

**COMMONWEALTH OF VIRGINIA
ASSISTIVE TECHNOLOGY LOAN FUND AUTHORITY
Board of Directors Meeting**

Minutes Adopted by Board of Directors on July 15, 2010

April 22, 2010

MEMBERS PRESENT

Linda Harris, Chairperson
Amy Odhner, Treasurer
Dean Bonney
Robin Jefferson
Mike Haydon
Thomas Hock
Ron Lanier
Barbie Ostrander

ABSENT

Juan Martinez, Vice-Chair

ALSO PRESENT

Joey Wallace, Executive Director
Eric Gregory, Assistant Attorney General
Sandra Prince
Christy Crowther
Shilpa Joshi

CALL TO ORDER

The Assistive Technology Loan Fund Authority Board of Directors met for a regular quarterly meeting at ATLFA, 1602 Rolling Hills Drive, Suite 107, Richmond, Virginia on April 22, 2010. Linda Harris, Chairperson, called the meeting to order at approximately 10:10 AM.

APPROVAL OF MINUTES

Linda Harris, Chairperson, asked if everyone had an opportunity to review the Board minutes of the January 14, 2010 meeting. Robin Jefferson noted a typo on page 2, next to last the sentence that should read "Ms." Instead of "Mr."

A motion was made by Mike Haydon to approve the January 14, 2010 minutes. The motion was seconded by Robin Jefferson and unanimously carried.

PUBLIC COMMENT

There was no public comment.

Linda Harris, Chairperson, noted that Seville Allen, Board member, had passed away and the Board was unaware of her death until she found the obituary in the newspaper. Ms. Harris noted that in Ms. Allen's obituary there was no mention of her being a Board member of the NewWell Fund. Dean Bonney highlighted Ms. Allen's many

accomplishments and noted that there are things that we don't know about each other as Board members. Mr. Bonney recommended that the bios of Board appointees be circulated so the members get to know each other. Amy Odhner, Treasurer, noted that the retreats and Board dinners are another way for Board members to get to know each other rather than in a typical Board setting.

A motion was made by Dean Bonney that the Board dedicate this meeting in honor and memory of Seville Allen and make a donation of \$50.00 to the Virginia Chapter of the National Federation of the Blind. The motion was seconded by Amy Odhner, Treasurer, and unanimously carried.

PROGRAM

Old Business

Joey Wallace, Executive Director, noted that Dean Bonney had requested development of a policy for the use of the unrestricted funds. Dr. Wallace referred the Board members to the draft policy included in the Board packets for review and discussion.

A motion was made by Amy Odhner, Treasurer, to adopt the unrestricted funds policy effective July 1, 2010. The motion was seconded by Mike Haydon and unanimously carried.

Joey Wallace, Executive Director, noted that formal action needed to be taken by the Board for investment of CDs based on the recommendation of the Finance Committee. Shilpa Joshi provided the Board with the amount of funds from each account, except AFP 2, to be invested in CDs through the CDARS program. Dean Bonney asked why the breakout of funds had not been provided to the Board prior to the meeting. Dr. Wallace apologized for not sending this information to the Board and noted that the break out information was based on discussions at the prior Board meeting.

A motion was made by Amy Odhner, Treasurer, to accept the recommendation from the Finance Committee to invest up to 75% from all accounts except AFP 2 in the CDARS program with equal amounts over 3 months, 6 months, 9 months and 1 year. The motion was seconded by Robin Jefferson and carried. The motion was opposed by Dean Bonney.

Shilpa Joshi noted that Old Point National Bank with offices in southeastern Virginia had been selected for investment in the CDARs program. She noted that Old Point National Bank will need a formal resolution by the Board of Directors in order to wire transfer funds to the bank to open checking accounts. Sandra Prince referred the Board members to the draft Funds Transfer Resolution included in the Board packets for review and discussion. Eric Gregory, Assistant Attorney General, recommended that the wording be changed in the second paragraph to read "...and that any two people of the following three people are hereby authorized to enter into said Agreement with Bank with such changes and additions thereto as the two officers executing said Agreement may deem appropriate."

