

BOARD MINUTES

#358 November 29th 2007

ATTENDANCE

BOARD – Yvette, Ian, Jim, Diana, Tom, Sharron, Kenny, Bill, Brian

ABSENT – Alison, Karen (medical leave)

STAFF – Suzanne, Leni, Deirdre, Melissa, Joe W, Carol, Lenore, Tristram

NEXT BOD MEETING: December 20, 2007

Agenda

- 1. Review of Agenda**
- 2. Vote on Consent Agenda**
- 3. Board Votes**
 - a. Lending authority for Bob Anderson
 - b. Clarify the policy limiting secured Consumer loans to 120% of value
 - c. Staff Holidays 2008
 - d. Compease Salary Chart
 - e. Add Roth 401k option
 - f. Travelers Cheques
- 4. Board Committee Reports**
 - a. Draft Budget review
 - b. Development-funding report
- 5. CEO Report**
 - a. Follow-up from Strategic Planning Retreat
 - i. Values
 - ii. Vision
- 6. Discussion**
 - a. Development of Values and Vision
 - b. Member focus map
 - c. New IRA account
 - d. Schedule of Board Meetings
 - e. Holiday Party
- 7. Executive Session**
 - a. Holiday bonus

1. REVIEW OF AGENDA

- a. Review and approve Consent Agenda
- b. Additions and Deletions to Agenda

2. CONSENT AGENDA - APPROVED

- a. Board Minutes, October 25, 2007
- b. Membership Officer Report
 - i. New Accounts - October
 - (1) . 2007 2006 2005
 - (2) NEW 127 123 126
 - (3) CLOSED 91 71 64
 - (4) 23 Closed by Collections, 34 due to inactivity, 1 deceased, 33 closed by MSR's at the member's request. Moved/Moving. 17, Don't need it 4, Better CD rates elsewhere 3, Inconvenient location, no ATM nearby 3.
 - ii. No SARS were filed in October 2007.
- c. Write offs:
 - i. 8 loan write offs, totaling \$35,882.83 proposed for November 2007. Our allowance for loan loss is targeted at \$19,580 monthly. Allowance for loan loss was adjusted \$16,742.89 for October, 2007.
 - ii. 19 overdrawn account write offs proposed for November 2007 with a total of \$1,893.72. Of that, \$614.29 is for write off (a real loss) and \$1,279.43 will be a loss of fee income (reversal of fees that have not been paid). \$60.16 is due to fed returns. Our target for negative accounts is \$1,000.00 monthly.
- d. Close early on Christmas Eve: Close the drive through and teller windows at 1 pm Dec 24, with staff expected to leave around 2 pm. On New Year's Eve, keep lobby open regular hours; close the drive through at 4 pm so all staff can leave by 5 pm.
- e. Corporate Resolution to Add Trustees to the 401k Plan
 - i. William Myers and Leni Hochman are currently listed as Trustees for the 401k plan. Add Tristram Coffin and Joseph Welch to Trustees of the 401k and drop William Myers. We need additional Trustees in case of Leni's absence

3. BOARD VOTES AND ACTION ITEMS

**a. Statement of Voting Item: Add lending authority for Bob Anderson
APPROVED**

i. Former Policy: N/A

ii. New Policy: Addition to Loan Policy
Section 2 Responsibility and Authority,
Current Lending Authority
Bob Anderson, Business Loan Officer
\$10,000 secured or unsecured loans
Credit Score of 640 or above, Credit matrix rating of 12 or above
No start up businesses
Loans reported to the Business Loan Committee

iii. Rationale

Bob has been in his position for over one year and is doing well. It is normal procedure to approve limited lending authority as training & experience continues.

iv. Implementation

Add to Loan Policy, and on Board approval, Bob will have this authority.

**b. Statement of Voting Item: Clarify the policy limiting secured Consumer loans to 120% of value.
APPROVED**

i. Former Policy

Loan Policy, Consumer Loans, section 3 Vehicle Loan, 2. Used Auto Loans, f.ii
To allow the flexibility to roll outstanding loan balances on trade-in vehicles, the outstanding loan balance may be added to the loan, to a maximum LTV of 120% plus GAP & MBI.

ii. New Policy

To allow flexibility, such as to roll outstanding loan balances on trade-in vehicles or provide for the higher price of popular vehicles, we will loan to a maximum LTV of 120% plus GAP & MBI.

iii. Rationale

We recently had a situation where the member was buying a brand new hybrid and the dealer price was higher than the NADA book value we could derive. Hybrids are very popular and sell for a little more than manufacturer's suggested price. NADA book value on new cars gives an idea of price but not a number backed by real sales, as with the book values for cars that have an established retail market. A question arose with staff about interpreting our policy. Clarification will speed loan decisions.

iv. Implementation

Change wording in loan policy.

- c. **Statement of Voting Item: Substitute as a staff holiday the day after Thanksgiving for the Columbus Day Holiday. Use Columbus Day as an all staff training or strategic planning, remaining closed to members.**

APPROVED – Follow-up requested – keep track of member comments, complaints. Important to promote with positive spin as good employer: “For our employees.”

