

**Cooperative Federal**  
**26th Annual Meeting: 2009 Minutes**

Syracuse Cooperative Federal Credit Union, 723 Westcott Street, Syracuse, NY 13210

**March 15, 2009, 3:00 pm**, at Westcott Community Center, 826 Euclid Avenue

**President:** Julie Gozan

**Vice President:** Pamela Spearman

**Treasurer:** Ron Ehrenreich

**Secretary:** Liz Crockett

1. Julie Gozan called the meeting to order. Simultaneous Spanish translation was available at the meeting.

**2. 2008 Annual Meeting Minutes**

Attendees read the minutes from the 2008 Annual Meeting. No corrections were noted. The minutes were approved by voice vote.

**3. Reports: An Annual Report booklet with all written reports was distributed at the door.**

**A. Board of Directors Report** Board member Peter Scheibe gave highlights of the report, which had been prepared by Larry Young. Three themes dominated the Board's agenda this past year: the economy and our Credit Union's response, preparing for a new operating system, and expansion. Our organization is prudently run and ethical in its financial actions. Peter expressed the Board's sincere appreciation for the Credit Union's hard-working staff, and the staff received applause from all in attendance.

**B. Treasurer's Report:** Presented by Ron Ehrenreich

Ron reviewed key ratios and the 5-year financial history report:

- The Net Worth Ratio (net worth: total assets) measures capital adequacy—an indicator of our ability to take risks, handle changes in earnings, and grow: is just over 10%, well above the 7% level that is the minimum acceptable level and triggers NCUA scrutiny.
- Return on average assets (net income/average assets) represents the bottom line: .59%, higher than the average of CUs in our size category.
- Delinquency ratio: Measures asset quality: Ours is 6.31%, high compared with other CUs, reflecting our mission to serve people who have financial challenges.
- Charge-off ratio: Represents the value of loans we are not able to collect. Our charge-off ratio is not higher than our peers, showing our ability to work with people and collect.

**Question:** How long does a loan have to be behind to go delinquent? **Answer:** 2 months.

**Q:** Is there a way for us to know the credit ratings of our clientele compared to other lenders?

**A:** No way to really know. We do loan to some people who have no credit score.

Ron reviewed assets and asset growth: We finished 2008 with \$14.77 million in assets, \$11.5 million in loans, and \$12.7 million in shares and deposits. A chart showed the growth in assets since the founding of the CU in 1982. Loans, Shares, and asset growth rates from 2003-2008 were shown in line graphs.

**Q:** What is the base line of our net capital?

**A:** Net capital is the portion of our assets that belongs to the CU (as opposed to our members and non-member depositors.) It is possible to have 112% of the dollar value of members' money loaned out, due to "OPM" (other people's money), deposits from non-members (government, foundations, churches, and other organizations). We had a significant amount of OPM deposited in December.

**C. Community Impact and Credit Committee Reports:** Presented by Christina Sauve and Frank Forward

Christina introduced the Credit Committee members and alternates. Frank reviewed the Credit Committee report. As of 12/31/08 the CU had \$11,493,501 in outstanding loans.

Christina focused on community impacts. Our new office on the North Side is making a difference, providing accounts and personal financial services. In 2008 we started offering "Start Over Accounts" which allow people who have been listed on ChexSystems to save and reestablish access to affordable financial services, avoiding high-priced check cashers. The Predatory Relief and Intervention Deposit (PRIDE) program of the CDCU Federation helps the credit union make loans to people with low or no credit scores who might otherwise turn to predatory lenders. In 2008 we made 89 PRIDE loans, for a total of \$223,277.

The printed report provided details on 2008 services and accomplishments in financial education, mortgage lending and housing counseling, foreclosure prevention counseling, and loans and services to small business. The small business program highlights include the working capital loan fund for minority- or women-owned contractors, and the Start-Up NY Partnership, which supports entrepreneurs with disabilities.

**Q:** What are the terms of the Start Over Accounts, and is there counseling when the account is opened?

**A:** Personal checks must be deposited into savings and have longer holds. Paychecks have normal holds. At this point we do not automatically provide a counseling session.

**Q:** What has been our growth in member numbers as compared to \$ growth?

**A:** Membership growth is reported on the bottom of the Ratio Analysis report: The number of members grew by 10.88 % in 2008, in the 96<sup>th</sup> percentile of our Peer Group.

