



GREAT LAKES
credit union

**83rd ANNUAL
MEETING**



83rd Annual Meeting

Tuesday, April 20, 2021

5:00 p.m.

MEETING AGENDA

1. Call to Order.
2. Determine Quorum and Majority Requirements.
3. Introduction of Directors and Executive Leadership Team.
4. Approve Minutes of the 82nd Annual Meeting.
5. Report of the Chair of the Board.
6. Committee Reports:
 - a. Report of the Supervisory Committee.
 - b. Report of the Credit Committee.
 - c. Report of the ALM Committee.
 - d. Report of the Membership Committee.
 - e. Report of the Board Membership & Governance Committee.
7. Report of the President/CEO.
8. Report of Bylaw Amendments – None.
9. Report of the Nominating Committee.
10. Report of the Proxy Votes.
11. Elect Directors.
12. New Business.
13. Director Milestone Anniversary.
14. Adjournment.

GREAT LAKES CREDIT UNION
82nd ANNUAL MEETING
June 2, 2020

1. The 82nd Annual Meeting of the Members was held via teleconference call on Tuesday, June 2, 2020. Twenty-five (25) members were in attendance.
2. The meeting was called to order by Stephen Park, Chair, at 5:00 p.m.
3. Stephen Park declared that a quorum was present and that 68,777 of 84,933 or 80.9% 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. Stephen Park presented his Report as the Chair.
6. Reports A-E below were presented by Stephen Park on behalf of the respective Committee Chairs:
 - A. Supervisory Committee Report – Kevin Leman, Chair
 - B. Credit Committee Report – James Fabrie, Chair
 - C. ALM Committee Report – Jim March, Chair
 - D. Membership Committee Report – Cathy Corbi, Chair
 - E. Board Membership & Governance Committee Report – Cathy Corbi, Chair
 - F. President/CEO Report – Steven BuggMotion was made and seconded to accept all reports as printed and discussed. Carried.
7. The Chair reported amendments made to the Bylaws during 2019. A motion was made and seconded to dispense with the reading of the Bylaw amendments and to approve the Bylaw amendments made in 2019. Carried.
8. On behalf of the Nominating Committee Chair, Cathy Corbi, Steven Bugg presented a slate of nominees for Directors for three-year terms. The nominees were Kevin Leman, Stephen Park and Richard “Lee” Piekarz.
9. Stephen Park reported that 68,777 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. Steven Bugg presented milestone anniversary awards to Directors Kevin Leman (5 years), Jim Fabrie (15 years) and Stephen Park (15 years).
12. A motion was seconded and carried to adjourn the meeting at 5:40 p.m.



STEPHEN PARK, Chair



BERTINE A. NIXON, Secretary

2020 GLCU COMMITTEE REPORTS

Supervisory Committee – Kevin Leman, Chair

Consisting of three members elected by GLCU's Board of Directors, the Supervisory Committee ensures that a financially stable Credit Union operates in the best interest of its members.

It does this by monitoring the Credit Union's financial and risk reports, internal controls and operating policies and procedures. The Supervisory Committee also oversees the annual audit conducted by Crowe, LLP, a certified public accounting firm.

Crowe reviews GLCU's operations throughout the year. The reviews include an assessment of the accounting, reporting and internal controls of GLCU operations. Based upon these reviews, recommendations are provided to the Supervisory Committee and Executive Leadership Team. The Supervisory Committee then evaluates the actions taken during the year by GLCU's Executive Leadership Team.

Additionally, Crowe conducted an annual audit of GLCU's consolidated financial statements for the year ending December 31, 2020, as required by the State of Illinois Department of Financial & Professional Regulation.

Based on its evaluation, the Committee is pleased to report that the audit results indicate GLCU exhibits sound financial performance and prudent management.

In the Supervisory Committee's opinion, GLCU's operations are compliant with state and federal regulations. The Credit Union has internal controls in place protecting the Credit Union, its members, management and employees.

Credit Committee – Jim Fabrie, Chair

The GLCU Credit Committee is appointed by the Board of Directors and is responsible for the general supervision of all loans and lines of credit to members. The Credit Committee delegates loan approval authority to the Credit Union's loan officers and meets as necessary to review special loan requests, observe lending trends and ensure members have access to numerous loan products, consistent with the lending policies established by the Board of Directors.

While 2020 was a challenging year, GLCU experienced continued loan growth. GLCU funded 12,385 loans totaling just over \$488 million. Total outstanding loans at the end of 2020 were \$706 million, with an additional \$270 million serviced for other investors including Fannie Mae.

The Credit Union's competitive loan rates and terms, along with the expansion of our product suite and excellent service, helped make our products and services more attractive to those members looking to borrow.

The Committee proudly presents these results and looks forward to serving the needs of GLCU's members.

ALM Committee – Jim March, Chair

The ALM Committee is appointed by the Board of Directors and meets at least quarterly and works in conjunction with the Pricing Committee to monitor GLCU’s asset and liability positions. The Committee operates on an “act and report” basis.

In 2020, the ALM modeling was successfully migrated to the Vining Sparks model known as Risk Manager. This transition improved reporting, with a focus on monitoring liquidity. The new modeling platform was validated through Tompkins Group as part of current policy requirements in which the model will be validated every two years. The assessment focuses on three areas: (i) the information input component, which is rated adequate; (ii) the processing component, which is rated strong; and (iii) the reporting component, which is also rated strong. In addition, Vining Sparks completed a model back test which showed a low variance in which net interest income was off by \$506k or 1.8%. Both third parties conclude that the new model is accurate and is working as it should.