- i. **Former Policy:** Ten Federal holidays:

New Year's Day
Birthday of Martin Luther King, Jr
Washington's Birthday
Memorial Day
Independence Day
Labor Day
Columbus Day
Veterans Day
Thanksgiving Day
Christmas Day

- ii. **New Policy:** Ten holidays: 9 federal plus day after thanksgiving

| | |
|---|--------|
| New Year's Day | Jan 1 |
| Birthday of Martin Luther King, Jr | Jan 21 |
| Washington's Birthday | Feb 18 |
| Memorial Day | May 26 |
| Independence Day | July 4 |
| Labor Day | Sept 1 |
| Columbus Day | Oct 13 |
| Credit Union closed to members; staff training/planning day | |
| Veterans Day | Nov 11 |
| Thanksgiving Day | Nov 27 |
| Friday after Thanksgiving | Nov 28 |
| Christmas Day | Dec 25 |

- iii. **Rationale**

Typically the day after Thanksgiving has been a slow day for the branch. In 2006, transaction levels were about half of that of other November Fridays. This year, transaction levels were down ~30%. Many members who call are surprised we are open, and therefore we expect any disruption in member service to be minimal. Members who require transactional assistance over the four day weekend could still visit our branch on Saturday. Working on Columbus Day in exchange for closing on the day after Thanksgiving would support a vision of being a Premier Employer in multiple ways:

Extended time would become available for a day of training, helping us meet our need for employee development and education

An all-staff planning retreat could be scheduled to develop strategies for 2009 and beyond, which would encourage inclusion and employee participation

Employees who wish to celebrate the Holiday with family outside the area would be able to do so without using paid time off.

There would be no additional staff expense associated with having an all-day planning or training session, and any loss of revenue due to being unavailable to accept loan applications could be minimized through effective member education regarding our branch opening times and enhancements to our online and voice response systems.

iv. Implementation

In addition to being indicated on the normal Holiday schedule communicated to members, we would make an extra effort to inform members of the Friday closure using our newsletters, website, branch and teller area signage well in advance of Thanksgiving weekend

**d. Statement of Voting Item: Update Salary Ranges to reflect 2008 Compease Chart
APPROVED**

- i. Former Policy:** “Wage ranges are reviewed annually with the assistance of Compease and upon approval of the board, become effective the 1st payroll after board approval, usually January. New rates apply as reviews come up after that date unless your current wages are below the entry level of your grade, in which case your wage will be adjusted on the chart effective date to move you to at least the minimum.” (p.19, Employee Handbook)

**Alternatives Credit Union
2007 Salary Ranges**
Assets: \$ 50,000,001 Thru \$ 70,000,000
Location: Ithaca, NY

Salary Ranges - Non-Exempt

| Grade | ----- Hourly ----- | | | ----- Monthly ----- | | |
|-------|--------------------|----------|---------|---------------------|------------|------------|
| | Minimum | MidPoint | Maximum | Minimum | MidPoint | Maximum |
| 1 | \$6.17 | \$7.71 | \$9.26 | \$1,069.46 | \$1,336.40 | \$1,605.06 |
| 2 | \$6.79 | \$8.49 | \$10.19 | \$1,176.93 | \$1,471.60 | \$1,766.26 |
| 3 | \$7.49 | \$9.37 | \$11.24 | \$1,298.26 | \$1,624.13 | \$1,948.26 |
| 4 | \$8.28 | \$10.35 | \$12.41 | \$1,435.20 | \$1,794.00 | \$2,151.06 |
| 5 | \$9.16 | \$11.45 | \$13.74 | \$1,587.73 | \$1,984.66 | \$2,381.60 |
| 6 | \$10.14 | \$12.67 | \$15.21 | \$1,757.60 | \$2,196.13 | \$2,636.39 |
| 7 | \$11.24 | \$14.05 | \$16.86 | \$1,948.26 | \$2,435.33 | \$2,922.39 |
| 8 | \$12.49 | \$15.61 | \$18.73 | \$2,164.93 | \$2,705.73 | \$3,246.53 |
| 9 | \$13.88 | \$17.35 | \$20.82 | \$2,405.86 | \$3,007.33 | \$3,608.79 |
| 10 | \$15.45 | \$19.31 | \$23.18 | \$2,677.99 | \$3,347.06 | \$4,017.86 |
| 11 | \$17.22 | \$21.53 | \$25.83 | \$2,984.79 | \$3,731.86 | \$4,477.19 |
| 12 | \$19.22 | \$24.03 | \$28.83 | \$3,331.46 | \$4,165.19 | \$4,997.19 |

