

NATIONAL CREDIT UNION ADMINISTRATION (NCUA)

CLOSED BOARD MEETING

Thursday, March 19, 2009

Alexandria, Virginia

N/A Outside Scope

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The next item is a request for Citadel Federal Credit Union for a Community Charter expansion.

MR. YOLLES: I will lead off. Good afternoon. Citadel is a \$1.2 billion community credit union located in Thorndale, Pennsylvania, which is about 30 miles outside of Philadelphia. The credit union currently serves Chester County, which is one of the five counties requested, and has three townships in Delaware County, another of the counties requested, and it also serves two underserved areas in Lancaster, Pennsylvania and South Baltimore, Maryland.

The credit union proposes to expand its community to serve a community known as the Greater Philadelphia Area, which consists of Philadelphia, Montgomery, Chester, Delaware and Bucks Counties. This contiguous five-county area is recognized by OMB as a metropolitan division. The proposed community has a population of 3.8 million as reported in the 2000 US Census, which exceeds the region's delegated authority.

This proposed five-county community has the largest population of any multi-county community application brought before the NCUA Board. However, I would like to point out we have approved other communities with a larger number of counties, others

with a larger geographic area and one single county area that had a much larger population.

The proposed five-county area, the credit union has demonstrated adequate evidence of community interaction and shared common interests as required by the Chartering and Field of Membership manual and we recommend approval. I will briefly summarize the evidence of interaction and common interest demonstrated in the credit union's application.

First, as I mentioned, the five-county area is a single metropolitan division of a larger metropolitan statistical area. I think it is important to note that OMB's definition of metropolitan division states that a metropolitan division functions as a distinct social, economic and cultural area within the larger region. The proposed community has a single economic hub encompassing all of Philadelphia and portions of four contiguous counties. It covers a 15 miles radius and a majority of the area's large employers, shopping malls and universities are located in this economic hub. Nearly 92% of the area's workers are employed within the community and, on average, 29% of the workers in the proposed community commute to work in a county other than the one in which they

reside. This degree of inter-county commuting is strong evidence of interaction among the residents of the proposed community.

Numerous community and civic organizations represent only the five county area to advance economic interests, focusing on Philadelphia as the hub for sports, transportation, tourists, educations and cultural events. The public transportation system, SEPTA, was created primarily for the five county area and links the rail, bus and air systems. Philadelphia International Airport is located in the hub and is used by the majority of air passengers in this area.

The area's dominant newspaper, the Philadelphia Inquirer, was created for and about the area. Eighty-two percent of the subscribers of the Philadelphia Inquirer are from the proposed community. Finally, Philadelphia has four professional sports teams. Data presented shows that 60% of the attendees of sporting events reside in the proposed community.

Now, a little bit about the credit union's ability to serve. Citadel operates 13 full service branches in two of the five counties and participates in shared branches in 22 service centers in four of the counties. 791.12(a)(4)

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The credit union has presented a well thought out plan to market to all demographic segments of the five-county area. Citadel is a financially sound, well managed (791.12(a)(8)) and is capable of managing this expansion. On December 31, 2008, Citadel reported 9.51% net worth and very manageable levels of delinquency and loan losses. The credit union's business plan outlines its plans for serving the entire proposed field of membership while maintaining the health of the financial institution.

I believe that Citadel's application supports the five-county area functions as a single well-defined community where residents interact or share common interests. The application also supports that the credit union has the intent and ability to serve residents throughout the community and I recommend approval.

MR. FENNER: Thanks, Herb. Good afternoon.

MR. HOOD: Good afternoon.

MR. FENNER: It is important that I start by noting that the Office of General Counsel's comments

today, both our written and our oral comments, are provided as legal advice requested by agency staff and our comments are provided in anticipation that there will likely be a legal challenge to the Board's action should the Board decide to grant Citadel's application.

It is our intent that our comments will be protected from disclosure to any outside parties pursuant to the attorney client privilege and also pursuant to the various Freedom of Information and Sunshine Act exemptions including Sunshine Exemption 10, covering information that is likely to concern participation in civil litigation.

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And that concludes my remarks and Steve and I would be happy to answer any questions.

