

II. Internal Administration

Part 1 – The Board

A. PURPOSE

To outline Director/Board roles in implementing Bylaw authority.

B. OBJECTIVES OF THE BOARD

To be, as representatives of the members, the primary force pressing the credit union to the realization of its opportunities and the fulfillment of its obligations to its members, its employees, and the communities in which it operates.

To help management substitute foresight for hindsight.

To maintain members' democratic control of the credit union.

C. BOARD DUTIES

To carry on strategic planning with management.

To analyze and interpret the business environment and support the credit union philosophy in local, state and national arenas.

To formulate Strategic Board Policies.

To hire, direct, appraise performance, dismiss or accept the resignation of the President/CEO.

To plan for management succession and prepare to react effectively in the unplanned absence of the President/CEO.

To respond on a timely basis to audits and regulatory examinations.

To appraise its own performance.

To keep all outstanding loans between a director and ECU in a current status as defined by not more than one contractual due date in arrears at any time.

To attend regular board meetings, called board meetings, and committee meetings.

To conduct an annual review of the operations of the credit union and record the results of that review in the minutes of the meeting of the board.

The minutes should contain, at a minimum, a reference to all of the following items of business:

1. loan policies;
2. investment policies;
3. Asset-liability management policy;
4. Liquidity policies;
5. Budget; twice annually
6. Bond coverages;
7. All other insurance coverages;
8. Plastic card program review, if applicable;
9. Internal control and audit procedures;
10. Employee Handbook;
11. Director fees and expense reimbursement policies; and
12. Any other policies or items of business deemed necessary by the board of directors.

13. In addition the board should be aware that the Texas Credit Union Department must receive prior notice of the credit union's intention to:
- a. establish and maintain additional offices or service facilities;
 - b. invest in or make a loan to a credit service organization; and
 - c. establish a transactional web site.

To perform the duties listed in Section 5.09 - Duties And Powers of Directors in the Standard Bylaws For State Chartered Credit Unions as follows:

The Board of Directors shall have the general direction and control of the affairs, funds and records of this credit union and shall exercise any and all powers granted by law to boards of directors of corporations, including those powers set forth in the statutes of the State of Texas regulating the organization and operation of credit unions. The Board of Directors may delegate to others, including the President/CEO, other officers or committees, the performance of these duties, including the authority to further delegate these duties; provided, however, the Board in delegating such duties is not relieved from the responsibility for the performance of such duties. All such delegations must be recorded in the minutes of the Board and include: (1) the person or persons authorized to exercise the delegated powers; and (2) appropriate guidelines and limitations for the exercise of such delegated powers.

In addition to the duties customarily performed by boards of directors, the board of directors shall perform the following special duties and all other duties enumerated in the Standard Bylaws For State Chartered Credit Unions (these bylaws), in the laws of the State of Texas pertaining to credit unions, and in the commission rules, including:

1. To direct the affairs of the credit union in accordance with the Texas Credit Union Act, commission rules, articles of incorporation, these bylaws, and sound business practices.
2. To assure formulation and adoption of written policy statements that will ensure conformity with the Texas Credit Union Act and commission rules for the following:
 - a. The field of membership,
 - b. Lending,
 - c. Deposit accounts,
 - d. Investments,
 - e. Internal control and audit procedures,
 - f. Employee policies,
 - g. Any other matter for which a written board policy is required by law, commission rule or these bylaws.
3. To provide general direction and governance of credit union affairs, as distinct from operational management of the credit union, so that the board can assure itself through knowledgeable and responsible inquiry that the credit union's operating management has performed satisfactorily. The directors must direct and monitor the affairs of the credit union without being involved in everyday managerial activities.
4. To monitor and evaluate the credit union's performance and financial condition, including the credit union's estimated solvency ratio, and to assure that a timely, adequate reporting and information system keeps directors knowledgeable at all times.
5. Purchase from a surety company authorized to do business in this state a blanket surety or security bond in accordance with the Texas Credit Union Act and commission rules.
6. Determine the rate(s) of interest on loans, and the rate(s) of interest refunds, if any, to be paid to borrowing members subject to the limitations of the Texas Credit Union Act.
7. Declare dividends and interest refunds in the way and manner as provided by these policies, and commission rules.
8. Determine the rate(s) of interest to be paid on share deposits.

9. Determine the limits on shares and deposits, which may be owned by a member.
10. Authorize the conveyance of property.
11. Designate a depository or depositories for the funds of this credit union.
12. Authorize and provide for a comprehensive audit, including a controlled verification of members' accounts at least once each year in accordance with the Texas Credit Union Act and rules of the Credit Union Commission.
13. Supervise the collection of loans to members in accordance with written board policy, authorize the charge-off of un-collectible loans when necessary, and authorize the establishment and maintenance of reserve allocations as required by commission rules. The board may also authorize the establishment and maintenance of reserves in addition to those required.
14. Authorize the borrowing or lending of money to carry on the functions of this credit union as prescribed by the Texas Credit Union Act.
15. Set the date of the annual meeting of the members.
16. The board may take all necessary or appropriate measures for the interest of the credit union members, including appointing any committees deemed necessary, not within the exclusive jurisdiction of the general membership meeting and not inconsistent with the laws of the State of Texas and these bylaws.
17. Adopt an operating budget forecast on an annual or semiannual basis, not later than thirty days (30) after the start of such annual or semiannual periods. The board may amend the budget forecast from time to time.

D. PERFORMANCE STANDARDS

The credit union's overall performance is very important and should be highly rated by members, the regulator and the external auditor.

Current strategic plans are in place and reflect trends and events in the business environment.

Management is competent to guide the credit union into the foreseeable future.

Stable financial growth is experienced.

