

BOARD MINUTES

#337 Nov 17th, 2005

ATTENDANCE

BOARD Kenny Christianson, Tom Terrizzi, Karen Jamarusty, Alison Christie, Diana Drucker, Brian Hunt, Jim Fravil, Yvette Rubio, Paul Mazzarella, Leslie Strebel
STAFF - Lenore Olmstead, Joe Welch, Bill Myers, Leni Hochman

1. REVIEW OF AGENDA

- a. Review Comments from Last meeting evaluation
 - i. I like the fact that we stay focused on the agenda - but the atmosphere is casual and allows for diversions.
 - ii. Good meeting - I really appreciate the detail in the agenda on committee meetings - provides a lot of good background info.
 - iii. I would appreciate an explanation of acronyms - the first time it's stated in the minutes. It's not necessary for CU, CUNA, VITA; but other, less familiar ones such as CUMIS (Cuna Mutual Insurance Society), HELOC (Home Equity Line of Credit), NEV (Net Economic Valuation) should be spelled out.
 - (1) Deirdre's Glossary is posted on the eBoard site.
<http://www.alternatives.org/Board/glossary.htm>
 - iv. Board member preparation needs improvement (three comments).
- b. Manager's comments
 - i. Bill expresses concern about expanding use of Executive Session.
 - ii. Bill asks that the Board be diligent in maintaining a professional communications regarding staff.
- c. Hand out evaluation forms for this meeting, Confirm all board members reviewed their packets, Solicit questions or comments, Additions and Deletions to Agenda
- d. Review and **APPROVE** Consent Agenda

2. BOARD VOTES

- a. **APPROVED** Board Meeting Calendar for 2006: Jan 27, Feb 23, Mar 23, April 27, May 25, June 22, July 27, Aug 24, Sept 28, Oct 26, Nov 16, Dec 21
- b. **APPROVED** HSA Account fees
 - i. Waive Alternatives HSA setup fee and one HSA Account fee annually for staff.
 - (1) There are some fees of which the Board of Directors have given staff exemption. These fees are listed in the Employee Benefits and Policy Handbook
 - (2) Fee Exemptions Employee are exempt from certain Credit Union fees including the following
 - (a) One LOC annual fee per staff member per year.
 - (b) Money Orders, Travelers Cheques, bank checks, check copies, stop payment, statement copies, membership, temporary checks, account histories, postage surcharge fees.
 - (c) Personal Share Draft Printing.
 - (d) Mortgage origination fees as described in the Loan Policy.

- ii. Staff's Domestic partners are eligible to use this one HSA Fee Waiver after two years of FTE.
 - (1) Benefits Alternatives will reimburse the Alternatives employee for the cost of purchasing an individual health insurance policy to cover the employee's partner, up to the amount Alternatives contributes toward the premium for an individual employee. Eligibility begins after the employee has completed two years of full-time employment.
- iii. Accept Ithaca Hours for HSA fees.
 - (1) We accept Hours for all fees and One hour per loan payment. The Board has limited Credit union exposure to risk by capping the total of the Hour account at \$5,000.
- c. WELCOME Ben S. Bernanke: **APPROVED** Increase dividend Rates to bring us back to our target, just below midpoint of local rates. Cost: ~\$1080 per month. Effective December First.
 - i. REGULAR SHARE SAVINGS

(1)	OLD	NEW	
(2)	0.50	0.75	20,000 and over
(3)	0.25	0.50	10,000 through \$19,999.99
(4)	0.10	0.25	5 through \$ 9,999.99
 - d. Capital Expenses – phone system **APPROVED**
 - i. Our current phone system is over a decade old and is not maintainable.
 - ii. Staff received four bids for replacement at recommend ITS installing an Iwatsu system.
 - iii. The cost of \$45,000 will be substantially recovered by changed our phone service from POTS (Plain Old Telephone Service) to PRI (equivalent to T-1.5)

