

Chicago Post Office Employees Credit Union



91st

Annual Meeting
March 15, 2019



Charles E. May, Chairman of the Board
Barbara J. Singleton, Vice Chairman of the Board
Robert M. Palumbo, President

The Chateau Bu-Sche', 11535 S. Cicero Ave, Alsip, Illinois 60803
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Annual Meeting

Agenda

March 15, 2019

- I Introduction of Board of Directors*
- II Introduction of Committee Members*
 - A. Supervisory*
 - B. Membership*
- III Approval of March 16, 2018 Annual Meeting Minutes*
- IV Opening Remarks / Report – Chairman*
- V President’s Report*
- VI Supervisory Committee Report*
- VII Credit Manager’s Report*
- VIII Membership Committee Report*
- IX Election of Board of Directors*
- X New Business*
- XI Adjournment*

CPOECU 90th. ANNUAL MEMBERSHIP MEETING
Annual Meeting Minutes
March 16, 2018

Board of Directors Present

Charles May (Chairman)
Barbara J. Singleton (Vice Chairman)
Eddie T. Todd
Ervin Gardner (Treasurer)
Carol Cook (Secretary)
LaNeda R. Pitts

I. Roll Call

Mr. May called the 90th Annual Membership Meeting to order at 7:05 p.m. and introduced the Board of Directors. Roll call was performed.

II. Introductions

Mr. May asked if there were any questions regarding the minutes of the March 17, 2017 Annual Membership Meeting. There were no questions asked. Mr. May asked for a motion to accept the minutes of the March 17, 2017 Annual Membership Meeting.

Mrs. Barbara J. Singleton made a motion to accept the minutes from the March 17, 2017 meeting, and Mr. James Harrington (member) seconded the motion. The motion passed.

Mr. May asked LaNeda Pitts, Chairman of the Supervisory Committee, to provide the Committee's report for 2017. Ms. Pitts gave the report and introduced noted Committee member Beverly Williams, and welcomed the newest member, Ms. Zenobia Russell-Clenna, to the Committee.

Mr. May introduced Ms. Yvonne Dotson, Chairman of the Membership Committee. Ms. Dotson introduced Kenneth Allen and Eva Culbertson, members of the Membership Committee.

Mr. May made note that the Board of Director's annual report would be available on the CPOECU website. He thanked the Board and the Staff for their support over the years and encouraged members to embrace the electronic information as the Credit Union moves toward a more digital environment. He also noted that paper copies of the annual meeting report have been given to members at the meeting and would be available at both CPOECU branches for members unable to access them electronically.

*****7:30 p.m. Meeting adjourned for dinner break******

*****8:25 p.m. Meeting resumed*****

Mr. May introduced President Robert Palumbo. Mr. Palumbo welcomed everyone and introduced the Staff. He thanked the Board for their support and the Staff for their hard work over the past year. He then delivered his annual report, discussing highlights of the credit union's financial performance in 2017. He thanked the members for their ongoing support and loyalty, and for participating in the credit union's 90th year celebration.

III. New Business

Mr. Eddie Todd discussed the current Board vacancies, noting one (1) vacancy and two (2) Directors, Ms. Barbara J. Singleton and Ms. Carol Cook, were up for re-election for the three-year term beginning in 2018. Mr. Todd stated that Mr. Kenneth Allen and Mr. Anthony Burks had been placed in nomination to fill the vacant position. He also asked if there were any nominations from the floor. Two (2) nominations were called from the floor, as follows:

- 1.) Mr. James Harrington nominated himself and was added as a write in on the ballot.
- 2.) Mr. Adrian La Boy also nominated himself for the vacant Board seat. He was added as a write in on the ballot.

Mr. May asked three times for any other nominations from the floor; there were no other nominations from the floor. He then asked both Mr. Kenneth Allen and Mr. Anthony Burks to introduce themselves and explain why they would be a great fit for the Board position.

Mr. May asks members to make their choice for the Board vacancies on their ballots at this time.

Mr. May stated the voting on the 2018 ballot was now closed. He then introduced Ms. LaNeda Pitts to present the raffle prizes. The credit union raffled nine (9) \$90 gift cards in celebration of its 90th year.

Following the raffle giveaways, Mr. May asked if there were any additional questions or concerns.

No questions were asked. Mr. May asked for a motion to adjourn the meeting.

