

## **BOARD AGENDA**

**#364 May 22, 2008**

### ATTENDANCE

BOARD – Karen Jamarusty, Sharron Thrasher, Yvette Rubio, Jim Fravil, Tom Terrizzi, Ian Schachner, Bill Goodman, Alison Christie

ABSENT – Diana Drucker, Brian Hunt

STAFF – Lenore Olmstead, Leni Hochman, Deirdre Silverman, Karl Graham, Joe Welch, Eric Levine, Carol Chernikoff, Tristram Coffin

**Next Board Meeting: June 26, 2008 7PM**

### *Agenda*

- 1) Review of Agenda**
- 2) Vote on Consent Agenda**
- 3) Board Votes and Action Items**
  - a) Add limited mortgage approval and denial authority to Everett.  
(Carol)**
  - b) Payoff Secondary Capital**
- 4) Community Outreach Strategies – Jeff Bercuvitz, Annual Meeting  
Speaker**
- 5) CEO Report**
  - a) CDCU Networking Meeting**
  - b) Debit Card Conversion**
  - c) Student Credit Union expansion**
  - d) Letters of Support policy**
- 6) Discussion**
  - a) Board Requirements from Budget Committee**
  - b) Governance Update**
    - i) Board Expansion*
    - ii) Roles of Executive Committee members*
  - c) VITA program update (Deirdre)**
  - d) Annual Meeting (Leni)**
    - i) Volunteers to help set up, clean up, welcome table*
    - ii) Awards*

**1) Review of Agenda**

a) **Review and approve Consent Agenda APPROVED**

b) **Additions and Deletions to Agenda**

i) **Karen Jamarusty submitted her resignation. She also left us with a beautiful speech and a Pin Oak tree.**

**2) Consent Agenda APPROVED**

a) **Membership Officer:**

	<b>April 2008</b>	<b>April 2007</b>	<b>April 2006</b>
<b>NEW</b>	91	93	81
<b>CLOSED</b>	81	120	79

<b># of Accounts Closed</b>	<b>Reason</b>														
15	Closed by collections														
0	Inactive Accounts														
3	Deceased member														
63	Closed by MSR's per member's request														
	<table border="1"><thead><tr><th><b># of Accounts Closed</b></th><th><b>Reason</b></th></tr></thead><tbody><tr><td>14</td><td>Moved/moving</td></tr><tr><td>12</td><td>Not needed/Not using</td></tr><tr><td>10</td><td>\$2.00 Fee</td></tr><tr><td>8</td><td>Consolidating Accts.</td></tr><tr><td>2</td><td>Need the money</td></tr><tr><td>1</td><td>Couldn't get loan</td></tr></tbody></table>	<b># of Accounts Closed</b>	<b>Reason</b>	14	Moved/moving	12	Not needed/Not using	10	\$2.00 Fee	8	Consolidating Accts.	2	Need the money	1	Couldn't get loan
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b) **SAR's Report: Two SAR's were filed in April 2008. Three SAR's have been filed YTD.**

c) **Write offs:**

i) **There will be 2 loan write offs, totaling \$14,834.90 proposed for April, 2008. Our allowance for loan loss is targeted at \$19,580 monthly.**

ii) **17 overdrawn account write offs proposed for May 2008 with a total of \$2,513.62. Of that, \$1,160.00 is for write off (a real loss) and \$1,353.62 will be a loss of fee income (reversal of fees that have not been paid). Our target for negative accounts is \$1,000.00 monthly.**

**d) Housekeeping item. Clarification of commercial mortgage products.**

In Loan Policy, Business Lending, section 4 Collateral Value and Protection, section f. i,

Second Mortgage lien LTV 70%

Add to product description so full information is in that section.

#4 Commercial Business Property Mortgages, section a. PURPOSE, add “Available as first or second mortgage on commercial properties”.

COMMITTEE RECOMMENDS THIS CHANGE

**e) Temporary Hold on Consumer Loan Rates to 3/21 levels.**

*i)* Consumer Loan Rates shall be maintained at the levels set on March 21, 2008

*ii)* On May 5, 2008, the Executive Committee met by conference call and voted to freeze consumer loan rates at the rates set on March 21. Our consumer loan rates are currently tied to Prime, and the decline in short term rates would have brought our best rate under Opportunity Lending guidelines to 3%. With the yield curve returning to a more normal shape, we will be working on a different pricing methodology for consumer loans to ensure that five year loans are not indexed to shorter term rates

**f) Authorize** signature for Amy Smith on Members United account #9101501002009

### **3) Board Votes and Action Items**

**a) Statement of Voting Item:** Add limited mortgage approval and denial authority to Everett Boutillet.  
Granting limited authority and revisiting for additional authority is what we have always done. Spot checks of approved/denied loans is done. Everett will ask for Carol's review of files if needed.