3. BOARD REPORTS

- a. Hiring update
 - i. Collector/Loan Closer Ron moved to Collector position.10/3
 - ii. Consumer Loan Help for Amy S. Amy Arsenault from Manpower started 9/28.
 - iii. Data Processor Tolkyng Aidarova started in this position on 10/3
 - iv. Mortgage Loan Officer Janet Mara started 10/17
 - v. VISA Specialist Greg Lee hired; start date is November 14.
 - vi. Asst Member Service Manager Brendan Wilbur hired; start date is November 14.
 - vii. Consumer Loan Officer Rubi Noe rehired and will continue in this position.
 - viii. MSR/Vault Manager Joe Catlin hired; start date to be determined
 - ix. MSR Hire Ethan Goodman; start date to be determined
 - x. MSR
 - xi. Senior Accountant 12/5 Start date for new person
 - xii. Vista CEOing - finalist
 - xiii. VITA/Financial Counseling Vista January 2006.
- b. Review of preliminary 2006 Budget, with five years of projections. Final Budget will be presented for approval in December.
 - i. Two variations based on varying loan growth
 - ii. Assumption on 100BP rise in interest rates over first year, then flat.
 - iii. CDFI income is recorded in 2005, but some expenses occur in 2006-7.
- c. Succession Planning Report

- i. Yvette handed out a color coded bar chart timeline.
 - ii. Mini Retreat review
 - (1) Strategic Plan to help determine what we are recruiting for.
 - (2) Job description
 - (3) mid-managers/staff for input.
 - (4) outreach
 - (5) Advertising- generate list
 - (6) Contract?
 - iii. Search committee:
 - (1) Make up. How is staff involved?
 - (2) Separate interview groups?
 - (3) Representatives on one interview team?
 - iv. Process - invite HR to succession committee meeting.
 - v. Transition period. Define job for Bill during the overlap period that would increase revenue for Alternatives. If CEO hire is delayed, we still have Bill.
- d. Mini-Retreat is scheduled for Dec 3, 10am - 1pm
 - (1) Succession Plan Update
 - (a) Succession Planning Committee will handle this section.
 - (b) Job description. What skills needed.
 - (2) Review progress on last year's self-assessment
 - (3) Additional Official Board roles
 - e. Board members Please hand in your web page profile text.
 - f. Holiday Party. Sign up for December 10th
 - g. DISCUSSION: Additional Official Board roles: moved to Mini-Retreat
 - h. Fill our your evaluations, hand to President

4. EXECUTIVE SESSION

- a. Holiday Bonus
 - i. We have set aside \$13,000 in our expenses.
 - ii. 2004 \$300, 2003 \$300, 2002 \$300
 - iii. **APPROVED** \$300 per employee Bonus; \$275 in cash and \$25 as a gift of Ithaca Hours
 - iv. Adjustment for length of service: Hire before July 1st full; after July First \$125 plus \$25 IH; Start date after 11/17, no bonus..
- b. 401K
 - i. We have targeted an overall 7.5% employer contribution: 3% match and 4.5% discretionary.
 - ii. We have paid 7.5% for over a decade, except in 2004 when we paid 2% due to financial losses.
 - iii. The 3% match is pay-as-you-go.
 - iv. We have set aside \$51,000 of our current expenses for the discretionary contribution. A 4.5% contribution would cost \$50,544
 - v. The Board **APPROVES** a 4.5% discretionary year end contribution.

5. CONSENT AGENDA

- a. Board Minutes of Oct 28th

- b. Membership Officer Report October 2005
 - i. Accounts Opened
 - (1) 2005 126
 - (a) 44 new accounts opened by the Student Credit Union.
 - (2) 2004 117
 - (3) 2003 118
 - (4) 2002 138
 - ii. Accounts Closed
 - (1) 2005 64
 - (2) 2004 69
 - (3) 2003 65
 - iii. 16 accounts closed by the Collections Department; the remainder closed by the Member Service Department.
 - iv. 16 members listed moving or moved as their reason for closing their account. 2 mentioned inconvenient ATM access.

- c. Write offs.
 - i. There will be 4 loan write offs, for \$12,465.00 proposed for November 2005, With this, we will be \$22,153. under budget for write offs. We've delayed write-off on a few loans due to the collection staff changes.
 - (a) 1880700 A \$2835.61
 - (b) 1740500 A \$3208.81
 - (c) 2111000 u \$4634.66
 - (d) 2065700 A \$1785.92
 - ii. 13 overdrawn account write offs proposed for November 2005 with a total of \$7,014.03. Of that, \$5,445.28 is for write off (a real loss) and \$1,568.75 will be a loss of fee income (reversal of fees that have not been paid). \$5,300 due to Fed Returns

Account	Write off	Account	Write off
2277600	\$68.87	2111000	\$29.76
2329400	\$2520.00	2365100	\$15.00
2068200	\$343.84	2162700	\$34.97
2398900	\$468.01	2116500	\$94.57
1721100	\$224.25	1897100	\$35.00
2345600	\$2590.00		
2391600	\$17.14		
2445300	\$572.62		