MR. FRYZEL: Herb, I would assume that normally when there is an application and it filters through the various aspects of the agency for their review that if the General Counsel says I have a problem with this that the region would go back to the credit union and ask them to provide additional data. Was that done in this case?

MR. YOLLES: Indeed that was done. In fact, during this rather lengthy process, we had several iterations back and forth with the credit union requesting additional information and additional data. Following the last review, we sent a letter to the credit union in November of 2008 recommending areas where they could strengthen their package. They did submit material back but they really did not go out and get a whole lot of new information at that point in time. And at that time, in our judgment, we felt we had a complete package to move forward.

MR. FRYZEL: And Mr. Fenner, the additional information that they provided did not meet with your satisfaction?

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MR. FRYZEL: Mr. Yolles, tell me why you feel that the data that they gave you was sufficient for the application.

MR. YOLLES: The guidelines that credit unions currently have that they are operating under from NCUA are contained in the Chartering and Field of Membership Manual. IRPS 03-01, which credit unions received I think in May 2003. When we look through the requirements, it is my belief that the preponderance of those requirements have been met when you look through the brief section in the Chartering and Field of Membership manual and they have demonstrated, in my judgment, to at least the same extent other credit unions have in presenting other community charters. The same type and degree of evidence of common interests and interaction.

As Bob mentioned, they were weak in a couple of areas. The shopping information, while they gave us data regarding the shopping malls, they really did not, it was not complete. And with the universities, the credit union said they were unable to obtain admissions data showing where the residents come from. Most of the credit union's information was obtained

from the same source that other credit unions use, Scarborough Research, which is information on file.

At the time the credit union submitted its package to us, the data they used, the 2005 data, was the data that was available for purchase from Scarborough Research. So I believe most of what, the additional information that we requested in the November letter would have required, at that time would have required original research for the credit union to either conduct or contract with somebody to conduct research in those areas.

MR. FRYZEL: What other office besides your office, the region office and Mr. Fenner's office reviewed this application at NCUA?

MR. YOLLES: We requested the review by the Office of Examination and Insurance, as is customary in these packages.

MR. FRYZEL: And what was their finding?

MR. YOLLES: They concurred that the package met our standards.

MR. FRYZEL: Mr. Hood.

MR. HOOD: Great. Thank you, Mr. Chairman, and thank you this whole group, I cannot name you all but I did want to acknowledge you collectively.

I am glad, first and foremost, that we have an opportunity to discuss this application in a closed forum because I wanted us to have an opportunity to discuss Citadel's current financials and some of their examination results. So with that being said, I know

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791 Can you please provide some background around that and their current financial posture? I do not know if Herb, if you want to take a shot at that.

MR. YOLLES: I will take that one, thank you.

MR. HOOD: Thank you.

MR. YOLLES: First of all, let me give you the details on the current picture. The credit union 791.12(a)(8) 9.5% net worth. Their bottom line ROA, Return on Assets, this year was 68 basis points, which is roughly double the industry average for the year of 32 basis points. And the peer average for a credit union of their size was 0.36. So their earnings are well above average. Their delinquency is below average. The peer at year-end for their size was 1.22. They are at 0.96. And their charge-offs, likewise, were commensurate with their peer averages. So right now we are presented with a solid, well-run, profitable \$1.2 billion credit union.

MR. HOOD: Great. Thank you. And having a bit of familiarity with that particular area where they are wanting to have the charter expansion, I know that marketing can be terribly expensive in that particular area. Can you provide your assessment of the marketing plan contained in their application?

MS. ST. CLAIR: I will take that one.

MR. HOOD: Great, thank you, Toni.

MS. ST. CLAIR: There are basically three components, in my mind, of a good marketing plan. One, the credit union must identify the demographic segments and the credit union did identify the demographics and the products and services that they plan to provide to each group. The credit union would also have to develop strategies to reach these identified demographics and they are using a whole

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And that pretty much covers the entire community and they should adequately be able to reach out to their group.

And finally, the credit union has developed an adequate budget to support their strategies and we believe that the credit union did that. It may help you to understand or know that, in anticipation of expanding their community and also to reach their current community, the credit union expanded its radio and television advertising in 2007 to blanket the entire five-county area. This is obviously the most

cost effective way to reach their various SEGs in their community.

