to the community.

Thank you.



James Fabrie  
Chairman

# Great Lakes Credit Union 2014 Bylaw Amendments

## **ARTICLE III – MEMBERSHIP**

### **Section 1**

#### Added to field of membership:

The Flossmoor Association of Educators

... anyone living or working in the communities within the following boundaries in Cook County, IL: East of Route 83, South of Ogden Avenue (Route 34), West of S. Cicero Avenue (Route 50) and North of 159<sup>th</sup> Street (Route 6) ...

#### New Select Employee Groups:

The Flossmoor Association of Educators

Thornton (School District 154)

Sieden Prairie (School District 159)

Flossmoor (School District 161)

Brookwood (School District 167)

Community Consolidated (School District 168)

Country Club Hills (School District 160)

The Former Flossmoor Credit Union

Calumet Park School District 132

ECHO Cooperative

Southwest Cooperative

Cook Illinois Corporation (Bus Company) and Subsidiaries of

Cook Illinois Corporation: including Alpha, American, Illinois or Kickert

Sunrise Bus Company and Subsidiaries of Sunrise Bus Company; SBG, Sunrise Southwest

LLC, or Sunrise Transportation, Inc.

Illinois Central Bus Company

Positive Connections Bus Company

Community Consolidated District 146

Crete Monee School District 201-U

Dolton Riverdale School District 148

Markham School District 144

Southstar Services

SPEED Development

and West Harvey School District 147

## **ARTICLE V – DIRECTORS**

### **Section 2.**

- g. The Supervisory Committee shall consist of ~~three~~ *four* or more Directors or members of Great Lakes Credit Union who are not Directors and shall be chaired by the Chair of the Supervisory Committee, who shall be a director. Members of the Supervisory Committee shall not be members of the Credit Committee or Officers of Great Lakes Credit Union.

## **2015 DIRECTOR NOMINEES**

- Shirley M. Solberg – Retired Computer Specialist, Naval Facilities Engineering Command, Great Lakes. Associate of Applied Science Degree in Computer Programming. Joined GLCU in 1981. Director since 1989. Certified Credit Union Director. Supervisory Committee Member. Currently serving a three-year term expiring April 2015.
- James A. Fabrie, MBA – Account Executive, Accenture PLC. Joined GLCU in 2005. Director since 2005. Chairman of the Board; Executive Committee Member; Credit Committee Member; Trustee of Retirement Plan. Currently serving a three-year term expiring April 2015.
- Jim March – Director of Corporate Services, IRI Group. Bachelor of Science, Western Illinois University. Joined GLCU in 1985. Director since 2007. Executive Committee Member; Supervisory Committee Chair. Currently serving a three-year term expiring April 2015.



## Great Lakes Credit Union

### Balance Sheets

December 31, 2014 and 2013

	2014	2013
<b>Assets</b>		
Cash and due from financial institutions	\$ 58,819,489	\$ 47,775,251
Interest bearing deposits in other financial institutions	1,692,279	19,459,292
Total cash and cash equivalents	60,511,768	67,234,543
Interest bearing time deposits in other financial institutions	3,266,909	9,121,322
Securities available for sale	119,566,755	115,028,357
FHLB stock	2,754,300	2,879,784
Loans held for sale	774,344	1,183,900
Loans to members, net	403,816,609	401,275,148
Accrued interest receivable	2,027,801	1,875,242
Premises and equipment, net	25,564,559	21,246,339
Land held for sale	554,823	554,823
Share insurance deposit	5,410,116	5,587,661
Service rights	478,402	376,125
Real estate owned	1,177,754	2,799,327
Corporate owned life insurance	7,746,911	8,799,139
Other assets	6,173,239	5,791,451
	<b>\$ 639,824,290</b>	<b>\$ 643,753,161</b>
<b>Liabilities and members' equity</b>		
Interest bearing deposits	\$ 547,592,780	\$ 557,733,592
Borrowings	20,100,000	8,600,000
Investments - traded but not settled	2,000,000	10,000,000
Accrued interest payable and other liabilities	7,656,841	7,502,872
<b>Total liabilities</b>	<b>577,349,621</b>	<b>583,836,464</b>
Commitments and contingencies (Note 11)		
Members' equity		
Regular reserve-restricted	11,634,459	11,188,904
Undivided earnings	50,942,278	49,337,488
Accumulated other comprehensive (loss) income	(102,068)	(609,695)
<b>Total members' equity</b>	<b>62,474,669</b>	<b>59,916,697</b>
	<b>\$ 639,824,290</b>	<b>\$ 643,753,161</b>

**Great Lakes Credit Union**

**Statements of Income**

**Years December 31, 2014 and 2013**

	2014	2013
Interest and dividend income		
Loans	\$ 20,244,426	\$ 20,218,326
Securities	1,642,296	1,315,150
Balances with other financial institutions	160,613	119,395
<b>Total interest and dividend income</b>	<b>22,047,335</b>	<b>21,652,871</b>
Interest expense		
Members' shares	2,345,423	2,799,346
Borrowed funds	244,120	527,915
<b>Total interest expense</b>	<b>2,589,543</b>	<b>3,327,261</b>
<b>Net interest income</b>	<b>19,457,792</b>	<b>18,325,610</b>
Provision for loan loss	2,701,995	3,530,618
<b>Net interest income after provision for loan loss</b>	<b>16,755,797</b>	<b>14,794,992</b>
Non-interest income		
Service fees	3,801,514	3,719,857
Credit card and ATM card income	3,156,090	2,957,622
Gain on the sale of loans	2,001,971	1,656,411
Gain on the sale of securities	195,284	756,584
Gain from bargain purchase (merger)	-	197,249
Other income	1,016,647	1,022,165
<b>Total non-interest income</b>	<b>10,171,506</b>	<b>10,309,888</b>
Non-interest expense		
Salaries and employee benefits	14,442,633	13,140,661
Occupancy and operations	6,256,885	6,573,553
Loan collection and REO	572,899	508,606
Credit card and ATM card	1,248,854	1,160,159
Depreciation	1,762,358	1,715,516
Advertising	471,648	400,584
Professional and outside services	303,368	199,976
Insurance premium assessment	-	430,516
Other	254,029	277,076
<b>Total non-interest expense</b>	<b>25,312,674</b>	<b>24,406,647</b>
<b>Net income</b>	<b>\$ 1,614,629</b>	<b>\$ 698,233</b>