Ms. Deborah Fears (member) made a motion to adjourn the meeting; it was seconded by Ms. LaNeda Pitts. The motion passed and the meeting adjourned at 9:23 p.m.

**Minutes reviewed and
Approved by:**

Charles E. May
Chairman of the Board

Carol Cook
Secretary of the Board

Chicago Post Office Employees Credit Union
91st Annual Meeting
March 15, 2019

Board of Directors

Charles E. May, Chairman
Barbara J. Singleton, Vice Chairman
Carol L. Cook, Secretary
Ervin Gardner, Treasurer
LaNeda R. Pitts, Board Member
Eddie T. Todd, Board Member
Kenneth C. Allen, Board Member

Committee Members

Supervisory Committee

LaNeda R. Pitts, Chairman
Beverly Williams, Committee Member
Zenobia Russell-Clenna, Committee Member

Membership Committee

Yvonne Dotson, Chairman
Tyrone Lewis Sr., Committee Member
Kenneth C. Allen, Committee Member
Eva Culbertson, Committee Member - In Memorium 2018

Chicago Post Office Employees Credit Union
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Management

Robert M. Palumbo, President

Nicole Jennings, Vice President Operations

Eric G. Gibbs, Credit Manager

Deborah D. Walker Fears, Finance Manager

Staff (. . . in alphabetical order)

Elaine F. Anderson, Branch Manager

LaBrenda Dillard, Teller

Ashley Evans, Member Services

Veronica Hairston, Loan Officer

Sedora M. Hawthorne, Teller

Ebony Price, Finance Associate

Chairman of the Board's 2018 Annual Report

Welcome to the Chicago Post Office Employees Credit Union's 91st Annual Meeting. I am proud to report that the Chicago Post Office Employees Credit Union is continuing to have strong financial performance. I am happy to again report that the working environment for the staff is adding to the overall financial health of the organization.

We are continuing to make gains in reducing our operating cost. We are again asking for your help in reducing the amount of printed material we are providing to you by using our online platform. As many organizations have stopped providing hard copies to reduce their cost we are moving toward paperless statements. Over the next few years the Chicago Post Office Employees Credit Union will continue moving its statements and reports to an electronic environment. This year's annual report is being provided online with a very limited number being available at the annual meeting.

I would like to thank Mr. Robert Palumbo President/CEO and his staff for the many changes that have been made to improve the performance of the Chicago Post Office Employees Credit Union.

Our main goal continues to be to increase membership in the Credit Union by attracting new members by offering an array of financial services that cater to the next generation of members to help them reach their financial goals. The Board and Management Team hope that the Chicago Post Office Employees Credit Union will continue to be your financial institution of choice. Additionally, we will continue to do our best to remain worthy of your trust. Thank you for your loyalty and continued membership.

Charles E. May

Chairman, Board of Directors

President's 2018 Annual Report

Chicago Post Office Employees Credit Union's Board of Directors and Staff proudly celebrates the Credit Union's 91st. Annual Meeting in 2019. Members have experienced over and over again the true spirit of the Credit Union purpose of "People Helping People" which is so prevalent in this Credit Union. For more than ninety years, CPOECU has provided its members with a very strong service-oriented tradition, which began its roots back in 1928. It is with great pleasure to take this opportunity to report to the membership the exciting efforts, initiatives and achievements in 2018 that resulted in another very successful year for the Credit Union.

The 2018 results have solidified various key areas to further enhance financial strength; loan losses and recoveries, gross and net income, operating costs and equity strength. A key driver relative to future strategy is to ensure consistency and continuity of the positive results achieved in 2018 through 2019 and beyond.

Thanks to the dedication, knowledge and commitment of the Credit Union Staff, Board of Directors and Committees, CPOECU performed very well financially, operationally, and strategically. Let me share some highlights and successes of this past year:

- The Credit Union ended 2018 with total assets of \$19.5 million, up \$621k (3.28%) from last year and an industry-leading capital position of 26.78%.
- Total Savings balances ended the year at \$13.9 million, up \$614k (4.61%) from a year ago with \$2.1 million in savings certificates and \$1.3 million in money market savings.
- Members continued to look to the Credit Union to meet their borrowing needs as total loan balances ended the year over \$9 million, at \$9.4 million with over 500 loans being disbursed.
- Credit Card balance outstanding increased 11% from last year, ending at \$993k. A total of 302 cardholders performed 11,151 transactions in 2018, an increase of 8%. Credit Card outstanding balance has increased 75% over the past three (3) years.
- Increased Gross Income in 2018 by \$52k over the previous year.
- Total Members at the end of 2018 amounted to 4,195 as 375 new Members joined the Credit Union in 2018.
- On a very high note, Net Income for 2018 came in at \$232k, marking the third year in a row of very solid profitable results.

