



Executive Committee Meeting Minutes

Meeting Date: March 17, 2015

Meeting Location: Members First Credit Union, Midland, Michigan

Members Present: Eric Brubaker, Dave Cibulka, Rita Goul, Jenny Hoyle, Gerald Hutto, Missey Kelly, Vickie Schmitzer, Jan Shaffer, Bridget Staffileno, H. Vance Vargo, Bernard Williams

Members Absent (all excused): Jeremy Coberley, Dennis Hanson, Lynn McCoy, Alan Watson, Barbara Weiler

Guests Present: Dave Adams (MCUL), Barb Appold, District Director Tim Benecke, Jeremy Goldsworthy, Carrie Iafrate, Cara Kurtz (MCUL), Beth McKenna, Dana Reif, Ken Ross (MCUL/CUcorp), Penny St. Cyr (Strategic Income Solutions), Melinda Spada (Alloya Corp FCU)

Chairperson Bridget Staffileno called the meeting to order at 8:40 a.m. and thanked Eric Brubaker for hosting the meeting. She welcomed everyone on St. Patrick's Day, adding that she comes from a large family (10 siblings) and credit unions are like family also. It is important to share the same message and feeling everywhere we go, especially with younger staff that may be new to credit unions. She noted that she feels lucky to be part of the credit union industry.

Minutes

The Minutes of the January 13, 2015 Executive Committee meeting were distributed by e-mail. Bernie Williams made a motion to approve the Minutes as presented, Eric Brubaker supported the motion. Motion carried by unanimous vote.

Treasurer's Report

Dennis Hanson was unable to attend. Bridget distributed copies of the Treasurer's Report. The report reflected \$0.62i in dividends as the only item received and the \$500.00 deposit for the annual meeting was the only expense. The ending balance was \$4,730.63.

Bridget commented that she will be pushing lapel pin sales to raise funds for MCULAF and would like to see all credit unions participate in this endeavor. Bernie Williams asked if the ASFM (A Strong Financial Michigan) contributions would count toward fundraising goals. Cara Kurtz will check on this.

Dave Cibulka made a motion to approve the Treasurer's Report; Bernie Williams supported the motion. Motion carried by unanimous vote.

Chairman's Report

Bridget noted that the Michigan Governmental Affairs Conference (GAC) and Annual Convention & Exposition (AC&E) are coming up. She'd like to have a small gathering at these events for our chapter, so please let her

know if you will be attending.

She encouraged every credit union to send at least one person to the chapter Annual Meeting. She will invite our legislators/representatives to attend as well. She also asked that we bring someone else to the next Exec meeting so we can get more people involved. She said she will send out an email on committees and she'd like to do a fun event for the chapter.

She noted that IMPACT Saginaw hosted 400-500 children for hockey night. They've done a lot for kids in the community since they were formed.

She added that she would like the chapter to participate in an event with the STEM bus in the fall.

District Director's Report

District Director Tim Benecke reported that the MCUL Board met and took the following actions:

The Board of Directors approved

- U.S. Rep. Bill Huizenga as 2014 Federal Lawmaker of the Year
- Mr. Eric Feldman as 2014 Federal Staff Person of the Year
- State Rep. Michael Callton as 2014 State Lawmaker of the Year
- Mr. Dan Papineau as State Staff Person of the Year

The Board of Directors approved the 2015 Legislative and Regulatory Agenda recommended by the Legislative Forum Executive Committee.

The Board of Directors approved the recommendation of the Legislative Forum Executive Committee for proposed amendments to the Michigan Credit Union Act except for one item – Board Compensation. The recommendations were developed by a working group of credit union professionals in concert with MCUL staff and Legal Counsel Chuck Holzman. The working group included: Tiffany Ford, CEO, U of M CU, Jeremiah Kossen, VP of Operations, LMCU, Chad O'Brien, General Counsel, ELGA CU and Jim Orlowski, General Counsel, DFCU. The working group had a series of meetings in the fall of 2014, reviewing and discussing each section of the MCUA in an effort to identify ways to strengthen the state charter.

The recommendations were discussed by the full Legislative Forum and the State and Federal Working Group on January 23, 2015. The recommendations were also disseminated to Michigan credit unions CEO's for review and comment (17 survey responses).

There were 59 items in total – 17 technical or minor changes, 26 related to regulatory relief, all approved except Board Compensation. Tim asked the group if the MCUL Board members should be compensated for their time and service. Discussion followed. Dave Adams commented that volunteers have been “part of the fabric” of credit unions since the beginning. Credit unions have become larger and more complex, and ten states now allow directors to be compensated. He added that we don't have a lot of experience with this, but in most cases, the compensation is “nominal and reasonable” to acknowledge the time commitment. He said he would like Michigan to maintain its position as being progressive and flexible with regard to operations.

