

Common Bond

COVERING NEWS AND EVENTS FROM
APRIL 1, 2011 TO SEPTEMBER 30, 2011

MASSACHUSETTS CREDIT UNION®
MSIC
INSURED SAVINGS
SHARE INSURANCE CORPORATION



Fall, 2011



Congressman Jim McGovern congratulates MSIC on 50 years of serving Massachusetts consumers.



MSIC 50th Anniversary Celebration

Over 150 credit union professionals gathered in Boston to celebrate MSIC's 50 years in share and deposit insurance, and in doing so acted to support the American Red Cross.

On April 28, 2011, at Boston's Omni Parker House, MSIC hosted its 50th anniversary celebration. The evening consisted of a performance by the Highland Rovers Band and an appearance by Congressman Jim McGovern. The event raised \$11,000 for the American Red Cross Disaster Relief Fund.

Many credit unions invited their board members and staff. Motor coach transportation from surrounding cities was also provided. Thanks to all who attended and those who were able to donate to such a great cause.



Events

October 16–18, 2011

Fall Leadership Conference

Massachusetts Credit Union League
MGM Grand at Foxwoods

October 18–20, 2011

NACUSO Business Services CUSO Conference

San Diego, CA

October 20, 2011

International Credit Union Day®

Credit Unions Build a Better World

October 26, 2011

Berkshire County Chapter Meeting

Massachusetts Credit Union League
Wahconah Country Club, Dalton, MA
Speaker: Mike Hanson, President & CEO,
MSIC *Massachusetts Economy and the
Credit Union Industry*

November 14–16, 2011

Small Credit Union Conference & Fiserv/ CUSA Product Line Users Group Meeting

Massachusetts Credit Union League
MGM Grand at Foxwoods

November, 2011

Release of MSIC's *Strategic Planning Guide for Credit Unions*

November, 2011

Attracting New, Younger Members Event

Date and Location: TBD

December, 2011

Release of an *updated MSIC's Director's Handbook*

December 15, 2011

MSIC Advisory Committee Lunch

January 18–21, 2012

15th Annual Volunteer Leadership Institute (VLI–West)

Presented by The Paragon Group
Wailea Beach Marriott Resort & Spa,
Maui, HI

January 26, 2012

MSIC 50th Annual Meeting Release of MSIC's 50th Anniversary Book

Wharf Room, Boston Harbor Hotel
Workshops at 9:30 a.m. Meeting registration
at 11:00 a.m. Meeting held over lunch.

March 18–22, 2012

CUNA's Governmental Affairs Conference

Washington Convention Center
Washington, D.C.

March 2012

New England Council Annual Washington Meeting

Washington, D.C.

MSIC's Tuck Executive Leadership Program

In furthering our mission to strengthen the credit union movement, MSIC hosted its first-ever credit union Executive Leadership Program, September 7–10, 2011 at The Omni Mount Washington Hotel. This four-day event brought together leaders in the credit union movement from across Massachusetts to build an understanding of what it will take to lead the industry in these uncertain times.

Partnering with Dartmouth College's prestigious Tuck School of Business, MSIC hosted several thought leaders for the financial services industry. These professors from the Tuck School of Business actively participate in the global financial debate, and many find themselves splitting time between their scholarly work at Tuck and the many national and global financial regulators in both Washington, D.C., and abroad. For credit unions to succeed in this challenging environment, leaders need to understand and wisely respond to economic, political, and competitive forces. This program delivered the tools necessary to achieve this.

"I found the meeting to be very informative. I particularly found the economic forecasting to be useful in setting a course of action for the credit union."

- Robert Gustafson, President & CEO, Crescent Credit Union

"The Executive Leadership Program was a great opportunity for me and my credit union. Both the program itself and the networking opportunities were superior. The sharing of ideas and best practices was enlightening in these turbulent times. The topics were very informative and gave me a true perspective on the nature of our business and industry."

- Matt Schondek, President & CEO, Fall River Municipal Credit Union

"It was the most intellectually stimulating and engaging conference that I have been to in a long time."