SECRETARY'S SIGNATURE

REPORTS

6. List of Attachments

- a. 2006 Balance Sheet, separate projections for different loan growth rates
- b. CAMEL ratios
- c. Loan Loss / DQ Report
- d. Member Complaint and Reply
- e. Choice One Proposal
- f. Member's Choice Benchmarks
- g. Balanced Scorecard
- h. Cornerstone ScoreCard
- i. Business Loan Report
- j. Monthly Mortgage Report
- k. Grants Progress Report
- l. RateWatch Survey
- m. Board Committees

7. DEVELOPMENT COMMITTEE

- a. Present: Tom Terrizzi (Board); Deirdre Silverman, Leslie Ackerman, Diane Goodman (Staff)
Excused: Christina Cain (staff)
- b. Recruiting a non-Board member: From the Governance Committee: Committees should write up a pitch for Nominations This could be a description of committee duties followed by a board member quote, interview, or statement about how wonderful, useful, educational, etc it is to serve on the committee.
 - i. We had some discussion about what the value of this committee is, since it isn't a decision-making body or one that brings voting issues to the Board.
 - ii. Deirdre will ask Karen Jamarusty to write something.
- c. The Governance Committee is looking for more succinct ways to report committee activities to the whole board. Giving the board ALL the Committee reports makes a 42 page agenda.
 - i. So, our discussion centered on a short narrative plus some financial indicators. The indicators
 - (1) - should relate to our mission, goals and work plan,
 - (2) - should include something about outcomes, and
 - (3) - should be straightforward to collect and comprehend.
 - ii. Please add this item to your agenda. I have appended below the indicators from the previous discussion we had, in 1999.

(1)	DEVELOPMENT	Year ago	Now	Budget Target
(2)	Grant Dollars Raised			
(3)	National Below Cost Deposits			
(4)	IDA	Year ago	Now	Budget Target
(5)	Participants			
(6)	% Payments missed			
 - iii. We agreed that the Development measures are useful, although Below Cost Deposits do not have to be national, and we need to decide how to set a target for these (see also #3 below) The target needs to be commensurate will the resources available to pursue such deposits.
 - (1) For IDAs, % of payments missed is not a useful measure. We suggest substituting

Number of Graduates (savers who've used all of their savings and match).

- d. Funding Update:
- i. CDFI money arrived 9/14. Still issues about how to handle the funds to meet CDFI requirements.
 - ii. NCUF HUD will provide up to \$40K for 10/1/05-9/30/06. We did not bill at this rate for the 2004 year. This funding has also provided useful free training for both Duke and Christina, as well as free software that seems very promising.
 - iii. HSBC \$15,000 arrived 9/14.
 - iv. Akwesasne–Deirdre visited again in October. Market study should begin soon, with major work done by NCCA consultant. To date, we've billed for \$6,350 in staff time.
 - v. Credit Path Research–An additional \$10,000 for the project, of which we will keep \$5,000. Credit Path Research income will be booked in 2006.
 - vi. City CDBG–Plan to apply, possibly for CENTS-IDA joint project? They'd like us to focus services on a smaller number of businesses with higher potential for growth and job creation—is this realistic?
 - vii. SBA Microloan funding looks safe at close to the full amount nationwide; don't know what formula they'll use for each grantee.
 - viii. NCUF–Application due 11/15.
 - ix. VISTAs–Having much more trouble filling positions than in previous years. This is probably due to the large number of VISTA positions available in the community through United Way and Cornell.
 - x. Individual Support: At the National Community Capital Association meeting, there was a lot of focus on individual loans and gifts to CDFIs. Individual donors have the advantage of building long-term relationships with organizations they support, and providing support for ongoing work, as opposed to the new initiatives required by government and foundation funders. On the other hand, raising money from individuals is very time-intensive, and we have limited resources (staff time) in development. [For example, the NH Community Loan Fund has four people in its Development Department] It would also require a marketing campaign.
 - xi. How much of an effort do we want to put into getting below-market rate deposits? Does this contradict the Board's reluctance to pursue individual giving? Is it more complex than asking for straight donations? Are the returns too small to justify the cost? How do we determine an appropriate goal?
- e. For the next meeting, Deirdre will look at Self-Help and Opportunities (formerly VT Development) credit unions' web sites, and talk to staff, to see how they do it and what results they get.
- f. IDA Update–Plan to use leftover \$20,000 for small business IDAs, close to Assets for Independence guidelines but at 80% of area median income. Chris hopes to tie this into a new microloan product.
- g. Next Meeting: Need to reschedule December meeting. Should we try for a non-Thursday time in 2006? Deirdre will contact Karen and Tom to schedule..

