

# MEETING OF THE BOARD OF CREDIT UNION ADVISORS

October 7, 2014  
10:00 am

Utah Department of Financial Institutions  
324 South State Street, Suite 201  
Salt Lake City Utah

Minutes

## **BOARD MEMBERS PRESENT:**

Dean Hirabayashi and Kent Greenfield.

## **DEPARTMENT OF FINANCIAL INSTITUTIONS STAFF PRESENT:**

Ed Leary, Paul Allred, Riley Bergstedt, Darryle Rude, and Sonja Long.

## **OTHERS PRESENT:**

Stephen Nelson from Utah's Credit Unions

**1. Call meeting to order** – Dean Hirabayashi

**2. Minutes**

There are no changes to the minutes, but a full quorum was not available to approve the minutes.

**3. Public Meetings training** – Paul Allred

Each board that comes under the Open and Public Meetings Act needs to have training every year. He suggested that if you want to know more about this act read UCA Section 52 Part 4. It defines the meeting as a convening of a public body with a quorum present to discuss and receive comments or act on a matter. Public notice has to be given for this meeting. He asked Sonja Long to describe what a public notice is for this meeting. She explained that for all public government meetings it has to be posted on the Public Meetings Notice website; it can be found at [www.pmn.utah.gov](http://www.pmn.utah.gov). You can

subscribe to any meeting that deals with any of the given subject matters listed on that website. She posts the information for each of the public meetings that our department holds prior to the meeting. They need to be posted at least 24 hours in advance. The agenda is posted there as well as any minutes or other documents that you want to add. She talked about how to subscribe to the website so that you would receive notice of any meeting based on the information that you selected.

Paul said that the meeting has to have minutes taken and those have to be available to the public. Because these are open meetings, anyone can attend. There are provisions in the act that allows you to close a meeting, discussion of someone's character, competence, or health; collective bargaining; pending or imminent litigation; going to acquire real property or water rights; having a discussion of a security system or someone's criminal conduct; commercial information discussed by a county body; ethics complaints; fiduciary commercial information discussed by the Utah Higher Education Assistance Board. The reality that we would ever close a meeting is pretty rare. The whole point of the act is that what is discussed here, the advice that is provided is available to the public. This is the reason that the Legislature wants training to be held each year.

#### **4. Upcoming Legislative Session – Paul Allred**

Each year as we are getting ready for the legislative session, the department management meets and talks about the things that we are looking to do for the next session. In the 2013 session, we moved the payday lending industry onto the National Multistate Licensing System (NMLS). They discussed moving the title lenders, other mortgage lenders and independent escrow agents onto that system during this session. Also right now our money transmitters are regulated under an administrative rule and we would like to move it into Title 7. Right now that is all we talked about for the legislative session. Commissioner Leary said that he hasn't heard of any legislation that would affect the credit union industry.

#### **5. Credit Union Issues and future – Riley Bergstedt**

He would like feedback from the credit union industry. One of the last things that Orla Beth started was adding a sensitivity to market risk section to the exam reports. NASCUS is starting to move in that direction. So instead of CAMEL ratings it will be CAMELS in the future.

He wants feedback from the industry on late fees. He read the section 70C-2-102, delinquency charges. He is wondering how each institution interprets that. Darryle Rude explained that there have been a couple of major discussions in the office, more on how often you charge it and when you charge it. There are a lot of different ways to set up your system to charge this. The department wants to know how the industry is implementing this section. We want a consensus so that when the examiners go out, they should be seeing the same thing in each institution.

Riley gave out a copy of Appendix A from NCUA. He asked for a brief discussion on CAMEL rating system. It was implemented a number of years ago. It is to keep things consistent across all industries. It grates on him when it is referred to as a grade. He feels that it is an assessment of risk. Is it seen by industry as a grade? Dean Hirabayashi said that yes, generally it is seen as a grade. He said that he feels that management might see it as a tool but for board members, they can relate it to a grade. Kent Greenfield agreed with Dean, his board relates them to a grade. Riley really wants everyone to understand that it is a risk management tool that the department uses to determine what we need to do to help the institution. The composite is not an average of the individual ratings, there is a lot of thought, discussion and qualitative stuff that goes into the composite rating in addition to the quantitative items. Perhaps that is a discussion that could be had with each board. Stephen Nelson suggested that Riley talk about that at the meeting he is speaking at on Saturday. There was a discussion on how to overcome this thought process.

## **6. Exam Issues – Riley Bergstedt**

Dean asked if there was anything that is standing out for the upcoming year. Riley said Interest Rate Risk, Cybersecurity.

## **7. Other business**

Commissioner Leary said that as of August 1 our management changes were made. We also completed a hiring process about the same time. We should have new examiners on October 20. Stephen asked about the training process. Darryle went through the training process, we start them in less complex institutions first and then they work their way up to more complex institutions. We try to get them through the core credit union schools within

the first year. Then they move on to the banking schools after that. They do belong to the pool that examines both credit union and banks, but the first year, they will be focusing on schools and credit unions as well deferred deposit lending examinations. Darryle said that it takes 4-5 years for them to get through the core schools and then they can look at specialties such as IT or compliance.

For the NASCUS meeting this year, Commissioner Leary, Darryle and Riley attended. It was the first NASCUS meeting for Darryle and Riley. There is a new NASCUS president coming in the first of the year. Riley had an opportunity to sit down and talk with her.

Every five years we go through the accreditation review, right now we are going through the CSBS review. We will have our NASCUS examination team in here in January. They come on site and give a list of things to self-evaluate and then they come in for about 2 ½ days and review it.

## **8. Next Meeting – January 6, 2015**

## **9. Adjourn**