



Daily Notes

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Wednesday, August 24, 2011

Hall of Honor Awards Dinner Showcases Three Honorees

On Tuesday night, conference attendees stepped out in their finest to celebrate three very special honorees. To start off the night conferees enjoyed a reception with drink tickets sponsored by Crews and Associates. Dinner was then served and while people waited for their dessert, Arty introduced three very deserving people, who have each dedicated their lives to the credit union movement and the philosophy of People Helping People, and presented their eagles. The three admirable honorees this year were:

Ralph Story, VyStar CU, is a very familiar face to DCUC and its mission. Mr. Story served on DCUC's board of directors from 1997 until his departure in 2010, holding every position from Member-at-Large to First Vice Chairman and becoming DCUC's first-ever Volunteer Chairman in its rich history. Story currently sits on the Board of Directors at VyStar CU where he has served in a voluntary capacity for over 45 years! During his lifetime support of the credit union movement, Mr. Story has also served on the boards of the Credit Union National Association, the Florida Credit Union League and the Armed Forces Financial Network. Ralph Story is a Navy veteran and retired from NADEP, NAS Jacksonville after 37 years.

Roger McTighe will be honored for his 25 years of exceptional credit union support. Serving on North Island CU's board from 1983-1990, McTighe, a 30 year Naval veteran, stepped into the newly created role of Military Liaison to improve North Island CU's exposure and relationship with North Island Naval Air Station. In addition to his role at North Island CU, Mr. McTighe served on the DCUC's board from 1992-1994, where as acting chairman he led the effort to ensure a change to the 95% membership rule was sanctioned and supported by DOD. Though he retired in 2008 from his Military Liaison role, McTighe is extremely active with North Island CU and the community.

Jean Howard, board member of SAC FCU. Jean was selected for her long-standing volunteer support of credit unions, the Defense Credit Union Council, and the United States Air Force. As a military

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Annual Business Meeting Held

On Tuesday afternoon, the voting delegates from attending credit unions convened for this year's Annual Business Meeting.

Present were 39 delegates in total, including 14 Army, 7 Navy/Coast Guard, 16 Air Force, and 3 Marines as reported by Credentials Committee Chair, Carl Ratcliff, ABNB FCU. Also present were non-voting members and conference attendees.

On the agenda for the meeting was the election of two positions on the DCUC Board of Directors. Gordon Simmons and Frank Padak were up for re-election. Paul Marotta, Chairman of Hanscom FCU, nominated Gordon Simmons. Elaine Tuten, President/CEO of GeoVista CU nominated Frank Padak. Both Simmons and Padak ran uncontested and were voted by acclamation.

At the conclusion of the Annual Business Meeting, the board of directors adjourned to the Chairman's room for their organizational meeting.

Frank Padak (Scott CU) was selected as the Chairman for DCUC. Patricia Kimmel (Belvoir FCU) is the 1st Vice Chair with Jean Yokum (Langley FCU) selected as the 2nd Vice Chair. David Davis (Pacific Marine CU) was reaffirmed as the Treasurer, Denise Floyd (Fort Sill FCU) as Secretary. Rounding out the 2011-2012 DCUC Board is Robert Morgan (ABNB FCU) and our immediate past Chairman, Gordon Simmons (Service CU).

Presentations

All presentations, pictures and other information from this year's conference can be found on our website, www.d cuc.org.

Evaluations

This year at the conclusion of our conference we will be emailing you a link that will take you directly to our online evaluations.

Thanks to the generosity of our exhibitors, attendees and guests, we have raised over \$21,000 for the Fisher Houses in Landstuhl, Germany, this year's conference fundraiser. Whether you have bought a mulligan at our Golf Tournament, bid on a Silent Auction item or bought a ticket for our 50/50 Raffle, please know that you are helping a wounded veteran and his or her family in a time of great need.

See you next year
in Denver, CO!
August 19-22, 2012

Today's Events

0800 Walk across Times Square to NASDAQ

0800 - 0930 Continental Breakfast Buffet

Sponsored by eZforex.com, Inc.

0930 Watch Opening Bell NASDAQ

0945 Grand Prize Drawing
Conference Concludes

1015 Optional Tours

Luncheon Features 2010 Military Credit Union of the Year Awards

Three Defense Credit Unions were recognized with Distinguished Service Awards by their respective branches of the armed services at Tuesday's luncheon. The awards were presented to: Fort Sill FCU, Fort Sill, OK, for the Army Award; Navy Federal Credit Union at Marine Corps Recruit Depot/Eastern Recruiting Region, Parris Island for the Navy/Marine Corps award; and Kirtland FCU, Kirtland AFB, MN, for the Air Force Award.