**Q:** Do we have any mortgages in foreclosure at this time?

**A:** Yes, a couple.

**Q:** Are we able to help small contractors who are not minorities or women?

**A:** Yes, they are able to obtain loans for their businesses.

**D. Supervisory Committee Report** Liz Crockett reviewed the written report.

**Q:** How useful are negative verifications?

**A:** We know that they are useful, even though not every member may notice the verification, because we receive calls each time we do verification. A 100% positive verification would be prohibitively expensive. Also our audit firm does a sample of positive account and loan verifications each year.

**Q:** A member brought forth three topics verbally and in writing to the Supervisory Committee:

- requested Financial reports for 2003-2008.
- Made a customer service complaint regarding how the CU ATM receipts report the balance available (gives total of balance plus any lines of credit available).
- Made a complaint that the ATMs were manufactured by DiBold and that this company may have been guilty of malfeasance related to voting machines during the 2000 presidential elections.

**4. Nominations Committee Report and Elections:** Heather Engelman

Heather reviewed the committee members, listed in the Annual Report.

**Board of Directors:** There are six 2-year terms and one 1-year term open: Heather listed the nominees and each nominee present said a few words. Heather asked for any nominations from the floor. There were none.

**Credit Committee:** There are three 2-year terms open: nominees were read.

**Credit Committee Alternates:** Two 2-year terms open: nominees were read.

There were no nominations from the floor.

Heather reviewed the voting procedures.

Common Cents Vote: Heather also reviewed procedures for the Common Cents ballot and asked people to vote.

Don Hughes and Jorge Caceres volunteered to be the election tellers. There was a break while ballots were cast, collected, and counted.

**5. Unfinished Business: (No unfinished business was raised.)**

**6. New Business:**

**A. Cooperative Federal and the Economy:**

Ron Ehrenreich gave an overview of some of the features of the global economy that have historically led to economic cycles and crises, and some of the specific factors that precipitated the current recession.

The good news is that the Credit Union is still strong and expects to keep getting stronger. Factors that have kept the CU strong:

- The CU does not invest in Wall Street
- We understand the risk we take
- Balance sheet strength and capital reserves
- Strength of the cooperative model (non-profit organization, volunteer board, corporate CU, etc.)

- Members deposit accounts are insured by the NCUA up to \$250,000

It is impossible to know what the year ahead holds for the general economy, and what shape the recession will be (slow recovery, fast recovery, continued flat economy).

**Q:** Isn't the Syracuse economy experiencing the recession somewhat less than some other localities?

**A:** In some ways, because our area lost a lot of our manufacturing jobs previous to this recession. Still our members are feeling the impact. The financial crisis does present some opportunity for the CU. There are individuals and households in distress and increased need for our services. Also, some funds will come to us instead of going into the stock market.

**Q:** When the CU sells mortgages to PHH, what happens to them then?

**A:** They are sold to Freddie Mac or other similar organization.

**Q:** Are we seeing an uptick in foreclosures?

**A:** Not really. We are seeing a few more business ones. We have had only 4 foreclosures in our history.

**Q:** Do houses in Syracuse sell below "replacement" cost?

**A:** Yes—but home values do continue to appreciate.

**Q:** Can the CU play a role in encouraging larger-scale change in our economy?

**A:** We belong to groups that advocate such change, but that is not a primary CU role. Our role is to serve neighborhoods that need fair and honest financial services, and to focus loans to address community needs.

**Q:** What type of economic problems **would** jeopardize the CU?

**A:** Hard to predict. One potential example: if interest rates went up, loan volume would partly depend on whether our members could afford to pay higher loan interest rates.

### **B. We're Growing!**

**North Side:** Meagan Weatherby gave an overview of the history and process by which the North Side office opened and some of the "back office" CU staff moved to offices on the 2nd floor at 800 N. Salina St. She described the coalitions CU is involved with and services and activities that we are offering on the North Side. She noted that we are now doing a City-wide marketing campaign.