*i) Former Policy*  
No former policy

*ii) New Policy*  
Add to Loan Policy, section 2 Responsibility and Authority, m The current lending authority  
Everett Boutillet, Mortgage Loan Officer  
\$200,000 Mortgage Loans  
Maximum Loan to Value 80%  
Minimum Credit Score 640  
Salaried borrowers only with at least a 2 year continuous work history  
Maximum total debt ratio 40%

*iii) Rationale*  
Everett has been a mortgage loan officer for 2 ½ years and has had sufficient experience and training to have lending authority.

*(1) How it will support the mission*  
Faster loan approvals.

*(2) How it will impact the financial bottom line*  
Carol will not have to review every mortgage loan application.

*iv) Implementation*  
Add to Loan Policy, start immediately.

*v) Criteria for Success*  
Spot checks of files Everett approves/denies. Faster approval, more training for full lending authority.

*vi) Recommendation:* The Loan Policy Committee recommends this change.

**APPROVED**

**b) Statement of Voting Item:** Request to NCUA to allow early repayment of secondary capital.

*i)* The Board of Alternatives authorizes early repayment of the following notes, subject to approval by the NCUA Regional Director:

Investor	Maturity Date	Dollar Amt.	Interest Rate
NFCDCU	12/31/08	\$250,000	5%
NFCDCU	7/31/10	\$50,000	5%
NCIF	10/05/08	\$300,000	4%
Heron Foundation	03/31/09	\$250,000	4.5%

The Board authorizes repayment of the following notes, on or after 7/21/08

CDFI Fund	07/21/09	\$300,000	4%
CDFI Fund	07/21/09	\$250,000	5%

*ii)* Former policy: N/A

*iii)* Rationale for Change:

The NCUA allows Community Development Credit Unions to issue unsecured debt to outside investors (Secondary Capital), and include those funds as capital for purposes of calculating their Net Capital Ratio. However, as these notes move within five years of maturity, the amount that credit unions can consider as capital declines by twenty percent per year. As a result, deposits with less than one year to maturity cannot be considered capital.

Because they are uninsured, secondary capital deposits generally are issued at above-market yields. Therefore, Alternatives incurs considerable interest expense on the aforementioned deposits, yet derives no benefit for the purpose of satisfying NCUA's Capital Requirements

We currently stand with a 7.02% Capital Ratio, just .02% above the NCUA's threshold for Prompt Corrective Action. The paydown of this \$1.3 million in outstanding debt would improve our capital ratio by .18%. For purposes of the capital to asset ratio, our capital would remain the same, while our assets would shrink by \$1.3 million. In addition, earnings will improve if we are no longer required to pay expensive 4-5% interest rates on these Secondary Capital deposits. We have sufficient cash available to pay down this debt with little impact on our credit union's liquidity.

We are applying to the Federation for \$450,000 in new Secondary Capital that would count in its entirety toward our capital ratio. Because of the reduction in the actual amount of debt, our efforts for securing additional secondary capital that actually helps our capital ratio will benefit, as funders who may be concerned

about our balance sheet will realize that we are carrying a lower overall level of debt

*iv) Implementation:*

Upon Board Approval, a request would be sent to the NCUA Regional Office to secure the required permission to pay down these debt instruments. Immediately upon NCUA approval, Deirdre would notify the investors of our intentions and Joe Welch would facilitate the transfer of assets from our Members United accounts to cover the cost of repayment. After July 21, when twenty percent of the Federation's deposits disappear from our Secondary Capital calculation, we would initiate the same process with those loans.

**APPROVED**

\_\_\_\_\_  
SECRETARY'S SIGNATURE

\_\_\_\_\_  
DATE

**4) Community Outreach Strategies – Jeff Bercovitz, Annual Meeting Speaker**

Jeff will be using the annual meeting for community building and as a launch of our community outreach campaign. He asked Board, What would you like to tell people? What would you like them to understand about Alternatives, and what would you like them to do to spread the word about us?