8. PERSONNEL COMMITTEE

- a. Attendance: Alison Christie, Tom Terrizi, Lenore Olmstead, and Diana Drucker
- b. Agenda

- i. Holiday Bonus, 401k Distribution
 - ii. Hiring Update
 - iii. Board Training
 - iv. Committee Reporting
 - v. Diversity Update
 - vi. CEO Review Committee
- c. Holiday Bonus, 401k Distribution
- i. Alison raised the issue that the recommendation for the holiday bonus and the 401k distribution has come in the past from Personnel Committee. Last year, Joe presented to the Budget Committee and then it went to the board. Lenore invited Joe to this Personnel meeting and he outlined the plans for the holiday bonus and the 401k distribution that would be presented to the executive committee at the November board meeting.
- b. Lenore presented the current timeline for open positions.
- i. Collector/Loan Closer 10/3 - Ron moved to Collector position.
 - ii. Consumer Loan Help for Amy S. Amy Arsenault from Manpower started 9/28.
 - iii. Data Processor Tolkyn Aidarova started in this position on 10/3/05.
 - iv. Mortgage Loan Officer Janet Mara started 10/17/05.\
 - v. VISA Specialist Greg Lee hired; start date is November 14.
 - vi. Asst Member Service Manager Brendan Wilbur hired; start date is November 14.
 - vii. Consumer Loan Officer Rubi Noe rehired and will continue in this position.
 - viii. MSR/Vault Manager Joe Catlin hired; start date to be determined
- ix. Senior Accountant (Review team is Joe, Larry, and Karl)
 - (1) 11/28 Start date for new person
 - x. Student Credit Union/Call Center Rep phone interviews and reference checks renewed, face-to-face interviews. (Review team is Melissa and Joe C.)
 - (1) 12/5 Start date for new person
 - xi. MSR phone interviews and reference checks
 - (1) 11/30 Start date for new person
 - xii. Diane Goodmans maternity leave/Vista Hiring- finalist stage. VISTA has authorized that this person can start as soon as she is available if we can find a suitable candidate who will accept the position.
 - xiii. Second VITA/Financial Counseling Vista Position renewed search in December for January hire. Next opportunity for hire is January 2006.
- c. Committee Reporting. The Governance Committee is looking for more succinct ways to report committee activities to the whole board. Giving the board ALL the Committee reports makes a 42 page agenda. So, our discussion centered on a short narrative plus some financial indicators. The indicators
- should relate to our mission, goals and work plan,
 - should include something about outcomes, and
 - should be straightforward to collect and comprehend.
- | HUMAN RESOURCES | Year ago | Now | Budget | Target |
|--------------------|----------|-----|--------|--------|
| turnover-longevity | | | | |
| Turnover rate | | | | |

FTE

Staff Commitment index (Staff w/ two or more years of Service)

Personnel Committee members talked about the two aspects of the proposal. The first one is for succinct detail in the executive summary and the second is for reporting on benchmarks. We talked about comparing benchmarks to industry standards. It is expected that the issue of short summaries earlier in the agenda will be discussed at this next board meeting. Alison also noted the use of reports on compliance with end goals throughout the year in the policy governance model.

- d. On a related note, Tom will send out a draft for description of committee activities to be used to recruit volunteer members of the committee.
- e. Training. Committee members talked about trainings and which ones have been valuable. The recent NYSCUL training was not considered very good by Jim and Kenny. The CDCU training was okay but lightweight (not as good as the one in Puerto Rico). NCCA was good. Alison's webinar was good. Lenore will send Alison and Tom their CUES passwords. They would like to start coursework and then be able to recommend this to others. Alison requested that Lenore change the board training document from Excel to a Word table.
- f. Diversity Update. Lenore has requested an ILR winter break intern to work on diversity recruitment contacts and plans.
- g. CEO Review Committee. Alison will meet with Yvette and Leslie and do the codifying for the CEO Review process before our next meeting.
- h. November Training and Presentations
 - i. Lenore Olmstead attended a CUNA webinar, Succession Planning and the Art of Chaos Control.
 - ii. Eric Levine attended a CUNA Attorney Conference in Palm Beach, FL.
 - iii. Bill Myers presented at a A.E. Casey Foundation RuFES event.
 - iv. Ron Campbell attended the NYSCUL Collections and Bankruptcy School in Syracuse, NY.
 - v. Eric Levine participated in a 2005 Compliance Updates Teleconference from NYSCUL.
 - vi. Anita Peebles attended a training dealing with Multiple Priorities in Ithaca.
 - vii. Bill Myers will attend the BAI Retail Services Conference in Orlando, FL.
 - viii. Michael Culotta will participate in Leadership Tompkins.
 - ix. Lenore Olmstead will attend a free webinar, Getting the More from Your CUNA Council website.