**Salary Ranges - Salary
Adjusted 80/20 Midpoints**

| Grade | Minimum | MidPoint | Maximum |
|-------|-----------|-----------|------------|
| 6 | | | |
| 7 | 23,660.00 | 28,865.00 | 35,081.22 |
| 8 | 25,969.96 | 31,943.00 | 38,954.94 |
| 9 | 28,873.16 | 35,384.00 | 43,309.74 |
| 10 | 32,141.92 | 39,232.00 | 48,212.88 |
| 11 | 35,824.88 | 43,543.00 | 53,737.32 |
| 12 | 39,980.56 | 48,374.00 | 59,970.84 |
| 13 | 44,674.32 | 53,794.00 | 67,011.48 |
| 14 | 49,982.16 | 59,880.00 | 74,973.24 |
| 15 | 55,989.96 | 66,721.00 | 83,984.94 |
| 16 | 62,798.04 | 74,415.00 | 94,197.06 |
| 17 | 71,464.32 | 85,016.00 | 107,196.48 |
| 18 | 82,498.00 | 90,702.00 | 123,747.00 |

Salary Ranges - Executive
Adjusted 80/20 Midpoints

| Grade | Minimum | MidPoint | Maximum |
|--------------|----------------|-----------------|----------------|
| 9 | | | |
| 10 | 31,719.00 | 41,298.00 | 52,865.00 |
| 11 | 35,353.50 | 45,835.00 | 58,922.50 |
| 12 | 39,454.50 | 50,920.00 | 65,757.50 |
| 13 | 44,086.50 | 56,626.00 | 73,477.50 |
| 14 | 49,324.50 | 63,032.00 | 82,207.50 |
| 15 | 55,253.25 | 70,233.00 | 92,088.75 |
| 16 | 61,971.75 | 78,331.00 | 103,286.25 |
| 17 | 70,524.00 | 89,490.00 | 117,540.00 |
| 18 | 81,412.50 | 95,476.00 | 135,687.50 |

ii. New Policy: a new 2008 Salary Chart:

“Wage ranges are reviewed annually with the assistance of Compease and upon approval of the board, become effective the 1st payroll period in January. New rates apply as reviews come up after that date unless your current wages are below the entry level of your grade, in which case your wage will be adjusted on the chart effective date to move you to at least the minimum.” (p.19, Employee Handbook)

Alternatives Credit Union
2008 Salary Ranges -Non-Exempt

| Assets: | | \$ 50,000,001 Thru \$ 70,000,000 | | Location: Ithaca, NY | | |
|------------------|---------|----------------------------------|---------|----------------------|------------|------------|
| -----Hourly----- | | ----- | | | | |
| Grade | Minimum | MidPoint | Maximum | Monthly Minimum | MidPoint | Maximum |
| 1 | \$7.15 | \$7.95 | \$9.54 | \$1,239.33 | \$1,378.00 | \$1,653.60 |
| 2 | \$7.15 | \$8.75 | \$10.50 | \$1,239.33 | \$1,516.66 | \$1,820.00 |
| 3 | \$7.72 | \$9.65 | \$11.58 | \$1,338.13 | \$1,672.66 | \$2,007.20 |
| 4 | \$8.53 | \$10.66 | \$12.79 | \$1,478.53 | \$1,847.73 | \$2,216.93 |
| 5 | \$9.42 | \$11.78 | \$14.14 | \$1,632.80 | \$2,041.86 | \$2,450.93 |
| 6 | \$10.43 | \$13.04 | \$15.65 | \$1,807.86 | \$2,260.26 | \$2,712.66 |
| 7 | \$11.56 | \$14.45 | \$17.34 | \$2,003.73 | \$2,504.66 | \$3,005.59 |
| 8 | \$12.84 | \$16.05 | \$19.25 | \$2,225.60 | \$2,781.99 | \$3,336.66 |
| 9 | \$14.27 | \$17.84 | \$21.41 | \$2,473.46 | \$3,092.26 | \$3,711.06 |
| 10 | \$15.89 | \$19.86 | \$23.84 | \$2,754.26 | \$3,442.39 | \$4,132.26 |
| 11 | \$17.72 | \$22.15 | \$26.58 | \$3,071.46 | \$3,839.33 | \$4,607.19 |
| 12 | \$19.79 | \$24.74 | \$29.69 | \$3,430.26 | \$4,288.26 | \$5,146.26 |
| 13 | | | | | | |
| 14 | | | | | | |

**2008 Salary Ranges –Salary
Blend 60/40**

| Grade | Minimum | MidPoint | Maximum |
|--------------|----------------|-----------------|----------------|
| 6 | | | |
| 7 | \$23,826 | \$29,782 | \$35,739 |
| 8 | \$26,377 | \$32,971 | \$39,566 |
| 9 | \$29,251 | \$36,564 | \$43,877 |
| 10 | \$32,476 | \$40,595 | \$48,714 |
| 11 | \$36,106 | \$45,132 | \$54,159 |
| 12 | \$40,197 | \$50,246 | \$60,295 |
| 13 | \$44,815 | \$56,019 | \$67,223 |
| 14 | \$50,035 | \$62,544 | \$75,053 |
| 15 | \$55,983 | \$69,923 | \$83,908 |
| 16 | \$63,064 | \$78,831 | \$94,597 |
| 17 | \$71,967 | \$89,959 | \$107,951 |
| 18 | \$76,889 | \$96,111 | \$115,333 |