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MR. HOOD: And are they planning any personnel changes as well to also further serve this market area if they are granted the expansion? Does the plan mention new employees and new product offerings as well?

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MR. HOOD: So not to put words in your mouth, but they already have the financial or the infrastructure in place to really support this market segment.

MS. ST. CLAIR: Yes, sir. Absolutely.

MR. HOOD: Very well. Well, again, from having worked in the area and also from having done some things there I would say within the past year or so, I recognize that there has been such a proliferation of payday lenders and predatory lenders coming into that area. I also recognize that banks are leaving that area. Not the local banks, but many of the more regional banks are all being absorbed. So I really do think that there is a role that Citadel can play in providing affordable, accessible products to the individuals there and of particular note is the fact that, from meeting with the Deputy Comptroller of the Currency for Community Development here in Washington, they have been encouraging banks who are leaving areas to donate their branches to credit unions. So I was very pleased to hear recently that Wachovia did in fact donate one of its branches to a local credit union. But with that being said, can you please talk about any other services that their

competitors are providing? Are they going to be on a competitive landscape, if you will?

MS. ST. CLAIR: Are you referring to other financial institutions in the area?

MR. HOOD: Yes.

MS. ST. CLAIR: Claudia will handle that.

MR. HOOD: Oh, thank you.

MS. YALE: Citadel's application contains CDFI data identifying 276 underserved census tracts in Philadelphia and the combined population is 1,154,384. There are no banks in 188 or 68% of the tracts, containing 66% of the underserved population. The remaining tracts contain 199 banks to serve a population of 385,650, or approximately 1 bank for every 1,900 residents.

Citadel has served underserved and low income populations in Lancaster, Coatsville and Chester, Pennsylvania and in Baltimore, Maryland for more than a decade. It is capable and prepared to meet the needs of the underserved residents throughout the five-county area.

MR. HOOD: Great. Thank you. And I agree with that assessment as well. I know, ladies and gentlemen, that this is not Citadel's first charter expansion

request. Can someone please describe how their request was scaled back to this much tighter Philadelphia metro area?

MS. YALE: I can handle that.

MR. HOOD: Two in a row!

MS. YALE: In 2004, Citadel requested a community expansion to serve Berks, Chester, Lancaster and Montgomery Counties in Pennsylvania, along with three Delaware County townships, that is Chadds Ford, Concord and Thornbury. This area was incompatible, had two MSAs, that would be Berks and Lancaster Counties and portions of the Philadelphia metropolitan division. Citadel was unable to establish the community common bond and withdrew their application. In 2005, they submitted the current application that is before the Board today for the five-county area.

MR. HOOD: Claudia, thank you. Well, after a very careful and deliberate evaluation of this application, I firmly believe that Citadel Federal Credit Union's request meets the NCUA standards for a community charter and will therefore be supporting this proposal. In addition, given the market turbulence that we are seeing, as well as the credit crunch that has taken place not only just in the

Philadelphia area but throughout the country, I think that the more credit unions we have offering affordable financial products, along with financial education, that is what we really need, I think, if this economy is really going to be back to full throttle.

So, ladies and gentlemen, I thank you and I again will be supporting this. I know this has been something that has been brewing for, what, two plus years?

MS. YALE: Four and a half.

MR. HOOD: Oh, four and a half but who is counting, Claudia. Or who has been counting those years, Claudia? But again, I will be supporting your recommendation. Thank you.

MR. FRYZEL: Thank you. Ms. Hyland.

MS. HYLAND: Thank you, Chairman. Thanks for all your hard work on this package. It has been a long time coming, as we all know. And we have had a lot of dialogue revolving around whether Citadel meets the criteria of our existing chartering manual. I have several questions for you.

You indicated in the package that Citadel has a membership penetration rate of nearly 21%. And

Citadel is already a community chartered credit union. Is this considered high, low, just about right for a community charter?

MR. YOLLES: That is actually fairly high for a community charter.

MS. HYLAND: Should penetration rate, do you think, be a factor in reviewing this application?

MR. YOLLES: I think the degree to which a credit union has marketed and serves its current community should be a factor and was a factor in our evaluation. The credit union feels, and their membership numbers pretty much bear this up, that they have achieved about the level of penetration they can reasonably get and they serve this community quite well.

