

Marine's merger with ELGA Credit Union expands offerings; employee benefits

By Ken Datzman

MELBOURNE — When customers mention Marine Bank, many of them associate the Vero Beach-based institution with its president and chief executive officer, Bill Penney, who has led that organization for the last 16 years.

He originally joined the bank 22 years ago, in 2004, when it had about \$60 million in assets, 20 employees, and one office. As CEO, Penney has been able to build a network of offices across multiple counties and grow assets to roughly \$650 million.

"It's been fun to see us grow over that time," he said.

Today, it has seven offices — two banking centers in Vero Beach, one banking center each in Fort Pierce, Sebastian, and Melbourne, and loan offices in Vero Beach and Port St. Lucie.

A few years ago, when Marine Bank was doing its strategic planning, "we were at a decisive moment in our history (the bank was founded in 1997). What does the next 10 years look like for us? We started in Vero Beach and have been able to expand into three counties (Brevard, St. Lucie, and Martin), which to me are the most wonderful parts of the state. The people I meet in those counties are amazing. I love to get out and meet people," said Penney.

He added, "What do we need to do to continue to grow and prosper and offer a high level of customer service? That equation gets tougher and tougher for a community bank of our size, with increased costs for technology and competition everywhere. We need scale, just like any business. So we looked to see who we could partner with that would allow us to maintain our identity while bringing new products and services to the table."

Penney said his board hired an investment banker to shop the market for possible partners.

"That search led us to Grand Blanc, Michigan-based ELGA Credit Union, which is near Flint. The thing that strikes me is that when we started talking to them, we were basically looking at ourselves. I have said for years that culture beats strategy all day long. If your employees are aligned, you can accomplish anything. If you have a great strategy but your employees don't really care, you are not going anywhere. As we continued to talk to ELGA Credit Union, we both realized that our cultures are similar. What I mean by that is they are focused on employees, on customer members, and on the community. The same thing can be said of Marine."

Community banks pride themselves on serving and supporting local businesses, schools, and charitable causes. Credit unions sharing this ethos have proven to be ideal successors.

Looking to secure Marine Bank's future and its ability to continue to serve customers and communities while preserving jobs, Penney, the board, and the shareholders agreed to be acquired by ELGA Credit Union, a 75-year-old member-owned full-service financial institution.

The transaction closed in March after an extensive review by the National Credit Union Administration, a federal agency that charters, regulates, and supervises federal credit unions.

Marine Bank was a public company with 450 share-



BBN photo — Adrienne B. Roth

Michigan-based ELGA Credit Union made its first expansion outside the state with the recent acquisition of Marine Bank & Trust Co. of Vero Beach. The partnership strengthens Marine's ability to serve customer members. With the completion of the transaction, Marine Bank has rebranded as Marine — 'A Division of ELGA Credit Union.' Bill Penney, former president and CEO of Marine Bank is now the Florida market president of Marine. All Marine Bank employees have been retained. From left, the Marine team includes: Penney, Kellie Clayton, Jason Tapley, Lory Milton, and William Talley. They are at the Melbourne branch in Suntree.

holders. Marine Bancorp of Florida Inc. was the holding company for Marine Bank & Trust Co.

Marine Bank's board of directors has been dissolved, with investors receiving a favorable payout of \$43.75 per share of Marine Bancorp of Florida stock.

"The shareholders were happy with the price they received for their stock, and all the Marine Bank employ-

ees were offered jobs. We couldn't be happier," said Penney.

The merger was unanimously approved by the directors of both institutions.

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"It has been a wonderful experience," said Penney, who

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is active in the community volunteering and helping non-profit organizations in the different counties. "We talked to each other for over two years, so we had plenty of time to plan and, most importantly, get to know each other."

Penney will retain local decision-making authority over branches in the communities previously overseen by his bank and is now the Florida market president of Marine.

Following its acquisition of Marine Bank, ELGA Credit Union has about \$2.3 billion in assets and now serves more than 115,000 members throughout Michigan and its Florida branches.