**South West:** Christina Sauve showed floor plans for the SW Office expansion and described the features.

**Q:** How much of this is to serve the current members and how much is to draw new members?

**A:** All of the work is for both.

There was discussion of marketing strategies. Comments included:

- We need better, larger signs—we should have them as large as the City allows.
- Recommendation for the awning over the ATM at Westcott to be added/improved
- Signs at each office should list our other locations
- Perhaps we could market to the freshman class of SU
- We have a booth at WENA and many other events and fairs throughout the year.

Christina reviewed new products and services, as detailed in the Annual Report. These include a new Home Equity Line of Credit product and an increase of staff in the loan department from 3 to 5. Coming soon are our 3rd ATM, at the North Side, a new core system, and new Web Teller. Also coming up are Student Credit Union Days and "Tree House Savers" program for younger students at several community locations.

### **C. Secondary Capital: Supporting our Growth**

Ron explained that Secondary Capital is special deposits, for 5-7 year terms, that are NOT federally-insured, allowing the CU to count the funds as capital. As our total deposits (assets) grow, we will need more secondary capital to keep our net worth-to-total assets ratio from dropping too low (too near 7%). We have raised \$50,000 in secondary capital so far and have a goal of \$200,000 for 2009. Ron described who can deposit secondary capital and how.

### **D. New Core System**

Sheila Rees presented an overview of the new data processing system that the Credit Union will implement in early May, replacing an outdated program. She reviewed the schedule for the conversion and asked members to be patient as staff members learn the system. Sheila reviewed some of the benefits that the new system will

offer. These include real-time rather than batch processing of Web Teller, Phone Teller, and ATM transactions; Payroll distribution from electronic net pay deposits and flexibility to handle more share and loan products. There will also be operational efficiencies and the potential for a variety of on line services.

**Q:** Will the new system allow transfers between accounts with different account numbers?

**A:** Yes, with written authorization from the member on file.

**Q:** Will the new system allow photo IDs to be in the system?

**A:** Yes.

Additional member questions on other topics:

**Q:** On the key ratio worksheet: It appears that the compensation of our employees is way below the rest of the Credit Union community. What is the social justice policy on this?

**A:** Ron explained that the CU pays competitively at the lower pay grades but quite far below the market at the upper levels. Underpaying staff is not our plan or goal and we hope in the future to be able to compensate managers better and provide more and better benefits to all staff. We are trying to grow out of this issue.

**Q:** Could we publicize the names of member businesses so that members can support them?

**A:** Yes, with their permission.

**Q:** How many CU staff members have financial degrees?

**A:** Two at this time.

### **E. New Board and Information Email options:**

Julie announced the new email route for directly contacting the Board of Directors: [board@coopfed.org](mailto:board@coopfed.org)

Thom Dellwo announced: It is important to remember that the CU is a cooperative: There are volunteer opportunities throughout the year to support the CU and help accomplish its mission. He urged members to email [info@coopfed.org](mailto:info@coopfed.org) if they are interested in getting involved.

### **7. Report of Election Results:**

Don and Jorge announced the election results. Sixty-three ballots were cast, one was invalid. All those who ran were elected: Results:

#### **Board of Directors:**

Two-year terms: Jessica Azulay, Cheri Capparelli, Ron Ehrenreich, Julie Gozan, Illuminada Lopez, Pamela Spearman

One-year term: Osupa T-Davis

**Credit Committee:** Lisa Bailey, Simon Morrin, Homer T-Davis

**Credit Committee Alternates:** Joe Branagan, Christina Sauve

### **8. Appreciations:**

- Sheila Rees expressed appreciation for Branch Supervisors Maribel Gonzalez, Leyanis de la Pena, and Patricia Farfan-Caceres for their teamwork and positive contributions during 2008.
- Greg Knipe appreciated long-time Credit Committee members Osupa T-Davis and Frank Forward.

### **9. Meeting Evaluation Comments**

- Set the meeting time for 3 hours, since it seems to take that long.
- Make sure there is less noise from upstairs (rent entire building if using Westcott Community Center)
- Make the reports available on-line ahead of time
- Don't read power points line for line.

**10. Adjournment** The meeting was adjourned at approximately 6:05 pm.

**Door Prizes:** Sondra Roth had organized door prizes, as in previous years. Sondra thanked those businesses, community organizations, and individuals who donated for their support of the Credit Union. She encouraged members to use their services, buy their products, and attend their functions. 52 Door prizes were distributed.

Respectfully submitted, Liz Crockett, Secretary