2. LOAN POLICY COMMITTEE

- a. present: Jim, Diana, Brian, Mary, Michael, Carol
- b. Consumer-Monthly report is not done yet. Rubi has been rehired as Consumer Loan Officer, Amy S. Is on maternity leave for 3 months, Amy Arsenault is doing a great job as a temp. in consumer lending, Greg Lee is moving over to VISA Specialist and is training about half time.
- c. Mortgage- 5 loans closed, we have exceeded our annual goals already. Duke & Janet are doing very well.
- d. Business- 10 loans closed, 5 microloans. Dept. Is ahead of budget for the year.
- e. Delinquency-Down to 1.9% from 2.4% in Sept. Unsecured delinquency has been going up. Ron is

full time now and in training.

f. Mortgages to Assets report

i.	Assets:	\$50,399,966.	
ii.	50% Mortgages to Assets:	\$25,199,983.	
iii.	Current Loan to Asset ratios as of Oct. 31, 2005		
(1)	Program	Balance	%of Assets Max. Allowed
(2)	Flex. & Flex .Plus, 16	\$1,088,856.	2.2%20%
(3)	10/1 & 7/1, 46	\$2,955,288.	5.9%20%
(4)	Home Equity, 206	\$5,020,515.	10%20%
(5)	Fixed Rate Mortgages, 122	\$9,299,555.	18.5%20%
(6)	30 year, 55	\$4,636,238.	9.2%10%
(7)	20 year, 20	\$1,518,799.	3%10%
(8)	15 year, 47	\$3,144,518.	6.2%20%
(9)	Other, 2	\$ 91,593.	.2%
(10)	Total Mortgages to Assets	\$18,455,807.	36.6%

g. Consumer Loan Department. We had planned on cleaning up our procedures and system through the end of the year, and got somewhat behind when both Consumer Loan Officers went out on emergency medical leave.

- i. Amy Smith came back between her surgery and maternity leave, moved loans out the door, and caught up with training and covering other loan processes before leaving as of Oct 31. She is out on maternity leave until Feb 2.
- ii. Amy Arsenault, our 4 temporary to help cover the maternity leave, is doing a wonderful job. She values good member service, fields calls, and helps finding answers. She sees her career path in lending, is taking to the loan process quickly, and is thrilled to be here.
- iii. RuthAnn Noe had a change of plans and we are pleased that she will continue as Consumer Loan Officer.
- iv. Miroslav Knezivic is steady and devoted, as always.
- v. Greg Lee will become a Visa Specialist on Nov 14. We offer grateful thanks to the Member Service Department for giving him some hours for training in advance of his start date. When Greg is in place, we will be back to the normal staffing level. Greg will be in training for a bit. We are confident that his skill level will rise quickly.
- vi. Kimberly Stetson, our 3 month temporary hired when Camila left, will end her time with us Nov 23. She has been a great worker, works well independently, knows when to ask questions. She is highly recommended for similar jobs within the credit union.
- vii. Anita O'Casio is our Collection Assistant/MSR. Her job has not changed much, and she will transition to the new Collection Department by year end.
- viii. Ron Campbell is training as Collection Officer. His knowledge of our systems and policies, and his familiarity with dealing with members in trouble, have been a real advantage. He has been taking on projects and working independently.
- ix. Amy Audetat, VITA/Financial Counselor, is running a training program for financial counseling volunteers along with Alexis Heath, our VISTA. The plan is to have trained volunteers in place year round to provide the face-to-face meetings many members prefer and to complement the Balance program.
- x. Meanwhile, at the same time that the counseling program is moving ahead, both Amy and Alexis are preparing for the VITA season. Our plan is to attain the same numbers as last year - 900 returns. To reach that goal, we are looking for a VITA VISTA. In preparation for VITA season, we have moved the Consumer Loan Officers to a back office, and will

rearrange the office next to the reception area to handle VITA activity.