"This is their first expansion outside the state of Michigan," said Penney, who has weekly calls with Terry Katzur, president and chief executive officer of ELGA Credit Union.

"Terry is a great guy. We have discussions on a range of topics and he defers to me on the local level. 'You have always made good decisions. Use your discretion.' That is so refreshing to hear when one entity acquires another entity and a transition is underway," said Penney.

Savvy CEOs often delegate decision-making authority to empower people who are closest to the issue, which usually builds trust, increases team agility, and prevents bottlenecks.

Katzur singled out Penney's leadership and Marine Bank's nearly 30-year successful run as a community bank.

"This partnership strengthens our ability to serve members and customers across Michigan and East Central Florida with a continued commitment to local decision-making," said Katzur. "Marine Bank has built a highly regarded reputation in the region, thanks to its relationship approach. We are excited to build on that foundation together and uphold our commitment to maintaining all Marine Bank jobs and banking centers, as well as expanding our community giving and involvement efforts throughout the greater Treasure Coast and Space Coast communities."

Katzur was named CEO of ELGA Credit Union in 2022 after starting his career there in 1996 as a co-op student and working his way through multiple departments. He has an MBA degree from the University of Michigan-Flint.

Originally founded in 1951 as the Flint District Consumers Power Federal Credit Union, the credit union adopted the ELGA acronym to reflect the electrical and gas utilities industries its members served.

It seems like Penney, who just turned 70 years old, was destined to round out his financial services career at a credit union.

"My grandfather was a letter carrier in Methuen, Massachusetts. Going through our family archives, I found that he was the volunteer chairman of the Methuen Letter Carriers Credit Union. I have his 1932 going-away thank-you letter from that organization. Over the years, they expanded out into the community."

The 1930s were a foundational time for U.S. credit unions. The Federal Credit Union Act was passed in 1934. The National Association of Letter Carriers has historically sponsored various credit unions, as postal employees played a major role in the early credit union cooperative movement, according to the NALC.

Credit unions have been actively purchasing community banks. Driven by consolidation and a desire for scale, credit unions — which are tax-exempt, member-owned nonprofits — purchased more than 70 community banks since 2010. Many smaller community banks face high compliance costs, among other challenges.

DFCU Financial, one of the largest credit unions in Michigan, acquired Winter Park National Bank in Central

Florida late last year. Thousands of Michiganlanders spend winters in the Sunshine State. They tend to cluster in specific regions. Brevard County is in the middle of a migration corridor within the state.

Penney said the transition to ELGA's systems "is going smoothly. We have been very successful in customer retention. I'm out in the community all the time talking to our customer members. The customers are happy and our employees are happy about the deal, that is the feeling I get from my conversations with them."

The new relationship will now allow Marine the opportunity to offer an expanded portfolio of products and services. "Marine has been focused on business banking — such as commercial real estate lending. And we are very good at it. Cash management depository is another service we offer. We do a lot of residential lending, but not much consumer lending. ELGA Credit Union is a big consumer lender. So we are now in the process of merging the 'best-of-the-best' products and services. It's been rewarding because that approach is best for the customer member."

Marine now provides loans for automobile and vehicle purchases, he said. "We have done more auto loans in the last two months than we ever have in the history of Marine Bank."

Credit unions are widely considered the "gold standard" for auto lending, according to Bankrate.com, because they are not-for-profit cooperatives.

They consistently offer "significantly lower interest rates" and more flexible terms than traditional banks or car dealerships, says Bankrate. Since credit unions don't answer to shareholders, they pass profits back to their members in the form of a lower annual percentage rate.

Credit unions account for 28 to 30 percent of all outstanding auto loan debt in America, according to the Credit Union Times.

Another new feature for Marine is low-income lending, which is one of ELGA Credit Union's specialty areas.

ELGA Credit Union is a certified Community Development Financial Institution, a designation given to organizations that provide banking and financial services to low-income communities and individuals who lack access to traditional financing, said Penney.

"We will be introducing more loans with various terms to help people in lower-income communities, which is great that we can do that," he said.