Board members answered that and what they loved most about Alternatives.

Interesting discussion on the word “sustainable.” (Jim hates the use of the word!)

**5) CEO Report**

Here is an update on the some of activities in process at Alternatives.

Albany CEO Roundtable- Working with the Federation, we convened a meeting of CEOs from the following institutions

- Bethex FCU
- Cooperative Federal CU
- Genesee Coop CU
- Lower East Side People’s FCU
- Southern Chautauqua CU

Also in attendance was a Senior Manager from a Federation Community Development partner, Paragon FCU.

The purpose of the meeting was to discuss possible interest in exploring collaborative solutions to solve business challenges that cast doubt on our ability to generate revenue consistently. After discussion of our business environment, all of the participants agreed to work together in an ongoing basis, with a jointly developed mission to perpetuate the survival of small CDCUs through collaboration.

The group discussed several potential areas of opportunity, including

- data processing and operations
- internet technology
- training
- marketing
- compliance
- business lending
- financial education

As a next step, we will begin collecting data on our needs in these areas and the related costs we pay under our current models. Conference calls will be held at least quarterly.

This meeting was held the day after a statewide CDFI conference, at which Alternatives was represented on a panel. While our collaboration meeting was in full swing, Leni was attending a strategy session for CDFIs to help launch the NYS CDFI fund. Separately, I was in Albany on April 29<sup>th</sup> to lobby for Municipal Deposit Reform and lobbied for funding while attending the NY League Government Affairs Conference on May 19<sup>th</sup>.

Debit Card Conversion- As of May 28, we will be switching debit card providers from Fifth Third to FiServ. This will enhance our efforts to Make Members Lives Easier, as transactions will be in “real time”. Members will be able to access deposits at the ATM immediately, which will eliminate the most common source of member complaints to staff. In addition, more people will be able to help members with debit card-related questions, as the Member Service Specialists will be trained to access card information to answer inquiries. Members will be also able to generate or change a PIN number at the credit union. Finally, the new processor comes equipped with the leading anti-fraud software available, which should reduce losses in this area.

In the short term, there will be some inconvenience. Everyone will be assigned a new PIN number as of May 28. While members may choose to immediately change the number to their old one, some will inevitably be frustrated by the change, whether they forget about the new PIN numbers or simply do not open their mail. In addition, members who have become accustomed to withdrawing amounts over their balance will find that the new provider prevents them from overdrafting.

Student Credit Union- the Student Credit Union opened a new branch at Belle Sherman elementary school. Following on the success of the program at Fall Creek, the program utilizes the contributions of parent volunteers. Reaction so far has been extremely positive.

Letters of Support Policy – the Board asks that Tristram, when asked for a letter of support from an organization, to stick to organizations that are closely aligned with our mission and to email the Board with his intended support.

## **6) Discussion**

### **a) Board Requirements from Budget Committee**

At the most recent meeting, the Budget Committee determined that it would like input from the Board as a whole on which needs the committee could fill. There are several examples of what the Budget Committee could provide the Board

- basic, general education on credit union financial operations
- presentation of trends in key financial metrics and ratios
- analysis of the profitability of specific departments and product lines
- discussion of possible investment strategies for the credit union
- updates on capital management strategies and activities
- scenario planning of potential economic impacts

This list is by no means inclusive- the purpose of our discussion is for the Board to give the committee direction to ensure that the committee's work meets the larger need of the group. In the following section, we have included an outline presented to the Budget Committee to assist them in discussions regarding the alignment of Budget's activities with the strategic plan, as requested by the Governance Committee.

### **b) BUDGET COMMITTEE: (Some board members expressed preference for FINANCE COMMITTEE)**

#### *i) Purpose/Connection to Plan:*

- (1) Oversight of Financial Stability goal
- (2) Review Metrics and Reports pertaining to effectiveness of individual business lines
- (3) Review key indicators related to efficiency of overall credit union
- (4) Impact of Grant Funding
- (5) Trends in Revenues and expenses
- (6) Review overall progress toward income and capital goals
- (7) Discuss and anticipate future developments impacting plan
- (8) Support overall direction of operational efficiency/investment in member-facing activities
- (9) Understand implications of potential expansion of Venture Fund

#### *ii) Scope of Authority*

- (1) Operating and capital budgets
- (2) Secondary capital usage
- (3) Approval of strategic initiatives impacting budget (above \$ or % amount?)
- (4) Review of Loan/Deposit rate strategy
- (5) Fees with potential budgetary impact above????

