

WISCONSIN CREDIT UNION REVIEW BOARD

Tuesday, November 27, 2018 at 10:00 a.m.

4822 Madison Yards Way, 1st Floor,
Madison, WI 53705

Board Members Present

Lisa Greco
Christopher Butler
Colleen Woggon

Board Members Present Via Phone Conference

Sherri Stumpf
Dan Wollin

Others Present

Kim Santos, Director, Office of Credit Unions
Thomas Theune, Deputy Director, Office of Credit Unions
Leah Erickson, Executive Staff Assistant, Office of Credit Unions
Heather MacKinnon, Chief Legal Counsel, Department of Financial Institutions

Colleen Woggon called the meeting to order at 10:01 a.m. She asked for any additions, modifications, corrections, or deletions to the minutes of the September 30, 2018 and October 25, 2018 meetings as they were printed and distributed. Motion by Christopher Butler to amend the October 25th meeting minutes, Motion by Lisa Greco to approve the meeting minutes with the amendment and a second by Christopher Butler.

The amendment was in reference to the Discussion of Office of Credit Unions General Letter, 4-18-Loans, section that stated, *“The Review Board requested OCU to reconsider its interpretation of law as listed in the General Letter 4-18. OCU agreed the letter will once again be discussed with the Review Board in the upcoming Review Board Meeting”*. The Review Board moved to amend the minutes to read as follows, *“The Review Board requested OCU to reconsider its interpretation of the law as listed in the General Letter 4-18. OCU agreed that the letter will be once again be discussed with the Review Board in the upcoming Review Board Meeting. The Review Board also requested to be informed of the appeal process if the parties disagree.”*

Motion by Lisa to approve both meeting minutes, and seconded by Christopher Butler - the motion carried unanimously.

OCU Letter to Credit Unions

Colleen Woggon suggested to the board to move the agenda item under New Business, OCU General Letter CU 4-18, to start the meeting. The board agreed.

Director Santos started by stating that since the letter came out, her and Tom have listened to the concerns of credit unions, the Wisconsin Credit Union League and the review board. They have also met with DFI legal counsel many times. They received the formal position of the League just last Tuesday. Due to the holiday and people being off, office staff has no had adequate time to devote to doing a thorough review of each point in the letter. In addition, everyone is aware of the upcoming change in administration in state government in January 2019.

Director Santos realizes this issue is very important to all parties involved. Therefore, it is her recommendation that the Office of Credit Unions take time to review the League position/letter and explore a transparent process of review and resolution so this issue can be settled. This process will include further discussions with League and any credit unions so we can come to a mutual resolution of the issue.

In the interim, the OCU will not enforce the letter with the exception of situations in which there is an obvious single party non-member on a loan. If examiners note this type of activity, they will engage in conversations with management on the circumstances of loan.

After the comments of Director Santos, a robust discussion of the letter was had. In addition to discussion by the credit union review board members, Brett Thompson from the Wisconsin Credit Union League (WCUL) also spoke. Dan Wollin wanted to move the discussion into a closed session. However, that was not done but will be considered for a future meeting. There was a discussion on rescinding, repealing or holding the letter in abeyance.

Director Santos indicated the OCU will be taking more time to thoroughly review each point in the opinion letter from the WCUL prior to making a decision but that a decision would be made by the end of the week. Heather reminded the review board members of two items: 1) Be mindful of open records laws and retain voice mails and emails and 2) Be mindful of a walking quorum. Review Board members can send Leah Erickson any information they want retained and she will take care of retaining it.

Correspondence

Director Santos indicated that there was no new correspondence.

Regular Reports

- **Report of Consolidations**

Director Santos reported there are 125 credit unions currently. The overall number of mergers is down in 2018 –there have only been 4 mergers to date.

Director Santos indicated that there are new consolidation procedures in place from the National Credit Union Administration (NCUA) that took effect on October 1. The new process applies to all upcoming mergers, and OCU staff will work with the credit unions on the new procedures.

- **Activity Report**

Director Santos reported that most of the activities listed were routine. Several of the newer activities listed are related to the purchase and assumption involving Marine Credit Union and Old National Bank.

- **Member Business Loan Waivers Log**

Director Santos reported that there is one waiver request pending. The waiver is to increase the aggregate member business loan (MBL) cap limit for a credit union. An onsite review is in process.

New Business

- **Member Business Loan Rule Update**

Director Santos provided a brief update on the status of the proposed member business loan rule. On or about January 7, 2019, the next biennial session of the 2019 legislature will begin. Not until then will the chief clerks refer the rule to the appropriate committees. She is hoping the rule will be approved in 2019. She also reported that the NCUA, Region 5/WEST region reviewed the rule and noted three areas that they requested feedback on from their general counsel. Staff will be meeting with representatives from the new region on December 7.

- **Third Quarter Financial Statistics**

Director Santos reported on the September 30, 2018 statistics:

- There were 126 credit unions.
- Overall, trends are very positive with assets increasing to \$36.4 billion.
- Net Worth ratio remains strong at 11.44%.
- The return on average assets ratio was 1.19%.
- Loan to savings ratio of 97.16%.
- Delinquency is at a low rate of 0.66%.
- Only two credit unions lost money for as reported on the call report.
- The complete financial bulletin is on the DFI website.

- **Update on Staffing and Exam Issues**

Director Santos stated that two examiners were hired. Alex Bruins has returned to his position as a financial examiner and a new examiner, Benoit Guertin, was hired as well. A supervisor position and two other examiner positions remain vacant.

The Office completed the statute requirement for exams in 2018 and is working on a list for 2019. Staff will also working with the new NCUA supervisory examiner on joint exams for 2019.

SET TIME & PLACE FOR NEXT MEETING

The first quarter review board meeting is scheduled for Tuesday, March 27th, 2019 at 10 a.m. It will be a conference call but members are welcome to attend in person at the Department of Financial Institutions, 4822 Madison Yards Way, Madison, Wisconsin.

CLOSED SESSION

Motion by Christopher Butler, second by Lisa Greco to move into closed session at 11:32 a.m.

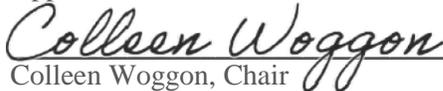
Motion by Lisa Greco, second by Dan Wollin to move out of closed session at 11:56 a.m.

Motion by Lisa Greco, second by Christopher Butler to adjourn the meeting at 11:56 a.m.

Respectfully submitted,


Sherri Stumpf, Secretary

Approved:


Colleen Woggon, Chair

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