In continuing efforts to improve value to the membership, we have added or enhanced products and services in 2018 such as:

- A revitalized and more robust Website was introduced in 2018.
- Savings Certificate dividend rates were adjusted to increase members' savings earnings and investment options.
- Continued equipment and infrastructure upgrades were completed in 2018 to our core operating system to further enhance financial control and cyber security threats.

The Credit Union ended 2018 with very strong financial results thanks to a very supportive and loyal membership. When our members succeed, we all succeed. I wish all of you much success in 2019.

Thank you for conducting your personal business with Chicago Post Office Employees Credit Union.

Robert M. Palumbo Sr., CCUE/CCE
President

Supervisory Committee 2018 Annual Report

The CPOECU Supervisory Committee is the watchdog for the organization. We continually provide the necessary oversight for the Board of Directors, Management, Staff, Membership Committee and external auditors.

This past year the committee made some significant changes in the way our external audits have been performed.

We elected to change the year end from a calendar year to a fiscal year. This meant that for the annual audit review to be moved from December 31st of each year to September 30th. This allows our auditors to complete the year-end results sooner and at a significant savings. Normally most credit unions do their year-end results in December but now our credit union year-end will coincide with the postal fiscal year that ends September 30th, with a new year beginning October 1st of every year.

In addition, we have brought on another auditing firm to conduct the annual reviews. Seldon and Fox was selected to conduct our annual audit reviews using the new time frame that was recently established. The committee will continue to review this change for the next few years to monitor its effectiveness and cost saving benefits to the credit union. We will continue to maintain a relationship with Desmond and Ahern, however, they have now been regulated to performing quarterly reviews during the year, if warranted.

Additionally, we will begin to do periodic reviews of members' loan applications to ensure compliance with guidelines recommended by the State and our external auditors. This function was previously handled by the Credit Committee; which has as of last year, been disbanded.

The Supervisory Committee is committed to providing consistent oversight and accountability to maintain the integrity of the Chicago Post Office Employees Credit Union operations. Our most important duty is that we are safeguarding the funds so that our members can remain confident in proper management and handling of their investments with us.

We consider it an honor and a privilege to serve the members of the CPOECU.

Respectfully Submitted by

LaNeda Pitts, Chairman

Beverly Williams, Secretary

Zenobia Clenna, Committee Member

Credit Manager's 2018 Annual Report

The Credit Manager oversees the Credit Union's lending functions and operational processes. This Position along with the Credit Union's Loan Officer take great pride in ensuring that the lending products and processes are fair and equitable to all members. The Credit Union's By-Laws state that "the Credit Union shall create a source of credit to its members... in order to improve their economic and social conditions". The Credit Manager is pleased to report that the membership has embraced the Credit Union's lending products as all product categories had solid activity throughout 2018.

For the year ended December 31, 2018, the Credit Union lending highlights are as follows:

- Total Number Loans Outstanding = 1,142, Total outstanding balance = \$9,440,060
> Number of Loans disbursed in 2018 = 566, Amount = \$3,668,024*
- Total Number of Vehicle Loans = 234, Total outstanding balance = \$3,783,497
> Number of Vehicle loans disbursed in 2018 = 64, Amount = \$1,562,613*
- Total Number of Unsecured Loans = 741, Total outstanding balance = \$4,470,113
> Number of Unsecured loans disbursed in 2018 = 485, Amount = \$2,000,231*
- Total Number of Quick Cash Advances = 4,006, Total Amount of Advances = \$2,646,400*
- Total Credit Card Accounts = 302, Total outstanding balance = \$993,202
> Number of transactions = 11,151, Total amount of transactions = \$828,210*

We were excited to introduce new Lending Products and Promotions for Members throughout 2018:

- Mechanical Repair Coverage (MRC) for autos is now being offered to members. This is a quality, comprehensive extended warranty which provides repair cost protection on eligible autos at a cost much less than at car dealerships and other entities.*
- Auto Rate Reduction Promotional Specials were offered throughout the year for auto financing such as; discounts for higher credit scores, retaining MRC and GAP coverage products and Credit Disability / Life Insurance.*
- The Credit Union's Visa Credit Card Product reflected several exciting special promotions during 2018 such as; Low Rate offer for balance transfers and Zero % (0.00%) introductory rate offer for new accounts. What is most exciting is that we retained our Visa Credit Card's fixed-rate... saving members money as other financial institutions variable interest-rate credit card products continue to rise.*

The Lending Department's strong focus is to continue to provide exceptional value and service to members which includes lending products and services to meet their needs. We encourage all members to look to the Credit Union first when it comes to borrowing needs. We thank you for your trust and confidence in the Chicago Post Office Employees Credit Union and wish you much success in 2019 and beyond.

Eric Gibbs, Credit Manager

Veronica Hairston, Loan Officer

Membership Committee 2018 Annual Report

Mission statement: To organize, recruit, and encourage membership in the Chicago Post Office Employees Credit Union.

This report reflects the yearly activities of the Chicago Post Office Employees Credit Union's Membership Committee. The Membership Committee is dedicated to expanding the membership of the Chicago Post Office Employees Credit Union. As a Committee, we conduct several recruitment drives during the year and continually promote the many benefits of being a member. In spite of our best efforts, the membership has decreased from 4,352 in 2017 to 4,195 at year's end of 2018. Most of the decrease can be contributed to the elimination of many dormant accounts due to inactivity. The average age of the total enrolled membership is 51. The average age of newly enrolled membership is 37. The Membership Committee is committed to increasing our membership in 2019. We ask for your assistance in achieving this goal by reaching out to fellow co-workers, relatives, and retirees of the U.S. Postal Service.

We value every member and thank you for giving us the opportunity to serve you and your families. Unfortunately, we have to report the loss of one of our most dedicated and reliable committee members, Ms. Eva Culbertson. May she rest in peace. The Chicago Post Office Employees Credit Union takes pride in and will continue to provide excellent service to our membership and their families, as we have for the last 91 years.

Respectfully submitted,

*CPOECU Membership Committee
Yvonne "Pat" Dotson, Chairperson
Eva Culbertson, Member
Tyrone Lewis, Member*

CHICAGO POST OFFICE EMPLOYEES CREDIT UNION

BALANCE SHEET COMPARISON

ASSETS	2018	2017	Dollar Variance	Percent Variance
Cash on Hand and in Banks	\$1,025,436	\$1,398,823	(\$373,386)	(26.69%)
Loans to Members	9,440,060	9,722,204	(282,144)	(2.90%)
LESS: Allowance for Loan Loss	(372,771)	(376,864)	4,093	(1.09%)
Investments	8,866,021	7,686,021	1,180,000	15.35%
Building and Land - Net	152,047	155,948	(3,901)	(2.50%)
Furniture and Fixtures - Net	66,688	79,290	(12,602)	(15.89%)
Computer and Technology - Net	90,867	24,307	66,560	273.83%
Income Receivable	35,680	22,730	12,951	56.98%
Other Assets	234,160	204,615	29,545	14.44%
Total Assets	\$19,538,188	\$18,917,073	\$621,114	3.28%
LIABILITIES AND MEMBERS EQUITY				
Members Savings	\$13,963,384	\$13,348,462	\$614,921	4.61%
Accounts Payable & Other Liab.	142,436	389,079	(246,644)	(63.39%)
Accrued Expenses	163,635	130,314	33,320	25.57%
Unclaimed Property	36,559	48,916	(12,357)	(25.26%)
Reserves	751,706	751,706	0	0.00%
Undivided Earnings	4,480,468	4,248,595	231,873	5.46%
Total Liabilities and Equity	\$19,538,188	\$18,917,073	\$621,114	3.28%
Loans to Members				
New Vehicle	\$1,646,784	\$1,832,318	(\$185,533)	(10.13%)
Used Vehicle	2,136,713	1,930,813	205,900	10.66%
Quick Cash	109,290	100,814	8,477	8.41%
Unsecured Loans	4,470,113	4,858,480	(388,367)	(7.99%)
Savings and Certificate Secured	83,958	101,723	(17,765)	(17.46%)
Visa Credit Cards	993,202	898,057	95,145	10.59%
Total Loans	\$9,440,060	\$9,722,204	(\$282,144)	(2.90%)
Members Savings				
Regular Savings	\$8,332,069	\$7,902,680	\$429,388	5.43%
Consumer Savings Secured Loans	\$155,073	154,768	\$305	0.20%
Checking	\$1,816,943	1,863,033	(\$46,089)	(2.47%)
Money Market	\$1,264,157	1,277,842	(\$13,685)	(1.07%)
Christmas Club	\$43,969	46,473	(\$2,504)	(5.39%)
Vacation Club	\$181,907	160,730	\$21,178	13.18%
Youth & My Future	\$68,335	64,572	\$3,763	5.83%
Share Savings Certificates	\$2,100,929	1,878,364	\$222,565	11.85%
Total Savings	\$13,963,384	\$13,348,462	\$614,921	4.61%