A motion was made by Amy Odhner, Treasurer, to adopt the Funds Transfer Resolution with the recommended change for signature by the Board Chairperson. The motion was seconded by Thomas Hock and unanimously carried.

Financial Report

Shilpa Joshi, Financial Director, requested that the Board members refer to the statement of net assets through March 31, 2010 and statement of revenues and expenditures from July 1, 2009 through March, 2010 provided to them in the Board packets. Dean Bonney requested that the information be sent to the Board members by Dr. Wallace in time for review prior to the Board meeting. Mr. Bonney also recommended that a side by side document of the net assets and revenues and expenditures be included in the email to the Board. Ms. Joshi noted that the current assets are approximately \$10.1 million, with total assets of \$11.2 million. Ms. Joshi noted that she could provide more detail on any line item if the Board needed additional information regarding the expense. She also noted that the NewWell Fund is currently at 75% of the budget for 2010, and that the obligation to Children's Hospital is now complete.

Shilpa Joshi pointed out that the contingent liabilities (SunTrust guaranteed loans) at March 31, 2010 are \$741,620. The actual net expenditures in excess of revenues as of March 31, 2010 were negative \$288,547 which will probably be higher at year end due to lower interest earned on investments.

Ms. Joshi noted that the delinquency rate for direct loans is now at 5%. Sandra Prince stated that she continues to follow-up with the delinquent loan holders to try to decrease the delinquency rate. She noted that one vehicle loan was brought current because the vehicle was repossessed, and since the consumer wanted to redeem the vehicle, the delinquent balance had to be paid on the loan. Ms. Prince noted that one vehicle was sold back to the vendor because the consumer had passed away, thereby saving repossession and auction fees on this defaulted loan. Ms. Prince noted that she will be reviewing loans that have a 30% delinquency rate for restructure and increasing the interest rate on these loans.

Ms. Joshi discussed the handout of the comparison of select data for the direct loans, booked SunTrust loans and cash receipts for Fiscal Years 2009 and 2010. She noted that cash receipts and amount of SunTrust loans has almost doubled in FY10 as compared to FY 09. The number of direct loans and dollar amount for the same time period has increased slightly. Dean Bonney again requested that Dr. Wallace send this information to the Board members for review prior to the meeting.

Director's Report

Dr. Joey Wallace, Executive Director, directed the Board members to the Director's Report included in the Board packets. He discussed training and activities that staff have been involved in since the last Board meeting.

Dr. Wallace noted that the loan committee met monthly from January through March 2010, reviewing 50 applications and approving 24 requests totaling \$219,667.83. This does not include the seven non-guaranteed loans approved by SunTrust Bank totaling \$188,048.56. Christy Crowther provided a loan activity summary report for the period January 1 to March 31, 2010 for FY 10 and a comparison for the same time period for FY 09. She noted that the number of applications received and dollar amount approved has increased for FY 10. She noted that there has been a slight decrease in the dollar amount approved for direct loans, but there has been an increase in guaranteed and non-guaranteed loans. Dr. Wallace noted that telework was not included in the report,

but he has been in contact with RESNA for assistance with increasing the loan volume for the telework grant. He noted that he will keep the Board updated on the progress of the telework activity.

Dr. Wallace reported that staff have been presenting at various events around the state such as Brain Injury Association Conference, Virginia Wounded Warriors Conference, VBPD Partners in Policymaking, and WWRC AT training. He noted that Linda Harris, Chairperson, and staff will be attending the RESNA conference in Northern Virginia on April 27-29. Dean Bonney asked why the Board, especially members from Northern Virginia, were not notified of this event so they could attend. Joey Wallace noted that it was an oversight and invited any member to join staff at the conference. Dean Bonney and Amy Odhner noted that they will attend the conference.

Dr. Wallace noted that Sandy Prince and Christy Crowther will represent the NewWell Fund at the Connections Resource Fair for Children and at the Hampton Interagency Community Expo in May.

