

YOUNG, SHERON

From: _Regulatory Comments
Sent: Friday, October 14, 2005 8:35 AM
To: YOUNG, SHERON
Subject: FW: Comment on FCU Bylaws

From: phdjr@connectnc.net [mailto:phdjr@connectnc.net]
Sent: Thursday, October 13, 2005 6:19 PM
To: _Regulatory Comments
Cc: phdjrjdfcuatty@aol.com
Subject: Comment on FCU Bylaws

I have three comments:

1. Article VI. Board of Directors, Section 4, Vacancies

It is my opinion that whereas "within a reasonable time" may have been overly broad, the proposed, "...no later than the next regularly scheduled board meeting..." can be too restrictive. I base my position on (a) a vacancy can occur when the next regularly scheduled board meeting could be the very next day; (b) considering that at many credit unions volunteers are not standing by to be called; (c) the interest should be more in identifying a replacement who possesses the desirable skill set than a rush to fill a vacancy with a body; (d) the staff commentary on the election process, 70 FR 40935, (e) Nominating criteria for nominating committee, which states in pertinent part, The FCU Act and the FCU Bylaws do not prohibit a board of directors from establishing reasonable criteria...such as financial experience, years of membership..." should by analogy be given weight when considering a replacement who possesses the skill set desirable by the board, e.g., Human Resources, Information Technology, Accounting, Business Administration, Legal, etc. Since the board will have to "live" with the replacement until the next election cycle which could be up to a day short of a year (director incapacitated and unable to serve the day after the annual meeting), the board shouldn't have to rush to fill the vacancy. As soon as possible, but no later than 45 days, would appear to be a reasonable standard. That would give the board a reasonable opportunity to seek a suitable replacement based upon its reasoned criteria.

2. Article VI. Board of Directors, Section 6, Board Responsibilities

I have for years championed the need for an education requirement for volunteers. Although in the new (d), fiduciary responsibilities theoretically includes board governance, I suggest the term "board governance" nevertheless be added. Whereas it is true that as commentary I've read in conjunction with this proposed rulemaking suggests, some credit union career management staff is very knowledgeable and sharing of information, I have heard from too many directors in credit unions from various sections of the country that too often information directors should have and knowledge of training opportunities they should receive is not forthcoming. Accordingly, setting formal board governance training as a listed knowledge factor should enhance directors knowledge in many key areas within their responsibility. We must always keep in mind that many good, well intentioned persons serve as volunteers but don't have the clear understanding of their potential exposure and the impact such can have on themselves, the credit union and the credit union movement.

Article VII, Board Officers, Management Officials and Executive Committee. Section 2, Election and Term of Office.

Notwithstanding technological advances, I suggest that 7 days is often too restrictive when the next regularly scheduled meeting is not imminent and suggest, "...which must be held not later than 15 days after the annual meeting or at the next regularly scheduled board meeting, whichever first occurs." This provides just a bit more latitude in setting the officers for the ensuing board year.

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