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# F O C U S

## MISSOURI CORPORATE CREDIT UNION UPDATE

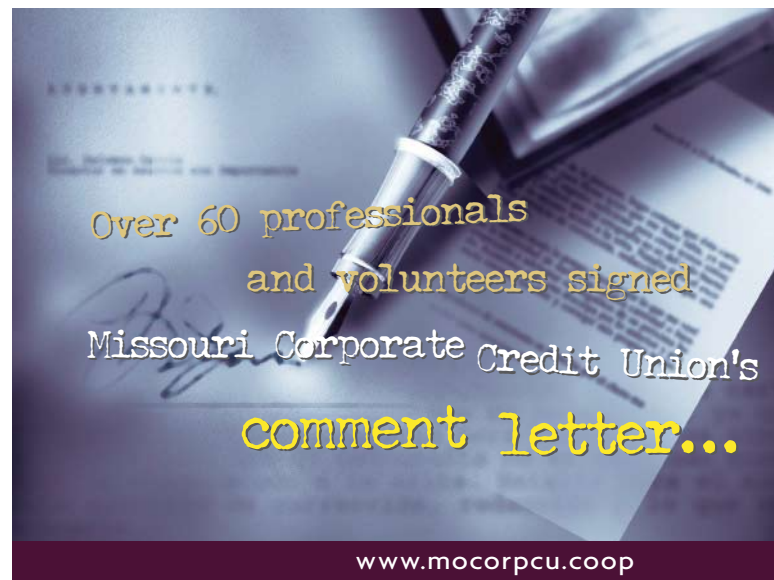
BY DENNIS DEGROODT, CEO

In March 2010 we received the fourth quarter 2009 loss numbers from U.S. Central Federal Credit Union (*U.S. Central*). As expected, the loss was great enough to deplete the remainder of Missouri Corporate's capital in U.S. Central.

As a result, our Regular Members (*those with Membership Shares on deposit*) and Paid-In Capital (PIC) owners will suffer losses. On March 19, 2010 we fully depleted the remainder of Paid-In Capital (PIC) accounts at Missouri Corporate and approximately 10% of Membership Share accounts.

Since Missouri Corporate's capital in U.S. Central is now fully depleted we do not expect any further losses from U.S. Central. And since Missouri Corporate does not own any securities or bonds that are causing current losses in the marketplace, we do not expect any losses from our existing investment portfolio. There is always the chance that losses can occur from operational errors or from some other factor, and we will continue to do our best to assure that does not happen.

Does this mean the long, grueling saga is over? Unfortunately, no. The U.S. Central portion of the saga may be over, but we still have to deal with the impact of the new corporate credit union regulation and with re-capitalization that will need to happen should we survive the new regulation. Over 60 professionals and volunteers signed Missouri Corporate's comment letter on the new regulation and numerous Missouri Corporate



member credit unions submitted their own comment letters. Thank you for that tremendous display of support!

So, will those letters cause NCUA to change the new regulation? Maybe. It will take several months for NCUA to read the comment letters and decide whether or not they want to modify the new regulation. Should they decide not to modify the new regulation, it could become effective sometime this summer. Should they decide to modify the new regulation they may delay the effective date or send the modified regulation out for further comment.

No matter what, the NCUA has stated they will not make the new regulation effective until the "legacy asset" situation has been solved. "Legacy assets" are the bonds and securities owned by U.S. Central and several of the other corporates that are still generating losses.

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## MCCU DATA PROCESSING CONVERSION SET FOR JUNE

A few years ago, Missouri Corporate, along with six other corporates and U.S. Central, formed a CUSO to house and administer a new data processing system. Recently, two other corporates joined the CUSO – for a total of 10 participants.

Several of the corporate credit unions have already converted to the new system; Missouri Corporate is scheduled to convert in June 2010. The DP conversions have gone well for the other corporates, and we are

hopeful that our conversion will enjoy the same success.

Probably the biggest change you will see is the new front-end piece going from the popular Open Door electronic access platform to a new access platform called CorPower. We believe CorPower will be even easier to use than Open Door and will provide as good or better functionality.

As you can imagine, increasing attention is being focused on the

Operational Readiness Test and conversion. Very soon we will be asking credit unions for e-mail addresses for all current Open Door users so we can assure our database is correct.

A training webinar is tentatively scheduled for June 9-10. Every credit union that uses Open Door must have at least one person on the webinar call. The system will go “live” on June 21. Please watch your mail for more details.

## LOW INVESTMENT YIELDS GOT YOU DOWN?

It seems like investment yields have been low forever! What’s a savvy investor to do? One option is to check out marketable securities through Missouri Corporate’s ISI agent brokerage relationship.