- Michael Ostrowski, President & CEO, STCU Credit Union



Areas covered included:

Consumer Behavior, Risks, and Opportunities for Consumer Finance

Professor Punam Keller engaged the participants in a fast-paced presentation and discussion of essential questions about how to create and communicate value, and guided the group toward principles they could immediately put into action.

Developing a Strategic Mind-set and Communication in Times of Change

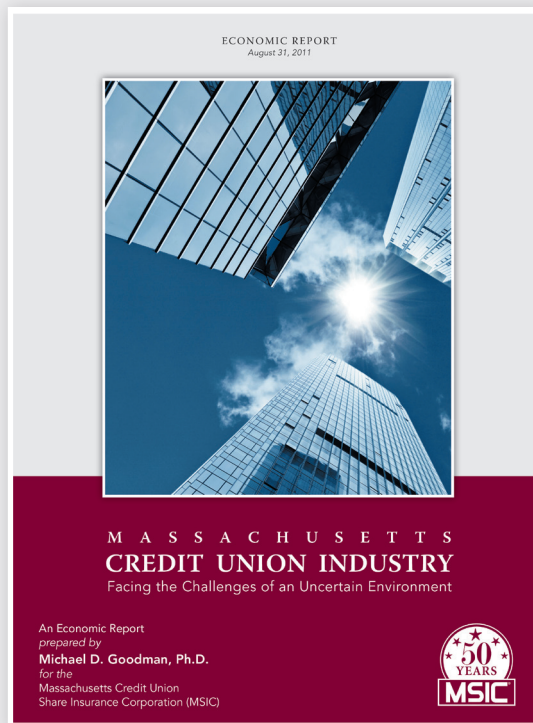
Professor Paul Argenti used case discussion on common challenges and a roundtable discussion among all participants in the program about their business model, the major challenges to their company, and future plans. He then went on to develop a connection between strategy development and execution using strategic communication.

Global Economics and Finance: How to Lead Amidst the Crisis

Professor Matthew Slaughter, co-author of *The Squam Lake Report*, spoke on the importance of developing a framework for understanding many of the key global economic forces facing credit unions and their members, and then how to use this framework to help lead more effectively.

Why Smart Executives Fail and What We Can Learn from Their Mistakes

Professor Sydney Finkelstein, author of a book by the same name, *Why Smart Executives Fail and What We Can Learn From Their Mistakes*, moderated a discussion of case studies. The group explored how individual and corporate decision-making processes can lead to organizational failure and how to avoid such pitfalls.



MSIC Releases Economic Report on Massachusetts

As a tool to assist MSIC member credit unions with their strategic planning, MSIC retained Michael D. Goodman, Ph.D., to prepare a report on the current state of the Massachusetts economy. The report was tailored to the Commonwealth's credit union industry, and MSIC staff members worked closely with Dr. Goodman to identify important industry variables and to source relevant data.

Dr. Goodman is Associate Professor and Chair of the Department of Public Policy at the University of Massachusetts - Dartmouth, where he directs the face-to-face and fully online Master of Public Policy program. A leading analyst of the Massachusetts and New England economies, Professor Goodman is a three-time past president of the New England Economic Partnership and currently serves as co-editor of *MassBenchmarks*, the journal of the Massachusetts economy published by the University of Massachusetts in collaboration with the Federal Reserve Bank of Boston. Dr. Goodman earned his M.A. and Ph.D. at Boston University.

The report was distributed to members during the first week of September, and copies have also been sent to other interested parties such as regulators and legislators. MSIC has received very positive feedback on the report and will produce similar reports during the summers of 2012 and 2013.

MSIC member credit unions may download additional copies of the report by logging on to the members-area at www.MSIC.org.



MSIC Director Highlight *Diane M. Peralta*

Diane Peralta is a partner with Mercadante & Mercadante, P.C., a certified public accounting firm located in Fitchburg, Massachusetts. Founded in 1960, the firm has served the credit union industry for over 35 years. The firm is a member of the American Institute of Certified Public Accountants and the Massachusetts Society of Certified Public Accountants.