**2008 Salary Ranges - Executive
Blended 60/40**

| Grade | Minimum | MidPoint | Maximum |
|--------------|----------------|-----------------|----------------|
| 9 | | | |
| 10 | \$32,049 | \$42,732 | \$53,415 |
| 11 | \$35,631 | \$47,508 | \$59,385 |
| 12 | \$39,668 | \$52,890 | \$66,113 |
| 13 | \$44,226 | \$58,968 | \$73,710 |
| 14 | \$49,377 | \$65,836 | \$82,295 |
| 15 | \$55,202 | \$73,603 | \$92,004 |
| 16 | \$62,235 | \$82,980 | \$103,725 |
| 17 | \$71,021 | \$94,694 | \$118,368 |
| 18 | \$75,877 | \$101,170 | \$126,462 |

iii. Rationale

Adoption of the updated 2008 Compease Salary Chart keeps our salary structure competitive in the credit union industry and locally. The impact to payroll of updating the chart adds about 2% to payroll, or \$30,000. Compease, developed by Koker Goodwin and Associates, is salary administration software that helps develop and maintain competitive pay rates. from Koker Goodwin and Associates:

“Annually, we collect salary data for each of the ... benchmark jobs from a variety of national survey sources to establish a weighted average national salary for each benchmark job. Some of the surveys we use are:

CUNA Complete Staff Salary Survey Report

William M. Mercer Retail Banking Salary Survey
BAI Bank Cash Compensation Survey Results
America's Community Bankers Compensation Survey
ICBA and Survey Research Associates Key Management and Employee Survey
Watson Wyatt Financial Institutions Compensation Survey
Economic Research Institute Industry Specific Salary Database
Business Legal Reports Survey of Exempt/Non-Exempt Compensation
Salary Source Salary Survey Database

The weighted average national salary data is then adjusted to reflect geographic wage differentials for the area in which you recruit your employees, be it local or the region.”

iv. **Implementation**

This new chart will be implemented as of January 1, 2008 for the payroll of January 17, 2008. Wages that are at the minimum or near the minimum of the grade level will be adjusted to be in line with the new salary chart. Staff at a midpoint salary will be adjusted as part of their annual review at their anniversary date.

e. **Statement of Voting Item: Add a 401k Roth plan option - APPROVED**

i. **Former Policy:** Our current 401k plan does not have a Roth option.

ii. **New Policy:** Add the Roth 401k option to our current 401k plan.

iii. **Rationale**

A staff person asked the HR Manager if she could join a Roth 401k plan and the HR Manager contacted Benefit Consulting Group (BCG) which confirmed this option. BCG sent a Corporate Resolution including the new Roth option.

Background Information

From Nationwide Financial:

Tax advantages — 401(k) plans are funded with pretax money from your paycheck. Because your contribution is deducted before tax is withheld, your taxable income is reduced. Your 401(k) account has the opportunity to grow tax deferred until you begin taking withdrawals. Some employers offer a Roth 401(k) option, which means that the money you defer is taxable as income to you at the time you earn it. But, with a Roth 401(k), your invested money and any earnings grow tax free. And you won't pay any taxes when you take a qualified distribution from your Roth 401(k).

<http://www.nationwide.com/nw/investments-and-retirement/planning/put-a-401k-in-your-retirement-toolbox/index.htm>

From Smart Money:

Updated on September 7, 2007.

AS THE NAME suggests, a Roth 401(k) combines features of the traditional 401(k) with those of the Roth IRA. It's offered by employers like a regular 401(k) plan, but as with a Roth IRA, contributions are made with after-tax dollars. While you don't get an upfront tax-deduction, the account grows tax-free, and withdrawals taken during retirement aren't subject to income tax, provided you're at least 59 1/2 and you've held the account for five years or more.

The Roth 401(k) concept was introduced with the Economic Growth and Tax Relief Reconciliation Act of 2001, which stipulated that employers could start offering these plans on Jan. 1, 2006. So far, 12% of employers offer a Roth 401(k), according to the 2007 "Hot Topics" survey by Hewitt Associates, an employee benefits consulting firm, and 32% have indicated that they're likely do so this year.

The Roth 401(k) can offer advantages to high-income individuals who haven't been able to contribute to a Roth IRA because of the income restrictions. (Eligibility for 2007 phases out between \$99,000 and \$114,000 for single filers and \$156,000 to \$166,000 for those who are married and file jointly). There are no income stipulations for Roth 401(k)s.

In addition, Roth 401(k) accounts are subject to the contribution limits of regular 401(k)s — \$15,500 for 2007, or \$20,500 for those 50 or older by the end of the year — allowing individuals to stock away thousands of dollars more in tax-free retirement income than they would through a Roth IRA. (In 2007, Roth IRA contributions are limited to \$4,000 a year, or \$5,000 for those 50 or older.)