Here are some comparable yields: A two-year Missouri Corporate CD yields 1.15%, a two-year bank CD purchased through our SimpliCD program yields 1.30%, and a two-year FNMA callable bond, rated AAA, yields 1.35%.

Here are some three-year rates: A three-year Missouri Corporate CD yields 1.90%, a three-year bank CD purchased through our SimpliCD program yields 2.00%,

and a three-year FNMA callable bond, rated AAA, yields 2.125%.

There are accounting implications with marketable securities. FASB regulation No. 115 requires organizations to “mark-to-market” the price of securities if the securities are classified as “Available for Sale” or “Trading.” We suggest you consult your independent auditor for advice on how to classify and account for any marketable securities you purchase.

Our Director of Financial Services, Julie Chapin, can assist you with the purchase of



marketable securities. If you already use a broker, call Julie for a quote – it will help keep your broker honest! Julie can be reached at 1-800-826-5228, ext. 1359, or via e-mail at [jchapin@mocorpcu.coop](mailto:jchapin@mocorpcu.coop).

All securities are offered through CU Investment Solutions, Inc. (ISI). The home office of ISI is located at 9701 Renner Blvd., Suite 350, Lenexa, KS 66219. ISI is registered with the Securities and Exchange Commission (SEC) as a broker-dealer under the Securities Exchange Act of 1934. ISI also is registered in the state of Kansas as an investment advisor. Member of FINRA and SIPC. All investments carry risk; please speak with your representative to gain a full understanding of said risks. Securities offered by ISI are not insured by the FDIC or NCUSIF and may lose value. All opinions, prices and yields are subject to change without notice.

## IT SECURITY SURVEY COMPLETED

*Missouri Corporate would like to thank you for your assistance in completing our recent IT security questionnaire.* The purpose of the survey was to help us develop a member credit union security profile to help gain a further understanding of potential security risks.

The NCUA recently issued a letter to all corporate credit unions regarding increased hacker activity of Internet banking applications and the need for proper security

measures. One of the previous measures implemented by Missouri Corporate was the IP lockdown back in December.

APEX-ACH also implemented additional security measures, such as defining the day and hours of operation and risk-based authentication challenge questions asked every 30 days.

Be aware of the increased security threats from hi-jackers, and be sure to utilize all internal controls that are available within the

payment systems. If you have any questions or concerns, please contact Lori Domian at [ldomian@mcoprcu.coop](mailto:ldomian@mcoprcu.coop). Thank you again for your cooperation.



## ANNUAL MEETING RESULTS



*Your MCCU Board of Directors for 2010. Seated l to r: Cathy Stroud, Chris McCreary, Susie Venable and Ron Miller. Standing l to r: Carol White, Dave Osborn, Steve Pierson, Phil Weber and Glenna Osborn.*

**Ron Miller**, CEO of \$31 million Edison Credit Union in Kansas City, Mo., **Glenna Osborn**, CEO of \$35 million Missouri Central Credit Union in Kansas City, Mo.; and **Steve Pierson**, CEO of \$128 million Postal Federal Community Credit Union in Springfield, Mo., were each re-elected to three-year terms on the Board of Directors for Missouri Corporate Credit Union. The election took place at

the MCCU Annual Membership Meeting held March 23, 2010, at the Doubletree Hotel in Jefferson City, Mo.

**The MCCU Executive Committee of the Board of Directors** consists of Chairman **Chris McCreary**, CEO of \$135 million United Consumers Credit Union in Independence, Mo., Vice Chairman **J. David Osborn**, CEO of \$1.2 billion Anheuser-Busch Employees' Credit Union in St. Louis, Mo.; and Secretary-Treasurer **Ron Miller**.

Missouri Corporate's other Board members are:

**Cathy Stroud**, CEO of \$52 million Community Financial Credit Union in Springfield, Mo., **Susie Venable**, CEO of \$17 million Saint Luke's Credit Union in Kansas City, Mo.,

**Phil Weber**, CEO of \$42 million Central Communications Credit Union in Independence, Mo., and **Carol White**, CEO of \$59 million Central Missouri Community Credit Union in Warrensburg, Mo.

Also serving MCCU for 2010:

### SUPERVISORY COMMITTEE

**Steve Wansing**, Chairman, Educational Community Credit Union, Springfield, Mo.  
**Linda Allen**, Arsenal Credit Union, St. Louis, Mo.  
**Jeff Schroth**, Purina Credit Union, St. Louis, Mo.