- h. Mortgage. Janet will be training and taking over quarterly rate adjustments on portfolio loans as well as the annual escrow analysis. She will oversee the whole mortgage portfolio, be the main contact for PHH, follow up with documentation for files, etc. She is doing very well. We will be moving first mortgage closings in house in early 2006. Eric has been closing HELOC's and is comfortable with the procedures now. Next year we will look into offering a wider range of PHH's programs such as low doc and no doc, becoming a SONYMAE lender, working with INHS and the Section 8 voucher program, reviewing our 100% LTV products to see if we should continue offering them, look into a less expensive way to determine value for HELOCs's such as Home Value Finder.
- i. Business. Diane will be out on maternity leave for the first 3 months of 2006 and we might have a CENTS VISTA starting before she leaves. Diane has prepared a maternity plan which maps out how everything will get done. The loan department will work on streamlining their procedures. Patrick will do less direct lending and more supervision. There is a loans in process tracking sheet to make sure applications move along as quickly as possible. The SBA fiscal year (Sept.-Oct.) We did \$2.1million which is the most we have ever done and we are on target to reach our \$6million portfolio by mid-2006. SBA microloan funding has been approved at about a 12% decrease from last year but we might not see that decrease. CPL program will be in place for businesses by end of 2005.
- j. Committee Write Up. The Governance Committee has requested that each committee writeup something compelling to attract new volunteers for the committee. It could be a report on committee activities, a testimonial from a committee member, or anything else. These will be run in our newsletters. How will we proceed with this. The committee brain stormed what they would say about this committee.
 - i. The value of serving on the Loan Policy committee lies in being able to work to be sure we are serving the people we want to serve and being true to our mission. One committee member joined the committee because she was not able to get approved for her mortgage at the CU and she wanted to see why. She now understands how and why decisions and policies are made. The fun and the rewards of being on this committee is being able to see the impact of the work we do in our community. We see members becoming homeowners where other lenders would not work with them. We see small businesses open their doors and enrich our community. We watch members on the credit path, first borrowing for a used car, and moving on establishing credit, and eventually becoming a homeowner. We are able to work on programs that address unmet needs of our community and then see the real people who have a better life because of them. We bring to meetings what our members want and we try to make that happen. It is also a great personal education to learn about loan products, the lending procedures, the how's and why's of approvals and denials.
- k. Next meeting Dec. 13 at noon.

3. SUCCESSION PLANNING COMMITTEE

- a. Attending: Leslie Strelbel, Yvette Rubio, Leni Hochman
- b. Review timeline
 - i. These items are listed for last quarter 2005:

- (1) review strategic plan - this will be done at mini-retreat 12/03, with eye towards what to look for in next CEO
- (2) budget - largely depends on whether we decide to use a search firm. To be discussed at mini-retreat
- (3) Job description - Bill updated last year. Leslie will bring to Board for input, Leni to Mid-Managers
- (4) staff training
- (5) December: create selection committee
- (6) Search firm or not
 - (a) Discuss at mini-retreat. Can we constitute a search committee that would have the time and capacity to do a thorough job in this very important search?
 - (b) Cost of using search firm: 30% plus expenses. (Cornell says to assume the cost to be an additional salary.)
- (7) Succession committee/Search committee/Hiring Committee
- (8) It is time to begin outreach in earnest. Add new members (board and staff, other?) to succession committee to form Search Committee to:
 - (a) formulate recruitment strategies - create package needed for advertising/outreach of position. advertise, public relations efforts.
 - (b) Determine hiring process, including staff involvement.
- (9) Will require serious time commitment.

4. SUPERVISORY COMMITTEE

- a. Present: Brian, David, Karl
- b. Reviewed the BSA/OFAC Audit (Sciarabba Walker & Co. auditors).
 - i. The audit indicates the need for written OFAC, Member Information Program, and Information Security Program policies. If we have policies, the committee would like copies. If policies are not written yet, whose responsibility will it be to put policies together?
 - ii. There was confusion over whether this report titled "Independent Accountant's Report on Applying Agreed-Upon Procedures" meets the call for an OFAC audit in the NCUA exam. The reports' first page states that it is not an audit. It further states that "we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose." Is this sufficient to meet NCUA's concerns?
 - iii. The committee would like to meet with the auditor to discuss the report (a conference call might work). Will the audit be presented at a board meeting?
- c. Exam items.
 - i. The board has assigned to the committee the following two items: "Report SARs #s to Supervisory Committee semi-annually; and, Report Due dates for exam items".
 - (1) What will be the procedures for these two items? Did the board issue guidance on this? The procedure on SAR reporting would seem to require some random sampling and review to ensure proper reporting is occurring. How many SAR's and CTR's do we issue each month? Do we have a SAR's and CTR policy? (Karl will ask Melissa.) On the Exam due dates, is the committee to track progress on completion of the items? Or does staff report on progress to the committee, then the committee report to the board?
 - (2) Articles on each committee of the board requested.