*iii) Metrics*

- (1) Net Income
- (2) Total Assets
- (3) Capital Ratio
- (4) Total Grant Income
- (5) Delinquency Ratio
- (6) Chargeoffs

*iv) Issues to Consider*

- (1) With emphasis expanding from budget approval and monitoring to overall financial performance, consider re-naming committee
- (2) There is considerable overlap of issues with Loan Policy. Is there an opportunity to combine the two committees?

*v) Voting Items-*

- (1) Annual Budget
- (2) Midyear budget revisions
- (3) Goals for income, capital
- (4) Operational Vendor Partnerships (w/ Member Service)
- (5) Financial Metrics in business plan
- (6) Audit budget (w/ Supervisory)
- (7) Fixed Assets above \$5,000
- (8) Ithaca Hours Acceptance (with Member Service)
- (9) Rates for Regular Savings/IRA/SCU
- (10) Sale of Assets
- (11) Incentive programs (with HR)
- (12) Secondary capital offerings (with Development & Community Relations)
- (13) Terms of Accounts
- (14) 401 (k) profit sharing with HR
- (15) 401 (k) match with HR
- (16) New Products

*vi) Advise (staff provide updates)*

- (1) Benefit Policy with HR
- (2) Bonus Structure with HR
- (3) CENTS Fees and Scale (with Development & Community Relations)
- (4) Insurance Coverage
- (5) Sale of OREOs
- (6) Staff Benefits (with HR)
- (7) New partnerships for member services/delivery systems (with Member Service)

*vii) Inform*

- (1) Per diem
- (2) Service Locations

**Discussion: Board would like more context, trend, goals. Upfront numbers of what should be watched. Would like to feel more comfortable with financials. Present snapshot, in context. Put the important metrics in one place, with glossary.**

- 1) emphasis on required regulator role - key ratios
- 2) context – what do numbers mean? What is driving them?
- 3) dashboard – financial update
- 4) education – what to look for
- 5) regular reporting of financial statements – where have we been? What will have impact going forward? Proactive things to do?
- 6) Glossary – review key terms
- 7) Consider combining budget(finance) committee and loan policy committee.

**c) VITA Program Update**

Joe Welch told about one person who came in to file because they hoped they were eligible for the \$300 stimulus check and left with \$2000! There were many awesome success stories.

**Community Tax Program  
2008 Season Report (2007 Tax Year)**

	<b>Year</b>	<b>Change from 2007</b>	<b>Since inception</b>
<b>Total number of 2007 returns</b>	1,189	7%	5,172
<b>Total number prior year returns/amendments</b>	25	-75%	296
<b>Total number of returns</b>	1,214	No change	5,468
<b>Preparation fees saved (est. @\$125 each)</b>	\$151,500	No change	\$616,766
<b>Total refund, federal and state (2007)</b>	\$1,942,315	-4.50%	\$8,178,716
<b>Total refund (prior year returns)</b>	\$20,926	-100%	\$312,322
<b>Total refund (current &amp; prior year returns)</b>	\$1,963,241	-5.50%	\$8,491,038
<b>Federal Earned Income Tax Credit (EITC)</b>	\$850,427	10%	\$3,286,885
<b>Percentage of clients with EITC</b>	46%	1%	

<b>Total number of Refund Express Loans (REL)</b>	58	13.70%	331
<b>Total REL monies</b>	\$170,929	21.8%	\$738,946
<b>Average REL size</b>	\$2,947	7.1%	
<b>Average REL interest paid</b>			
<b>REL fees avoided (\$200 per REL)</b>	\$11,600	13,7%	\$66,200
<b>Average AGI</b>	\$15,331	-6.0%	
<b>Number of new members</b>	65	-10.80%	435
<b>Number of trained volunteers</b>	96	12.90%	
<b>Number of active volunteers</b>	79	36%	
<b>Total volunteer hours</b>	1,539	18%	5,817

*Reports*

**7) List of Attachments**

- a) CAMEL Ratios
- b) Delinquent Loan Report
- c) Net Interest Income
- d) Balance Sheet
- e) Grant Progress Report

