

**2016 Annual Report:  
Board of Directors Report**



*Presented March 26, 2017*

For Cooperative Federal, 2016 was marked by some of the greatest advancements and changes since I have been involved with the Board. We began servicing all of our mortgages internally to improve service to members; revamped our auto lending program with a “lease-like” loan product and a no-haggle pricing partnership through Enterprise; and launched our mobile app which includes digital check deposits and other cutting edge features. With these new products and tools available, we are helping more members access the services they need and we are building a more efficient business operation.

Our Board also reacted with intentionality to some persistent problems, including lags and inadequacies in Coop Fed’s technology infrastructure as well as delays in the opening of our new branch at the Syracuse Housing Authority Central Office. Our staff members have transcended themselves in many cases this year. Perhaps the best example is that of Thom Dellwo. Thom has long been a star of the credit union as our Financial Education Coordinator, Housing & Financial Counselor, and Youth Programs Specialist. This year, Thom exemplified the commitment and passion of our staff when he also took on the bulk of work for our IT and Internet access reconfiguration. With Thom’s leadership and hard work from many others, including the reconstitution of the Technology Committee, we continue to be confident of our functionality as your trusted financial institution.

### **Economic Successes and Challenges**

Our Net Worth Ratio – the key indicator of our financial health – was maintained throughout the year above the 7% “Well-Capitalized” mark aside from a brief dip near the end of the year. Delinquency has not been reduced to the level we would prefer, but we are in close range of doing so as the collections staff continues developing and maintaining personal connections and communications with our members.

The Board approved an increase to our non-member deposits ceiling (30% of total shares) in light of continued low interest rates and the need to continue planned growth. Secondary Capital and grant funds, as always, have continued to be valuable and necessary parts of our operations and financial management strategy. Priority continues to be placed on growing our loan portfolio, and I recommend you share our [BusinessLoanConnection.org](http://BusinessLoanConnection.org) website with your networks for people who may be interested in financing the expansion of operations and strengthening of position of a current business, or the start-up of a new business.

### **Board and Committee Activities**

The Board continues to monitor the management and sale of *Other Real Estate Owned* (OREOs). We can proudly report that not only has a simplified monthly OREO report from staff

greatly helped facilitate our meetings; we have also seen the sale of eight properties over the past year that have reduced our holdings.

One significant change made to our monthly Board meetings has been the adoption of a *consensus agenda*. The idea is to streamline routine items, allowing for more substantive discussion on other items. Consensus agenda items are grouped together on the agenda, and distributed in advance for review. Any Board member may request any item be moved off the consensus agenda for further discussion. Items not removed may be adopted by general consent without debate. Examples of consensus agenda items may include:

- Board and committee meeting minutes
- Committee and staff reports
- Updates or background reports provided for information only
- Correspondence requiring no action
- Staff appointments requiring Board confirmation
- Final approval of proposals or reports that Directors have been dealing with for some time and are familiar with the implications
- Routine contracts that fall within policies and guidelines.
- Confirmation of documents or items that need no discussion but are required by the bylaws

The Board has also maintained existing Committee activities, while expanding those activities in some respects, and creating new opportunities:

- The **Budget Committee** meets regularly to reconcile and review financial results and assumptions for ongoing management needs, and to establish the annual budget proposal.
- The **Nitpickers Committee** meets regularly to review financial statements and accounting reports in detail, Allowance for Loan Loss (ALL), liquidity, key compliance ratios, cash drawer shorts and overages, negative share accounts, debit card fraud losses, progress of general ledger reporting for the year, and other items as the Board directs.
- The **Supervisory Committee** monitors financial operations and accounting controls. The annual CPA audit and report overseen by this committee indicated that the financial statements were presented clean and fairly in all aspects.\*
- The **Executive Committee** provides oversight and action between Board meetings, including regularly approving charge-off of loans, and bonding for employees, interns, and volunteers.
- The **Board Development Committee** works on considering further education and training opportunities for current Board members, and initiating the nominations slate for election at our annual meeting.
- The **Personnel Committee** has the yearly CEO evaluation on its standing plan of action. It is also exploring how to successfully incorporate stay interviews and internal evaluations of Board members.

- The **Social Action Committee** acted on a number of items including approving support of the Green Light NY campaign which would expand access to drivers' licenses to all New Yorkers, regardless of immigration status; and the Standing Rock Sioux Water Defenders by donating new member fees collected in December from those who completed a #BankExit switch to our financial institution due to the express intent to divest from extractive fossil fuel investment banks. In solidarity with the #noDAPL movement, we also committed donations from Cooperative Federal's operating budget and from individual board members.

## **Moving Forward**

Following the 2016 Annual Meeting, we announced plans for a mid-year Member Forum. This did not take place, but morphed into "Board Lobby Days" in which individual Board Members spent time in the lobbies of all of our branch locations. They greeted members, engaged them in discussion, listened to feedback, and invited everyone to the 2017 Annual Meeting. I hope this will continue as an annual activity of our Board Members as the comments and feedback have been very valuable.

The Board will be conducting a strategic planning retreat in 2017 to update our goals and objectives, review what is working and what is not, and analyze feedback from staff and members. A staff survey has already been conducted with the results made available to the Board, and which we will discuss further at our retreat. Members are encouraged to send comments to the Board at our email address: [board@coopfed.org](mailto:board@coopfed.org).

## **Outreach & Accountability**

In addition to Board Lobby Days, members of the Board participated in the Board & Staff Picnic, and gave time to table and provide community outreach at both the Westcott Street Fair and the Plowshares Community Arts and Crafts Fair.

As Board President, I received a 2016 Outstanding Volunteer award from the New York Credit Union Association. The work credited to the Board and to me could not have been done without so many others. I hereby dedicate this award to all of the staff, management, Board and committee members, other volunteers, and members who represent Cooperative Federal in the community. A sincere thank you to all for your outstanding achievements and service to the credit union movement over the past year and beyond.

Finally, we would like to share with our member-owners a thank you for your patronage and participation – and continued positive outlook on operations, profitability, and community relations as we look forward to continuing to serve through our mission-oriented approach.

*Prepared by Frank Cetera,  
President of the Board of Directors*

\*A detailed report from the Supervisory Committee is also included in the Annual Meeting Packet.