



Governor's Advisory Board

The regular meeting of the Governor's Board of Credit Union Advisors was called to order by Chairperson Woods at 9:00 AM on Thursday, May 2, 2013 in the Illinois Credit Union League, 225 South College Avenue, Springfield, Illinois.

Present

Vice Chairperson Woods, Secretary McDaniel (teleconference), Member Burton, Member Clements, and Member Rogers.

Absent

Member Young

Vice Chairperson Woods declared a Quorum.

Welcoming Remarks

Vice Chairperson Woods welcomed Mr. Manual Flores, Mr. Francisco Menchaca, Supervisor of the Credit Union Division of the Department of Financial Institutions. Ms. Woods also thanked Illinois Credit Union League for hosting today's meeting and for their hospitality. Ms. Woods asked participants at the meeting to briefly introduce themselves.

Approval of Minutes

Member Clements motioned that the minutes of the October 10, 2012 be approved as presented. Member Burton seconded the motion. AYE: 5, NAY: 0, ABSENT: 1, Motion Passes.

Introduction of Board Members

Vice Chairperson Woods introduced the Board Members present at the meeting.

Introduction of Special Guests

Vice Chairperson Woods introduced Manuel Flores (Acting Secretary of IDFPR), Francisco Menchaca (Supervisor of CU Division of DFI), Brad Losch (DFI), Dave Anderson (DFI), Dan Plauda (ICUL), Steve Olsen (ICUL), Patrick Smith (ICUL), and Keith Sias (ICUL).



Approval of New Officers

Vice Chairperson Woods presented the slate of officers for the Governor's Advisory Board from the Nominating Committee for approval:

Chairperson	Alice Clements
Vice Chair	Brian McDaniel
Secretary	Ray Rogers

Member Rogers motioned that the slate of officers be approved as presented. Member Burton seconded the motion. AYE: 4, NAY: 1, ABSENT: 1, Motion Passes. The slate of new officers approved.

Financial Institutions Update

Mr. Menchaca suggested that a dedicated attorney for the DFI would help mitigate examiners time in handling and dealing with the increased volume of legal issues.

Mr. Menchaca and Mr. Flores both welcomed any inquiries from the Board, especially since many pending and approved Bills will impact the credit union industry.

Credit Union Section Update

Dave Anderson provided an update on Illinois Credit Unions. The total number of Credit Unions is 263, down from 270 in October and 276 in May. However, there were 7 mergers. Examiners have determined that 8% of examinations yield a CAMEL 1 rating, 29% at CAMEL 2, 47% at CAMEL 3, and 16% at CAMEL 4. There are no credit unions at CAMEL 5.

Credit Unions lost money. The charge-off ratio was 0.63, a decrease while asset growth was up 5%. There was a 5% growth in loans in 2012. Credit Unions with assets of 100 million and up are doing quite well. Most of the problems have been caused by poor management, CEO controlling the board, and Supervisory committee not doing its job.

Brad Losch reported that violations of rules and regulations are increasing mainly in the area of late call reports, audits, etc., which leads to complaints from CUs about late fees. There are 43 CUs on the watch list which are split by 1/3 throughout the state. On the watch list are 8 CUs in the \$10-29 million asset size. Mr. Anderson commented that these CUs receive a full exam with a follow up.



Legislative Update

Keith Sias provided an update on the legislative agenda of the Illinois Credit Union League. Mr. Sias reported on HR 749 which refers to privacy notices to members. This bill would allow CUs to send these notices only to new members or if there is a change in policy. On the Federal level there is a push to tax CUs. Requests for help will go out this summer. Also, HR678 on Member Business Lending past the House.

New Business

Chairperson Clements asked Mr. Menchaca whether there is a need for more staff due to many potential retirees in the near future. Mr. Menchaca indicated that more examiners and clerical staff are being presented for the Governor's consideration, but the financial situation of the State will limit this possibility. Chairperson Clements further asked whether DFI has sufficient funds to support additional staff. Mr. Losch and Mr. Menchaca confirmed that DFI has sufficient fund.

Some states have passed legislation to compensate board members of CUs. This could create a problem for our tax exempt status.

Old Business

There was no outstanding business.

Attendees Questions or Comments

There was none.

Next Meeting Date

Tentative date August 21, 2013 with location to be announced.

Adjournment

Motion by Ms. Woods, Seconded by Mr. Burton. The motion was unanimously approved. The meeting adjourned at 10:30 A.M.