Karl will look for an article he wrote for Alternatives Currents. Committee will review and update the article as necessary.

5. PUBLIC RELATION COMMITTEE

- a. PRESENT: Ellie Minnis, Diana Drucker, Lane Chambliss, Diane Goodman
- b. ABSENT: Kenny Christianson, Karen Jamarusty

- c. Paragraph: The focus of this meeting was to discuss the purpose of the PR Committee and come up with a paragraph to attract new members. This was requested by Bill. Some thoughts from the group:
 - i. I learn more about strategies for PR and outreach than what I think I give. It's worth it to come to learn.
 - ii. We offer input in how to make outreach more meaningful to our general membership.
 - iii. We oversee marketing to make sure it stays focused on our mission.
 - iv. We brainstorm about programs we want to do to bring people to the Credit Union.
 - v. We are given new products and services to react to before the work is done.
 - vi. We work on special projects i.e. mural.
 - vii. We help with arranging the Annual Meeting and speaker.
 - viii. We give input for the yearly marketing plan and annual report.
 - ix. Ellie will incorporate these thoughts into a paragraph and submit it to the PR Committee for final comments (via email.) Once this is done she will send the paragraph to Bill.

- d. There was some discussion that the PR Committee should be allowed to come up with ideas that can be submitted to the proper department for consideration. In the past it has been stated that this committee should not do that. It was agreed by all that this is an important part of what brings meaning to the PR Committee.

- e. Credit Path Seminar. Diane gave a report on the progress in planning the Credit Path Local. The first one is tentatively planned for December and will include attendees from social services, such as Department of Social Services, Womans Opportunity Center, and Ethnic Group members.

- f. HSA. Ellie brought the group up to date on the opening of HSAs.

- g. The Committee was advised that Sue Perlcut decided not to join the PR Committee..

- h. Next Meeting is December 21 at noon

- i. PRESS:
 - i. Fall Ithaca Parent & Teen Fiscal Responsibility – Joe Cummins Article
 - ii. Fall Cayuga Waterfront Trail Waterfront Trail and the West End (Alternatives interested in seeing the West End thrive)
 - iii. Fall Tompkins Community Action Newsletter First Home Club IDA & 100% Mortgage Article
 - iv. November 10th HSA Chamber Event – Table and presenting our HSAs

6. BUDGET COMMITTEE

- a. Present: Leni, Mary, Karl, Joseph, Deirdre, Paul, Leslie, Ron
- b. Excused: Bill, Jim, Kenny
- c. Financials: (Reviewed)
 - i. Notes – October’s Financial Statements:
 - ii. To be trite and use sport’s metaphors “we’re on a streak” – it’s the second consecutive month the credit union has shown a profit. Clearly we haven’t hit a “homerun” but we’ve had a couple “infield hits” and are a marked improvement from our participation in those “no-hitters” over the recent past. There hasn’t been any particular “player” in this success but rather it was very much a “team” effort. Our “fans” continue to offer strong support by allowing us the use of their money at historically low cost of funds. The “game” continues and “the fat lady hasn’t sung” and we are sporting our “rally caps”.
 - iii. Balance Sheet- total assets are about 700K below budget.
 - (1) Consumer Loans – show no growth for 2005. The total dollars invested in consumer loans actually declined 900K from the start of the year, 850K of which was the sale of student loans. After giving allowance for the sale of student loans, consumer lending is running 1.6M below budget.
 - (2) Mortgage Loans- had a big month for pay-offs and the aggregate Mtg. dollars now are running about 1M below budget.
 - (3) Business Lending – continues its standout year with the loan portfolio up 72% for the year and exceeds the Budget by 35%.
 - (4) Allowance for loan loss –. The year to date increase was \$51K which was also attributable to loan growth. The current balance of \$288K should be adequate to cover any future losses from the existing portfolio.
 - (5) Deposits – the budget called for a 3% growth in deposits. Actual growth is about 2%
 - iv. Statement of Net Interest Income – October’s income was \$2K, vs. a (10K) budgeted loss for the month. YTD income of \$467K vs. a budgeted income of \$409.
 - (1) Interest Income – a) loans interest for the month and year are running about 2% below budget. b) on the investment side for the month we’re over about \$7K and for the year about \$10K below, the budget was based on receiving the \$1.4 million CDFI funds at the end of the first quarter and having those funds invest.
 - (2) Interest Expense – a) borrowing running below budget because of the non-receipt of the 800K CDFI new secondary capital. b) deposits we’re very close to budget.
 - (3) Loan loss provision – for the month and year to date we’re doing a 16K better than budget for the year.
 - (4) Operating Expenses:
 - (a) Salaries - for the month we’re on Budget. 18K better for the year.
 - (b) Benefits – for the YTD we’re doing a little better than budget – 12K. The rest of the year should approximate budget.
 - (c) Travel running 10K below budget year, as the year progresses the actual expenses will catch up.
- d. Delinquency / Charge offs – approved recommendations
- e. Capital Expenses – phone system bid – approved / forward to Board
- f. 2006 Budget – reviewed 6% scenario and 15% scenario.