Membership Committee – Cathy Corbi, Chair

We had 6,017 new members join Great Lakes Credit Union in 2020, ending the year with a total of 81,456 members.

Board Membership & Governance Committee – Cathy Corbi, Chair

In 2020, GLCU’s Board Membership & Governance Committee addressed a number of initiatives. We provided training for our Directors addressing the Bank Secrecy Act; Anti-Money Laundering, and Cybersecurity. We conducted the annual Board of Director Self-Assessment and we continued to work on enhancements for our Board Governance Manual, a repository of information for our Directors. These governance initiatives continue in 2021, along with policy manual amendments and accompanying procedure and guideline documents, and future Director outreach, recruiting efforts and succession planning.

2021 DIRECTOR NOMINEES

- **Cathy Corbi** – Ret. Human Resource Director, Ray Graham Association. Director since 2018. Board Membership & Governance Committee Chair, GLCU Foundation for Financial Empowerment Board Member. Currently serving a three-year term expiring April 2021.
- **Jim Fabrie** – Director, IT Infrastructure and Operations, Akorn Pharmaceuticals. Director since 2005. Treasurer, Executive Committee Member and Credit Committee Chair. Currently serving a three-year term expiring April 2021.
- **Jim March** – Director of Corporate Services, IRI Group. Director since 2007. Board Secretary and ALM Committee Member. Currently serving a three-year term expiring April 2021.

GREAT LAKES CREDIT UNION
BALANCE SHEETS
December 31, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|---|------------------------|-----------------------|
| ASSETS | | |
| Cash and due from financial institutions | \$ 57,585,131 | \$ 63,272,729 |
| Interest bearing deposits in other financial institutions | 3,476,973 | 3,552,510 |
| Total cash and cash equivalents | 61,062,104 | 66,825,239 |
| Interest bearing time deposits in other financial institutions | 12,320,000 | 14,309,000 |
| Equity Securities | 3,187,165 | - |
| Securities available-for-sale | 181,457,248 | 86,185,747 |
| Federal Home Loan Bank stock | 7,570,519 | 5,226,832 |
| Loans held for sale | 689,375 | 1,895,250 |
| Loans to members, net of allowance of \$7,317,605 and \$7,009,620 as of December 31, 2020 and 2019, respectively | 705,911,940 | 651,396,810 |
| Accrued interest receivable | 2,800,204 | 2,873,332 |
| Premises and equipment, net | 20,525,520 | 21,957,736 |
| Share insurance deposit | 7,159,199 | 6,548,928 |
| Servicing rights | 670,898 | 369,927 |
| Real estate owned | - | 72,294 |
| Corporate owned life insurance | 12,296,680 | 12,020,828 |
| Intangible assets | 415,713 | 614,952 |
| Other assets | 11,561,273 | 13,475,423 |
| | <u>\$1,027,627,838</u> | <u>\$ 883,772,298</u> |
| LIABILITIES AND MEMBERS' EQUITY | | |
| Members' shares | \$ 781,479,475 | \$ 687,660,533 |
| Borrowings | 144,748,295 | 106,954,205 |
| Accrued interest payable and other liabilities | 12,931,879 | 9,574,993 |
| Total liabilities | 939,159,649 | 804,189,731 |
| Members' equity: | | |
| Undivided earnings | 72,846,330 | 66,936,257 |
| Equity acquired in merger | 11,315,706 | 11,315,706 |
| Accumulated other comprehensive income | 4,306,153 | 1,330,604 |
| Total members' equity | 88,468,189 | 79,582,567 |
| | <u>\$1,027,627,838</u> | <u>\$ 883,772,298</u> |

GREAT LAKES CREDIT UNION
STATEMENTS OF INCOME
Years ended December 31, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|---------------------|
| Interest and dividend income | | |
| Loans | \$ 30,891,926 | \$ 31,444,471 |
| Securities | 3,216,345 | 2,473,104 |
| Other financial institutions | 696,893 | 1,033,481 |
| Total interest income | <u>34,805,164</u> | <u>34,951,056</u> |
| Interest expense: | | |
| Members' shares | 3,793,080 | 4,969,554 |
| Borrowed funds | 2,625,570 | 2,663,317 |
| Total interest expense | <u>6,418,650</u> | <u>7,632,871</u> |
| Net interest income | 28,386,514 | 27,318,185 |
| Provision for loan losses | <u>4,441,618</u> | <u>4,804,847</u> |
| Net interest income after provision for loan losses | 23,944,896 | 22,513,338 |
| Non-interest income: | | |
| Service fees | 4,114,023 | 4,939,855 |
| Credit card and ATM card income | 4,122,248 | 4,135,056 |
| Gain on the sale of loans | 3,018,960 | 1,248,599 |
| Gain (loss) on the sale of securities | 557,013 | (146) |
| Gain on equity securities | 172,962 | - |
| Other | 2,298,256 | 2,571,125 |
| Total non-interest income | <u>14,283,462</u> | <u>12,894,489</u> |
| Non-interest expense: | | |
| Salaries and employee benefits | 17,403,367 | 15,799,292 |
| Occupancy and operations | 8,407,221 | 8,755,862 |
| Loan collection and real estate owned | 593,411 | 636,398 |
| Credit card and ATM card | 1,277,232 | 1,691,252 |
| Depreciation | 1,793,278 | 2,456,429 |
| Advertising | 642,316 | 856,012 |
| Professional and outside services | 1,731,146 | 388,176 |
| Other | 470,314 | 721,053 |
| Total non-interest expense | <u>32,318,285</u> | <u>31,304,474</u> |
| Net income | <u>\$ 5,910,073</u> | <u>\$ 4,103,353</u> |