Sandra Prince noted that over 1,100 brochures have been given out from January 1-March 31, 2010. She noted that the NewWell Fund had an article published in the Mature Life Magazine for Seniors. Ms. Prince informed the Board that the public service announcement has been posted on You Tube and the web site.

BOARD ISSUES FOR DISCUSSION

Draft Budget Review

Shilpa Joshi, Financial Director, directed the Board members to the draft budget for 2011 included in the Board packets. She noted that this draft was provided at the January meeting for action at the April Board meeting since the budget is effective July 1, 2010. Ms. Joshi noted that she highlighted in red areas that have changed and included a budget narrative for each line item. She noted that an increase in the health premium for one employee changed since the last draft. She noted that the provision for loan loss has been increased from 3% to 5% for next year. The draft budget as proposed for FY 2011 will have a deficit of \$272,813.

A motion was made by Amy Odhner, Treasurer, to accept the FY 2011 budget as presented. The motion was seconded by Robin Jefferson and carried. The motion was opposed by Thomas Hock.

Audit Report

Joey Wallace, Executive Director, directed the Board members to the two audit findings included in the Board packets. He noted that the first finding involved the loan portfolio monitoring process for direct loans. He noted that the process of reporting delinquent loans to the Board needs to be improved. The current policy does not provide the Board with the ability to question and periodically re-evaluate the Board's policies on granting credit. The Policy should be revised to address what and when a loan is non-recoverable so that appropriate write-offs can occur, while taking into account the Authority's unique nature of loan repayments. Amy Odhner, Treasurer, noted the Executive Director is responsible for monitoring the loan process and that policies should be developed to ensure that no audit findings occur in the future.

Dr. Wallace acknowledged that a second audit finding involved the draft Business Plan. He noted that this finding is a repeat from the previous year and that based on the auditors, the development of a business plan is the first component of a continuous cycle of performance measures. He noted that the first part of the performance cycle is the development of a plan with clear financial and program objectives. The second part of the performance cycle is a comparison of actual results against the plan with analysis of successes, failures and achievements. The third part is the revision to the Business Plan resulting from the outcomes of second part of the cycle. The auditors noted that the Board and management need to incorporate this three part approach to their Business Planning cycle. Dr. Wallace stated that the auditors would like to see at what threshold in the erosion of funds will the Board determine to be critical and need to implement additional procedures to protect the funding. A discussion was held regarding the various scenarios of a business plan and the next steps to be taken.

Sandra Prince and Shilpa Joshi discussed the suggestions offered by the auditors that might be helpful as another means of internal controls for day-to-day operations. Ms. Prince noted that a discussion was held with the auditors on second party review of both the loan database and DownHome Loan. It was suggested that Ms. Prince provide the second party review since she does not enter data into either database. Ms. Joshi noted that a discussion was held with the auditors regarding bank reconciliations in a timely manner as a method to detect any discrepancies in the bank statements since the Treasurer performs a quarterly review. It was suggested that Christy Crowther perform the bank reconciliations and be removed from signing any checks. Check signatures should be performed by the Executive Director, and in his absence, check signatures should be performed by Sandra Prince with the Executive Director signing off upon his return. It was the consensus of the Board that these procedures be implemented by staff effective July 1, 2010 and reflected in the Fiscal Procedures handbook.

A motion was made by Amy Odhner, Treasurer, that the Executive Director begin to identify a business consultant to hire under contract for the development of a business plan and a breakeven analysis for the loan program. The motion was seconded by Mike Haydon and carried. The motion was opposed by Thomas Hock.

Strategic Plan Review

Joey Wallace, Executive Director, presented a strategic plan document via a projector to update the Board on the progress of each task. He noted that the plan was a result of the planning retreat held in October. Dean Bonney asked why this document was not sent out, especially since he was not at the meeting in October. Dr. Wallace apologized for not providing the document in advance and stated he would make sure that in the future any documents being discussed at the Board meetings will be sent to them prior to the meeting. Dr. Wallace discussed each task and updated the Board members on the progress to date. Robin Jefferson noted that the Task List with accomplishments should be developed into one document for easy reference. A discussion was held on the task of increasing the interest rate on direct loans to increase income for the loan program. Mike Haydon noted that he will provide an analysis of the data to show potential income if the interest rates were increased for discussion at the July Board meeting.