- g. Ithaca hours - information
 - i. Ithaca Hours are now at \$5672, continuing the downward trend:
 - ii. October 2003 \$11,745
 - iii. January 2004 \$ 9,230
 - iv. July 2004 \$ 7,561
 - v. November 2004 \$ 7,796
 - vi. January 2005 \$ 6,247
 - vii. May 2005 \$6,203
- h. Audit DOR - reviewed
- i. Executive session board meeting holiday bonus and 401(k) discretionary contribution. – notification.
- j. HSA: (approved)
 - i. fees to employees - waive one annual and start up fee per year.
 - ii. fees to domestic partners - waive one annual fee after two years of service
 - iii. Ithaca Hours for fees - accept Ithaca hrs for fees
- k. Deposit rates - presented
- l. Dashboard – various examples presented
- m. The October delinquency rate was down from September- to 1.90% from 2.40%. The rate without the secured portion of delinquent loans is now 1.81%.
 - i. The number of loans on the list went down by 9 and the total dollars delinquent went down \$179,000. Total loans outstanding went down by \$572,600. Mortgage loan delinquency went down; Business loan delinquency remained the same.
 - ii. Repossessed items:
 - (1) Rugs. On hold.
 - (2) We now have an OREO in West Danby.
 - (3) Working on sale of some business collateral.
 - (4) 1 repossessed car was redeemed by borrower.
 - iii. Allowance for Loan Loss was adjusted \$13,818.69 for October, 2005.
 - iv. Write offs.
 - (1) There will be 4 loan write offs, for \$12,465.00 proposed for November 2005, With this, we will be \$22,153. under budget for write offs. We've delayed write-off on a few loans due to the collection staff changes.
 - v. 13 overdrawn account write offs proposed for November 2005 with a total of \$7,014.03. Of that, \$5,445.28 is for write off (a real loss) and \$1,568.75 will be a loss of fee income (reversal of fees that have not been paid). \$5,300 due to Fed Returns

1. GOVERNANCE COMMITTEE

- a. ATTENDING: Les, Tom, Paul, Bill
- b. Nominating. Tom will work on a fuller nominating process statement.
- c. Benchmarks. At the last Board meeting a Board member asked about Benchmarks, or a “DashBoard.” Bill collected four samples: Alternatives 1999, Alternatives Mid Year 2005 Work

Plan, and TBFCU Benchmarks

- i. How do we prepare for Board meetings?
 - ii. Committees are silos, not enough communication between them.
 - iii. The Committee reports are too long for the whole Board.
 - iv. Send short committee notes throughout the month.
 - v. Some Cus use a more robust Intranet. CUBoardRoom provides intranets tailored for Boards. There's a DEMO page. If you see any features you like, we can build them for our own site.
<http://www.cuboardroom.com/homepage.asp> or <https://www.myboardpacket.com/>
- d. Mini-Retreat is scheduled for Dec 3, 10am - 1pm
- (1) Succession Plan Update
 - (a) Succession Planning Committee will handle this section.
 - (b) Job description. What skills needed.
 - (2) Review progress on last year's self-assessment
 - (3) Discussion of other topics