<http://www.smartmoney.com/retirement/401k/index.cfm?story=which401k050609>

iv. **Implementation**

The HR Manager will present this option for a Roth 401k to staff at an all staff meeting and through email. Staff will receive an amendment to their 401k Summary Plan. The option will become available to any interested staff persons upon their enrollment.

f. **Statement of Voting Item: Discontinue selling Travelers Checks as of December 31, 2007 - APPROVED.**

i. Former Policy

Sell Visa Travelers Cheques to members.

ii. New Policy

Discontinue selling Traveler's Checks and promote our debit and credit cards instead.

iii. Rationale

Travelex, our Visa Travelers Check provider, is discontinuing their service as of December 31, 2007. We have been using Travelex for several years, having switched from American Express because we were being charge fees in excess of our income from sales. With ATMs and Debit Card networks providing easier access to cash worldwide, sales of paper travelers checks have plummeted. Alternatives charges a one percent fee for travelers checks. With approximately one sale per week in 2007, our credit union has earned \$256 in fee income this year.

As many credit union use Visa Travelers checks, this has been a hot topic on list serves. Most credit union posting have discontinued sales of travelers checks, citing lack of member demand. Our existing suite of debit and credit card products, in addition to our Visa Gift Card, should be sufficient for our members to protect their cash while traveling.

Operationally, we will reduce the risk and cost associated with having considerable amount of stock in our vault. Members Service Representatives will have one less procedure to be trained on, allowing them to increase focus on activities more central to our mission.

iv. Implementation

Discontinue travelers check sales 12/31/07. Inform members in January newsletter and signage. Promote our debit and credit cards. Promote gift card. Research another gift card that received positive feedback on the listserv. Research the Visa Travel Money Card (a stored value card that can be loaded with a larger dollar amount than the gift card) or similar product.

4. **BOARD COMMITTEE REPORTS**

a. Budget Committee -Review of Draft Budget

Joe Welch presented a budget going forward before making changes; that is, if we don't do anything new. It includes the updated wage chart and increase health insurance rates. This is just a starting point showing that changes must be made.

b. Funding report

Deirdre highlighted recent grants applied for and received: Applied to Empire State Development, (\$100K). Received HUD grant of \$51K and IDA grant of \$58K for 50 new accounts). Also expect at least \$100K from SBA in 2008. Tompkins County has \$10K in their 2008 budget for the tax program.

The CDFI application for 2009-2011 includes requests for \$145K capital, \$100K loan loss reserve for business and consumer loans, \$100K technical assistance for Mobile Branch consultation, Web Site redesign, Loan Origination System for mortgage dept., and Security improvements, as well as salary and benefits for Community Relations Director and Member Service Outreach Specialist.

Tom reported that a second set of letters is going out to local prospective donors for the Myers Youth Scholarship.

5. **CEO REPORT**

a. In the monthly "CEO Report" section, Tristram reviewed the status of our Strategic Planning Development and present draft values and vision statements for Board review and comment, as well as soliciting Board feedback on a new pricing structure for IRA accounts.

DRAFT VALUES: based on stories and discussion of a shared history, November 11, 2007

It is important to Alternatives to be a values-driven institution

This includes our caring, our sense of community, our desire to be a responsible employer, our persistence in believing in our mission, and our willingness to question authority. These and the values below become our theory-in-action.

to work for social justice and

to provide economic products that give real value

We also value

Innovation

We seek to be thought leaders and an incubator for replicable ideas.

Community-mindedness

We are concerned beyond "us," reach out to other parts of the community, and use our financial decisions responsibly to build community.

Risk-taking

We are alternative, going beyond traditional financial programs in order to build community, support social justice, and promote individual independence.

Balance

As we confront an increasingly complex regulatory environment, we recognize the need for balance in order to sustain our mission.

Inclusion

We are responsive, place great value on relationships, and seek to be inclusive in both our internal and external relationships.

Education

We teach individuals and businesses so they can achieve financial independence.

DRAFT VISION STATEMENT:

To be the financial hub of a more prosperous community, with a strong local and national reputation for exceptional member service, competitive deposit and loan products, high employee morale and innovative education and outreach programs. We will be the “head and heart” credit union, combining intelligent business practices with an unrelenting and unwavering commitment to our mission, delivering a unique benefit to all we serve. We are a community relationship builder and problem solver, leveraging the contributions of each member to shrink the economic gap in the areas we serve. Our vision is comprised of the following six components:

Community Focus: Alternatives will be fully integrated within the community, using outreach and partnerships to bring essential financial solutions. We will be part of a continuum of services designed to lift people above poverty and toward stability, providing the financial services component of a larger network of support. Individuals of all income levels will think of Alternatives first, providing a solid base and affirming the community’s support of our mission. We will be an innovator in solving pressing local issues, such as the need for living wage, stronger small businesses and affordable housing. Our diversity in staff and leadership will reflect the varied richness of our community, and allow Alternatives to best meet the needs of a dynamic membership base

Financial Stability: We seek to generate profit to keep our credit union strong. We will be entrepreneurial, manage risk, control operating costs and successfully execute our ideas.

Green: We will be the “Hip Green Bank”, taking a leading role among credit unions in promoting sustainable commerce. By successfully meeting the banking and credit needs of the environmentally conscious consumer, we help accelerate the transition to a more sustainable lifestyle.

Making Members’ Lives Easier: We will make members’ lives easier by providing the friendliest, most accessible and efficient financial services. We value our members’ time, their money and their dreams. Most of all we value our member relationships, and therefore we go above and beyond the call to deliver superior service.