**8) Human Resources Committee**

- a) May 9, 2008
- b) Present: Alison Christie, Diana Drucker, Sharron Thrasher, Lenore Olmstead
- c) Absent: Ian Schachner, Tristram Coffin
- d) Next Meeting: June 13, 9AM
- e) **Next Steps in Diversity Initiatives – what is the role of HR**

**Committee?** Lenore presented the steps involved with Readying the Environment for Diversity Initiatives as outlined by Constance Thompson at a recent training sponsored by the Diversity Consortium:

**i) Readying the Environment**

- (1) **Line of sight between vision, mission, goals, and initiative** – Have conversation on how diversity connects to mission. When this connection is articulated, repeat in ads, orientation, repeat to the public. Define the business case for diversity.
- (2) **Policies, procedures, systems, etc.** – Create policies and procedures that support diversity and inclusion. Look at our benefits with that in mind (childcare, etc.) Some examples: If an underrepresented person meets the minimum requirements for the position, s(he) gets an interview. Or, we want \_\_\_% of the applicant pool to include diversity candidates.
- (3) **Assessing and Addressing the Organizational Culture Challenges** – Use surveys or focus groups to answer how we can have implement diversity initiatives. Diversity, Inc. and SHRM websites are very helpful and have great

benchmarks for climate surveys. Also, value the diversity that you have.

**(4) Part of the fabric of organizational change** – Diversity change needs to be integrated into all aspects of the organization and change happens at the pace of other organizational change (Likely to take 3 to 5 years to significant measurable outcomes.) It is important to have leadership of the organization embracing and articulating diversity change initiatives.

**(5) Creation of Diversity and Inclusion Councils** – Form a group of staff from all levels who can help develop the climate survey, define the diversity initiative and help with recruitment. Make sure it is a representative group.

*ii)* We discussed the role of the HR committee in this work and came up with these thoughts:

**(1)** HR Committee can work on a statement on how diversity connects to our strategic plan and on a diversity statement covering the whole organization: members, staff and board.

**(2)** Work on a 5-year diversity vision: We can envision what we would like diversity to look like at Alternatives in 5 years.

**(3)** We talked about celebrating the diversity we currently have and looking at inclusion issues to see who in our community is not represented in our membership, on the board, on our staff. Then we can create clear objectives for hiring:

**(a)** Such as guidelines that we have x number of people from certain groups in the candidate pool reflecting a group in our community we have identified as underrepresented on the staff.

**(b)** Look at the retention and promotion rates of that group on our staff and aim to have the same or better rates than our overall promotion or retention rates.

**(c)** Hold the hiring process and do additional recruitment if we have not recruited enough candidates representing our underrepresented group.

**(4)** Let's also have ways we can support low income staff and staff with family responsibilities with benefits available to everyone for flex time and job sharing.

**(5)** There was the suggestion to talk with underrepresented staff after hiring to find out what support would be helpful.

**(6)** Celebrate our diversity and help staff know each other better as human beings which is a way to help people deal with differences.

**(7)** It is important to connect diversity efforts with the member service department and to seek the involvement of our new Director of Community Outreach and Development.

**f) CEO Evaluation- changes to the review instrument by Tristram – next steps, timeline?** Lenore shared feedback from Tristram regarding the CEO instrument with Sharon, who is leading the CEO Review Team. She will be contacting Yvette and Tom about participation on the team. Alison emailed the earlier versions of the CEO review instruments, timeline, and norms which will be posted on the eBoard for reference.

**g) Staffing Changes:** Becky Hawley hired as MS Receptionist.

**9) Loan Policy Committee**

a) May 16, 2008

b) Present: Diana, Kenny, Everett, Tristram, Bob, Mary, Ron , Carol

c) Absent: Ian, Jim, Tom

d) **Next Meeting:** Friday June 13 at Noon

e) **Monthly Reports:**

i) *Business-* 5 closings for \$99,000, YTD \$373,000. 4 loans were reviewed.

ii) *Mortgage-* 9 closings for \$569,500, double the YTD from last year. 5th SONYMA is in process, going more smoothly. Very busy with 53 interviews in April.

iii) *Consumer-* Car loans have doubled from last year. Another good month, 72 loans for \$394,798, total outstanding consumer loans up to \$7.7m

iv) *Delinquency-* rate is 3.51% from 3.49% in March. One house in foreclosure.

f) **Old Business**

i) *Debit card conversion-* 12 days to go, letters have gone out to members with debit cards, all PIN numbers will be changing, ATM's will be down for a few days, training is next week.

ii) DOR update on refinancing St. James AME Zion Church mortgage from residential to commercial. Eric is working on this, adding their credit card balance to the mortgage loan, 15 year balloon loan. It should be complete by next month.

g) **New Business**

i) *See voting items*

ii) On Monday, May 5, Yvette Rubio (calling from New Orleans), Tom Terrizzi, and Brian Hunt (a quorum of the Executive Committee) voted by phone to freeze our Consumer Loan rates at the levels set on March 21,2008.

