



**VANTAGE WEST CREDIT UNION  
GOVERNANCE & BOARD OF DIRECTORS ELECTIONS  
NOMINATIONS FROM THE FLOOR**

For Vantage West Credit Union's 2018 Board of Directors election, two director seats are up for regular election, and one director seat will be determined via special election through a call for nominations from the floor during the 2018 Annual Membership Meeting.

This document is provided in order to educate members on Vantage West's Board of Directors election process, as well as the process for nominations from the floor.

We invite you to read on so that you can be prepared to attend and participate in the 2018 Annual Membership Meeting.

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## ABOUT VANTAGE WEST GOVERNANCE

As a credit union, Vantage West is owned by its members. Members are individuals who are the Primary Owners on a membership account and whose \$5.00 par value of ownership is on deposit in the account. Joint owners of an account may also be members if they have their own membership account on which they are the Primary Owner and have their own \$5.00 par value deposit. Business entities with the same par value are also members. When any matter, such as the annual Board of Directors election, requires a vote by the members, each member is entitled to one (1) vote.

The credit union is overseen by a Board of Directors and managed by the President/CEO and an executive leadership team. Among its many important roles, the board sets the vision and strategic mission of the credit union, and works to see that these are carried out in the membership's best interests. A Supervisory Committee acts independently as the "watchdog" for the credit union, ensuring sound internal controls, practices and procedures are in place. (See below for our Board of Directors Job Description – Full Official Policy).

The unique member/owner structure of a credit union calls for directors to be elected "by and from the members." Each director on Vantage West's seven-member board is elected for three-year terms. Terms are staggered so that an approximately equal number expire at each Annual Membership Meeting over a three-year period. The credit union's bylaws set forth the manner in which board elections are held.

## REGULAR ANNUAL ELECTIONS AND SPECIAL ELECTIONS

With a seven-member board, approximately two director seats come up for election each year for new, three-year terms. This rotation schedule is best-described as the credit union's "regular" Annual Elections. Occasionally, a special circumstance will arise creating the need for a "special election". This is where a seat not normally scheduled for election in a particular year requires an election, or when circumstances require an alternative nomination process to the one used during regular elections.

In both cases, Vantage West's bylaws provide processes that must be followed to assure that even these special elections are determined by and from the members. Please read on for more information about both regular and special elections.

### Regular Annual Elections

Regular annual elections consist of two nomination phases to assure directors are elected by and from the members. Nominations by a Nominating Committee are followed by nominations by petition. Both phases are accompanied by required notifications to the members. Together, the phases and their respective notices to the membership represent a "full, regular election process." Whenever possible, all seats up for election will go through this full election process.

#### Nominations by Committee (Phase 1)

Each year, a three-member Nominating Committee ("the Committee") is appointed by the board to actively recruit qualified members as nominees for each seat up for regular election and any seats up for special election, if it is known at that time which seat[s] might require special election. To carry out their duty, the Committee notifies members of how many seats are up for election and each seat's term, and provides

instructions for members interested in seeking a nomination by the Committee to submit their applications. The Committee then reviews applicants' qualifications and nominates at least one candidate for each seat up for election.

### Nominations by Petition (Phase 2)

Once the Committee has determined its candidates, another notice is sent to the membership announcing the Committee's nominees and informing members that nominations may also be made by petition. Any eligible member, including those who applied for, but did not receive nomination by the Committee, who obtains the signatures of at least 500 other members who support his/her nomination, may secure a nomination by petition. When a petition is submitted, the candidate's membership status and petition signatures are validated by Vantage West's internal audit department with oversight from the Supervisory Committee. If petition qualifications are met, that member is nominated by petition.

### Finalizing the Election

All elections are finalized at the Annual Membership Meeting.

When the number of nominees is equal to the number of seats up for election (for example, when there are two seats are up for election and there are two total nominees), the nominees win the seats by acclamation (uncontested election). The election results are announced and the elected directors take office at the Annual Membership Meeting.

When there are more nominees than the number of seats up for election (for example, when there are two seats up for election, but there are three or more nominees), the membership is asked to vote. Elections are determined by plurality vote. In this example, plurality means that the two nominees with the highest number of votes are elected. The results are announced and elected directors take office at the Annual Membership Meeting.

## **Special Elections**

Occasionally, the need arises to hold elections for seats that would not normally be up for election, or where an alternative nomination process is needed. These "special elections" can occur in (but are not limited to) situations such as these:

### Mid-Term Vacancies (early in election cycle)

Any time a vacancy occurs before a seat's three-year term is up, the board appoints a director to fill the vacated seat. However, because directors are to be elected by and from the members, the board's appointment lasts only until the next Annual Membership Meeting so *the membership* can determine who will be elected to complete the term.