Instead of relying solely on automated credit scores, ELGA Credit Union evaluates borrowers based on their overall financial situation, considering such factors as employment history and residency.

The low-income loans are structured with extended terms and customized repayment schedules to ensure monthly payments remain affordable.

ELGA Credit Union also provides unsecured, personal loan options that let members consolidate debt or handle unexpected expenses.

Another positive development from the merger is being embraced by Marine employees, who are now eligible for a significant upgraded benefits package. The package includes better family health insurance plans and matching 401(k) contributions.

"Something that really means a lot to me is that our team is going to benefit from lower health insurance costs," said Penney.

"We were in a bank consortium and did the best we could for our employees. Now, the health insurance costs are going to be dramatically lower for our employees because of ELGA Credit Union. Everybody loves that. I'm just sorry I couldn't have done that before."

He added, "The other good news on the employee benefits front is that ELGA Credit Union matches up to 10 percent of employee 401(k) contributions. Employees

can take the money they are saving on their health insurance and put it into their 401(k). Over time, they will benefit from doing that. I tell young people to start by putting money into an IRA or 401(k). If you start doing that when you are 25 years old, by the time you reach 55 or older, you will reap the rewards of investing and not spending the money on things you really don't need."

A 401(k) is a feature of a qualified profit-sharing plan that allows employees to contribute a portion of their wages to the account. Employers can contribute to employees' accounts.

An individual retirement account is a tax-advantaged account designed to help people save for retirement. IRAs offer special tax benefits, such as tax-deferred growth or tax-free withdrawals, to encourage long-term savings.

The average annualized stock market return, generally measured by the S&P 500 index with dividends reinvested, ranges from 10 to 16 percent depending on the timeframe. Historically, the longer the timeframe, the closer the returns converge toward a 10 percent annual average.

For the past 10 years, the average was 15.7 percent and the past 20 years brought a 12.4 annualized return, according to a compiling by New York University Stern School of Business.

Marine has operated in Brevard County since 2018 with a branch at 3303 Suntree Blvd. in Melbourne. Penney said ELGA Credit Union's goal is to expand. "That has always been my goal, too. It takes capital to expand. We just didn't have the capital to continue adding branches. Now, there is an opportunity for us to have more branches in Brevard."

As a banker, Penney has long been known for helping charitable entities in the region raise money. He was all set to celebrate his 70th birthday May 22 with a 70-mile bicycle ride called the "70 Forever Young Tour."

Penney planned to visit all of Marine's branches, from Fort Pierce to Melbourne and had his route mapped out for this event that was designed to support the Center for Memory and Movement, which raises funds for Alzheimer's and Parkinson's diseases. People donate to sponsor his ride.

On May 14, Penney was preparing to train for the ride and broke his femur in four places. The accident happened at State Road A1A and Jaycee Park in Vero Beach.

According to a story in VeroNews.com, "he started out on his bike from Riverside Park and headed north along State Road A1A. Around Jaycee Park, he felt like one of his tires was a little low on air and stopped to pump it up a bit. It still didn't feel right so he turned around to head back."

Just as he was making a U-turn, the bike tire rapidly lost all air, "causing the bike to sideslip on the pavement."

"I suddenly felt all the air going out of my tire and I slipped sideways as if I were on a sheet of ice," moments before being slammed into the pavement, says the article.

Penney underwent surgery at Cleveland Clinic Indian River Hospital. Surgeons inserted a metal rod directly into his leg. No cast was required.

"The whole thing has been so frustrating," he told VeroNews.com. Penney plans to do the 70 Forever Young Tour in about six months.

He has done similar bike rides raising thousands of dollars for charities. In 2021, for example, he created "65 Ride to Remember," a 65-mile bike trek which raised about \$12,000 to benefit the Alzheimer's and Parkinson Association of Indian River County.

Penney said he is looking forward to growing Marine in the market now with more resources.

"This is an exciting new chapter for Marine," he said. "ELGA Credit Union's scale will strengthen Marine's ability to serve local businesses and families. We're thrilled to be where we are today."