MS. HYLAND: Please just explain again, what is the credit union's motivation to expand its charter to these particular five counties?

MR. YOLLES: The credit union made a strategic decision in the early 1980s to move from a single sponsor, Luken Steel Company, to expand. In fact, I asked them at one point where did you get the name Citadel and apparently, if you look at the definition in Webster's, it is something about being a

community leader and showing leadership. So they chose the community, at that time, in which they were currently operating, Chester County. They have picked up the three additional townships, an additional borough. They picked up two underserved areas, but they feel they have grown about as much as they can with the existing community. So in 2004, they embarked on an effort to choose a larger community. And after many false starts and numerous meetings in our office, they selected what should be a workable area and it is contiguous to their current community. This is their strategic vision for the future, expanding into this community.

MS. HYLAND: As we have in the past, since I have served on the Board, and given the questions revolving around community charters, it is always good to review what you think the factors are that weigh most in favor of granting this community charter and then also ask the flip side of that question. What do you think are the factors that may weigh against approving this application. So if you could give me those pros and cons, I would appreciate it.

MR. YOLLES: Okay. One of the things we look at is whether the credit union has clearly

demonstrated its intent to serve as a community chartered credit union, to market to the entire community and is capable, which they have clearly demonstrated the commitment and the ability. And then we look to our policy to see whether the community they have chosen conforms to policy. Based on the current policy from 2003, we feel the community does conform to policy and then last, did the credit union submit adequate evidence demonstrating that the area is, in fact, a well defined local community demonstrating interaction and common interest of various forms.

MS. HYLAND: And just to clarify, the test currently under our policy is common interest and/or interaction. Is that correct?

MR. YOLLES: And/or and, in this case we had both. And sometimes I do not know where the dividing line between one and the other is. That is debatable. The other thing I think we look to and I think Bob might want to chime in, we have now had some experience with what works and what does not work from a legal standpoint, and certainly in my mind having a single hub is very important.

MS. HYLAND: So I am asking you, Mr. Yolles, what are the factors that weigh in your mind for granting this community charter and what factors may weigh against it?

MR. YOLLES: Well, the factor that clearly might weigh against it is the consideration of 3.8 million people being a well-defined local community. Now, Congress, unfortunately, did not give us much guidance in what they had in mind with local community, what meant well-defined local. In my mind, I look to the things we mentioned. Civic organizations, other recognition...

MS. HYLAND: Let me clarify my question one more time. What are the factors that weigh in favor of this community charter? If you can answer that first please.

MR. YOLLES: Sure. The factors that I ran through in the package, the evidence that was demonstrated, to me the strongest piece of that evidence is OMB's recognition of this area as a metropolitan division, the definition of which pretty much comports with our notion of well-defined local community. And the only thing really, and I would be glad to repeat in more detail what those factors were



if you would like, but in my mind the only negative consideration on the other side is the size of the community in terms of number of people. Now, to me local also has to do with geographic distance and proximity. In this case, this is geographically a much smaller area than numerous other communities which we have approved.

MS. HYLAND: Are there any other factors other than the fact that it is a metropolitan division that weigh for this application in your mind, in the region's mind?

MR. YOLLES: I grew up in Wilmington, Delaware, which is sort of a suburb of the Philadelphia area, so I too have some personal knowledge of the area. It looks like, feels like and the facts support it is an integrated community.

MS. HYLAND: What are the factors that were supplied in the package by the credit union that might weigh in favor of it?

MR. YOLLES: Civic organizations, the single unifying transportation hub, sports team, the concentration of universities in Philadelphia known as the knowledge industry. Probably the strongest one that I should have mentioned first are the commuting

patterns, the degree of cross-county commuting, 29%, another one of the items from our chartering manual, a dominant newspaper published for and about the area, 82% of their subscribers are from this area. Did I miss anything?

MS. ST. CLAIR: Can I jump in?

MS. HYLAND: Absolutely.

MS. ST. CLAIR: Claudia did all the heavy lifting and I looked over her shoulder but before we move forward with the package, we look for two to three strong items up front to see if we can move forward. One would be if it is in an MSA, if it has a strong population center and if it has an economic hub where we can find data to support that. And we found that Philadelphia is the economic hub within a 15 mile radius that covers the four surrounding counties. That is retail trade. You have the large employers there. You have the cultural activities and events. So we had a great foundation to build on from there.