Vickie Schmitzer commented that she was questioned by an examiner about \$300 Christmas gifts for her directors. Bernie Williams commented that he's dealt with bank boards of directors and feel his Wanigan Board compares very well. Dave Adams noted that once credit union directors are compensated, the will be a higher level of liability that will be expected. Volunteer directors are protected from liability to some extent. Bridget commented that board members work hard and spend a lot of time serving the credit union; she has no problem with compensating them. Dave Adams added that bankers are quick to criticize the trips for training as "compensation", so allowing compensation removes that argument. Gerald Hutton noted that they send their directors for training and give them small gifts, but he prefers a volunteer board and has had no problems getting volunteers.

The question was asked-Will board compensation endanger the credit union tax exemption? Dave Adams said it shouldn't because the exemption is based on the fact that the credit union's ownership by its members. Also, does our tax exempt status cause credit unions to operate differently? Dave said no. He said philosophically, he would like to keep things the same (no compensation), but he also wants credit unions to have the flexibility they want to operate.

(Dave Adams and Ken Ross did presentation, found later in the Minutes.)

Discussion resumed after Dave Adams/Ken Ross' presentation. Eric Brubaker commented that he like to see more information but can see the appeal of offering compensation; he has mixed feelings. Missey Kelly wondered if compensation would affect the quality of candidates for the board. There were other comments about liability. There was no consensus from the group. Bridget said she would try to get some more information for the group on the experience of the 10 states that allow director compensation.

Committee Reports

Education

Bridget announced that Beth McKenna will chair the Education Committee. They will work on a STEM event in the fall, a presentation by Eric Gagliano (member loans), and Sandeep Kapur (social media). They hope to do an event each quarter and promote credit union events as well.

Legislative Representative

PAC Funding

Dana Reif reported that the chapter has met 2% of our federal goal and 75% of our state goal. We have 3 credit unions that have exceeded their state PAC goals – Frankenmuth, Lake Huron and Wildfire credit unions; we have 11 others making effort and we have 10 that have not yet sent in any funds.

CUNA GAC

"Powerful Cause, Positive Effect" was the theme for this year's convention, drawing nearly 5000 credit union advocates. She added that the speakers were engaging, funny and knowledgeable. They heard great stories from former White House press secretary Ari Fleisher, and he spoke about the multitude of potential candidates for the GOP nomination in 2016. While he would not give his favorite, he did say he favors governors – Scott Walker of Wisconsin and two former officials Jeb Bush (Florida) and Mike Huckabee (Arkansas). He also mentioned former Maryland governor Martin O'Malley as a dark horse Democratic candidate against Hilary Clinton.

She said they received an entertaining introduction to CUNA's new President/CEO, Jim Nussle. Arianna Huffington spoke to the crowd on stress and how she remembered the exact moment she began to reconsider the definition of success. She said Americans are living under the collective delusion that burnout is the key to success. A less stressful, more fully engaged life allows for deeper, more creative insights.

Michigan's Senator Gary Peters presented to the General session crowd. He thanked credit unions for their early support in his Senate campaign. He said credit unions made a difference, showing the power of the credit union endorsement. We are the heart and soul of our communities.

She noted that these messages were brought to the Capitol Hill visits -

1. **Preserve the credit union tax exemption** – Members of Congress should recognize credit unions' unique role in the financial sector and tax reform legislation should not eliminate or alter the credit union tax status.
2. **Stop merchant data breaches** – Reminding the members of Congress of the robust data protection and notification standards which banks and credit unions must adhere to, just asking that any entity that has access to important consumer financial information should have to adhere to the same standards. We need the ability to inform members about information regarding breaches, including where it occurred.
3. **Remove barriers that prevent credit unions from fully servicing members** – We ask that our congressmen support legislation which removes barriers to credit union service and provide better oversight of organizations that regulate credit unions.

She reminded everyone about the upcoming events: MCUL GAC – April 21-22, Legislative Breakfast – May 18th & October 19 – Horizon's Conference Center, and MCUL Hike the Hill – September 29-30.

Dana will end her term as the Legislative Representative at the chapter Annual Meeting. She thanked everyone" for making the last 9 years as the chapter's Legislative Rep so rewarding, I have learned a lot and I have formed some great friendships. I know you will be in great hands with Barb Appold."

Vickie Schmitzer congratulated Dave Adams for receiving a Leadership Award at the CUNA GAC. She also noted that the World Council of Credit Unions will be meeting in Denver this year; it would be great to have some chapter people attend.

Partner Reports

MCUL Relationship Manager

Cara Kurtz has returned to work. She noted that the Spring Leadership Conference is this weekend at the Soaring Eagle Resort, and the Risk Management Conference has returned. She said to let her know if you are having trouble getting rooms for the AC&E and you may contact her for more information about the event.

She noted that 17 of the 24 chapter credit unions have contributed to the CU Link program.

If you would like information about the Rapid Advance program, please contact her.

Alloya Corporate FCU Representative

Melinda Spada distributed copies of the March 2015 Update publication. She said the Sun Corp merger is complete, and they are working on integration. Todd Adams will give more information at the chapter Annual Meeting. If anyone has questions or issues for him, please let her know.

She noted that Alloya's goal is to have an executive level email at each office receive communication and forward to others within the organization that need it, rather than Alloya sending the same email to several people in the same credit union.

She thanked everyone for supporting Alloya FCU.

