

## **GOVERNOR'S ADVISORY BOARD MINUTES**

The regular meeting of the Governor's Board of Credit Union Advisors was called to order by Chairperson Alice Clements at 1:00 P.M. on Tuesday, **October 23, 2018** in the Illinois Credit Union League Offices connected by video conference.

(Naperville) 1807 W. Diehl Road, Naperville, IL 60566-7107  
(Springfield) 225 S. College, Suite 200, Springfield, IL 62704

### **Present**

Current Board consisted of 6 members with 1 vacancy. Chairperson Alice Clements, Vice Chairman Peter Paulson, Secretary Keith Burton, Board Member Raymond Rogers, Board Member Jose Garcia, and Board Member Paul Gaumer were all present. Chairperson Clements declared a Quorum.

### **Absent**

None

### **Welcoming Remarks**

Chairperson Clements welcomed Mr. Bryan Schneider (Secretary, IDFPR), Mr. Wade Cooper (Supervisor, DFI CU Section), Mr. Sean O'Kelly (Director of IT, IDFPR), Ms. Colleen Stuart (Administrative staff - DFI CU Section), Mr. Thomas Kane (President/CEO, ICUL), Mr. Steve Olson (EVP Chief Advocacy Counsel, ICUL), Mr. Patrick Smith (SVP Regulatory Affairs & Member Outreach, ICUL), Mr. Keith Sias (SVP Governmental Affairs), Ms. Ashley Sharp (VP Legislative Counsel, ICUL), Mr. Patrick Hogan (Supervisor of CECTF) and all guests. Chairperson Clements also thanked the Illinois Credit Union League for hosting today's meeting and for their hospitality. Chairperson Clements asked participants at the meeting to briefly introduce themselves. Including the Board, there were approximately 30 present at the meeting.

### **Approval of Minutes**

Secretary Burton presented the GAB November 13, 2017 minutes which was motioned by Mr. Paulson and seconded by Mr. Gaumer. AYE: 6, NAY: 0, ABSENT: 0. Motion carried.

### **Election of Board Positions:**

Member Garcia nominated Peter Paulson 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. Mr. Paulson was elected to be Chairperson.

Member Clements nominated Kieth Burton for the Vice 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. Mr. Burton was elected to be Vice Chairperson.

Member Paulson nominated Jose Garcia for the Secretary 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. Mr. Garcia was elected to be Secretary.

Election were completed, and Chairperson Paulson took the chair and thanked Member Clements for her service as Chairperson. The meeting proceeded with the agenda.

## **Presentation on Current Trends in CyberCrimes:**

Patrick Hogan of the Secret Service provided the GAB board and audience on current trends in various cyber crime trends. This included various financial crimes related to access devices (credit cards and computer hacking). Discussion was held related to stolen visa card number and how they are sold in the black market, business email compromise and various other malware initiatives by criminals looking to defraud financial institutions. Various resources were made available for credit unions access their respective organizations. There was a Q&A after the session. Chairman thanked the presenter for the presentation.

## **IDFPR Updates**

Secretary Schneider gave a general update of IDFPR matters. Supervisor Cooper updated the GAB on the personnel within the IDFPR that supports the departments mission. New staff will be on board soon to assist the department including an administrative assistant and a cyber security intern. Examination mailing has improved greatly. Supervisor Cooper further provided the updates on Illinois Credit Union activities, issues, and concerns. In general, number of credit unions are down but the assets are up with a decrease in number of credit unions on watch list due to mergers. As of June 2018, the total number of Credit Unions is 201 (State Chartered NCUSIF 181 and 20 ASI). Total Assets for Illinois state-chartered CU's was \$39.7 billion as of June 2018. 16 (3 have merged, two removed) Credit union are on the watch list. The peak number for credit union was 62. Overall, improvements noted for Illinois state-chartered CU's in the following areas:

- 1) Net worth to asset ratio is 10.70%
- 2) Delinquent loan is 0.55%
- 3) Return on asset is 0.83%
- 4) Cost of funds is 0.82%
- 5) Loan to assets is 84.59%

IDFPR will be working with NCUA on Cyber Security. IDFPR will use the NCUA file transfer portal to ensure credit unions information is secured. After 21 days credit union information will be deleted.

## **Legislative Update**

Mr. Kane, Mr. Sias, Ms. A Niebur, Mr. Olson and Mr. Smith 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:

*Mr. Olson reviewed a handout with key credit union statistics. The credit unions provided 5.6 billion to the state's 2017 economic output and over 3.2 million Illinois residents are credit union members.*

2018 Spring session update: 40 new legislators (177 in total) that need to be educated about credit unions.

Many "bad bills" were defeated with over thousands of bills being introduced. A hand out was provided with a list of Bills being worked on. This handout includes the actual bills and status.

In the process of trying to pass a new Unclaimed property Bill (HB3806). The original Bill was passed to balance the State budget. HB3806 was passed in the Senate 55-0 on May 31<sup>st</sup>. However, time ran out to pursue in the House. To be re-introduced in the Fall veto session.

Updates on Bills that were defeated that would have impacted credit union fees related debit and credit cards. HB4922 was vetoed by the Governor related to stored value cards and related fees. HB 759 related to insurance licensing was discussed in detail. Many credit unions sell credit life and disability. The department of insurance agreed that financial institutions were not required to be licensed to enroll members with these types of polices.

All Bills being opposed are itemized in the handout provided by the Illinois Credit Union League.

Ms. Niebur reviewed Bills that were passed and signed into law. HB5497 was discussed related to CPA audits related to smaller credit unions responsibilities for filing audits to the IDFPR. Also, clarified Section 59 related to purchasing assets from other financial institutions. Amended section 10 to add a new exception related to privacy. Credit unions can rely on a request from law enforcements agencies related to member threats. A written request would have a statement indicating the threat and the need for credit union records. Ms. Niebur discussed other Bills provided in the handouts.

Mr. Sias and Mr. Smith completed the updated with referencing the handouts on the Federal (S. 2155 and 3503) and State level Bills. S. 2155 – Economic Growth, Regulatory relief, & Consumer protection Act contains several provisions that would significantly reduce regulatory burden for community financial institutions like credit unions.

Mr. Smith discussed the 2155 rulemaking parity with NCUA. In addition, lots of FOM request have been requested and processed through IDFPR.

### **Old Business**

None.

### **New Business**

Board Member Clements led the discussion on Electronic Lien and Titling. Many states have this in place and the hope Illinois will follow. Other topics related to mergers, loans to back to Illinois, digital media and growing younger members was discussed with IDFPR and attendees.

### **Comments from Board Members**

None

### **Next Meetings Date**

To be determined.

### **Adjournment**

Chairperson Paulson adjourned the meeting at 3:15 P.M.