MS. HYLAND: Okay. Toni, and maybe you can answer the question, what are the factors that weigh against in your mind for this application?

MS. ST. CLAIR: In looking at that, we also are charged with identifying any detracting

information and weighing that against the preponderance of evidence that may support it. And with all packages, not just this one, there is always going to be detracting information. What we found was that the credit union did not adequately provide information on the medical facilities and healthcare. We had to try to heavily supplement that area and it was difficult based on the information that was provided by the research firm, Scarborough. It was based on, instead of admissions from various discharge records for various residents throughout the community, it was just based on preference, what is your preference. And those answers are going to be skewed, obviously, depending on where you live or if you were involved in an accident you would go to the hospital closest, obviously, a medical facility closest to your home. So we were unable to use that but we also found that, even though we were not able to use it, it did not detract from the notion that this was a community because we had such strong evidence.

Also, the colleges and universities, I believe there are 83, Claudia, in the area and we asked them to provide information about where the

students were coming from, which of those counties, and they were not able to provide any information for any of the colleges and universities except Temple, one college. That just was not sufficient. And while again, it was not useful, we did not feel like the lack of that information detracted from the overall evidence that the community had a strong population center, that it had a good economic hub. But obviously the more detracting information that you have, the stronger your supporting information should be and we believed that we had that. Did that answer your question?

MS. HYLAND: Yes, it did. Thank you. What is the actual largest community charter that we have approved in terms of population?

MR. YOLLES: I believe that is LA County and I think it was 9.6 million people.

MS. HYLAND: And that was one single county?

MR. YOLLES: That is a single county. That is correct.

MS. HYLAND: You indicated that credit unions gather the information that you as a region request to meet the criteria of our chartering manual and you have cited a variety of information. Some census

bureau information as it relates to metropolitan division and, more specifically, private vendor information. You mentioned Scarborough. Can you elaborate a little bit more on that information, on how a credit union obtains that information at what cost?

MR. YOLLES: Sure. Scarborough Research has information on file regarding various localities throughout the United States and they conduct most of their research by telephone surveys. In this case, once the credit union finally settled on this five county area, they purchased from Scarborough what is known as the entire package, which is all the information they have. In this case, that cost them 791.12(a)(4) And at that time, most of the information was from 2005 surveys that they took and most of the information you have in the package is either from Scarborough, on the civic organizations and communities it was obtained from web sites and public transportation SEPTA has a web site with information, but most if not all of the community application packages we receive contain Scarborough data. I do not know of another source of survey research data which is already on file that credit

unions can purchase. There are consultants who will assist credit unions in obtaining original research data.

MS. HYLAND: In the packages that your region has reviewed as it relates to Scarborough data, have you seen differences in the type of information that Scarborough can provide? In other words, for a particular jurisdiction might Scarborough have lots of information on universities and hospitals and for another region might not have similar information?

MR. YOLLES: Absolutely. In fact, I talked to the consultant that the credit union used and they said Scarborough is hit and miss. You buy what they have and it varies tremendously by locale on what they currently have on file, the research that they have already done.

MS. HYLAND: So if Scarborough or another similar vendor is not available, how can a credit union go about getting the information in terms of interaction and/or community interest to satisfy our existing chartering manual?

MR. YOLLES: Well, if they have the internal resources, I suppose they can go conduct their own surveys, which would be rather time consuming and I am

not sure whether they would really have the expertise to do valid research. In this case, in response to our November letter, the consultant did, the credit union's consultant did contact another vendor that will do original research; however, they did not get very far because they were told it would take 18 months to gather the additional data we want and they really did not get into talking price but it would be more in the hundreds of thousands of dollars instead

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MS. HYLAND: Do you have any sense of when Scarborough, or has it, updated its information with respect to the Philadelphia area? You indicated that the information was from 2005, which may seem like a long time ago. When does Scarborough typically update its information?

MR. YOLLES: I do not know what the rhyme and reason or pattern is for their updating data. However, at my request, the credit union's consultant called Scarborough last week and, several months after this package was submitted to us, they do have some updated data available for sale now regarding the greater Philadelphia area.