Fort Sill FCU was recognized for the third year in a row for their outstanding commitment to provide quality products and efficient service to Soldiers, DoD Employees and their Families. Highlighted were their programs encouraging financial literacy, especially to junior enlisted Soldiers and their young Families and the credit union's new wireless banking. Innovative programs such as their mobile ATM and their use of Facebook were also cited in distinguishing Fort Sill FCU as the top Army credit union for 2010.

Navy FCU at Marine Corps Recruit Depot/Eastern Recruiting Region, Parris Island Branch was awarded for its exceptional and convenient hours that include Sundays for recruits to handle their financial matters during their Sunday liberty and its great support of the Military Saves Campaign. The Parris Island team encouraged savings through automatic transfers to saving accounts, investing in certificates and IRAs. The branch provided over 170 financial education presentations for over 12,000 attendees.

Kirtland FCU was honored for their steadfast support of Kirtland AFB. Kirtland FCU excelled in all functions while maintaining a very low expense ratio according the NCUA, whether it be special services provided at the installation request, such as a Federal Government Shutdown Contingency plan, the numerous financial services offered in support of deployed members and their families, or financial education during Military Saves Week and around the year to help combat predatory lending, including a \$1K unsecured "start-up" loan for members without a credit history or score.

Without question these credit unions went above and beyond to provide exemplary service to our Military service members and their families, and for that, the Military Departments were most impressed and equally grateful.

Fryzel updates General Session on NCUA Matters

The Honorable Michael Fryzel, NCUA Boardmember, opened Tuesday morning by stating how grateful he is for our Military's sacrifice for our Nation's security and commending servicemembers on their valor and dignity.

Fryzel continued by drawing a broad comparison between what credit unions have gone through since the Great Recession began. He spoke about the military history in New York City during the American Revolution and George Washington's retreat after the Battle of Long Island, tying the Continental Army's trials to credit unions' trials in 2008.

Fryzel went on to talk about how the credit union troops did not run from adversity, but stood fast and served their members to help them pay their loans, stay in their homes and keep their cars. He emphasized that credit unions are greatly needed even more so today.

Fryzel stated that families should not have to worry about high fees and high interest rates which is where credit unions come in. He hopes that everyone involved in the credit union industry rises in the morning knowing this is important work, and going to bed knowing you did good. He also pointed out that defense credit unions are some of the most successful credit unions in the Nation.

Fryzel charged defense credit unions to continue to do the best they can for their members, and in turn charged the Defense Council to make sure that defense credit unions are running the best they can. Fryzel stated that it is NCUA's job to protect the safety and soundness of credit unions. However, he also stated they are facilitators; they don't run credit unions; you do.

Fryzel concluded by saying that we are not out of the woods, too much uncertainty. Yet, if we keep our common sense about us and work together, we will come out of this better than ever.

Hall of Honor Dinner Awards Three

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spouse, Howard dedicated her life to volunteerism, lending her support to military quality of life programs such as Family and Children Services and on-base hospitals. Her passion to serve prompted her to join the then newly merged Offutt FCU and Strategic Air Command FCU (now SAC FCU) in 1979, where she immediately became engaged in and enhanced the credit union's audit policies, supervisory committee, and its extraordinary support of airmen and families at Offutt Air Force Base. Howard's dedication to SAC FCU and her unwavering commitment to the credit union philosophy and that of the Defense Credit Union Council, continues to serve as a role model for her fellow board members to emulate.

After the awards ceremony portion, attendees and guests were entertained by Tommy Stanley, sponsored by FSCC Shared Branching Network. Both the awards ceremony and entertainment created a special night that rightly honored the three inductees and their decades of service to defense credit unions and their members.

NAFCU's Becker Gives Perspective on Latest Legislative Issues

Fred Becker, President/CEO of NAFCU, concluded the General Session by echoing a presentation given by Jan Roche, President/CEO of State Department FCU and Chris McDonald, President/CEO of Andrews FCU, on their recent success in getting a sister race of the Cherry Blossom Race up and running in Kuwait. Becker strongly encouraged the credit unions in attendance to participate in upcoming races.

From there, Becker jumped right into discussing credit union issues warning that although the delinquency ratio is getting better, credit unions are the foundation of the financial industry, which means that even though the storm has mostly passed, it will continue to trickle down to the base and it is taking CUs longer to come out of the storm because of that.

Becker pointed out that charge offs are higher for NAFCU members, but this is because those credit unions are being more aggressive about getting the loans off of their books. Becker also discussed that Community Banks are in a lot of trouble, much more so than credit unions.

Becker went on to thank the audience for their work on the debt interchange issue, stating that credit unions should remember how congress members voted in the future. He also stated that the Frank/Dodd Act and the CFPB are here to stay with the latter having a cop-on-the-beat attitude which could be a future issue.

