

**SECTION II**

**BOARD AND PRESIDENT/CEO RELATIONS**

**Reviewed: February 2019**

**Approved: February 21, 2019**

**Red Crown Federal Credit Union  
Policy Manual  
Section II - Board and President/CEO Relations**

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A. The Board of Directors

The Board of Directors is responsible for all the operations and functions of Red Crown. To carry out this responsibility it must a) clearly establish policy; b) select competent Management; and c) assure itself that Management is performing properly.

1. A director of a Credit Union is, by definition, one who directs. He/she is not directed by the President/CEO, the Chairman of any committee, or others.
2. Some of the detailed responsibilities of directors are as follows:
  - a. Meet regularly on the date determined for a Board meeting each month.
  - b. Ratify membership activity.
  - c. Establish and approve an annual budget.
  - d. Establish dividends, establish reserves and review expenditures.
  - e. Authorize necessary bond coverage, investment activities, and depositories for funds.
  - f. Fill vacancies on the Board and committees between annual meetings.
  - g. Review and ratify activity on delinquent loans.
  - h. Maintain working relationships with Credit Union Management and committees.
  - i. Receive and take appropriate action on the reports of the supervisory authorities and examining committee.
  - j. Review progress of Red Crown in serving member needs.
  - k. Plan for the long-term development and needs of Red Crown.
  - l. Participate in relevant credit union association programs.

References: (Regulatory agency)  
Credit Union Bylaws  
NCUA's Federal Credit Union Handbook

3. Conflict of Interest

- a. Directors, volunteers and employees of Red Crown will avoid becoming involved in situations in which their own interests are in conflict with those of Red Crown. A person's interests conflict with those of Red Crown when the person profits, or is positioned to profit, directly or indirectly, through a misuse of the person's Credit Union position. It is immaterial whether the profits inure directly to the person or to a relative or friend, or whether Red Crown is adversely affected by the action.

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- b. When matters pertaining to the specific personal interest of a Board member are discussed, the affected Board member or members will not engage in the discussion nor will they participate in the vote, and the minutes will so state. If more than one Board member is involved in matters involving a conflict of interest and a vote is called, the number voting must meet or exceed the quorum requirements for the meeting or unanimous action is required of the voting Board members.
- c. Examples of conflict of interest situations would be action to reduce interest on the obligation of a relative, purchase land for the purpose of erecting a Credit Union office where the land is owned by an employee or volunteer, or sell casualty insurance through Red Crown when a Board member is an agent.
- d. Any Credit Union employee, director or volunteer who is associated\* with, or holds a material\*\* ownership interest in another financial institution, trade association or related business will file an annual disclosure statement with the President/CEO or Board Chairman within thirty (30) days of January 1, the start of employment, or taking office. Any apparent conflict of interest disclosed by the statement will be resolved by the President/CEO or Personnel Committee and the individual.

\* As a director, officer or employee

\*\* Defined in terms of 5% or more ownership interest

- 4. It is recognized that individual Board members, in gathering pertinent information, will from time to time communicate directly with Red Crown personnel. Such contacts shall be professional, courteous, and mindful of the established delegation of duties and responsibilities in the effective operation of the Credit Union.
- 5. Board members who miss three (3) regularly scheduled meetings during any Board year will be reviewed for removal from the Board.

**B. The President/CEO**

The President/CEO is the principal operating officer of Red Crown, but will not be a member of the Board of Directors.

The President/CEO is responsible for the implementation of the policy of the Board of Directors. He/she is the person best informed on the operation of Red Crown, and the one who knows best which issues should come to the attention of the Board of Directors. Among his/her major duties and responsibilities is that of keeping the Board of Directors and committees properly informed.

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1. The duties and responsibilities for the position of President/CEO are set forth in the job description as approved by the Board of Directors and documented in the Employee Manual.
2. The President/CEO will operate Red Crown in accordance with the rules of the regulatory agency, bylaws, Board policy, and accepted business practices.
3. The President/CEO will communicate directly with the Board.
4. The President/CEO will cooperate with the supervisory authorities and keep the Board informed of relevant matters.
5. The President/CEO will work to build a favorable image for Red Crown within the field of membership.
6. The President/CEO will represent Red Crown and participate actively in appropriate credit union association programs.
7. The President/CEO will report to the Board monthly all relevant events occurring since the prior meeting that are not otherwise reported and, when appropriate or he/she so desires, make specific recommendations to the Board for their action.
8. The President/CEO will provide the necessary staff support, including specific data and other relevant information, to enable the Board or committees to make informed judgments and actions.
9. The President/CEO can expect the Board to provide authorizations and policy as needed to implement or clarify operational procedures.

C. Management Team

The Management Team of Red Crown will include the following:

President/CEO  
Controller/CFO  
COO  
**CLO**  
Vice Presidents  
Branch Managers  
Department Managers

The Human Resources Administrator will provide support to the Management Team.