MS. HYLAND: But at the time of submission of the package, the credit union used the most available and most recent data that it could obtain from Scarborough, the vendor it chose to provide information on this?

MR. YOLLES: That is my understanding.  
Correct.

MR. WIDERMAN: Board Member Hyland?

MS. HYLAND: Yes.

MR. WIDERMAN: There are some more grassroots ways of collecting this information. For example, for the commuting by shoppers you could call the leasing agent for the shopping mall. They all collect this information because tenants, they have to provide it to tenants to show who shops there and that requires a telephone call.

MS. HYLAND: Our current requirements in our chartering manual do not specify that you have to meet all of the suggested items that are listed, correct?

That it is the analysis of the region, general counsel, E&I that evaluates the preponderance of the evidence to assess whether or not our test of well-



defined local community where residents either have common interest and/or interaction are met.

MR. YOLLES: That is correct.

MS. HYLAND: You mentioned that in the package the requested community has more than I think 1.8 million underserved residents. Is that correct? And just outline for me briefly in more detail the experience that the credit union already has in serving an underserved population, question number one. And number two, what outreach does the credit union have in its business plan to serve the population?

MR. YOLLES: Well, the first part, the credit union currently has two underserved communities and, Claudia, do you know when they got them on our timeline? They have had them for quite awhile.

MS. YALE: 99 at least. Before that probably is my guess. That is Lancaster.

MR. YOLLES: And South Baltimore.

MS. YALE: That was later.

MS. ST. CLAIR: I think I got '95.

MS. YALE: Right. '95.

MS. HYLAND: So they have had over 13 years of experience in serving two underserved communities?

MS. YALE: Oh, and Baltimore obviously is not even close. It is long distance.

MS. HYLAND: And what do they anticipate doing for the 1.8 million underserved that is in the proposed community? What do they anticipate doing in terms of serving that population?

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MS. HYLAND: You had, Claudia, in your conversation with Vice Chairman Hood you had sort of rattled off a variety of different numbers that I

think you said meet the CDFI definitions in terms of underserved. My question to you, are those numbers in alignment with how NCUA views the addition by a multiple group federal credit union of an underserved area? Is that what you were aligning there? In other words, in terms of when we let a multiple group federal credit union add an underserved area we require a whole bunch of proof.

MS. YALE: That is right.

MS. HYLAND: And so is that information that you just cited similar, if this credit union were adding an underserved area?

MS. YALE: That is exactly the information we would be looking at if they were going to add an underserved area. And they submitted all the tracts from Philadelphia. I think there are underserved tracts in the other four counties but that is what they submitted and I went through and verified what census tracts they were asking for, what the populations were and whether there were banks in those tracts. I mean that is what we would be doing from hereon based on the new underserved policy that is finished.

MS. HYLAND: And I think you indicated that in 188 of those 275 underserved tracts there are no financial institutions. There are no banks.

MS. ST. CLAIR: Yes.

MS. HYLAND: Is that correct? Okay. And that equates to about 66% of the underserved population?

MS. ST. CLAIR: Yes.

MS. HYLAND: Okay. I just wanted to clarify that. Do you have anything to add, Herb? Okay. Thank you for answering my questions.

I will be supporting staff's recommendation to approve this application. I have reviewed the packages submitted by the credit union as well as what the Region has submitted in terms its analysis and the memos from the Office of General Counsel and Division of Examination and Insurance.

I believe the record in this case does demonstrate that the proposed community meets the requirements of NCUA's Chartering and Field of Membership Manual IRPS 03-1, as you noted, as amended by IRPS 06-1. Specifically, I find that it contains sufficient evidence that the geographic area's boundaries are clearly defined, that the area is a well-defined local community, neighborhood or rural

district and the individuals have common interests and/or interact.