CHICAGO POST OFFICE EMPLOYEES CREDIT UNION

Statement of Income and Expense

INCOME	2018	2017	Dollar Variance	Percent Variance
Interest on Loans	\$1,032,346	\$1,066,682	(\$34,336)	(3.22%)
Interest on Investments	149,730	81,536	68,193	83.64%
Non-Interest Income				
Fee Income on Loans	254,205	266,565	(12,360)	(4.64%)
Fee Income on Savings	282,662	292,909	(10,246)	(3.50%)
Fee Income on ATMs	209,062	176,833	32,229	18.23%
Other Misc. Income	112,848	104,187	8,661	8.31%
Total Non-Interest Income	858,777	840,494	18,283	2.18%
Total Income	\$2,040,852	\$1,988,712	\$52,140	2.62%
EXPENSES				
Compensation and Benefits	\$700,712	\$656,099	\$44,612	6.80%
Travel and Conference	47,407	46,896	511	1.09%
Office Occupancy	161,277	145,616	15,661	10.75%
Office Operations	476,569	439,320	37,249	8.48%
Education and Promotional	24,591	37,614	(13,023)	(34.62%)
Loan Servicing	85,994	98,449	(12,455)	(12.65%)
Professional and Outside Services	30,837	30,775	62	0.20%
Professional Dues and Fees	11,045	11,024	21	0.19%
Staff and Board	20,805	23,858	(3,053)	(12.80%)
Insurance and Bond	35,215	37,485	(2,270)	(6.06%)
Misc. Expenses	13,487	14,941	(1,454)	(9.73%)
Total Operating Expenses	\$1,607,938	\$1,542,078	\$65,860	4.27%
Income (Loss) from Operations	\$432,914	\$446,634	(\$13,720)	(3.07%)
Provision for Loan Loss	160,729	49,305	111,424	225.99%
Income (Loss) after PLL	\$272,185	\$397,329	(\$125,144)	31.50%
Cost of Funds				
Dividends	\$40,312	\$28,189	\$12,123	43.01%
Interest on Borrowed Funds	0	0	0	0.00%
Total Cost of Funds	\$40,312	\$28,189	\$12,123	(9.91%)
Net Gain or (Loss)	\$231,873	\$369,140	(\$137,267)	(37.19%)

Branch Listings

Main Branch: 10025 S. Western Avenue
Chicago, IL 60643-1925
773.881.2500
Fax: 773.238.3592

Downtown Branch: 433 W. Harrison St., 2nd Floor
Chicago, IL 60699-3916
312.431.8945-47
Fax: 312.566.0334

BUSINESS HOURS

Southside Branch (Main)

Mon. & Tues., 8:30 a.m. – 5:00 p.m.
Wednesday ~ CLOSED
Thurs. & Fri., 8:30 a.m. – 5:30 p.m.
Saturday & Sunday ~ CLOSED

Downtown Branch

Mon. & Tues., 8:30 a.m. – 5:00 p.m.
Wednesday ~ CLOSED
Thurs. & Fri., 8:30 a.m. – 5:30 p.m.
Saturday & Sunday ~ CLOSED

Internet Website & Internet Banking

www.cpoecu.com

Loan applications accepted online

24-Hour Audio Response System: 773.881.4770

Toll Free: 888.9CPOECU (888.927.6328)

- *Account Balances*
- *Account Transfers*
- *Automatic Withdrawals*