



Executive Committee Meeting Minutes

Meeting Date: May 18, 2015

Meeting Location: Horizons Conference Center, Saginaw, Michigan

Members Present: Eric Brubaker, Dave Cibulka, Dennis Hanson, Jenny Hoyle, Lynn McCoy, Ann Russell, Vickie Schmitzer, Jan Shaffer, H. Vance Vargo, Alan Watson, Barbara Weiler, Bernard Williams

Members Absent: Jeremy Coberley, Linda Doan, Rita Goul (E), Gerald Hutto (E), Missey Kelly (E), Bridget Staffileno (E)

Guests Present: Barb Appold, District Director Tim Benecke, Greg Dietrich, Cara Kurtz (MCUL), Penny St. Cyr (Strategic Income Solutions), Melinda Spada (Alloya Corp FCU)

Vice Chairperson Alan Watson called the meeting to order at 9:21 a.m., directly following the Legislative Breakfast.

Minutes

The Minutes of the March 17, 2015 Executive Committee meeting were distributed by e-mail. Alan Watson provided some corrections on page 3, and Jan Shaffer noted that she had received some corrections from Jenny Hoyle. Eric Brubaker made a motion to approve the Minutes as corrected, Bernie Williams supported the motion. Motion carried by unanimous vote.

Treasurer's Report

Dennis Hanson distributed copies of the Treasurer's Report. He reported \$1.64i in dividends as the only item received and the \$500.00 check to MFCU for annual meeting prizes as the only expense. The ending balance was \$4,232.27.

Jenny Hoyle made a motion to approve the Treasurer's Report as presented; Eric Brubaker supported the motion. Motion carried by unanimous vote.

Chairman's Report

Alan commented that he thought the chapter Annual Meeting was "a crazy success" and thanked everyone for their contribution to the event.

District Director's Report

District Director Tim Benecke reported that the MCUL Board met April 28, 2015 and took the following actions:

- The Board accepted the 2014 Audit from Rehmann who issued an “unqualified audit opinion” or a clean audit.
- The Board approved management’s recommendation to take no action on the following Governance Task Force recommendations to amend the bylaws to:
 - Retain one corporate and eleven individual memberships, but modify the formula to allow for full representation for all size credit unions. While providing equitable representation to the members of all Michigan credit unions is a worthwhile goal, doing so in this manner could create an imbalance in the current system.
 - Require the automatic appointment of a Governance Task Force by the MCUL Chair once every 5 years. Instead this was left up to the discretion of the Board Chairman to assess informally and appoint a Task Force as needed.
 - Eliminate alternate directors and permit chapter chairs to vote in place of directors. Instead we will continue to encourage interested chapter chairs to run for the office of alternate director of their District.
- **Credit Union Board Compensation** – There was a lot of discussion, but it was voted down 9-1. The consensus was that it is “not the right time” to do this. Vickie Schmitzer asked if he had heard that some large credit unions may convert to banks if this isn’t adopted; Tim said he had not heard this and it wasn’t mentioned at the meeting.
- **Authorized the CEO to cast votes for CUSG Board.** CUSG Board member terms are for three years. Each year four positions on the CUSG board are up for election. It therefore becomes necessary for the MCUL Board each April to direct the MCUL CEO to cast votes for CUSG Board candidates at the CUSG Annual Meeting (May 19, 2015). Since there are four open seats and four who have self-nominated, the Board authorized the MCUL CEO to cast votes for: Pete Gates - Chairman, Michigan Schools and Government CU; David Snodgrass, Lake Trust CU; Corinne Sherman, Pennsylvania Credit Union Association; and Karen Church, CEO of ELGA CU.
- Board approved 2016 Dues formulas, one for Regular members and one for Premier members.
 - **Regular Members** - Regular would pay dues under the current formula. (no access to Premier dues level i.e. prior year dues rebates)
 - **Premier Members** - The dues formula would be permanently reduced by 50% for Premier members. To be eligible for premier membership a credit union would need to make a minimum voluntary contribution to the cooperative advertising program. While every credit union would continue to be strongly encouraged to pay their full fair share amount, in order to qualify for reduced dues, the minimum contribution outlined below would need to be made by each anticipating credit union.

Minimum Voluntary Contribution

Under \$10mm \$5
 \$10 - \$50mm \$500
 \$50 - \$100mm \$1000
 \$100 - \$250m \$1500
 \$250 + \$2000

- **Legal Defense Funding - State Taxation of Domestic Credit Unions**

The Board approved up to \$75,000 to be made available to credit unions facing challenges to their tax exemption under Michigan law. The funds are available on a dollar-for-dollar match. So if a credit union spends \$10 on legal fees associated with this issue, MCUL is authorized to provide \$5 to that credit union to offset their costs.

- The Michigan Department of Treasury has taken the position that certain credit union income is subject to state tax under Michigan law, and they have disallowed certain exemptions claimed by one or more credit unions.
- The Michigan Credit Union Act specifically exempts domestic credit unions from state taxation with the exception of property taxes.
- One of the core purposes of the Michigan Credit Union League is to “secure constructive interpretation of laws, rules, contracts, and other matters, for the purpose of serving the best interest of the credit union movement”.
- Proactively aiding in the defense of the credit union tax exemption will ultimately benefit all domestic credit unions in Michigan.

Dennis Hanson added that Dow Chemical ECU is disputing the State of Michigan’s allegations that their 2008-2010 990 returns are incorrect and that taxes are owed.

Committee Reports

Education

There was no report.

Legislative Representative

Barb Appold reported that the Michigan Governmental Affairs Conference was held April 21—22 in Lansing and a very well attended event. There were 54 lawmakers and about 80 staffers in attendance, along with about 130 credit union leaders, the largest number of attendees to date.