There is no question that this is a clearly defined geographic area and a well-defined community. The question really before us today is whether the residents of this proposed community have common interests and/or interact and I think that is part of the conversation that we have had with staff on this issue. I conclude that they do. I find it very persuasive that the community requested constitutes five contiguous counties recognized as the Philadelphia, PA Metropolitan Division by the Office of Management and Budget (OMB). The Philadelphia, PA Metropolitan Division is one of three metropolitan divisions comprising the Philadelphia-Camden-Wilmington Metropolitan Statistical Area (MSA). OMB defines an MSA as a "core area containing a large populated nucleus that has a high degree of social and economic integration with that core and has a contained economy. It is an area where a preponderance of the residents live, work, earn and spend." NCUA's chartering rules recognize the significance of an MSA designation for purposes of evaluating whether an area is a local community under its rules.

The requested community is a subset of that MSA. OMB states, as you noted, that a Metropolitan Division "consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties." OMB also states that a Metropolitan Division "often functions as a distinct social, economic and cultural area within the larger region."

Again, there is no question that the city of Philadelphia is the nucleus of the local community in this case and that there is a high degree of common interest and/or interaction both socially and economically in and around that city. I want to briefly discuss some of the areas where I believe the record demonstrates a preponderance of evidence that there are common interests and/or interaction among the residents of the proposed community:

You noted employment, commuting and transportation. The record provided by Citadel and Region II's regional summary contain significant evidence of interaction through inter-county employment and commuting patterns. Significant percentages of residents work in the proposed

community outside their county of residence. And nearly 92% of the area's workers are employed within the community and of these, residents commuting to another county range from 20.8% to 41.2%.

You described economic coalitions. The proposed five county area is considered an integrated community by the Commonwealth of Pennsylvania, county governments and local organizations. The five counties have a history spanning several decades, where collaborative efforts resulted in strengthening the area economically and promoting Philadelphia as the hub for tourism, conventions, cultural events and education.

Transportation. The proposed community's travel and commuting needs are met through the integrated transportation system consisting of mass transit, airport and highways. Table 13 in the regional summary indicates that significant percentages of residents from each of the five counties do use Philadelphia International Airport for air travel and the record shows that 57.1% of area residents using air travel departed from Philadelphia. In addition, Philadelphia Airport is accessible from all major interstates that cross the particular

proposed community and that SEPTA, the high-speed rail line that you referenced, also accesses the airport and many of those arteries.

Sports and Recreation. You noted that the city of Philadelphia is a sports city. It is home to the Philadelphia 76ers, the Phillies, the Eagles and the Flyers, representing professional basketball, baseball, football and ice hockey, respectively. Table 15 of the regional summary indicates that more than half of the proposed community's residents do attend professional sporting events and the majority of attendees at Philadelphia team events are from the proposed community.

In addition, Table 16 shows research regarding attendance at the Wachovia Center, a venue for college basketball games, concerts and special events. The research shows that more than half of the attendees are from the five county area.

Newspaper. You mentioned that as well, that the dominant newspaper in the five county area is the Philadelphia Inquirer. That the majority of subscribers are from the proposed community; 82.43% of daily subscribers and 81.71% of Sunday subscribers.



And I would note that we have had dialogue about the diminishing subscription to newspapers and that is not a trend that is unique to Philadelphia. If you look online, I found a New York Times article dated October 28, 2008 which notes that from an entity known at the Audit Bureau of Circulations, across the industry the Audit Bureau said that among more than 500 newspapers that have reported, weekday circulation was down 4.6% and Sunday circulation fell 4.8% and they cite many of the major newspapers including the Philadelphia Inquirer, which continuously, over the last several years, have seen significant declines in their subscriptions.

I would conclude by saying that I recognize that this is a large area that contains counties surrounding the hub of Philadelphia. I am mindful of the fact that residents of this area also have ties to their individual towns and counties. Nevertheless, I am satisfied that the record reflects sufficient evidence of social and economic interaction and/or common interests among the 5 counties requested in the application. Accordingly, I believe the requirements of NCUA's rules have been met and I will vote to approve the application.

N/A Outside Scope

MR. FRYZEL: Thank you. Do I have a motion?

MS. HYLAND: Yes. I move that the Board approve Citadel Federal Credit Union's application to expand its community charter as set forth in the Board Action Memorandum.

MR. FRYZEL: Is there a second?

MR. HOOD: Second.

MR. FRYZEL: I have a motion and a second.

All those in favor signify by saying "aye."

MS. HYLAND: "Aye."

MR. HOOD: "Aye."

MR. FRYZEL: "Aye." Opposed? Motion carries.