Strategic Board Policies are current and reflect the credit union's mission statement. Credit union operations will emphasize regulatory compliance.

E. SUCCESSION BOARD DUTIES

PURPOSE

To establish a plan for replacing the President/CEO or Executive Vice President of the credit union.

GENERAL PHILOSOPHY

To select the best qualified candidate

RECRUITMENT PROCEDURES

When the board has determined the need to replace the President/CEO or Executive Vice President, the recruitment process will begin. The board may use one of two procedures.

The board as a whole may serve as a "Recruitment Committee" or the Board Chair may appoint a committee to serve as the Recruitment Committee. If the selection is for an Executive Vice President, the President/CEO shall participate in the selection process with the board by serving as Chairman of the Recruitment Committee, participating in the interview process, and having a vote in the final selection.

The main purpose of this committee is to conduct the searching and screening processes. The Recruitment Committee should develop a search plan that will result in an adequate number of applications and a set of qualifications or criteria for screening purposes.

SELECTION PROCEDURES

The Board/Recruitment Committee should develop a set of common questions to ask each finalist.

The Board of Directors will interview the finalist(s) for President/CEO.

The board and President/CEO will interview the finalist(s) for Executive Vice President.

From the finalist(s), the board will choose the best-qualified candidate to serve as President/CEO.

From the finalist(s), the board and President/CEO will choose the best-qualified candidate to serve as Executive Vice President.

F. EXCUSED ABSENCE

Board meetings are a vital process and a required part of the credit union's organization. Therefore it is imperative that each director attend as many board meetings as possible. Attendance is kept for each board meeting and strategic planning meeting. Director may attend a board meeting by phone a maximum of four times per year. Attendance by phone more than one time per quarter will be an unexcused absence.

When a director is absent the following meeting the reminder of the board of directors must vote to excuse or not to excuse the director's absent based on the following criteria:

1. Illness of Director or of an immediate family member*
2. Family emergency
3. Death of a friend or relative
4. Legal matters requiring the presence of a lawyer or court proceedings that cannot be rescheduled
5. Property damage requiring the Director to make immediate arrangements
6. Wedding or graduation of the Director or of an immediate family member*
7. Unavoidable transportation delay from out of town
8. Religious holy days
9. Income tax investigation that cannot be rescheduled
10. Honors conferred by an institution, foundation or recognized entity to a Director or of an immediate family member*
11. Unavoidable conflicts with a Director's employment

* Immediate family is interpreted to include spouse, children, parents, individuals who acted in loco parents, brothers, sisters, grand- parents, parents-in law, brothers-in-law, and sisters-in-law.

G. REMOVAL OF DIRECTORS

According to Section 5.07 of the Standard Bylaws For State Chartered Credit Unions:

Any director who fails to attend three (3) consecutive regular board meetings without due cause, or who fails to attend six (6) regular meetings within a twelve month period, is automatically removed from office.

Vacancies occurring in this manner shall be filled within sixty days (60), unless extended by approval of the commissioner, in accordance with Section 5.02 of these bylaws.

Any director may be removed from office for good cause by a majority vote of the board of directors at a regular meeting or a special meeting of the board called expressly for such purpose. Notice of the meeting must specify the director who is subject to removal. Good cause for removal shall be the failure to perform the duties devolving upon such person as a director, including, but not limited to:

1. Physical abuse or assault, harassment or multiple instances of verbal abuse of a member, employee, officer or other director of the credit union;
2. Misapplication of credit union funds;

3. Breach of fiduciary duty;
4. Neglect or refusal to comply with provisions of the Texas Credit Union Act or commission rules, these bylaws or the articles of incorporation;
5. Conviction of a felony;
6. Conviction of a misdemeanor involving moral turpitude;
7. Failure to maintain confidentiality relating to credit union transactions and the financial affairs of its members; and
8. The failure to perform the duties of a director.

Prior to a vote on removal, the director must be afforded an opportunity to be heard at such meeting. Any vacancy or vacancies occurring as a result of removal under this provision must be filled within sixty days (60), unless extended by approval of the commissioner, in accordance with Section 5.02 of these bylaws.

Any director or the entire board of directors may be removed by recall of the members as provided by commission rules.

The credit union shall notify the commissioner in writing within ten (10) days of the removal of any director pursuant to this section.

H. LIMITATIONS ON INDEMNIFICATION

NCUA amendments to 701.33, Credit Unions will **not** be permitted to indemnify directors and officers when a court has determined “grossly negligent, reckless, or willful” misconduct for decisions that affect the fundamental rights of their members. . According to NCUA, this limit on indemnification only applies when a court has already determined that the conduct is grossly negligent, reckless, or willful.

Therefore, Education Credit Union will not indemnify officers and directors for misconduct that is grossly negligent, reckless, or willful with respect to decisions affecting members' “fundamental rights and interests”, such as charter conversions and the termination of National Credit Union Share Insurance Fund (NCUSIF) deposit insurance coverage

However, we can advance funds to pay or reimburse reasonable legal fees and other professional expenses incurred by the official or employee in defending lawsuits that the credit union considers unjustified based on a good faith determination and after due investigation that:

1. The official or employee acted in good faith and in a manner he or she believed to be in the best interests of the members;
2. The payment will not materially adversely affect the credit union's safety and soundness; and
3. The official or employee provides a written affirmation of his or her good faith belief that the relevant standard of conduct has been met and a written undertaking to reimburse the credit union, to the extent not covered by payments from insurance, the advanced funds if it is ultimately decided that the official or employee is not entitled to indemnification.

The credit union will maintain adequate Management/Professional Liability coverage.

