

Governor's Advisory Board

Minutes

November 5, 2015

The regular meeting of the Governor's Board of Credit Union Advisors was held at the IDFPR Offices Chicago & Springfield, Illinois, and called to order at 11:02 A.M.

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

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

Present

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

Absent

None

Welcoming Remarks

Chairperson Clements welcomed Mr. Bryan Schneider (Secretary, DFI), Mr. Francisco Menchaca (Director, DFI), Mr. John Lartz (Deputy Director, DFI), Mr. Eric Eizinges (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.

Chairman: Alice Clements
Vice Chairman: Peter Paulson
Secretary: Keith Burton
Board Members: Raymond E. Rogers

Chairperson Clements 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 20 present at the meeting.

Approval of Minutes

Secretary Burton presented the GAB May 6, 2015 minutes. Motion to approve the presented minutes of the May 6, 2015 GAB meeting was made by

Member Member Rogers motioned and seconded by Vice Chairman Paulson.

AYE: 4 NAY: 0 ABSENT: 0

Motion is carried.

IDFPR Updates

Secretary Schneider provided an update on 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.

Director Menchaca gave further updates on Illinois financial issues and also welcomed Mr. Lartz as Deputy Director of DFI. Chairperson Clements thanked Director Menchaca for the valuable updates.

Credit Union Section Update

Supervisor Cooper stated that the 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.

Mr. Anderson further provided the updates on Illinois Credit Union activities, issues, and concerns. As of November 1, 2015, the total number of Credit Unions is 224, of which 30 CU's are on the DFI watch list as of June 30, 2015 (Down from 39 at December 31, 2013). Total Assets for Illinois state-chartered CU's was \$33.0 billion as of September 30, 2015. Overall, improvements noted from December 31, 2014 to September 30, 2015 for Illinois state-chartered CU's in the following areas:

- 1) Total net worth to asset ratio is 10.95% (10.71% Dec. 2014, 10.42% Dec. 2013)
- 2) Delinquent loan is 0.64%; (0.71% Dec. 2014)
- 3) 50 CU's absorbed net losses first half of 2015 (49 CU's absorbed net losses in 2014)
- 4) Total Net Earnings in first nine months of 2015 is \$179.3 (\$205.1 million in 2014)
- 5) Net charge-off ratio is approximately 0.36% (0.42% in 2014).

Legislative Update

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 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 CU employees use mobile devices. Vigilance awareness of installing mobile apps that would compromise security, especially with regards to data breach. IT departments should lock down devices by encrypting messages before and after sending messages and documents, thus minimizing security breach from the middle of the man attack.

She inquired about the status updates on the new GAB board nominees. Supervisor Cooper will look into and handle the nominee matter.

Since no staff or board members are reimbursed for travel expenses since July 1, 2015, Chairperson Clements mentioned two options, (1) wait for being reimbursed or (2) itemize travel expenses from personal income tax Schedule A form.

Old Business

Chairperson Clements requested that Mr. Radliff, who resigned January 2015, should not be listed online as part of the GAB board member. She also encouraged all board members to reapply for their board positions which will be expiring in 2016.

Chairperson Clements thanked all board members for completing and submitting the Annual Ethics Training.

Attendees Questions or Comments

Mr. Kane emphasized that the League is ready to assist Illinois Credit Unions with NCUA cyber questions.

Next Meetings Date

Tentatively scheduled for the beginning of May 2016 in Springfield, IL.

Adjournment

Meeting adjourned at 12:15 P.M.