Diane has been with Mercadante & Mercadante, P.C., since 1992 and became a partner in 2001. Diane's area of expertise is in financial institution audits. She also prepares tax returns for both corporations and individuals. A graduate of Bentley College, she is a certified public accountant (CPA).

"It's been an honor to work with such an array of intelligent and sincere board members of MSIC, who have such a high regard for the credit union industry. My experience in working with my fellow board members and management of MSIC has been enjoyable as well as educational. I've learned that a successful board requires a team effort in accomplishing its oversight responsibilities as well as maintaining respect for each other and their opinions. I look forward to continuing to serve as a director to ensure corporate success and perform my duties in the best interest of the member credit unions."

Having served on the MSIC Board of Directors for the past 10 years, Diane is the chair of the MSIC Audit Committee and also serves on the Monitoring Committee. Diane resides in Leominster, Massachusetts, with her husband and three children.

Message from the Chair

Debbie C. Guiney, President & CEO of AllCom Credit Union

Words cannot express how proud I am to represent an organization that has been able to give so much back, in recognition of its 50th anniversary. MSIC consistently gives back through charity work with the American Red Cross, and in providing member credit unions with educational opportunities with Dartmouth's Tuck School of Business and The Paragon Group. We hope that all the 50th anniversary events have delivered value throughout the years to our member credit unions. The upcoming 50th anniversary commemorative book and recent economic report will be services that the corporation will be proud of for years to come.



On top of all this, MSIC continues to protect consumers' shares and deposits at member credit unions as well as aid and help credit unions grow and prosper. With so much negative publicity and spin in the press, this year we have all had to face some tough times, and MSIC has been able to shed a positive light by helping member credit unions lay the groundwork for future prosperity.

I would also like to mention all the work MSIC has accomplished for smaller credit unions. The support that MSIC has been able to provide in strategic planning and corporate governance has been outstanding. I wish the corporation and our members future success in servicing Massachusetts consumers.

MSIC Attends International Association of Deposit Insurers' Research Conference

On June 8, 2011, Ken DelRossi, MSIC's Vice Chairman and President and CEO of NMTW Community Credit Union, and Mike Hanson, MSIC's President and CEO, attended a research conference sponsored by the International Association of Deposit Insurers (IADI) at the Bank for International Settlements in Basel, Switzerland. The conference, *Financial Crisis: The Role of Deposit Insurance*, brought together leaders of deposit insurers from around the world to discuss the financial crisis. The conference recognized the contribution made by deposit insurance in protecting consumers, maintaining public confidence, and promoting financial stability. Three research papers and a roundtable discussion formed the basis for addressing how deposit insurance systems and bank resolution mechanisms performed during the recent financial crisis.

The conference (1) highlighted deposit insurance policies and characteristics that were critical in maintaining financial stability during the financial crisis; (2) presented resolution policies and mechanisms that worked especially well; (3) discussed deposit insurance and bank resolution reforms which were adopted in response to the crisis; and (4) discussed how the financial crisis changed the role of deposit insurance.

Donald Kohn, former Vice Chairman of the Federal Reserve Board of Governors, was the keynote speaker. Acting FDIC Chairman Martin J. Gruenberg also serves as chairman of the IADI and attended the conference as well.

The IADI was formed in May 2002 to enhance the effectiveness of deposit insurance systems by promoting guidance and international cooperation. Members of the IADI conduct research and produce guidance for the benefit of those countries seeking to establish or improve a deposit insurance system. Members also share their knowledge and expertise through participation in international conferences and other forums.

The IADI currently represents 63 deposit insurers from 62 nations. IADI is a nonprofit organization constituted under Swiss law and is domiciled at the Bank for International Settlements in Basel, Switzerland. For more information, please visit www.IADI.org.

Materials from the conference are available to MSIC members upon request.



Ken DelRossi at the Bank for International Settlements, Basel, Switzerland.

"Effective deposit insurance systems are a critical part of the financial safety net and are essential to maintain public confidence in a financial crisis."

- Donald Kohn, former Vice Chairman of the Federal Reserve Board of Governors.

