

Governor's Advisory Board

Minutes

May 6, 2015

The regular meeting of the Governor's Board of Credit Union Advisors was held at the Illinois Credit Union League Office (ICUL), 225 South College Avenue, 2nd Floor, Springfield, Illinois, and called to order at 10:30 A.M. by Chairperson Clements.

Present

Current Board consists of 4 members with 3 vacancies pending appointment. Present were Chairperson Alice Clements, Secretary Peter Paulson, Board Member Keith Burton & Board Member Ray Rogers. Chairperson Clements declared a Quorum.

Absent

None

Welcoming Remarks

Chairperson Clements welcomed Mr. Bryan Schneider (Secretary, DFI CU Division), Wade Cooper (Supervisor, CU Section), David Anderson (assisting the Supervisor - CU Section), and Colleen Stuart (Administrative staff - CU Section) and all guests. She thanked the Illinois Credit Union League for hosting the meeting and for their hospitality.

Approval of Minutes

Motion to approve the presented minutes of the November 13, 2014 GAB meeting was made by Member Peter Paulson and seconded by Member Ray Rogers. Aye: 4 Nay: 0 Motion was carried.

Election of Board Positions

Nomination for Chairperson: Mr. Paulson nominated Mrs. Clements for chairperson of GAB. Chairperson Clements asked if there were any nominations on the floor three times. The nomination was closed. Aye: 4 Nay: 0 Motion was carried. Chairperson Alice Clements was elected by the Board.

Nomination for Vice Chairman: Mrs. Clements nominated Mr. Paulson for Vice Chairman of GAB. Chairperson Clements asked if there were any nominations on the floor three times. The nomination was closed. Aye: 4 Nay: 0 Motion was carried. Vice Chairman Mr. Paulson was elected by the Board.

Nomination for Secretary: Mr. Ray Rogers nominated Mr. Keith Burton for Secretary of GAB. Chairperson Clements asked if there were any nominations on the floor three times. The nomination was closed. Aye: 4 Nay: 0 Motion was carried. Secretary Mr. Burton was elected by the Board.

Introduction of Board Members Present at this meeting:

Chairperson Clements introduced the Board Members present at the meeting.

Introduction of Special Guests

Chairperson Clements asked that everyone in the room introduce themselves and also state what credit union or organization they were with, which they did. Including the GAB Board, there were approximately 25 present at the meeting.

Financial Institutions Update

Mr. Bryan Schneider (Secretary, DFI CU Division) provided an update on the Illinois financial environment and welcomed comments and questions from the floor. Chairperson Clements thanked Secretary Schneider for the updates on the Financial Institutions as they impact the credit unions in the state of Illinois

Credit Union Section Update

Mr. Wade Cooper (Supervisor, CU Section) provided updates on staff and quicker turn around time on exams and review responses.

David Anderson provided updates on Illinois Credit Unions. As of December 31, 2014, the total number of Credit Unions is 230, of which 32 are currently on the DFI watch list (Down from 39 at December 31, 2013). Total Assets for Illinois state-chartered CU's was \$32.1 billion at December 31, 2014. Overall, improvements noted from December 31, 2013 to December 31, 2014 for Illinois state-chartered CU's in the following areas:

- 1) Total net worth to asset ratio 10.78% December 31, 2014 (10.42% December 31, 2013)
- 2) Delinquent loan to total loan ratio 0.69% December 31, 2014 (0.90% December 31, 2013)
- 3) 49 CU's absorbed net losses in 2014 (79 CU's absorbed net losses 2013)
- 4) \$205.1 million in total net earnings (\$182.6 million in 2013)
- 5) Net charge-off ratio 0.41% in 2014 (Net charge-off ratio was 0.48% 2013).

Turn-around time for issuing examination reports has improved greatly. The average turn-around time from field examination completion to examination mailing to the credit union is now less than one month.

Legislative Update

Mr. Keith Sias, Mr. Patrick Smith, and Ms. Ashley Niebur from the Illinois Credit Union League provided federal and state updates on the legislative issues that affect our credit unions today and in the near future. The following highlighted topics were discussed:

Federal

Risk Based Capital from NCUA

HR299: Capital Access for CU to join Federal Home Loan Bank as a source of liquidity

HR601/S423: Privacy Bill

HR989: Supplemental Capital

HB2584/SB1248: Wage Collection

HB2541: Credit Card Renewal

HB2700: Credit Union Raffles

SR142: Data Security Breach

SB735: Special Representatives

State

HB2477: Three updates to the IL Credit Union Act
SB1833/HB3188: Data Security - Attorney General Initiative
SB735: Foreclosure - Special Representative
SB1281: Reverse Mortgage Loans
HB1588: Financial Exploitation
HB1051: Transportation Network Provider - Uber Insurance
HB2700: Credit Union Savings Raffle

New Business

Chairperson Clements emphasized that safety and soundness are critical in protection, detection, and prevention, especially as more CUs actively interact with their members through Social medias (instant texting alerts, tweets, etc.), mobile wallet systems (remote capture, Smartphone payment, etc.), and (for a few CU) providing financial services to Medical Cannabis related businesses.

Chairperson Clements also briefly discussed about the following topics:

Cybersecurity Collaboration: Leveraging a Trusted Partner
Beware of Reversing Malware
DFI February 2015 Alert: MicroSoft no longer support ATM machines with WinXP
National Association of State Credit Union Supervisors Accreditation
CU Compliance to EMV Chip Cards Regulation

Old Business

Chairperson Clements stressed the importance of Succession Planning & Preparedness. Since many of the existing examiners and staff are near retirement age, the need for more examiners and staff is critical in order to make a smooth transition and be well prepared to serve the CU communities in the near future. Chairperson Clements noted that our existing staff is very experienced and extremely knowledgeable. Passing on this knowledge and training to new staff to fill in the existing roles would take quite some time for the new hires to build up the knowledge base and experience.

Chairperson Clements thanked all the Board members for volunteering and serving on the Governor's Board of Credit Union Advisors.

Attendees Questions or Comments

Mr. Sean Hession, CEO of IL CU League, commended Secretary Schneider and Supervisor Cooper for their understanding of CU environment and supporting the safety and soundness of the industry.

Next Meetings Date

Tentatively scheduled for November 2015 at Consumers CU in Gurnee, IL.

Adjournment

Meeting adjourned at 11:50 A.M.