If a director's seat is vacated before the seat's three-year term is up *and* the vacancy occurs *early enough* in the election cycle that a full election (as described above) can be held, then a full election is held.

While the election *process* is the same as a regular election, it is considered a special election because the seat would not have normally been up for election and the winner is elected to complete the remaining portion of the term rather than begin a new three-year term.

### Insufficient Nominees (late election cycle vacancy; nominations from the floor)

This can happen when a mid-term vacancy occurs *too late* in the election cycle (i.e.- too close to the Annual Membership Meeting) to allow for a full election process to be carried out for the seat prior to the Annual Membership Meeting, resulting in there being no nominees for the seat.

### ***This is the case for one of the seats up for election in 2018.***

A mid-term, late election cycle board vacancy occurred in April of 2018. As required, the board appointed an interim director to serve until the 2018 Annual Membership Meeting. However, not enough time remained between the vacancy date and the 2018 Annual Membership Meeting to carry out a full election for the seat, leaving the seat with no nominees.

Vantage West's bylaws include a provision that can be utilized to address situations like this whereby the Chairman calls for **nominations from the floor** at the Annual Membership Meeting. Nominations and voting (if needed) take place during the meeting. The prevailing nominee is then elected, by and from the members, to complete the remaining portion of the seat's term.

## **ABOUT NOMINATIONS FROM THE FLOOR**

### **Order of Business at Annual Membership Meetings**

In accordance with Vantage West's bylaws, the order of business at all annual and special meetings of members must comply with Robert's Rules of Order. Therefore, elections are carried out during the Credit Union Business portion of the meetings, and begin with the reading of the Nominating Committee's report.

As mentioned above, due to a mid-term, late election cycle vacancy, there will be a call for nominations from the floor for one seat at the 2018 Annual Membership Meeting. Therefore, we are equipping members with answers to these Frequently Asked Questions so they can be prepared to attend and participate in this year's election process during the Annual Membership Meeting.

### **Frequently Asked Questions (FAQs): Nominations From the Floor**

*Before describing nominations from the floor, it is important to define what a Vantage West "member" is, and who is eligible to participate in credit union business, such as nominating and voting. You'll find the answers to these items in the first two questions, which are then followed by the FAQs on nominations from the floor.*

#### **1. Who are Vantage West's "Members"?**

An individual who is the Primary Owner on an account and has his/her \$5.00 par value of ownership on deposit with Vantage West is considered a member.

It is important to note that joint owners (unless they are the Primary Owner of their own, separate account with a separate par value deposit) are NOT considered members for purposes of serving on the board, nominating, being nominated, or voting.

Businesses/legal entities which have accounts and \$5.00 par value deposit are also considered members. However, for a business to cast a vote, it must have previously designated a specific person who is authorized to vote on behalf of the business.

## **2. Who is eligible to vote and participate in credit union business?**

Each individual Vantage West member (as defined above) who is at least 18 years of age, regardless of how many accounts they have or the amount of funds they have on deposit at the credit union as long as their \$5.00 par value is on deposit, has one (1) vote in any matter for which members are asked to vote, including the Board of Directors election.

Businesses/legal entities holding membership in Vantage West also have one (1) vote, provided the business has previously designated a specific person who is authorized to vote on behalf of the business.

Such members may also participate in credit union business such as making nominations, being nominated, making motions, etc. Additional detail on such actions as related to calls for nominations from the floor are described below.

## **3. When are nominations from the floor called for as it relates to Vantage West's Board of Directors elections?**

Under normal election circumstances, there is no need to call for nominations from the floor.

However, when needed, Vantage West's bylaws provide a mechanism that allows an election to take place by a call for nominations from the floor at Annual or Special Membership Meetings.

Examples of such circumstances where this would be needed, including the circumstance for 2018, are described above. See: Special Elections; Insufficient Nominees.

## **4. Who can open the process/officially call for nominations from the floor?**

The call is made by the person presiding over the meeting, which is typically the Chairman of the Board.

## **5. Who can *make* a nomination from the floor and is a "second" required?**

Any person who is a Vantage West member and at least 18 years of age or older at the time the call for nominations from the floor is made, and who is in attendance at the Annual Membership Meeting when the Chairman opens the nomination process may make a nomination from the floor.

No second is required.

## **6. Who can *be nominated* from the floor and can a member *nominate him/herself*?**

Any person who is a Vantage West Member and at least 18 years of age at the time the call for nominations from the floor is made can be nominated from the floor. However, keep in mind that all nominees will need to meet certain criteria\* before their name can be placed on the ballot.