CUNA Mutual Representative

There was no report.

Neighborhood Mortgage

There was no report.

Strategic Income Solutions

Penny St. Cyr asked what is in place in our credit unions to help members if a data breach occurs. She has an identity theft solution and an instant issue card program available, so please contact her if you are interested in such solutions.

Cooperative Advertising/CU Link Update

Cara commented on this in her remarks

Community Reinvestment Initiative

There was no report.

Old Business

MCUL Governance Task Force - This item was removed from agenda.

Lunch and Learn - Cara Kurtz will take care of this.

Chapter Annual Meeting

Eric Brubaker distributed the Spirit Award forms, which are due the end of next week. He asked credit unions bring door prizes, if they wish, or send checks to him at Members First CU and his group will purchase door prizes also. We discussed a donation from the chapter for prizes as well. Eric Brubaker made a motion that the Mid-Michigan Chapter donates \$500 toward door prizes for the Chapter Annual Meeting. Gerald Hutton supported the motion. Motion carried.

Bridget said she'd like to invite the Saginaw High Drum line to perform, for a cost of \$200. Gerald Hutto made a motion to invite the Saginaw High Drum Line to perform for the annual meeting for a cost of \$200; Jenny Hoyle supported the motion. Motion carried.

Missey Kelly said we are all set with nominations. All of the incumbents will run again, and Linda Doan from Copoco CU will run to fill the vacancy.

New Business

Dave Adams/Ken Ross' Presentation (The agenda was reordered to allow this presentation to take place earlier in the meeting.) Dave Adams said that it is important to have credit unions' efforts be local and the MCUL is here to facilitate them. He reflected on Sen. Gary Peters' comments at the GAC about how important the MCUL's early support of his campaign was. Dave said that "getting it right" was good, but it was important to support someone who had supported credit unions. The Michigan Bankers Association supported his opponent, despite Mr. Peters' supporting them while he served on the Financial Services Committee in the Michigan Legislature. Early support is critical for candidates and valued more than the support that comes later.

A booklet containing details of the presentation was distributed. Dave Adams thanked Eric Brubaker for serving on the CUSG Board of Directors and Tim Benecke for serving on the MCUL Board, and H. Vance Vargo for his service to the MCU Foundation.

He highlighted the top 10 priorities for the MCUL in 2015:

1. Drive a bold national advocacy agenda and results
2. Reinvent the Michigan Credit Union Foundation's purpose and results
3. Create more opportunities for marketing to younger consumers
4. Improve advocacy and support for small asset sized credit unions
5. Improve media relations with local spokespeople and industry results
6. Improve networking, awards and holistic resource strategies
7. Implement disruptive innovation
8. Improve long-term CU Link planning, supplemental advertising and dues rebate process
9. Improve education and publications integrations with Credit Union system organizations
10. Enhance chapter/committee support

Dave also noted that the MCUL will work to update the Federal Credit Union Act, which hasn't been revised since it was passed; it's time to modernize it.

Ken Ross highlighted the top 20 priorities for the CUSG in 2015:

1. Retool all core solutions
2. Identify opportunities for SMAC and "Design & Build" in technology
3. Implement opportunities in lending and operations (i.e. 1 Reverse, Amex)
4. Improve League InfoSight management
5. Exploit CU system and other wholesale opportunities for core solutions
6. Pursue acquisition/investment opportunities
7. Implement disruptive innovation
8. Implement big data strategies for Love My Credit Union Rewards

9. Implement product-led consulting
10. Maximize investor value with risk and contingency management activities

He added that the MCUL wants to work with CUNA, but they would like CUNA to be “more bold” in addressing credit unions’ regulatory burden as well as the FCU Act. He added that exam issues also need to be addressed, especially that the exam reports should not be subject to subpoena. Exam clarity is also an issue; if “suggestions” by examiners to change reports, procedures, etc. are not implemented, credit unions should not receive “black marks” in the exam reports. Such “suggestions” can be especially burdensome on small credit unions that may not have the resources to research alternatives. He thanked Lisa Gray (Dow Chemical ECU) for her work on the MCUA working group. Dave Adams commented that the state charter is more flexible than the federal charter, and the MCUL is available to any FCU that wants to convert if they feel that is best for them.

Ken Ross noted that the CU Link program is the vest cooperative advertising program in the country. There is great participation, but they could always use more. He said there will be a “sneak peek” of this year’s campaign at the AC&E.

He also highlighted the education, information, service, technology, marketing, human resource, and lending & operations solutions that CUSG has available, as well as the membership enhancement options.

Overall, the goals for both MCUL and CUSG are to remove barriers at the state and federal levels, promote the “Credit Union Difference” and provide solutions for service excellence.

Open Forum

MCULAF 50/50 Drawing

The 50/50 drawing was held. Melinda Spada won and donated the winnings back to the chapter

Next Meeting

The next meeting will be on Monday, May 18, 2015, right after the Legislative Breakfast at the Horizons Conference Center.

Chairperson Staffileno adjourned the meeting at 11:109 a.m.

Respectfully Submitted,

Janis L. Shaffer, Secretary