More Members, More Products, More Services: We will increase our impact by providing transactional and educational services to more people. In addition to serving our core membership in Ithaca, we will meet the needs of underserved communities in every part of our service area. Our values-based approach will attract members and support from all over the United States. Our product line and educational programs will meet the full range of member needs at each stage on the credit path, and our branch and electronic access systems will be optimized to add value to the member relationship. We will also leverage our successful ideas by sharing best practices with other CDFIs, further spreading our impact.

Premier Workplace: Alternatives will be known as the best place to work in our community. Our emphasis on training, diversity and employee participation will maximize everyone’s contribution. We will recognize excellent work, provide challenging career growth opportunities, and reward long term, outstanding performance.

6. DISCUSSION

a. Development of Values and Vision

There was general consensus that the drafted statement captured the essentials from the Strategic Planning Retreat. Tristram will request additional feedback from staff, meanwhile Governance Committee will form an ad hoc committee of a couple of board and staff to edit down. Aim to form committee at next week's governance meeting. (Lane was recommended at being skilled in this area.)

b. Member Focus Map

Tristram walked us through and explained the archetype. Public Relations Committee will follow-up.

c. New IRA Account

Joe W presented the idea of a new IRA account and a pricing model. Rather than having a daily IRA and various Certificates, establish one IRA account for all IRAs. It would be like a money market account, that is a daily account (no term requirement) but at a higher interest rate. Charge a \$15 annual fee.

IRA Pricing Model

| | Current Deposits | Current Rates | Annual Interest Expense |
|--|------------------|---------------|-------------------------|
| | 566,204 | 0.0087 | 4,926 |
| | 276,951 | 0.0102 | 2,825 |
| | 3,296,790 | 0.0404 | 133,190 |
| | 573,694 | 0.0401 | 23,005 |
| | 574,716 | 0.0315 | 18,104 |
| | <u>5,288,355</u> | <u>0.0344</u> | <u>182,050</u> |

| | | |
|-------------|----------|---------------|
| To yield 4% | 0.0393 | 207,832 |
| | <u>Δ</u> | <u>25,782</u> |

| | | |
|----------------|----------|---------------|
| To yield 3.75% | 0.0369 | 195,140 |
| | <u>Δ</u> | <u>13,090</u> |

| Annual Fee | Acct's APR | Breakeven point |
|------------|------------|-----------------|
| 15 | 0.0375 | \$400 |

of Owners 390
 # of types 438
 Traditional, roth, SEP & Coverdell

| | | |
|-------------------------------------|-------------------|---------------|
| Additional fee income: | (400 acct * \$15) | 6,000 |
| Additional cost savings(mail,labor) | | <u>7,000</u> |
| | | <u>13,000</u> |

Proposal to establish one IRA account (one type) for all IRA, SEP, ROTH and Coverdell accounts. The interest on this account would be close to the 2 1/2 year cd rate, but would reprice every January, for the following year. No other accounts would be available with an IRA account - no certificates, no shares, no drafts. Incorporated in the proposal - a \$15 annual fee. To be revenue neutral. Winners: Members with money in the share account going from .87% to 3.75%. Winner: Member services - one account to administer- labor saving in reporting, no longer CD . rollovers, no new account for every cd established Winner: members ease of understanding their accounts. Un-Winners: Members looking for that highest 5year rate. What they get is an account that reprices every year at a cd rate we give to longer termed deposits

- d. Schedule of Board Meetings: Can we meet 3rd Thursday instead of 4th so changes can be published in newsletter?
 Budget committee will have the most difficulty with this since they can't close the month before the 10th. Joe asked for another month to consider.

| Schedule if 3 rd Thursday | Schedule if 4 th Thursday |
|--------------------------------------|--------------------------------------|
| January 17 | January 24 |
| February 21 | February 28 |
| March 20 | March 27 |
| April 17 | April 24 |
| May 15 | May 22 |
| June 19 | June 26 |
| July 17 | July 24 |
| August 21 | August 28 |
| September 18 | September 25 |
| October 16 | October 23 |
| November 20 | November 20 |
| December 18 | December 18 |

- e. Holiday Party: Dinner at Ecovillage, Song Common House 12/8, 6-9PM. Bring a side dish or drink. Let Suzanne know that you're coming and what you're bringing: Suzanne@alternatives.org

7. **EXECUTIVE SESSION**

- a. Holiday bonus: The Board approved a \$300 bonus for staff (\$150 for those hired after 7/1). This amount, \$12,000, has already been accrued.

8. **RECAP:**

- a. Next:
- i. BD Next year's budget review
 - ii. Next year schedule of Board Meetings.