Becker touched on issues such as Housing Finance Reform, saying it will be the community banks and credit unions against the big banks; member business lending, stating that credit unions will need this in the future to remain viable and urging those in doubt to take another look; and taxation saying that the next generation will not live better than the previous generation and that the tax cuts are only the beginning of what is truly needed. Becker warned that credit unions tax exemption may find itself in those cuts.

In the future, Becker noted that there are 133 regulations coming at credit union as well as a new advertising rule. He also stated that like it or not times have changed dramatically. Credit unions must look for the open doors.

Educational Breakout— John McKechnie, Total Spectrum

John McKechnie, Senior Vice President, Total Spectrum, gave an overview of the political atmosphere on the Hill and at NCUA, stating that NCUA has become very black and white on risk in credit unions. He advised that credit unions need to set their compasses to this reality as it is not going to change any time soon. One reason is that Congress is not in the mood to hear that credit unions have too many regulations from NCUA; they want hard regulation not flexibility.

McKechnie also spoke about how the bankers seem to have established a veto power over credit unions' agenda, such as member business lending. He stated that even if you are not interested in the lending, do not let bankers dictate your agenda. Credit unions have to find a way to counterbalance and make bank agendas an issue. Unlike credit unions, Community Banks feel like it is their job to be involved in politics; they are going after the new people building the relationships from the very beginning which sticks with Congress members when they hit the Hill. Credit unions have to be in a position where we can get in the door. McKechnie advised that the best time to lobby is when you don't need anything.

On tax exemptions, McKechnie warned the audience to watch definitions: it will be called a loophole, not a tax raise, i.e. eliminating the Credit Union tax exemption may be "just closing a loophole". If the mood is that everyone gets a haircut, this could come up.

To close, McKechnie said that NCUA feels like they have a mandate to be harder and more conservative. You can push back as hard as you want, but don't simply criticize them. If you want to have real influence, give alternatives with your criticisms.

Educational Breakout— Don Clark and Kent Moon, SWBC

Don Clark and Kent Moon of SWBC summed up their presentation, stating that it is about jobs creation and what credit unions can do to help that process.

Giving examples of programs helping people, they spoke about the Patriot Express program, which has been around since 2007 with \$633 million in guaranteed loans to 7,560 veterans. Credit unions produce \$38 million of that \$633 million. This program is specifically geared towards veterans and their families. Those who qualify are veterans, service disabled veterans, active duty service members who are eligible for the military's transition assistance program, reservists and National Guard members.

Also, for the first time in 30 years, the credit union industry experienced a drop in loans. There has been a significant increase in charge-offs and there has been a decrease in fee income i.e., courtesy pay, debit card interchange, auto loans at 1.99%. Home equity loans are non-existent because the equity simply is not there.

The benefits to credit unions with this program are many. New profitable loans, credit risk mitigation with guaranty, new members, serving existing military/spouse members, new business deposits and fees, loans under \$50,000 do not count as well, and the interest rate risk positive with variable-rates.

Educational Breakout— Pablo DeFilippi, The Federation

Pablo Defilippi, Associate Director of the National Federation of Community Development Credit Unions, gave a brief overview of The Federation and its work to get credit unions designated as Community Development Financial Institutions.

DeFilippi started by stating that there are almost 100M people who are un-banked or under-banked in the US, which is larger than the entire credit union system. DeFilippi's work involves working past the stigma of NCUA's Low Income designation, estimating that a third of credit unions should probably have it and stating that the process is handled mostly by NCUA inspectors.

DeFilippi listed some of the benefits of the designation, such as exemption from the cap limiting member business loans to 12.25% of assets; power to raise secondary capital loans; the ability to provide limited transactional services to non-members; and some regulatory flexibility for supervisors.

The Federation is currently looking to build a program for those with disabilities such as wounded warriors and looking into how to meet the needs of aging members such as vets and retired military.

Educational Breakout— Barbara Thompson, OSD

Barbara Thompson spoke on ways the DoD is helping service members save for the future. She stated that 2.2 million service members have been deployed since Oct 1, 2001 and 67% of the Active Duty Force and 51% of the reserves are 30 years of age or younger.

TSP (Thrift Savings Plan) would be a great alternative to the budget cuts with retirement pay. The DOD Financial Readiness Campaign started in 2003 to reduce the stressors associated with financial issues on service members and their families. Education, resources, counseling, and protections have developed, and there are federal, state and local/non profit outreach and programs.

Military OneSource offers referrals for short term, solution-focused financial counseling at no cost to the user: 24/7 worldwide assistance, online and by phone, and 12 free counseling sessions.

Discussing Military Saves 2011, Thompson said that it was planned at installations worldwide, which has incentivized savings programs and products. Dates for 2012 Military Saves are Feb 20-25.