Part 1A – Advisory Directors

The Board of Directors of Education Credit Union (ECU) will approve the appointment of up to six advisory directors. Three of the advisory director's positions are reserved for "Emeritus Director" for former board members. The advisory directors will not have voting privileges.

A. PURPOSE

The purpose of appointing advisory directors is to provide a training ground for future board members and to have a group of members who have completed some basic training as potential candidates to fill open board positions that occur between annual meetings.

The purpose of emeritus directors is for the directors whose terms have expired but they still want to be involved with the credit union.

B. QUALIFICATIONS

The Advisory Board members must meet the same requirements as the Board of Directors. See [Strategic Board Policy Section III Part 2- Item B](#).

C. APPOINTMENT

Each year the Chairman of the Board of ECU will appoint the chairman of the nominating committee. The chairman of the nominating committee is responsible for finding members in good standing, who meet the eligibility criteria, who wish to run for open positions on the Board of Directors. The chairman of the nominating committee will also be responsible for finding members who wish to be appointed to the Advisory Board.

The Chairman of the Nominating Committee will deliver the names of those qualified to the Chairman of the Board of Directors. The Chairman of the Board of Directors will place the names before the board at a regular scheduled board meeting for discussion and approval.

D. COMMITMENT

All Advisory Directors will take an oath of office (as displayed on the Credit Union Department's web site) as an official part of their first regular board meeting.

E. TRAINING REQUIREMENTS

Advisory Directors will be required to successfully complete (testing with a passing level) at least one Volunteer Achievement Program (VAP) or Volunteer Leadership Program (VLP) self study course per month the first six months after accepting the position and twelve courses within twelve months.

If an Advisory Director is appointed to fill an open board position he/she will be required to complete at least 12 modules of the VAP or the VLP within one year of their appointment.

Advisory Directors will not be reimbursed for attending any credit union conferences until they have successfully completed at least six training modules.

F. VOLUNTEER ACHIEVEMENT PROGRAM

The Volunteer Achievement Program is intended as quick-reading courses that provide the core knowledge those directors and volunteers need.

VAP Topics

Board of Directors	CU Fundamentals	Marketing	Planning
Leadership	Basics of Internal Controls	Regulatory Compliance	Technology
Human Resources	Credit Committee/Lending	Supervisory	Finance

Committee

Understanding Audit
Reports

VAP offers 36 quick-reading courses that provide the core knowledge that directors and volunteers need. All courses are *written for directors* and cover topics such as, Credit Union Fundamentals, Board of Director and Supervisory Committee Fundamentals, Leadership, Marketing, Planning, and Regulatory Compliance.

G. VOLUNTEER LEADERSHIP PROGRAM

Credit union volunteers will learn to work together more effectively, improve their communications skills, and become better leaders with the Volunteer Leadership Program. The Volunteer Leadership Program is designed to help volunteers soar to the next level in their leadership potential.

Prestigious credit union certificates and lapel pins are awarded with the completion of every six courses of the student's choice. The Basic Certificate is awarded after six modules and the Blue Diamond Certificate after 12 modules. Each module offers ten units in the National Credit Union Institute.

VLP PROGRAM MODULES	VL07 CEO Performance, Appraisal, and Accountability
VL01 Successful Teamwork	VL08 A Director's Guide to Asset-Liability Management
VL02 Achieving Quality Through Process Improvement	VL09 Recruiting, Developing, and Retaining Board Members
VL03 Developing Leadership	VL10 Effective Credit Union Boards
VL04 Advanced Strategic Planning	VL11 A Director's Guide to Credit Union Regulations and Exams
VL05 Business Communications for Directors	VL12 Developing Compensation Systems
VL06 Diversity for Credit Unions	

H. ORIENTATION

Advisory directors will be required to meet monthly with ECU senior management during their first six months to complete an orientation.

The objectives are to:

1. Familiarize them with other volunteers and key employees
2. Teach them to read and be familiar with the financial statements, board minutes and other key reports.

Orientation will include at a minimum:

1. Job descriptions of Senior Management
2. Standard Bylaws for State Chartered Credit Unions
3. Strategic Board Policy
4. Corporate Mission, Vision and Plans
5. A visit with Senior Management and tour of facilities
6. Copy of Annual Strategic Plan

I. REIMBURSEMENT

Advisory Board Members will be eligible for reimbursement for attending approved credit union conferences after they have completed a minimum of six training modules. See [Strategic Board Policy Section III Part 2 Item G 1-5](#), for rules concerning reimbursement for volunteers.

J. LIMITATIONS OF ADVISORY DIRECTORS

An advisory director is not limited in the number of consecutive terms he/she may serve as an advisory director.

An advisory director cannot be an employee of ECU or any other financial institution.

An advisory director cannot have been an employee of ECU for at least two years prior to their appointment.

An advisory director cannot be an employee or owner of a company with which ECU conducts business.

An advisory director cannot be a director of another financial institution.

An advisory director cannot be a blood or legal relative of any one currently serving as a ECU board member or employee.

An advisory director is ineligible for employment by ECU in a management position for two years after serving.

K. TRAINING SCHEDULE FOR NEW ADVISORY BOARD MEMBERS

Training Requirements

Advisory Directors will be required to successfully complete (testing with a passing level) at least one Volunteer Achievement Program (VAP) or Volunteer Leadership Program (VLP) self study course per month the first six months after accepting the position and twelve courses within twelve months.