SECRETARY'S SIGNATURE

REPORTS

9. List of Attachments

- a. Corporate Resolution
- b. 2008 Budget Balance Sheet
- c. 2008 Budget Income Statement
- d. Grant Progress Report
- e. Member Focus Map
- f. IRA Pricing
- g. CAMEL Ratios
- h. Delinquent Loan Report
- i. Net Interest Income
- j. Balance Sheet
- k. VISA Report
- l. Consumer Loan Report
- m. Monthly Mortgage Report
- n. Business Loan report
- o. Rate Watch

10. HUMAN RESOURCES COMMITTEE

- a. November 9, 2007
- b. Present: Alison, Diana, Ian, Lenore, Tristram
- c. Absent: Sharron
- d. **Hiring Update:** Nicole Keene started as MS Receptionist on 10/29/2007. We have been notified that the Tompkins County DSS will be able to hire an Assistant Site Coordinator for the Community Tax program and station them at Alternatives. Alternatives will do the recruiting and interviewing for that position.
- e. **Holiday Bonus:** Recommendation is the same as last year.
- f. **Compease Salary Chart for 2008**
Lenore presented the 2008 Compease Salary Chart with full implementation of the hourly wage scale and implementation of 40% of the difference between the \$50-\$70 million-in-assets and the \$30-\$50 million-in-assets charts for the salaried people. Lenore will write up the proposal as a business case for the committee and the board for the November Board meeting. The new wage chart takes effect on 1/1/2008 so that would be for the second payroll in January.
- g. **2007 Holiday Closings** On Christmas Eve, we will close up the drive through and teller winders at 1 pm with staff expected to leave around 2 pm and on New Year's Eve, we will close the drive through at 4 pm so all staff can leave at 5 pm or so.
- h. **Conflict of Interest Review:** For the November Board meeting, Lenore will bring the Code of Conduct forms for updating all board member information.
- i. **Staff Satisfaction Survey Update:** We had excellent staff response with 39 out of 40 staff returning surveys. A summary is on the Eboard site and the average scores for each question are in the appendix.
- j. **Upcoming**
December CEO Review (Transition Committee is working on the review and Yvette has a plan and timeline.)
Board Review of 2008 Staffing Proposals

HR Benchmarks (Look at salary and benefits as a percentage of overall costs.)

k. January 401K Discretionary Contribution recommendation

11. LOAN POLICY COMMITTEE

a. Nov 16, 2007

b. present: Tom, Ian, Diane, Jim, Mary, Bob, Tristram, Ron, Everett, Carol

c. Monthly Reports:

- i. **Consumer**-60 loans closed for \$301,000. 16 used car loans. YTD more loans have closed than 2006 but less in dollars. 2 complaints about new rate structure for car loan rates.
- ii. **Mortgage**- 5 closings for \$453,000, 1 PHH loan. YTD is about the same number as 2006 & a little more in dollars. 20 interviews in Oct., slower than other months. Having no fixed rate money is a problem.
- iii. **Business**- 1 closing for \$25,000, an existing on line business that is opening a store here. 2 merchant accounts opened, 5 new applications.
- iv. **Collections**- rate is up to 4.71%, with mortgages up a little, consumer & business down a little. 2 mortgages are in foreclosure, one business, one residential. Without these 2 mortgages the rate is 3.75%.

d. **Fees on Business Accounts** Carol talked about the discussions at mid managers about charging fees. We discussed the need to make money balanced against our mission & values and what our members expect from us. If we charge \$5 per month for business accounts, we will make \$45,000 with our current number of accounts. But we realize there are many very small business accounts and members would close the account. We also encourage and support small business and charging \$5-7.50 a month would be a hardship for some small businesses. We are looking at packaging services, not charging when there is a business loan, charging according to number of transactions. More on this as we look at ideas from the retreat and ways to increase income. We have done a survey of local financial institutions:

| Institution | Fee | Max. Trans. | Cost per Trans. | Balance Req. | Etc. |
|----------------|--------|-------------|-----------------------------------|--------------|---|
| Trust Co | \$5.00 | 50 | \$0.50 | None | |
| Trust Co | NONE | 200 | \$0.50 | \$7,500 | \$10 if falls below |
| Trust Co | \$5.00 | n/a | \$0.20 + .10 per ck. Deposited | | Earnings credit |
| HSBC | NONE | 300 | \$0.50 | None | |
| HSBC | none | 750 | \$0.50 ?? | \$25,000 | \$25 if falls below |
| Community Bank | \$8.50 | none | None | None | |
| Community Bank | none | 300 | \$0.35 | None | |
| Chemung Canal | none | 100 | \$0.20 | \$1,000 | |
| Chemung Canal | none | 200 | \$0.20 | \$1,000 | Req. e-statements |
| Chemung Canal | none | 300 | \$0.20 | \$1,000 | Req. e-statements/VISA |
| CFCU | none | no maximum | n/a | \$1,000 | free Bill Pay, \$100 credit for business ck. Order, free debit card |

- e. **Credit Card Portfolio:** Sell or keep in house?

Blake is doing an analysis of our credit card portfolio which we do not make money on. We have a good product, good rates, but our volume is low, losses are high, charge offs are high. We either need to increase the number of credit cards or sell the portfolio. Jim feels that this is not a good time to sell it. We are looking at ideas like a rewards points program that is used with local businesses, and a local working assets type of donation model. More on this too.

- f. **NEXT MEETING** Friday Dec 14 at noon.