Collaboration

CU 4 Reality Fair

On April 12, 2011, MSIC participated in the CU 4 Reality Fair held at St. Bernard's High School in Fitchburg. Students calculated their pay according to their careers and created a spending plan as they progressed through the fair to booths representing various categories of expenses they could expect to incur. The event was a success and organizers are already looking forward to next year.

The Great New England Credit Union Show

MSIC hosted a booth at The Great New England Credit Union Show on April 21, 2011, at the Holiday Inn in Foxborough, Massachusetts.

Reception at MCUL Annual Meeting

MSIC sponsored the opening reception at the Annual Meeting and Convention of the Massachusetts Credit Union League on June 27, 2011 in Orlando, Florida. Over 150 were in attendance and the league arranged for a reggae band to play.

Mike Hanson Celebrates 20th Anniversary as Commissioner of Banks

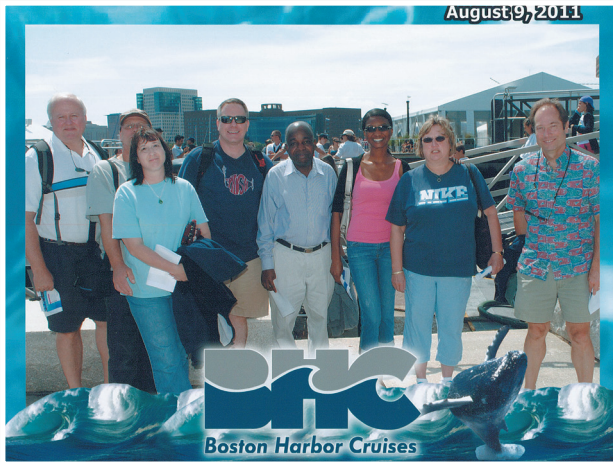
On April 9, 2011, Jan and Mike Hanson celebrated the 20th anniversary of Mike's appointment as Massachusetts Commissioner of Banks with a quiet dinner at a favorite Boston restaurant. On April 9, 1991, during the height of the New England banking crisis, Mike was sworn in as commissioner by then Governor Bill Weld. Mike was a practicing banking attorney in Boston at the time, had developed a reputation for successfully resolving problem financial institutions, and was known as a knowledgeable commentator on the economic crisis. He was asked to provide remarks as part of a keynote panel at a summit of the six New England governors regarding the crisis. Shortly thereafter, Governor Weld sought him out for the job. Initially, Mike said he could not accept the position due to the demands of his legal practice and a young family, but Governor Weld would not quit. "After a few meetings with the Governor and Secretary of Economic Affairs Dan Gregory, the Governor asked if I would do the job for a year, and he said he was desperate. I could not refuse that request," said Mike. "The Governor was very concerned that the Division of Banks did not have sufficient business and industry experience to handle the crisis, and at that time things were getting worse," he added.

At the time of his appointment, RISDIC had collapsed, Bank of New England had experienced a billion-dollar run over 24 hours, and the Massachusetts savings bank industry was near failure. "It was definitely not the best of times. We are lucky now in comparison. While the current global financial crisis is far greater in scope and impact, we in New England are far better off as compared to the crisis in the early 1990s," said Hanson. "Let's hope it stays that way," he added.

During his 15 months as commissioner, Hanson closed scores of institutions, required NCUA insurance for Massachusetts Credit Unions, and worked closely with Governors Weld and Cellucci and the New England Congressional Delegation. He is credited with devising and implementing regulatory and public relations strategies that greatly assisted New England in navigating the crisis.



April 9, 1991



MSIC Staff Outing

AUGUST 9, 2011

The staff embarked on a whale watch excursion in early August. The group enjoyed the adventure as part of MSIC's annual employee outing and actually got a chance to see whales playing in the water in Stellwagon Bank. No instances of seasickness were reported, and the excursion was followed by dinner in Boston's North End.

NASCUS / NAFCU

MSIC was represented at the National Association of State Credit Union Supervisors (NASCUS) State Summit in Chicago and the National Association of Federal Credit Unions (NAFCU) Congressional Caucus in Washington, both during September 2011.