A member can nominate him/herself as long as he/she meets the requirements to make nominations, is in attendance at the meeting, and meets the criteria\* to serve as a director.

#### **7. How many candidates can a member nominate?**

Each member may nominate one candidate per seat for which a call for nominations from the floor has been made.

#### **8. Does a member have to be present at the Annual Membership Meeting to make a nomination?**

Yes. The call for nominations is made during the meeting which all members are notified of and invited to attend. Thus, those who choose to attend, provided there is a quorum (a minimum number of members in attendance required for business to proceed), are authorized to carry out credit union business on behalf of the membership. Accordingly, only those present at the meeting may partake in any business carried out at the meeting, such as making nominations from the floor and voting during the meeting.

#### **9. Does a member have to be present to be nominated?**

No. Any qualified member may be nominated. However, a nominee cannot be placed on the ballot without his/her consent. Thus, to be placed on the ballot, a candidate must be **immediately** available for contact by telephone so he/she can be informed of the nomination, confirm his/her membership status, informed of other requirements/criteria\* for serving as a director, have the ability to ask questions about serving on the Board, and confirm that he/she accepts the nomination and will serve if elected.

Conversely, a nominee is not *required* to run if nominated. He/she will only be placed on the ballot if **immediately** contactable by telephone and able to indicate if he/she is amenable to accepting the nomination and serving if elected.

Note that although a member can be nominated even if he/she is not in attendance, he/she cannot vote if not in attendance.

#### **10. What is the process for making a nomination from the floor?**

- When the Chairman of the Board announces that nominations from the floor are in order, simply raise your hand if you are a member, at least 18 years of age, and would like to make a nomination.
- When called upon, it is preferred, though not required, that you stand, clearly state your name, that you would like to make a nomination, and the name of the member you are nominating (which may be yourself).
- Your nomination will be acknowledged by the Chairman, at which time you may take your seat; there is no need to “campaign for” your nominee or explain your nomination as nominees will have the opportunity to address the membership before voting occurs. No second is required, though occasionally members will make a second in order to indicate endorsement; this is OK.
- This process will continue until there are no more nominations, at which time the Chairman will officially close the nomination process. Once officially closed, no more nominations may be made.

## 11. What happens after all nominations have been made? (How do names get on the ballots?)

After all nominations have been made, the Chairman will close nominations. The Chairman will then ask each nominee a few questions to assure they meet minimum requirements and ascertain that it is appropriate to place their names on the ballot. Such questions include (but are not limited to):

- Are you currently a Vantage West member holding your own \$5.00 par value of ownership deposit in a Vantage West account?
- Are you currently at least 18 years of age?
- Have you made yourself aware of the duties and responsibilities of a Director (see below for our Board of Directors Job Description – Full Official Policy)?
- Do you believe you are eligible and able to serve if elected?
- Are you amenable to having your name placed on the ballot and willing to serve if elected?
- And, if elected, are you amenable to executing all required documentation and disclosures, including submission to background and credit checks, attending any required training specific to service as a director, attending all regular and special meetings of the Board of Directors, and performing all duties and responsibilities consistent with service on Vantage West’s Board of Directors?

Note: If there is only one nominee, there will be no need for balloting; the nominee will win the election by acclamation (uncontested election).

## 12. How do members get to know the nominees before casting their votes?

Nominees who are able to answer the qualifying questions above *in the affirmative* will be given an opportunity to address the membership for approximately five minutes, describing (but not limited to) their experience, qualifications, interest in Vantage West (such as how long they have been members), and why they believe they should be elected to represent Vantage West’s membership on its Board of Directors.

Nominees who are in attendance will have the opportunity to address the membership in person or through a designated representative who is also present at the meeting.

Nominees who are not in attendance will have the opportunity to address the membership telephonically, provided they are able to do so immediately, or through a designated representative who is present at the meeting.

## 13. When/where/how does voting take place after nominations from the floor are made?

If there are **no** nominees from the floor, the seat subject to this special election will be declared vacant and the board will be required to appoint a director to serve until the next Annual Membership Meeting. A full election will be held to determine who will be elected to complete the remaining portion of the seat’s term.

If there is only **one** nominee for the seat, the nominee will win the seat by acclamation (uncontested election); no membership address or voting will be necessary.

If there is **more than one nominee** for the seat for which nominations from the floor is called, voting will be in order. Voting will take place at the Annual Membership Meeting by paper ballot which will be printed and distributed once the nominees are determined.