BACKGROUND: As of April 30 the Fed cut rates once again. Prime is down to 5%, which is a 0.25% reduction from the March level of 5.25%. Under our Opportunity Lending guidelines that would bring our best rate for secured loans down to 3%! Putting out intermediate-long term loans at such low rates makes little sense financially. Even at our rates from March 21, we compare very favorably with other financial institutions - we're the lowest consumer rates locally! Loan demand has been very strong (40 car loan applications in April), so there's little need to bring rates even lower than they already are. In addition, we recently did major advertising with the March 21 rates.

Freezing rates at their March 21 levels is an interim solution. Currently, we index our consumer loan rates to Prime, meaning that five year loans are indexed to a short term interest rate. In the recent past we've operated with a very flat yield curve, so this mechanism worked well. With the yield curve returning to a more "normal" shape, we'll want to consider a different method of pricing consumer loans. Our plan would be to freeze rates at March levels now, and have Joe Welch and Mary Ziegler develop a new pricing strategy that would be brought to Loan Policy in June.

h) **Voting/Consent Agenda Items**

i) *Add limited mortgage approval and denial authority to Everett.*

COMMITTEE RECOMMENDS THIS

*ii) Clarification of commercial mortgage products. COMMITTEE RECOMMENDS THIS*

**10) Member Service Committee**

**a)** May 16, 2008

**b)** Present: Leni, Melissa, Suzanne, Diana, Kenny, Lane

**c)** Absent: Yvette

**d) Next meeting:** Friday June 13 at 11:00.

**e)** The staff working group (Carol, Kristiina, Leni, Melissa, Rebekah, Suzanne) met on May 12. We looked at these questions: What kind of surveys/measurement have we done in the past? What are we doing with regards to surveys, measurement now? What do we want to measure? Each of us will come back next Monday with ideas, questions for various surveys:

Rebekah - Fresh Start accounts

Leni - Lobby

Kristiina - New Accounts

Carol - loans

Suzanne - Web

Melissa - review recent Member Survey, baseline for future survey questions.

**f)** The Board Committee discussed the different ways of looking at "Measuring Member Service." One way would be to gather info about what members think or feel about us. Another would be to measure transactions, accuracy and competence of the staff.

The committee expressed an interest in measuring how we recover from errors and asked that we track this more closely. They would also like us to include this in some form in one of the surveys we do. The committee is also interested in efficiency and the member service department's ability to keep the line moving during busy times.

**g)** The staff working group met again on May 19 to present the rough drafts of their survey questions and methods. They'll meet again on June 3rd with more refined questions.

**11) Development/Community Relations Committee**

**a)** May 1, 2008

**b)** Present: Tom Terrizzi (Board), Leslie Ackerman, Suzanne Cerquone, Deirdre Silverman, Karl Graham (Staff)

**c) Next Meeting:** Thursday June 5 at 10AM

**d) Funding and Program Updates:**

*i)* Applied to Cornell Philanthropy class for \$5000 for tax program outreach, received \$4800. The funding comes from the Sunshine Lady Foundation, run by Mrs. Warren Buffett.

*ii)* Denied by Tompkins Charitable Gift Fund.

iii) Applied for \$50,500 for 2008-09 HUD funding, now through National Federation of CDCUs. Doing better at claiming our HUD money for this grant year.

iv) IDA: Received our federal IDA funds and started opening new accounts. Brendan opened 10 First Home Club and 6 Assets (2 Education, 3 Business, 1 Home).

v) Tax Program: Preliminary data—

	1,185 TY2007 returns	Up 6.5% from last year
\$1,913,051 in refunds	Down 6%	
\$850,427 in Fed EITC	Up 10%	
46% clients EITC	Up 1%	
\$15,331 AGI	Down 6%	
58 RELs	Up 7 (14%)	
\$170,929 in RELs	Up 21.8%	
65 new members	Down 5 (7.7%)	

Some of the differences (lower AGI and refunds) may be due to people filing just to get the “economic stimulus.”