The following VAP training modules will be provided for Advisory Directors:

Board of Directors Programs

(Required first six months to complete)

V01 - History and Philosophy

V02 - Financial Reports

V03 - Managing Risk

V100 - Board Duties and Responsibilities

V101 - Board and Management Policies

V102 - Planning

Others Programs Available

(Six more required in the first 12 months)

V700 - Strategic Leadership

V701 - Directing Effective Teams

V702 - Maximizing Board Performance

V404 - Strategic Planning

V405 - Board/manager Relations

V406 - Director Liability

V408 - Succession Planning

V409 - Financial Management

V410 - Examinations

V411 - Board Reports

V428 – Understanding Audit Reports

V427 – Basics of Internal Controls

L. EXCUSED ABSENCE

Board meetings are a vital process and a required part of the credit union's organization. Therefore it is imperative that each Advisory Director attend as many board meetings as possible. Attendance is kept for each board meeting and strategic planning meeting. Advisory Director may attend a board meeting by phone a maximum of one time per twelve month period. Attendance by phone more than one time per twelve month period will be an unexcused absence.

When an Advisory Director is absent the following meeting the reminder of the board of directors must vote to excuse or not to excuse the Advisory Director's absent based on the following criteria:

1. Illness of Advisory Director or of an immediate family member*

2. Family emergency
3. Death of a friend or relative
4. Legal matters requiring the presence of a lawyer or court proceedings that cannot be rescheduled
5. Property damage requiring the Advisory Director to make immediate arrangements
6. Wedding or graduation of the Advisory Director or of an immediate family member*
7. Unavoidable transportation delay from out of town
8. Religious holy days
9. Income tax investigation that cannot be rescheduled
10. Honors conferred by an institution, foundation or recognized entity to a Advisory Director or of an immediate family member*
11. Unavoidable conflicts with a Advisory Director's employment

* Immediate family is interpreted to include spouse, children, parents, individuals who acted in loco parents, brothers, sisters, grand- parents, parents-in law, brothers-in-law, and sisters-in-law.

M. REMOVAL OF ADVISORY DIRECTORS

Any Advisory Director who fails to attend three (3) consecutive regular board meetings without due cause, or who fails to attend six (6) regular meetings within a twelve month period, is automatically removed from office. Vacancies occurring in this manner shall be filled within sixty days (60).

Any Advisory Director may be removed from office for good cause by a majority vote of the board of directors at a regular meeting or a special meeting of the board called expressly for such purpose. Notice of the meeting must specify the Advisory Director who is subject to removal. Good cause for removal shall be the failure to perform the duties devolving upon such person as an Advisory Director, including, but not limited to:

1. Physical abuse or assault, harassment or multiple instances of verbal abuse of a member, employee, officer or other director of the credit union;
2. Misapplication of credit union funds;
3. Breach of fiduciary duty;
4. Neglect or refusal to comply with provisions of the Texas Credit Union Act or commission rules, these bylaws or the articles of incorporation;
5. Conviction of a felony;
6. Conviction of a misdemeanor involving moral turpitude;
7. Failure to maintain confidentiality relating to credit union transactions and the financial affairs of its members; and
8. The failure to perform the duties of a director.

Prior to a vote on removal, the Advisory Director must be afforded an opportunity to be heard at such meeting.

Part 2 – Officers

A. PURPOSE

To outline the specific duties of the officers of the Board.

B. OFFICER ELECTIONS AND APPOINTMENTS

Annually a three member nominating committee consisting of current board members will be appointed by the board chair the month prior to the annual meeting. The nominating committee will submit a slate of officers to the Board for consideration at the first board meeting following the annual meeting. The officer elections will be held at the first board meeting following the annual meeting. Voting will be by open ballot.

Committee Chair and members are appointed by the Board Chair to focus on areas that require special attention. (See Part 5 – Committees of the Strategic Board Policy)

Officers are limited in the number of consecutive years they may serve in any one position. Each officer elected will serve a maximum of two consecutive years in any board office.

The Board elects the Board Chair considering

1. Strengths in leadership.
2. Prior Board attendance record.
3. Contributions to development of and commitment to corporate values and plans.

The Board will also elect a Vice Chair, Secretary and Treasurer.

The Chair will appoint other officers with the advice and consultation of the Board.

C. GENERAL OFFICER DUTIES

To be knowledgeable and up-to-date on his/her particular area of concentration.

To work cooperatively with management.

D. BOARD CHAIR

To see to the accomplishment of our mission.

To lead Board meetings and official functions.

To shape, exemplify and reinforce corporate values.

To solicit commitment and cooperation from each volunteer.

To serve as the President's primary and administrative Board contact.

To work with the President/CEO toward achieving a high level of teamwork and harmony between the Board and Management.

E. VICE CHAIR

To be prepared to exercise all of the duties of the Chair in his/her absence or when he/she is unable to perform them.

To research the bylaws, strategic policies, and strategic plans to assist the Board in reaching decisions.

F. SECRETARY/ TREASURER

To insure overall maintenance of corporate level records.

To review minutes of Board meetings and see to their adequacy and accuracy.

To oversee the maintenance of the master copy of the minutes, bylaws, and this manual of Strategic Board

Policies.

To keep track of election and appointment dates of volunteers.

To keep track of director attendance at Board meetings and inform the Chair of excessive absences.

G. BOARD TRAINING OFFICER

The Board does not choose to fill the office of Training Officer.

III. Human Resource Management

Part 1 – General Policies and Philosophies

A. PURPOSE

To provide direction, harmony, and achievement, both personal and organizational in human resource management.

B. ORGANIZATION PHILOSOPHIES

The success of this credit union depends on the combined efforts of many individuals with diverse backgrounds, abilities, and interests, all focused on the same purposes.

The full potential of volunteers and employees can be realized when we invest in their training and then give them the opportunity to influence decisions.

C. ORGANIZATION OBJECTIVES

To promote flexibility through planning which includes:

1. identification of appropriate decision-making processes
2. provision for delegation of decision-making authority, and
3. support for implementation of decisions through effective corporate policies, records and audits. To provide stability on a continuing basis.

