The regular meeting of the Governor’s Board of Credit Union Advisors was called to order by Chairperson Alice Clements at 2:00 P.M. on Monday, November 13, 2017 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), Ms. Lucy Ito (President/CEO, NASCUS), Ms. Alicia Erb (VP Member Relations, NASCUS) 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 32 present at the meeting.

Approval of Minutes
Secretary Burton presented the GAB May 10, 2017 minutes which was motioned by Mr. Paulson and seconded by Mr. Gaumer. AYE: 6, NAY: 0, ABSENT: 0. Motion carried.

IDFPR Updates
Secretary Schneider made reference to the 2017 IDFPR Roadmap and emphasizing the importance of Responsive, Innovative, Transparent, and Efficient (R.I.T.E.) governance to create an effective regulatory environment that promotes economic growth in Illinois while optimizing consumer choice. Secretary Schneider then provided an update on Illinois financial environment and welcomed comments and questions from the floor. Chairperson Clements thanked Secretary Schneider for his report on the Financial Institutions as they impact the credit unions in Illinois. Mr. O’Kelly, Director of Information Technology at IDFPR, gave further securities updates on the state level information technology safety and soundness report. Chairperson Clements also thanked Mr. O’Kelly for his insights.
Credit Union Section Update
Supervisor Cooper stated that the turn-around time from field examination completion to 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 September 2017, the total number of Credit Unions is 208 (down from 214 in Sep. 2016), of which 18 CU’s are on the DFI watch list. Total Assets for Illinois state-chartered CU’s was $37.6 billion as of September 2017 (up from $35.6 billion in Sep. 2016). Overall, improvements noted for Illinois state-chartered CU’s in the following areas:

1) Net worth to asset ratio is 11.44%
2) Delinquent loan is 0.71%
3) Return on asset is 0.36%
4) Cost of funds is 0.22%
5) Loan to assets is 51.18%

Legislative Update
Mr. Kane, 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
NCUA restructured regions consolidating 5 regions into 3 regions to improve efficiencies by closing the Albany, New York, and Atlanta, Georgia offices. Illinois credit unions are assigned to Region IV based in Austin, Texas.

HR1: The House Ways and Means Committee passed the Tax Cuts and Jobs Act on November 9, 2017. This bill leaves the credit union tax status untouched. Watch for differences between the House and Senate versions.

HR10: Choice Act repealing the Durbin Amendment passed the full House in June. Watch for differences between the House and Senate versions.

Risk Based Capital from NCUA

State
HB1792: The Governor signed into law on August 25, 2017 that allows state-chartered Illinois credit unions to invest in pools of loans regardless of the loan borrower membership, permits credit union member action by electronic voting, and reduces the par value of a membership share from at least $5 to at least $1

HB759: Amendments to the Illinois Insurance Code passed and signed into law to resolve ambiguous language in the existing Insurance Code as it relates to the requirement of having an
insurance producer’s license in order to solicit and sell group credit insurance policies on member loans.

SB1694: Amendments to the Vehicle Code, Labor and Storage Lien Act and Labor and Storage Lien (Small Amount) passed and signed into law which explicitly clarify that storage fees may not be collected if the lienholder notice is not sent.

HB2514: Amendment to the Illinois Credit Union Act passed which authorizes credit unions to share information with Federal Home Loan Bank effective August 2017.

HB2603: Revised Uniform Unclaimed Property Act

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

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 mentioned briefly on plug and play open banking platform, crypto anchors, IDFPR Financial Innovative Office Hours, and up coming cyber security conference.

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

Next Meetings Date
Chairperson Clements tentatively scheduled the next meeting for the beginning of May 2018 in Springfield, IL.

Adjournment
Chairperson Clements adjourned the meeting at 3:35 P.M.