Looking at ways to improve for next year, including more partnerships and outreach.

vi) Business CENTS: Working with a local group that’s part of BALLE (Business Alliance of Living Local Economies) to promote and create a network of sustainable businesses. Leslie will attend their national conference. This ties into our Green Initiative. Suggestion about revamping our Business Yellow Pages to tie into sustainability concepts.

**12) Budget Committee**

- a) May 12, 2008
- b) Present: Joe W, Tristram, Yvette, Kenny, David M
- c) Absent: Jim, Brian
- d) **Next Meeting:** Monday June 16 at noon
- e) Financials:
  - i) Balance Sheet
  - ii) Net Interest Income
  - iii) CAMEL Ratios
- f) Delinquency/Charge offs
  - i) The April delinquency rate was up slightly from March – to 3.51% from 3.49%. The rate without the secured portion of delinquent loans is 2.43%. Our target is 2.5%.
    - (1) The number of loans on the list went up by 3 and the total dollars delinquent went up \$22,876.80. Total loans outstanding went up \$494,346.79.
      - (a) Mortgage delinquency went up to 2.78% from 2.58%.
      - (b) Consumer delinquency went up to 1.76% from 1.68%.
      - (c) Business delinquency went down to 11.82% from 13.41%
    - ii) Allowance for loan loss was adjusted \$17,590.51 for April, 2008.
    - iii) Write offs
      - (1) There will be 2 loan write offs, totaling \$14,834.90 proposed for April, 2008. Our allowance for loan loss is targeted at \$19,580 monthly.
      - (2) 17 overdrawn account write offs proposed for May 2008 with a total of \$2,513.62. Of that, \$1,160.00 is for write off (a real loss) and \$1,353.62 will be a loss of fee income (reversal of fees that have not been paid). Our target for negative accounts is \$1,000.00 monthly.
- g) Discussed continued downward trend in rates. Reviewed deposit rates versus peers.
- h) Recommendation to request NCUA permission to pay off secondary capital investments with less than one year to maturity. - APPROVED
- i) Agenda item for Board meeting will be to ascertain Board needs from the Budget Committee.
- j) Authorized signature for Amy Smith on Members United account #9101501002009

**13) Supervisory Committee**

- a) May 14, 2008
- b) Present: David Gallahan, Bill Goodman, Chris Streb, Karl Graham.
- c) Absent: All present
- d) Next meeting: Wednesday June 11 at noon
- e) Amy Smith attended the meeting to meet the committee members. Amy, currently working as a consumer loan officer will be taking over as senior account from Karl. Amy will become the committee liaison.
- f) De Murphy has expressed interest in joining the committee. De saw the article in Alternatives Currents. She is unable to make this meeting.

- g) The board's response to the audit was not complete as of our meeting. Joe Welch will send a copy to the committee.
- h) Inactive Account Report for first quarter from Joe Catlin:
- i) Between 2/11/08 and 2/19/08 131 inactive account letters were mailed out. Out of 131 inactive accounts 61 are scheduled to be closed
  - ii) 61 members had inactive account fees charged between 3/27/08 -3/28/08, and 29 members had their accounts closed due to inactivity and having less than \$10.00. The rest of the members made a transaction on their account to make it active or closed it on their own.
- i) Review mortgage files: Committee reviewed 6 mortgage loan files. There were questions on 3 of the files: documents that could not be located. Karl will follow up with the loan department and email results.
- j) On May 15 the committee conducted a surprise cash count of the 3 front line tellers. All cash drawers balanced.

#### **14) Governance Committee**

- a) May 8, 2008
- b) Present: Tom Terrizzi, Bill Goodman, Yvette Rubio, Alison Christie, Tristram Coffin (by phone)
- c) **Board Member Roles** - Discussed the role of executive committee members. The committee would like executive committee members to exercise more responsibility within their respective roles.
- d) **Board Member Recruitment and expansion** - The Committee discussed plans to fill the two vacancies and approve an additional two members over the next 12 months. Committee members were to contact leads for potential candidates over the next 2 weeks.
- e) **Governance Planning meeting** – the governance committee agreed to hold a longer form mini retreat in July to discuss these and other issues.
- f) **Next meeting:** June 5, Noon