*On behalf of the Board of Directors and its Committees, thanks to everyone who attended the Annual Meeting.*



NEWS BRIEFS

2009 audited financials available online

A link to Missouri Corporate Credit Union's 2009 audited financials has been posted to the home page of our Web site at [www.mocorpcu.coop](http://www.mocorpcu.coop). We are putting the finishing touches on the 2009 Annual Report and hope to have it posted to the Web site very soon. Thank you for your patience.

Are you on the FOCUS mailing list?

If you or someone else at your credit union would like to receive your own copy of the FOCUS newsletter each quarter, please contact Michelle Thompson at (314) 542-1373 or 1-800-826-5228, ext. 1373. We'll be happy to add you to our email list.



UPDATE *continued from page 1*

The NCUA must "shield" future capital investors from losses associated with the legacy assets before those investors re-capitalize the corporates that own the legacy assets. *Missouri Corporate does not have any legacy assets.*

Since Missouri Corporate does not own any legacy assets and our capital in U.S. Central is now fully depleted, we are increasingly confident that we can ask for re-capitalization – IF we can survive under the new regulation. In the meantime, we are researching a new re-capitalization formula that we hope will be more equitable for all members. When that formula has been approved by our

Board, we will share it with you – along with our future plans for the organization – and hope you will consider joining Missouri Corporate as a Regular Member and depositing Membership Shares. I'll keep you posted as that project moves forward.

I sincerely hope this is the last letter I have to write to you about capital losses. As Churchill said following the British victory in the Battle of Britain, "Now this is not the end. It is not, even the beginning of the end. But it is, perhaps, the end of the beginning." Let's hope this is the end of the beginning of this horrible saga. I don't know about you, but I'm ready to move forward!

Thanks again for your support. If you have questions or comments, please contact me at 1-800-392-3074, ext. 1367 or [ddegroodt@mocorpcu.coop](mailto:ddegroodt@mocorpcu.coop).

Regards,

Dennis J. DeGroodt, CCUE, CUDE  
President/CEO  
Missouri Corporate Credit Union

HOLIDAY SCHEDULE

Missouri Corporate Credit Union will be closed in observance of the following federal holidays:



**Memorial Day**  
Monday,  
May 31, 2010

**Independence Day**  
Monday,  
July 5, 2010

**Labor Day**  
Monday,  
September 6, 2010

**Columbus Day**  
Monday,  
October 11, 2010

**Veterans Day**  
Thursday,  
November 11, 2010

**Thanksgiving Day**  
Thursday,  
November 25, 2010

**Christmas Day**  
Friday,  
December 24, 2010

MCCU MISSION STATEMENT

To help our members succeed.



Missouri Corporate Credit Union

2055 Craigshire Drive  
St. Louis, MO 63146-4009  
(314) 542-1350  
Toll-free: 1-800-826-5228  
FAX: (314) 542-1347  
[www.mocorpcu.coop](http://www.mocorpcu.coop)

OFFICE HOURS

MONDAY, TUESDAY, THURSDAY & FRIDAY  
8:00 AM TO 4:30 PM CT  
WEDNESDAY  
8:00 AM TO 4:00 PM CT

FOCUS Newsletter Goes Green!

The FOCUS newsletter, a quarterly publication of Missouri Corporate Credit Union, will only be available online in the future. We are doing this for two reasons: we wish to be good stewards of our resources; and we believe we can get this valuable information to you in a more timely fashion electronically.

The newsletter can be found online at <http://www.mocorpcu.coop/PDF/Focus.pdf>. It appears in a scrollable .pdf file format, and can be viewed using Adobe Acrobat Reader. You may print out the publication from the web site, if you wish.

Of course, we will need your email address in order to notify you as each new issue of FOCUS is available online. To ensure that you receive this notification in a timely manner, please send your email address to Michelle Thompson at [mthompson@mocorpcu.coop](mailto:mthompson@mocorpcu.coop).

CUT-OFF REMINDERS

Please make a note of the following operational cut-off times for Missouri Corporate Credit Union (*all times are Central Time*):

CURRENCY ORDERS

Springfield 10:30 a.m. CT  
St. Louis & Kansas City 11:30 a.m. CT

WIRE TRANSFERS

Outgoing Wires:  
International Wire International 11:00 a.m. CT  
Draft/Currency 11:00 a.m. CT  
Domestic Wire 3:00 p.m. CT  
Western Union 4:00 p.m. CT  
Incoming Wires 4:00 p.m. CT

ACH

NOC>Returns 9:30 a.m. CT

PRIVACY POLICY

Except to the extent permitted by law, Missouri Corporate Credit Union (MCCU) will not sell, transfer or disclose nonpublic personal information provided by members. MCCU will not use information provided by members for any purpose other than that for which it was provided.