To provide for balanced growth and organizational maturity.

To balance open communication, networking and teamwork, with the benefits of specialization and departmentalization.

D. ORGANIZATION STRATEGIES

To organize the efforts of volunteers and employees so that the desired results are accomplished within the processes and technologies in use.

E. COMMUNICATION

To encourage and support open communication throughout the organization.

F. LEADERSHIP AND MANAGEMENT

To the extent their duties allow, managers and supervisors should be encouraged to engender a working environment, which includes open dialogue, flexibility and frequent contact with all employees.

When appropriate, volunteers and employees may be encouraged to use their individual expertise and creativity to solve problems or suggest innovations.

When possible, decision-makers will consult with those affected by the decision.

When such knowledge is appropriate and non-invasive, managers and supervisors may show interest in volunteers' and employees' non-work pursuits to foster a greater feeling of comradery, equality and singularity of purpose.

G. EDUCATION AND TRAINING

All new volunteers and employees will receive orientation which:

1. explains the credit union's mission within the business environment,

2. defines the individual's role, and
3. identifies expected response.

The credit union will provide up-dated resources and materials to facilitate volunteers' and employees' on-going growth in knowledge, skill and success. Employees are expected to learn available technology to increase levels of productivity.

Persons who receive education and training at credit union expense are expected to:

1. attend sessions,
2. learn further by meeting representatives of other organizations, and
3. share new knowledge upon return to the credit union.

H. PRESIDENT/CEO

The President/CEO of ECU will be employed under a board-approved contract.

See contract in board of directors safe deposit box.

Part 2 – Volunteer Participation

A. PURPOSE

To describe requirements and expectations for effective volunteer participation.

B. ELIGIBILITY AND QUALIFICATIONS

The Nominating Committee will supply an election information kit which includes

1. The Credit Union Department's Director Application And Agreement To Serve form
2. A copy of the following Strategic Board Policy subjects:

II-1 - The Board

II-2 - Officers

III-1 - General Policies and Philosophies

III-2 - Volunteer Participation

IV-2 - Code of Ethics

3. The Petition For Place On ECU Board Election Ballot

To be considered for possible nomination or appointment to a Board position, a member must submit the Credit Union Department's Director Application And Agreement To Serve form to the Nominating Committee Chair.

The Nominating Committee Chair will review the written application and ascertain that the applicant meets the following qualifications:

1. must be at least 21 years of age
2. possesses knowledge, experience or interest pertinent to this credit union's future
3. Is a primary member of this credit union
4. maintains a good credit standing
5. is current on credit obligations as defined by not more than one contractual due date in arrears at any time.
6. authorizes the credit union to obtain and examine appropriate credit reports and a background check
7. is a member in "good standing" – the credit union defines "good standing" as member has not caused a loss to the credit union, has no current delinquencies, and is not subject to any adverse action by the credit union such as for unacceptable conduct or expulsion from the credit union
8. has read at the very least the information kit provided by the Nominating Committee
9. is willing to accept the responsibilities of an elected or appointed office
10. is able to act objectively and independent of external relationships with other directors and employees
11. is not an employee of this credit union
12. has not been an employee of this credit union for at least two years prior to election date
13. is eligible for coverage by the blanket bond required under the provisions of the Act, Section 5.06, or Section 91.500 of the Rules For Credit Unions

No member may be elected to or serve on the board of directors if that member does not meet the qualifications outlined above.

C. COMMITMENT AND TIME INVOLVEMENT

All directors will take an oath of office (as displayed on the Credit Union Department's web site) as an official part of their first regular Board meeting following the annual meeting.

All volunteers are expected to regularly attend meetings, in-house workshops, and planning meetings.

Regular attendance at Board meetings is stressed.

1. Any director who fails to attend three (3) consecutive regular board meetings without due cause, or who fails to attend six (6) regular meetings within a twelve (12) month period, is automatically removed from office. If this occurs, the Chair will ask for a motion to declare the seat vacant.
2. Any vacancy occurring on the board of directors shall be filled by vote of a majority of the directors then holding office. Directors so appointed shall hold office only until the next annual meeting at which any unexpired terms shall be filled by vote of the members, and until the qualification of their successors.

All new directors will participate in an orientation program as outlined below in Section E. Orientation Program.

Directors who fail to meet the required commitment and time involvement are subject to – [Section II Part 1 Item F](#).

D. SHARED TALENTS

Directors are urged to participate in committees in order to share their talents and knowledge most effectively.

When making group decisions and taking group actions, Board and committee members are expected to share their wisdom and expertise to benefit the credit union.

When requested by management, volunteers are expected to share their expertise in a consultative role.

E. ORIENTATION PROGRAM

The Board's Executive Committee will provide an orientation program for first time directors to be completed within 120 days of election or appointment. The objectives are to:

1. Familiarize them with volunteers and key employees
2. Teach them to read and be familiar with the financial statements, board minutes and other key reports.

Orientation will include at least

1. The President's position description
2. Managers' and volunteers' profiles
3. Standard Bylaws for State Chartered Credit Union and Board policies
4. Corporate mission and plans
5. A list and brief description of organizations to which we belong and with whom we do business
6. Monthly reports and Board meeting materials
7. A visit with management and a tour of the credit union

Management will assist in creating/maintaining effective orientation programs.

First time directors will be required to successfully complete (testing with a passing level) at least one Volunteer Achievement Program (VAP) or Volunteer Leadership Program (VLP) self study course per month the first six months after accepting the position and twelve courses within the next twelve months.

F. CONTINUING EDUCATION (Re-Elected Board of Directors or Appointed Advisory Directors)

Volunteers must complete at least one training activity in each of the following areas as listed under (3) (a) or (3) (b) each year to remain on the Board, to qualify for nomination to subsequent terms or to qualify for

reappointment or reelection to any committee.

