

Governor's Advisory Board

Minutes

May 4, 2016

The regular meeting of the Governor's Board of Credit Union Advisors was held at the Credit Union 1, 225 South College Avenue, 2nd Floor, Springfield, Illinois, and called to order at 9:58 A.M.

Present

Current Board consists of 4 members with 3 vacancies pending appointment. Present were Chairperson Alice Clements, Vice Chairman Peter Paulson and Member Ray Rogers. Chairperson Clements declared a Quorum.

Conference Call - Secretary Keith Burton

Absent - None

Welcoming Remarks

Chairperson Clements welcomed DFI Mr. Wade Cooper (Supervisor, CU Section), Mr. David Anderson (CU Section), Ms. Colleen Stuart (Administrative staff - CU Section), Ms. Lucy Earhart (CU Section), Mr. Thomas Kane (President/CEO of ICUL), Mr. Steve Olson (EVP - ICUL, General Counsel & COO), Mr. Patrick Smith (Sr. VP - ICUL, Regulatory Affairs & Member Outreach), Mr. Keith Sias (VP - ICUL, Governmental Affairs), Ms. Ashley Niebur (Manager - ICUL, State Governmental Affairs) and all guests. Chairperson Clements introduced the Board Members present at the meeting and asked that everyone in the room introduce himself/herself and also state the associated credit union or organization. All attendees briefly introduced themselves. Including the GAB Board, there were approximately 30 attendees present at the meeting.

Approval of Minutes

Secretary Burton presented the minutes of the November 5, 2015 GAB meeting. Motion to approve the presented minutes of the 11-05-2015 GAB meeting was made by Member Rogers and seconded by Vice Chairman Paulson. The vote was unanimous. Motion was carried. No further question asked.

Election of Board Positions

Member Rogers nominated Alice Clements for the chair position of GAB. Ms. Clements asked if there were any nominations on the floor three times. The nomination was closed. The vote was unanimous. Motion was carried. Ms. Clements was elected to be Chairperson.

IDFPR Updates

Supervisor Wade Cooper mentioned that the Credit Union section of DFI are in the process of becoming certified with NASCUS. He also indicated that the new online CLEAR system is live and ready. Supervisor Wade Cooper presented an Appreciation of Service Award to Mr. Daniel Plauda, who retired as the President of Illinois Credit Union League. Mr. Kane accepted it on behalf of Mr. Plauda.

Credit Union Section Update

Assistant Supervisor David Anderson stated that the turn-around time for issuing examination reports has improved tremendously. Mr. Anderson further provided updates on Illinois Credit Union activities, issues, and concerns. As of December 31, 2015, the total number of Credit Unions is 223, of which 28 CU's are on the DFI watch list. Total Assets for Illinois state-chartered CU's was \$34.0 billion as of December 31,

2015. Overall, improvements are noted from December 31, 2015 for Illinois state-chartered CU's in the following areas:

Total net worth to asset ratio is 10.67% (10.71% Dec. 2014, 10.42% Dec. 2013)

Delinquent loan is 0.67%; (0.71% Dec. 2014)

45 CU's absorbed net losses in 2015 (49 CU's absorbed net losses in 2014)

Total Net Earnings in 2015 is \$192.7 million (\$205.1 million in 2014)

Net charge-off ratio is approximately 0.39% (0.42% in 2014).

Legislative Update

Mr. Thomas Kane, President/CEO of ICUL, mentioned that many small credit unions are operating with specific market niche. He further emphasized that the League can provide many valuable resources for training and addressing compliance issues. Mr. Olson, Mr. Sias, Mr. Smith, and Ms. 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, Member Business Rule, and Fixed Asset Rule from NCUA

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

HR989: Supplemental Capital

HB2584/SB1248: Wage Collection

SR142: Data Security Breach

State

HB5755: Authorizing Board of Directors to Amend Articles of Incorporation

HB6169: Vehicle Storage Fees & Inspection

HB5703: Allows Municipals to Borrow from CU

SB3024: Clarifications on Enrollment of Borrower Insurance Policy

SB2974: Vehicle Code on Issued Title with Lien Expiration

HB1290: Wage Lien Act - Employee Against Employer

HB1260: Data Security on Merchant Responsibility

SB2265: Vehicle Storage Fees & Inspection

New Business

Vice Chairman Peter Paulson discussed about the NCUA Consumer Assistance Center Complaints Portal.

Security & Safe-Guarding

Chairperson Clements thanked IDFPR for the overwhelmingly successful Cyber Risk and Security Conferences held on 11-09-15 in Burr Ridge and on 11-16-15 in Springfield.

New Online System

Chairperson Clements commended the extraordinary efforts by the many individuals and staff in the DFI for making CLEAR online web portal system ready and available.

Old Business

Chairperson Clements reminded the GAB members about the training requirements that all Board members must take annually and send the Acknowledgement of Participation to the appropriate office.

Chairperson Clements thanked all board members for completing and submitting the The Statement of Economic Interests which were sent out around March 2016.

Attendees Questions or Comments

Member Rogers asked Mr. Anderson about the trend of credit unions. Assistant Supervisor David Anderson explained about the credit union trend. Mr. James Roche, President of Consumers Credit Union, asked a question on reimbursements of expenses, which was answered by Supervisor Wade Cooper.

Mr. Patrick Smith, Senior VP at ICUL, encouraged all credit unions to take advantage of the Accomplus program that streamlines compliance management, provides visibility-tracking-measurement single application, automates regulatory alerts and updates, and trains staff and board.

Chairperson Clements thanked Mr. Cooper (DFI Supervisor, CU Section), Mr. Anderson (CU Section), Ms. Stuart (Administrative staff - CU Section), Ms. Earhart (CU Section), Mr. Kane (President/CEO of ICUL), Mr. Steve Olson (EVP - ICUL, General Counsel & COO), Mr. Patrick Smith (Sr. VP - ICUL, Regulatory Affairs & Member Outreach), Mr. Keith Sias (VP - ICUL, Governmental Affairs), Ms. Ashley Niebur (Manager - ICUL, State Governmental Affairs) and all guests for attending this GAB meeting.

Chairperson Clements especially thank Mr. Paul Simons, President/CEO of Credit Union 1, for opening the conference room for this meeting. She further thanked Mr. Kane, President/CEO of ICUL, and Mr. Smith, Sr. VP of ICUL, for hosting and setting up the lunch right after the GAB.

Next Meetings Date (November 2016 - Chicago & Spring 2017 - Springfield)

Tentatively scheduled for November 3, 2016 at the IDFPR Offices in Chicago & Springfield, Illinois:

JR Thompson Building
100 W. Randolph, 9th Floor, Suite 9-375
Chicago, IL 60601

Department of Financial & Professional Regulation
320 W. Washington, 2nd Floor, Suite 258
Springfield, IL 62786

Adjournment

Meeting adjourned at 11:25 A.M.