12. **PUBLIC RELATIONS COMMITTEE**

- a. November 22, 12:30 PM
- b. Attending: Suzanne, Diana, Lane, Melissa (guest speaker)
- c. Not attending: Kenny
- d. **NEXT MEETING** December 13, 12:30PM.
- e. Travelers Checks - Our VISA Travelex vendor is ending paper travelers checks by end of this year. The trend for people to use paper travelers checks is down. Melissa stated an average of one purchase a week. Because of the infrequency of the purchases, training is an issue: new employees do it once and then forget how to do it a month or two later. Alternatives previously used American Express but fees were much higher. Buying their travelers checks and their travel card is easy for people to do on Amex's website. We discussed if we could use any other Amex's services like foreign currency, but there is not much demand for it and it wouldn't jibe with what Members CU could handle. We all voted to have Melissa find a reloadable VISA card that we could hopefully brand as a travel card. Approval for the exploration of a product will go before the board in November, and hopefully the product itself by December's board.
- f. General discussion of retreat and member survey results.
- g. Holiday party - Diana prefers a sit-down dinner instead of eating more casually. Also recommended some kind of temporary lighting near entrance so people can find EcoVillage.
- h. Suzanne will ask Kenny if his teaching schedule next semester will interfere with current PR Committee meeting time.

13. **DEVELOPMENT COMMITTEE**

- a. November 1, 2007
- b. Present: Brian Hunt, Karen Jamarusty (Board). Leslie Ackerman, Brian Zapf, Brendan Wilbur, Deirdre Silverman (Staff).
- c. Excused: Sharron Thrasher (Board).
- d. Funding and Program Updates:
 - i. **CDFI** – Applied yesterday for \$542,000. \$100K for capital, \$100K for loan loss reserves (business and consumer), \$200K for staffing (new positions), \$100K for “stuff.”
 - ii. **Business CENTS**—Strategic Planning Process: Report from the consultant. He recommends more depth in the program, including follow-up work with growing businesses, networking events, affinity groups and possibly a membership fee that would entitle people to a set of program services. Leslie presented a proposal to increase class fees. The committee felt this needed more work. Funding--Hewlett-Packard—\$20,000 cash arrived.
 - iii. **Tax Program**— New Program Director Brian Zapf. More focus on partnerships and coalition building with groups like RSVP, the Day Care Council, United Way, Catholic Charities, etc.. Funding: Tompkins County--applied for \$10,000, which was included in

the County Administrator's recommended budget. Preliminary vote by legislators was positive, 10-5. CFED--Applied for \$10,000 to increase our work with self-employed tax filers, and small business owners (Sched. C, C-EZ and F. Awarded \$7500. Citizens Bank—applying for \$5,000, which won't come till 2008. Visit from CRA officer 11/2. HSBC--Check should arrive soon, don't know amount. NCUA—Approved for \$6500, revised budget

- iv. **IDA**— Program: 50th IDA home closing, hope to get good publicity. Our new federal grant allows us to open at least 50 new accounts. Brendan has 37 people on a waiting list. Funding: Park Foundation--applied for \$50,000 as the required match to the federal grant. Decision in December. May be spread over 2 years. NCUF HUD—Awarded \$51,000. Need to find ways to bill for the full amount. This year we got special permission to include training and travel costs, and still were \$3000 short of our \$47,000 allotment.
- v. Myers Internship Fund: Still at \$8200. Contact list for Board members—letters will go out this week. At this point, our plan is to do a mailing to CU CEOs in November.
- vi. **Next Meeting:** Thursday, Dec 6

14. BUDGET COMMITTEE

- a. November 19th, 2007
- b. Present: Leni, Tristram, Joe, Carol, Lenore, Ron
- c. Excused: David, Jim, Karl, Deirdre, Yvette, Kenny, Brian
- d. Delinquency - the October delinquency rate was up from September – to 4.71% from 4.46%. The rate without the secured portion of delinquent loans is 3.70%. Our target is 2.5%. Allowance for loan loss was adjusted \$19,395.81 for September, 2007.
- e. The number of loans on the list went up by 4 and the total dollars delinquent went up \$82,089.38. Total loans outstanding went up \$143,368.34.
 - i) Mortgage delinquency went up to 4.35% from 3.68%.
 - ii) Consumer delinquency went down to 2.81% from 3.06%.
 - iii) Business delinquency went down to 10.89% from 11.72%
- f. Repossessed items: Business loan item sold at auction, making arrangements for deficiency balance.

15. SUPERVISORY COMMITTEE

- a. November 14, 2007
- b. Present: Present: David Gallahan, Chris Strebek, Bill Goodman, Karl Graham. Guest: Carol Chernikoff
- c. Conducted a mortgage loan file review. Carol was present to guide and answer questions. Each of us reviewed two files for a total of 8 file reviewed. Files were chosen to reflect the different types of mortgages we offer, both old and new loans. No missing documents were noted.
- d. Draft ACH and BSA/OFAC audits were not available by meeting time. Karl will ask Ian Burt of Sciarabba Walker to present the audits at our next meeting.
- e. Next meeting scheduled for Wednesday, December 12 at noon