The training activity year runs from annual meeting to annual meeting.

A training activity is

1. attendance at a credit union workshop, seminar, conference or Chapter meeting;
2. completion (including testing at a passing level) of one Volunteer Achievement Program (VAP) or Volunteer Leadership Program (VLP) self-study credit union training courses that lead to certification or other self-study programs that are part of a series of courses; and
3. ECU's orientation program will substitute for one of the VAP self-study modules for the first year of service only.

It is the responsibility of each director to notify the board chairman on completion of training activities. This notification will be registered in the board minutes on the Director Educational Activity Report.

G. PROFESSIONAL DEVELOPMENT, TRAVEL AND SUBSISTENCE

General Policy

The policy of ECU is that directors are to be fully reimbursed for necessary and reasonable expenses incurred in the authorized conduct of ECU business, including costs associated with professional development, travel, and lodging that is related to and will enhance the performance of the director's board duties. Directors are expected to attend the full schedule of training activities provided at a conference, seminar, or other training schedule. Attending directors are expected to report information and knowledge gained to non-attending directors.

The board of directors will approve director requests for professional development, related travel and subsistence expenses prior to the occurrence of such activities. A director may request the President/CEO to authorize a cash advance to be made for a specific trip in an amount not to exceed the trip's estimated expenses. The director will complete a "Travel Request" form, which includes an estimate of costs to be incurred.

Regardless of whether a cash advance has been made or a request submitted for reimbursement of expenses, all travel expenses are subject to requirements of documentation and reasonableness, and will be honored in conformity with adopted policies and procedures, provided that the travel was properly authorized and that funds are available in ECU's budget.

In most cases, ECU will prepay such expenses as conference/seminar registration fees, hotel costs, and/or airline or other public transportation costs directly to the entity involved.

Transportation and Subsistence

While traveling, directors shall be entitled to transportation, accommodations, and other services, which are reasonable and meet adequate quality standards for convenience, safety, and comfort. This policy means that directors shall, whenever possible, use economical accommodations which meet reasonable requirements.

Directors engaged in necessary and authorized travel in conduct of ECU business will be reimbursed for actual cost and documented expenses necessary to conduct such business. Reimbursable subsistence expenses will generally be for food, registration, lodging, telephone calls, and reasonable gratuities for the director and spouse. One conference trip per year, ECU will pay for the transportation cost for the spouses of directors in addition to other reimbursable expenses. Any request for reimbursement must include receipts, or in limited circumstances, a statement of expense explaining why a receipt was not available.

When overnight travel is necessary to attend a training event, directors and staff members may check into the conference facility the afternoon preceding the conference or stay the night following the conference to facilitate lower cost travel expense and/or to avoid early morning or late night travel.

Personal Vehicle

Where use of a personal vehicle is judged to be the most reasonable means of transportation in the conduct of official ECU business, reimbursement will be at the current rate prescribed by the United States Internal Revenue Service Standard Mileage Rate. Directors are expected to report the shortest distance between points of departure and destinations for all travel. Mileage reimbursements will be made based on the appropriate report being completed and submitted by the director and approved by the board chairman. When two or more directors travel in a single automobile, only one director will receive per-mile or other automobile reimbursements.

Expense Report

If a cash advance is made prior to a trip, the director must file an expense report within 30 days or by the next board meeting thereafter. The expense report form will document any actual expenses incurred on the trip, which were not prepaid directly by ECU to the entity involved.

Allowable expenses claimed will be used to offset the cash advance. If the director's trip expenses exceed the cash advance amount, the director will be reimbursed for the difference. If the director's cash advance exceeds the allowable trip expenses, the director must reimburse the difference to ECU immediately when the trip expense report is filed.

When a cash advance is not made prior to the trip, the director must submit an expense report with supporting documents (credit card statement(s), cash paid receipts, etc.) to support the allowable expenses to be reimbursed by ECU to the director. The board chairman must approve all reimbursements.

Loss of Salary

When required, directors will be reimbursed for loss of salary. Reimbursement for loss of salary will be done directly with the director's employer when possible. Reimbursement for the cost of travel, training, materials, subscriptions, meeting meals, educational seminars or other endeavors will not be considered compensation.

H. LIMITATIONS ON DIRECTORS

A director is limited in the number of consecutive terms he/she may serve on the board. (See Section III Part 3 A)

A director cannot have been an employee of this credit union for at least two years prior to election date.

A former director is ineligible for employment in a management position for two years after completing service as a director of this credit union.

Part 3 – Board Election Policy

A. BOARD OF DIRECTORS

The business and affairs of this credit union shall be directed by a board of directors consisting of nine members, whose regular terms of office shall be for three years.

1. Three of the directorships will expire each year.
2. Effective with the April 2009 elections Directors may serve no more than *five* consecutive three year terms. This change is non-retro active and does not apply to Directors who were elected prior to April 2009. Any Director could be off the board one year then run again. This will re-start their eligibility for five three year terms.
3. No reduction in the number of directors may be made unless corresponding vacancies exist as a result of deaths, resignations, expiration of terms of office or other actions provided by the Standard Bylaws For State Chartered Credit Unions.
4. Each director will fill a designated position (place number) on the board.

B. ELECTIVE OFFICE

Each member of this credit union authorized to do business under the Texas Credit Union Act shall have an equal right to vote for and seek elective office, without regard to such criteria as race, creed, color, religion, national origin, or any other classification that restricts the policy of "one member, one vote" for the government or management of this credit union. Accordingly, this credit union shall not adopt or amend articles of incorporation or bylaws to designate or reserve one or more places on the board of directors for any member representative of any classification such as those set out above that restrict or infringe the equal rights of all members to vote for or seek any position on the board of directors of this credit union.

