

# Governor's Advisory Board

## Minutes

November 13, 2014

The regular meeting of the Governor's Board of Credit Union Advisors was held at the Illinois Credit Union League Office (ICUL), 1807 W Diehl Rd, Naperville and called to order at 11:00 am.

### Present

Current Board consists of 5 members with 2 vacancies pending appointment. Present were Chairperson, Alice Clements, Secretary, Peter Paulson & Board Members, Keith Burton & Ray Rogers. Chairperson Clements declared a Quorum.

### Absent

Vice Chairman, Brian McDaniel

### Welcoming Remarks

Chairperson Clements welcomed Mr. Francisco Menchaca (Director, Division of Financial Institutions), David Anderson (Acting Supervisor, Credit Union Section), and Colleen Stuart (Administrative staff, Credit Union Section) and all guests, and 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 April 30, 2014 GAB meeting was made by Member Rogers, motioned and seconded by Member Burton.

AYE: 4      NAY: 0      ABSENT: 1

Motion is carried.

### 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/Credit Union Section Update

David Anderson provided an update on Illinois Credit Unions. As of October 31, 2014, the total number of Credit Unions is 238, of which 33 are currently on the DFI watch list (Down from 39 at March 31, 2014) Total Assets for Illinois state-chartered CU's was \$31.9 billion at June 30, 2014, up from \$31.3 billion at December 31, 2013.

Overall, improvements noted from December 31, 2013 to June 30, 2014 for Illinois state-chartered CU's in the following areas:

- 1) Total net worth to asset ratio 10.55% June 30, 2014 (10.42% December 31, 2013)
- 2) Delinquent loan to total loan ratio 0.74% June 30, 2014 (0.90% December 31, 2013)
- 3) 60 CU's absorbed net losses first half 2014 (79 CU's absorbed net losses 2013).
- 4) \$114.4 million in net earnings generated for an annualized ROA of 0.72% first half 2014, (ROA 2013 was 0.58%)
- 5) Net charge-off ratio 0.43% first half 2014 (Net charge-off ratio was 0.48% 2013)

New staff hired in November, 2014 includes an Office Associate in Springfield and an Examiner Trainee in Chicago.

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

Steve Olsen, Keith Sias & Patrick Smith from the Illinois Credit Union League provided updates on the legislative issues that affect our credit unions today and in the near future.

HB 4677 was signed on 8/26/14 into law as P.A. 98-1067, effective on 8/26/14. (Amends the Title Insurance Act to remove statutory sunset related to the ability of title insurance company or agent to make disbursements in connection with closing out of its fiduciary trust account. Please refer to P.A. 98-1067 for specific details.)

- HB 5342 was signed on 7/24/14 into law as P.A. 98-0784, effective on 7/24/14. (Amends IL Credit Union Act to achieve parity with federal law, enhance and clarify credit union operational authority with regards to charitable donation accounts, appraisal not required for refinancing of certain mortgage loans, duties of directors and supervisory committee, and regulatory examination consistency and due process. Please refer to P.A. 98-0784 for specific details.)

- HB 5622 was signed on 8/6/14 as P.A. 98-0862, effective on 1/1/15. (Amends the Wage Payment and Collection Act - Payroll Card.)

- HB 5701 was signed on 7/21/14 as P.A. 98-0774, effective on 1/1/15. (Creates Job Opportunities for Qualified Applicant Act - New.)

- HB 5938 was signed on 7/16/14 as P.A. 98-0749, effective on 7/16/14. (Creates the Conveyance and Encumbrance of Manufactured Homes as Real Property and Severance Act.)

- SB 2664 was vetoed by the Governor on 8/19/14 by passed the Senate 55-1 on 4/8/14 and passed the House 64-47-5 on 5/22/14. (Amends the Condominium Property Act - Nonpayment of Liens.)

- SB 2730 was signed on 8/26/14 into law as P.A. 98-1099, effective on 8/26/14. (Amends the Mortgage Foreclosure article of the Code of Civil Procedure to create a concise and expedient mechanism in the foreclosure law to clear title where a subordinate lienholder has been inadvertently omitted from the original foreclosure proceeding. Please refer to P.A. 98-1099 for specific details.)

- SB 2985 was signed on 8/1/14 into law as P.A. 98-0836, effective on 1/1/15. (Amends the Probate Act and Safety Deposit Box Opening Act - Small estate affidavits.)
- SB 3023 was signed on 7/16/14 as P.A. 98-0764, effective on 7/16/14. (Addresses subordination of mechanics lien to mortgage lien securing a construction loan.)
- SB 3029 was signed on 8/15/14 as P.A. 98-0950, effective on 8/15/14. (Deletes Section 2 of the Consumer Deposit Account Act and Section 10 of Check Printer and Check Number Act - Removal of check content.)

### 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 the following topics:

[ATM Hacker](#)

[Fraud Mitigation Steps](#)

[NCUA Cyber Security Resources](#)

[27 Ways to Accept Mobile Payments](#)

[Respatialization of Currency: Cryptocurrencies & Mesh Networks](#)

[Pros and Cons of Mobile Wallet Systems](#)

[Mobile Payment - Heartbeat Away | Wearable Payment System](#)

[CTA, Metra, Pace Mobile Payment](#)

[Harvard Business School's Apple Pay Adoption Problem](#)

### Old Business

New staff proposal from Chairperson Clements - New Assistant Supervisor in CU Section to assist Dave Anderson, new designated CU legal counsel, more examiners in Chicago, a problem case officer for Chicago area, and one additional administrative office staff.

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 reminded the GAB members that there are two training requirements that all Board members must take, they are free and available online and the links to the website are made available. Chairperson Clements stated the first one is the Open Meetings Act which takes about 30 to 45 minutes to complete and the second is the Annual Ethics Training.

Chairperson Clements stated that The Statement of Economic Interests should be sent out around March 2015 to the board members via email, along with attachments to be completed and submitted next year.

Chairperson Clements thanked all the Board members for volunteering and serving on the Governor's Board of Credit Union Advisors, completing the annual ethics training as required by law, and sending their Acknowledgement of Participation to the appropriate office.

#### Attendees Questions or Comments

None

#### Next Meetings Date

Tentatively scheduled for May 6, 2015 at ICUL in Springfield, and November 2015 at Consumers CU in Gurnee, IL.

#### Adjournment

Meeting adjourned at 12:30 P.M.