Review of Loan Manual

Sandra Prince noted that the proposed revisions to the loan manual were not sent electronically due to the size of the document and the need to discuss the proposed changes prior to review by the Board. Dean Bonney noted that if action needed to be taken at this meeting he would object because the document was not sent out prior to the meeting. Sandra Prince noted that a review of the proposed changes at this meeting was for discussion only with any action to be taken by the Board at the July meeting. The proposed changes would be effective as of the date any action is taken by the full Board. Ms. Prince discussed the proposed changes and a discussion was held on various sections of the manual. Ms. Prince noted that she would research UCC filing and would also make any additional changes after the Board members had an opportunity to review the full document.

Election of Officers

Linda Harris, Chairperson, noted that she could appoint a nominating committee for a slate of 2010 officers to be elected in July or would hear nominations from the floor.

A motion was made by Thomas Hock that Linda Harris be nominated for the office of Chair. The motion was seconded by Dean Bonney and unanimously carried.

A motion was made by Amy Odhner that Dean Bonney be nominated for the office of Vice-Chair. The motion was seconded by Linda Harris and unanimously carried.

A motion was made by Robin Jefferson that Amy Odhner be nominated for the office of Treasurer. The motion was seconded by Thomas Hock and unanimously carried.

A motion was made by Robin Jefferson that the Board elect the slate of offices as noted to serve for one year beginning July 1, 2010. The motion was seconded by Thomas Hock and unanimously carried.

CLOSED SESSION

Mike Haydon made the following motion to go to closed session:

I, Mike Haydon, move that the Board convene in closed meeting pursuant to Virginia Code Section 2.2-3711A(1) and A(4) for discussion of personnel issues and loan approvals. Additionally I move that Joey Wallace and, if necessary, staff members Sandra Prince, Christy Crowther and Shilpa Joshi attend the closed meeting because their presence will aid the Board in its consideration of these matters. The motion was seconded by Robin Jefferson and unanimously carried.

RESULTS OF THE CLOSED SESSION

Linda Harris, Chairperson, convened the Board meeting in regular session.

Linda Harris, Chairperson, stated that a roll call vote will be held and all those who certify to the best of their knowledge that only business lawfully exempted from open meeting requirements under the Virginia Freedom of Information Act and that only business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered in the meeting certify by stating your name and saying "Yea". Those who do not certify say "Naye".

Yeas – Harris, Odhner, Ostrander, Bonney, Jefferson, Hock, Haydon, Lanier

Nayes – None

A motion was made by Amy Odhner that the Board receive all Board related materials be sent via email to the Board members two weeks prior to a Board meeting. The motion was seconded by Mike Haydon and unanimously carried.

A motion was made by Dean Bonney that if staff have items that require a vote by the full Board, the Board must have two-thirds vote to bring the items forward for action by the full Board. The motion was seconded by Robin Jefferson and unanimously carried.

A motion was made by Amy Odhner, Treasurer, that the contract for the Executive Director at the five year anniversary date be amended to include an additional three days of vacation and two sick days in order to follow state guidelines. The motion was seconded by Robin Jefferson and unanimously carried.

A motion was made by Amy Odhner, Treasurer, that the contract for the Executive Director be extended for one year with the expectation that the Board will develop goals, performance metrics and deliverables that will be clearly defined. The motion was seconded by Robin Jefferson and unanimously carried.

A motion was made by Robin Jefferson that the Board ratify the Loan Committee decisions as presented to the Board. The motion was seconded by Amy Odhner and unanimously carried.

The meeting was adjourned at 2:45 PM by Linda Harris, Chairperson. The next ATLFA Board meeting is scheduled for July 15, 2010, at the ATLFA office, Richmond, Virginia.