Mike Hanson at Pioneer Valley

MSIC CEO Mike Hanson spoke at the Pioneer Valley Chapter Meeting of the Massachusetts Credit Union League on April 12, 2011. He reviewed the new NCUA regulation on directors' duties and financial training, and answered questions from approximately 80 attendees. Copies of Mike's presentation are available to MSIC members upon request.

Attorney John Finnegan Joins MSIC's Board

John Finnegan, of Counsel to the Boston law firm of Tarlow, Breed, Hart & Rogers, P.C., has joined the MSIC Board of Directors as an outside director, effective as of July 28, 2011.

50th Anniversary Book

MSIC is proud to announce the publication of its 50th anniversary hardcover book. The books will be available at MSIC's 50th Annual Meeting and will chronicle our history as well as highlight our exciting future. This commemorative hardcover edition will be in full color and will include sponsorship opportunities. Those interested in participating in this opportunity should contact Christine Juetten with New England Business Media at (508) 755-8004, ext. 270, or cjuetten@wbjournal.com.

The book will be distributed to our partners, members, and elected officials. Be part of our celebration in this keepsake publication, and celebrate our half-century anniversary for many years to come. There is also still time to have your MSIC experience encapsulated in the book. If you have any MSIC memorabilia or stories, please share them by calling Dan Murphy at MSIC, (800) 622-4015, ext. 311.

Financial Essentials for Boards of Directors

MSIC partnered with Jim This, a founder of the credit union consulting firm, The Paragon Group, to provide the program *Financial Essentials for Credit Union Boards of Directors*. The evening events were offered to member credit union directors, at no cost, to satisfy new NCUA regulations requiring financial training for all federally chartered credit union directors.

Training sessions were held in Chelmsford, Worcester, New Bedford, and Newton in late May. 100 credit union directors and staff attended the sessions. MSIC is working to make this training available online for member credit unions. Stay tuned for updates on the electronic delivery of additional credit union resources.



Jim This at MSIC's Worcester, Massachusetts training.

SAVE THE DATE! 50th Annual Meeting

Thursday, January 26, 2012

Wharf Room, Boston Harbor Hotel at Rowes Wharf,
Boston, MA

Workshops at 9:30 a.m.

Meeting at 11:30 a.m. with lunch



Would it make sense to insure just part of your house?

Of course not, so why insure just part of your savings?

Some select credit unions are able to fully insure your deposits above the federal insurance. That means that you no longer have to play hide and seek with your funds, putting some here and some there in order to keep them protected.

Simply look for the MSIC logo at your local credit union and know that every penny you deposit is safe and secure.

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VLI-East, Volunteer Leadership Institute and Strategic Planning Retreat

**SEPTEMBER 2012, A CO-SPONSORED INSTITUTE & STRATEGIC PLANNING
RETREAT FOR SENIOR STAFF AND BOARD MEMBERS OF CREDIT UNIONS**

Join us for our NEW Volunteer Leadership Institute–East Coast (VLI-East) presented by MSIC and The Paragon Group. VLI–Hawaii has become the premiere development opportunity for credit union volunteers, featuring nationally respected speakers, structured opportunities for peer-group networking, and, of course, stunning Hawaii locations! Now for the first time a similar event will be held on the East Coast.

VLI-East will offer insight on economic and industry issues, as well as tools for designing an effective strategic planning process. Sessions will cover the challenges facing credit unions, duties and responsibilities of directors and good corporate governance.

On the fourth day of the Institute, an optional program will be offered for your credit union staff and volunteers to have a private, hosted strategic planning event. These sessions will be facilitated by MSIC and The Paragon Group's staff. Individual CEOs, senior staff and volunteers may attend the conference independently of this final day.

Seminar sessions led by nationally acclaimed speakers will update attendees on key regulatory compliance and governance issues while peer-group oriented breakout sessions will encourage sharing best practices among credit unions from across the United States.

As our thanks for your membership in MSIC, you may take advantage of a special discount for the program. The dates and location will be announced shortly.

For more information, please contact Dan Murphy at dmurphy@msic.org.