C. DIRECTOR QUALIFICATIONS

To be considered for possible nomination or appointment to a director position, a member must meet the qualifications defined in the Strategic Board Policy [Section III Part 2- Item B](#).

The Nominating Committee must qualify any member seeking nomination to a directorship. Any members wishing to be qualified by the Nominating Committee must submit his/her qualifications statement and biographical information at least 120 days prior to the annual meeting date.

D. NOMINATING PROCEDURE

The Nominating Committee shall be charged to nominate at least one qualified candidate for each position available with directors being elected by position rather than at large.

1. No candidate may run for more than one position (regular or un-expired) at the same time.
2. Any qualified member may seek nomination from the Nominating Committee by submitting the following to the committee chairman.
 - a) a brief statement of his/her qualifications
 - b) a short biographical sketch
 - c) a completed Director Application and Agreement to Serve form, as required by the Texas Credit Union Department

Any qualified member not nominated by the Nominating Committee may petition for inclusion on the ballot for any one position available.

1. The number of signatures on the petition must be at least 1% (one percent) of members qualified to vote as of the previous year-end.

2. Petition signers must agree to support the petitioner's candidacy. Petitions must be received in the credit union's office by the required deadline.

Nominating Procedure Time Schedule

1. The nominating procedure will adhere to the following time schedule in relation to the annual meeting date, except in the event of withdrawal, death or inability to serve on the part of a nominated candidate.
2. The credit union will advise the membership how to obtain information relating to the nominating procedure at least 150 days prior to the annual meeting date usually in the October newsletter.
3. Any members wishing to be considered by the Nominating Committee must submit his/her qualifications statement and biographical information at least 120 days prior to the annual meeting date. Board chair announces appointment of two Nominating Committee members to serve with the Nominating Committee Chair.
4. The Nominating Committee must meet, finalize the slate of director candidates and present the slate to the board at least 90 days prior to the annual meeting. The Nominating Committee chairman will advise any director candidates (non-serving director candidates) of their inclusion on or exclusion from the slate.
5. The Nominating Committee chairman will prepare a committee report for presentation at the December board meeting must be at least 90 days prior to the annual meeting.
6. The credit union will publish the Nominating Committee's slate of director candidates at least 75 days prior to the annual meeting date. The following notice must also be published with the slate of director candidates:

Notice – There will be no nominations from the floor and the election will not be conducted by ballot when there is only one nominee for each position to be filled. The closing date for receiving nominations by petition must be stated. (In all cases the period for receiving nominations by petition must extend at least thirty days from the date that the petition requirements and the list of nominating committee's nominees are mailed to the members.) Nominations for vacancies may also be made by petition signed by one percent of the membership.

7. A qualified member not nominated by the Nominating Committee must submit their signed petition for inclusion on the ballot at least 40 days prior to the annual meeting date.

E. DIRECTOR ELECTIONS PROCEDURE

This procedure supplements the Board policies with regards to Director Election, nominating procedures, and candidate declarations and petitions. All criteria and deadline dates must be met as outlined in Board policy.

Director's Place

Each member who wishes to be considered for a Director place must declare which "Place" he/she is running for. The nominating committee may, but is not required to, submit more than one name per "Place." If in any instance the nominating committee submits more than one person per place, then paper ballots must be used at the annual meeting to determine the elected Board Directors.

No Nominations Accepted From the Floor

There will be no nominations accepted from the floor. The nominating committee's list will be submitted by the Chairman of the Board to those in attendance at the annual meeting.

The nominating committee must notify all candidates of the selection at least ninety days (90) prior to the annual meeting.

If there are candidates that were not included by the nominating committee, then the nominating committee must include the procedure for petition as detailed in Section III.

Not Nominated By the Nominating Committee

If a member who has expressed interest in a Director's place and has complied with all the criteria and the

dates for Board nominations **and** is not nominated by the nominating committee, that member may seek to have their name placed on the ballot.

1. In order to have a member's name placed on the ballot, one percent (1%) of the eligible membership must sign a petition supporting the member and their desire to be placed on the ballot. One percent (1%) of the eligible membership must have signed the petition at least forty (40) days prior to the annual meeting.
2. The member candidate must pay for information to be sent out to the general membership expressing their interest and request general membership approval by the signing of a petition. The cost will be for the required postage and printing. This petition will be made to the Board of Directors which will instruct the CEO to notify the general membership within the required time period.
3. The petition will be available for the membership at the main system branch only.
4. CEO will develop the proper controls to ensure member confidentiality.
5. CEO will determine if one percent (1%) of the eligible members has signed the petition and notify the Board.

Paper Ballots

Paper ballots, should they be required, will be consecutively numbered, and a random selection of members present at the meeting may be asked to assist with counting the ballots, or the Board may employ the services of a third independent party.

More Than One Candidate per Place

If more than one candidate is selected by the nominating committee or more than one member have successfully petitioned the membership and have their names placed on the ballot, they will be required to provide a biography about themselves to be included with the paper ballot.

Only One Candidate per Place

If only one member is nominated for each place to be filled, the Chairman should declare each nominee elected by general consent or acclamation at the annual meeting. The members do not have an opportunity to vote "no".

F. NOMINATING COMMITTEE

Formation Of Nominating Committee

1. The Board Chair shall appoint a nominating committee consisting of three members as follows:
 - a) A director, not standing for election, will be appointed to Chair the Nominating Committee.
 - b) The Nominating Committee Chair will recommend two credit union members in good standing to the Board Chair for appointment to the committee.
 - c) The President will serve on the committee as a nonvoting member.