She noted that there was a lot of discussion about how credit unions must engage both employees and members to share their advocacy message. Our members benefit the most from the credit union system and it’s up to us to tell them.

She added that State Rep. Anthony Forlini, chair of the House Financial Services Committee, told attendees that updating the Michigan Credit Union Act would allow credit unions to better serve their members. Forlini said that while he believes some regulation is necessary, he is hoping to reduce the burden on credit unions.

Credit Union representatives also had the chance to ask regulators questions in person about industry oversight. There was a regulator roundtable session that was moderated by John Kolhoff, the Director of the Michigan Department of Insurance and Financial Services. Jason Schultz, NCUA consumer access analyst and Larry Schoeberl, NCUA supervisory examiner, also participated.

Partner Reports

MCUL Relationship Manager

Cara Kurtz distributed copies of a written report. She noted that the Annual Convention & Exposition (AC&E) is coming up. Please contact her if you need help with lodging. She reminded everyone about the golf outing prior to the convention, which will raise funds for the Children's Miracle Network. There is room for more players and teams.

She congratulated Vance Vargo on Family First CU celebrating 75 years of service to members, Vickie Schmitzer on Frankenmuth CU celebrating 50 years of service, and Dave Cibulka on United Financial CU celebrating 50 years of service to members. She will have plaques to present to each credit union.

She said that retiring CEOs will be honored at this year's AC&E, so please let her know if you plan to retire this year.

Please contact her if you would like information about the lease alternative product that was spotlighted during the recent "Lunch and Learn."

She said that Rapid Advance is a new referral program that will provide non-interest income to credit unions that refer business loans.

She also said that CU Solutions Group will be joining CU Wallet and hope to have a product roll-out this summer.

She noted that the chapter made a donation of \$1400 last year to the MCU Foundation. She wondered if a donation will be made this year. Tim Benecke said the donation came from golf outing proceeds which will be discussed later in the meeting.

Alloya Corporate FCU Representative

Melinda Spada thanked everyone for supporting Alloya Corporate and said that they will be hosting an Executive Symposium in Chicago September 9-11, 2015 which may coincide with credit unions' strategic planning. She will be sending invitations.

The CU Business Group will host a webinar on June 3 called "Staying Ahead of Examiners."

CUNA Mutual Representative

There was no report.

Neighborhood Mortgage

There was no report.

Strategic Income Solutions

Penny St. Cyr noted that she and Greg Wischmeyer will share a booth at the AC&E. She is happy to help look for ways to increase income, so please feel free to call her.

Cooperative Advertising/CU Link Update

There was no report.

Community Reinvestment Initiative

There was no report.

Old Business

There was none.

New Business

Golf Outing

Tim Benecke asked where we would like the proceeds from this year's golf outing to go. Last year, we sponsored BizKids on CMU Public Broadcasting for \$2,500 and the rest went to the MCU Foundation, which was about \$1400. Eric Brubaker made a motion to allocate \$2,500 of the chapter golf outing proceeds to sponsor BizKids for another year, with the remainder going to the Michigan Credit Union Foundation. Dennis Hanson supported the motion. Motion carried by unanimous vote. The golf outing will be August 5, 2015 at Maple Leaf Golf Course in Linwood.

Election of Officers

Alan Watson noted that Bridget Staffileno indicated that she is still willing to serve as Chairperson, if we would like her to. Dave Cibulka made a motion to retain the same slate of officers for another year. Dennis Hanson stated that he would like to step down and would nominate Jenny Hoyle to be Treasurer. Dave Cibulka withdrew his motion. Dave then made a motion to re-elect Bridget Staffileno as Chairperson, Alan Watson as Vice Chairperson, and Jan Shaffer as Secretary for another term. Ann Russell supported the motion. Motion carried. Vance Vargo nominated Jenny Hoyle to serve as Treasurer, supported by Dennis Hanson. There were no other nominations. A unanimous vote was cast for Jenny Hoyle as Treasurer.

Open Forum

Sunrise Family CU new building has been finished. Wanigas CU is working on a neighborhood improvement project. Impact Saginaw will host a "Fun Day" at First Mercantile Park on August 9.

MCULAF 50/50 Drawing

The 50/50 drawing was held. Dave Cibulka. There was a question about whether the drawing was 50/50 or 1/3, 1/3, 1/3. Cara will try to clarify the rules.

Next Meeting

The next meeting will be on Tuesday, September 8, 2015, at Team One CU, probably at the McCarty office.

Speaker

Detective Jim MacDonald from FIST (Financial Institution Security Team) arrived to talk about the organization. He said that the group started years ago when the Saginaw Township Police Department recognized they had a problem and started the Shoplifters Task Force, which brought area retailers together to share information. The group grew and then broke into different specialized groups such as one for jewelry stores and one for financial institutions, which became the FIST group. FIST serves as a clearinghouse for information about crimes in the area, which includes Midland County, Bay County, Saginaw County and surrounding areas. The group meets the third Tuesday every other month at Memorial Park. He noted that he will be the Fraud Investigator in Saginaw Township.

There was some discussion of the use of the "Mr. FIST loan" as a code for an ongoing robbery. It seems that while the name used may vary by county, the type of questions is widely used as an indication of whether an actual robbery is in progress at a financial institution. The coordination of such a practice was one of the early accomplishments of the FIST group.

There was a question about the biggest trend seen by local law enforcement. Det. MacDonald said any scheme to make money is popular-empty ATM envelopes, counterfeit cards, bogus checks, but they have also seen account opening fraud, tax refund fraud.

Vice Chairperson Watson adjourned the meeting at 10:14 a.m.

Respectfully Submitted,

Janis L. Shaffer, Secretary