Duties Of Nominating Committee

2. The nominating committee is charged to nominate at least one qualified candidate for each director position available. Directors will be elected by position (Place Number) rather than at large.
3. The committee should attempt to recruit board candidates in a variety of needed background and experience
4. The committee should search for several qualified persons willing to accept appointments to fill vacancies
5. The Nominating Committee will assure the availability of an election information kit which includes
 - a) The Credit Union Department's Director Application And Agreement To Serve form
 - b) A copy of the following Strategic Board Policy subjects:

The Board Section I-1
Officers Section I-2
General Policies and Philosophies Section III-1
Volunteer Participation Section III-2
Code of Ethics Section IV-2

6. The Petition For Place On ECU Board Election Ballot
7. Director Duties And Liabilities Information
 - a) NCUA Manual, Chapter 27
 - b) NCUA Interpretive Ruling And Policy Statement
 - c) Blalack & Williams, Attorneys, Seminar
8. It assures that all board candidates are familiar with the qualification requirements and expectations regarding director involvement as outlined in [Section III, Part 2 Item B](#) of the Strategic Board Policy.
9. Members interested in nomination to directorship may request additional information not provided in the election kit from the credit union's President/CEO.

The duties of the Nominating Committee Chair are:

1. Designate a Vice-Chairman to perform committee duties of the Chair in his/her absence or when he/she is unable to perform them
2. To ascertain that director applicant(s) meet the required qualifications
3. To review applicants' applications to ensure that each candidate has designated the place he/she wishes to run for
4. To find and recommend two members in good standing (non-directors) for appointment by the Board Chair
5. To schedule and conduct required meeting(s) of the committee
6. To present the committee's written report to the Board no later than two full months prior to the annual meeting month
7. To remind applying members that any member may petition for nomination to the Board by following the Board Election Policy
8. To notify, by certified mail within ten days after the Board has received the Nominating Committee Report, any applying members not nominated by the committee
9. To present the committee's report at the annual meeting and move its adoption.

G. ELECTION OF BOARD OF DIRECTORS

Directors of the credit union shall be elected by and from the membership, at an annual membership meeting, in accordance with the Texas Credit Union Act, Section 5.03, Section 91.503 of the Rules For Credit Unions, the Standard Bylaws and election rules established by the board of directors of Education Credit Union.

Members who are campaigning for any office may do so at no expense to the credit union and may not campaign or display materials in any credit union office or at the annual meeting.

H. ANNUAL MEMBERSHIP MEETING

The credit union shall hold an annual meeting of the members before June 1 of each year, in a county within Texas in which an office of the credit union is located, at such time and place as the board of directors shall determine to be convenient to the membership.

The chairman of the board shall preside at the annual meeting.

The order of business of the annual meeting of the members shall follow that set forth in the Standard Bylaws. The chairman, if so authorized by vote of the members present may rearrange the agenda.

Twenty-five members shall constitute a quorum at an annual meeting.

A decision made by a majority vote of the members present at any duly held meeting at which a quorum is present is an act of the membership.

I. VOTING PROCEDURE

Elections will be determined by plurality and will be by voice vote.

Should there be more than one candidate per place, voting will be by printed ballot.

No members may vote until attaining the age of 18.

J. CERTIFICATE OF ELECTION

The chairman of the board and the secretary shall execute a certificate of election that sets forth the names and addresses of the officers, directors, and committee members elected or appointed, and shall file a copy of the certificate of election with the department within 30 days after the election or appointment, and on forms supplied by the department for that purpose.

The commission by rule may authorize the commissioner to obtain other confidential reports relating to those persons when they are newly elected or appointed.

K. VACANCIES ON THE BOARD OF DIRECTORS

Any vacancy occurring on the board of directors shall be filled by vote of a majority of the directors then holding office. Directors so appointed shall hold office only until the next annual meeting at which any unexpired terms shall be filled by vote of the members, and until the qualification of their successors. Directors may serve more than one term.

L. RECALL OF DIRECTORS

The membership of this credit union may by a vote of two-thirds of those members voting at any special or regular meeting recall any or all members of the board of directors, provided however, that such members voting shall constitute not less than 25% of the membership eligible to vote in any election, and provided that all members are given at least 30 day's notice of such a meeting which shall state the reasons why such has been called.

A special meeting for recall of directors may not be called or held within 90 days prior to the scheduled, annual meeting, unless prior approval for such meeting is authorized in writing by the commissioner after he shall have found that it would not be reasonable or in the best interest of the members of the credit union to postpone the recall vote until the scheduled, annual meeting.

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Part 2 – Code Of Ethics

This credit union, all volunteers, and employees, will subscribe to the following principles and standards:

A. LOYALTY

To remain loyal to this credit union, its mission, objectives, strategies, volunteers and employees

B. CONFIDENTIALITY

To treat as confidential the information entrusted to us through the positions we hold

C. SERVE

To serve all members, employees, and volunteers impartially

D. EXPLOITATION

To neither engage in, nor condone, any exploitation of an individual member, an employee, the credit union, or the credit union movement

E. COMPLIANCE

To recognize and discharge our responsibilities and those of the credit union in compliance with laws, regulations, bylaws, and policies relating to the credit union

F. JUDGMENT

To exercise sound business judgment

G. ACCURATE INFORMATION

To publish only accurate information, and not that which will mislead or damage anyone

H. COOPERATE

To cooperate in every reasonable and proper way with other credit unions and credit union officials

I. PERSONAL CONDUCT

To maintain high standards of personal conduct avoiding any threatening, intimidating or offensive action with any person

J. CONFLICT OF INTEREST

To avoid circumstances where possible personal gain or conflict of interest might impair the exercise of prudent judgment.