All members eligible to vote (see question #2) will be able to complete their ballot and turn it in to a third-party Election Teller who has been hired for this purpose. The Election Teller will tally the votes and provide the Chairman with unofficial results to be announced at the meeting. Official results will be certified and announced to the entire membership shortly thereafter.

**14. Does a member have to be present to vote?**

Yes. All members are informed of the date, time and location of the Annual Membership Meeting and are invited to attend. Thus, those who choose to attend, provided there is a quorum (a minimum number of members in attendance required for business to proceed), are authorized to carry out credit union business on behalf of the membership. Accordingly, only those present at the meeting may partake in the business carried out at the meeting, including voting.

Members cannot vote by proxy and no member eligible to vote has more than one vote.

**15. When do elected directors take office?**

Elected directors take office as soon as the election results are announced by the Chairman.

**16. \*What happens if a candidate is elected, but does not meet the qualifications/criteria to serve?**

Requirements to serve are described here (and in the following question) and will be reviewed at the Annual Membership Meeting prior to opening the call for nominations from the floor to assist in avoiding the election of anyone who, if elected, would be later found to be ineligible.

Though elected directors take office immediately, they are in fact required by state and federal laws and/or Vantage West's governing policies and bylaws, to sign certain documentation, submit financial paperwork (along with the authorization of background and credit checks they must "pass"), and agree to and carry out other requirements consistent with service on Vantage West Credit Union's board.

If, after being elected, a director should fail to meet the requirements for serving on Vantage West's Board, he/she would become ineligible. In that case, and because the membership's vote still stands and Vantage West's elections are determined by plurality, the nominee who received the next-most votes would be offered the seat if he/she is still willing to serve, and so on, if necessary, until there are no more nominees.

In the rare and unanticipated situation where no nominees are left, the board will declare the seat vacant and follow the vacancy and election procedures set forth in Vantage West's bylaws.

**17. \*What qualifications/criteria must a director meet and what is expected of Vantage West directors?**

To be nominated and elected, specific criteria must be met. This includes being a Vantage West member who is at least 18 years of age at the time of the nomination/election, understanding the duties and responsibilities of a Director (see below for our Board of Directors Job Description – Full

Official Policy) and indicating belief that he/she can carry out these duties, agreeing that if elected, he/she will execute all the documentation required of an elected director, and being amenable to his/her name being placed on the ballot and serving if elected. To remain on the board if elected, directors must be able to “pass” a criminal background and credit check.

## **BOARD OF DIRECTORS JOB DESCRIPTION – FULL OFFICIAL POLICY**

**POLICY** - The job of the Board of Directors is as follows:

### **1. Reporting Responsibilities.**

The Board of Directors reports to the general membership of the credit union. The Board supervises the CEO.

### **2. Primary Duties & Responsibilities.**

Direct and control the credit union. This includes guiding the organization to fulfill its purpose; setting the plans and governance policies which guide the affairs of the credit union; and ensuring that those plans and policies are properly implemented by following the credit union charter, bylaws, all applicable federal and state laws, sound business practices, and the membership’s desires.

### **3. Specific Duties & Responsibilities.**

1. Attend all regular and special meetings of the Board of Directors at least monthly.
2. Approves policies that dictates, determines and declares dividend rates, terms, maximum share limits, and classes of shares.
3. Approves the policy that dictates, determines the rates, maturities, security, terms, conditions, and interest refunds for all loans granted by the credit union.
4. Approves the policy that determines the granting and appropriate collection of loans and authorizes the charge-off of uncollectible loans.
5. Authorizes all appropriate borrowing on behalf of the credit union.
6. Authorizes the appropriate deposit and investment of funds of the credit union.
7. Amends the credit union bylaws and Governance Handbook, subject to the regulatory agency, as appropriate.
8. Hires, fixes duties and compensation, and evaluates performance of the CEO. Sets the governance and policy parameters for other CEO actions.
9. Appoints an Executive Committee of no fewer than three Directors to act with respect to specifically delegated functions authorized by regulations and the Board.
10. Appoints the credit union’s Supervisory Committee which is responsible for making, or causing to be made, all appropriate audits and checks, and ensures proper functioning of the credit union.
11. Appoints an ALM Committee that is responsible for the active management of our credit union’s assets (primarily loans and investments) and liabilities (includes member deposits) to ensure that they produce the planned level of net interest margin over all economic cycles. The primary operating objective for ALM is to maximize both profitability and net worth, and always have enough liquidity to meet current needs, without exposing the bottom line to the risk of substantial losses.

12. Approves the policy that designates a Membership Officer, a Security Officer, and other committees as necessary.
13. Approve the surety bond needs of the credit union at least annually and ensures that appropriate persons are bonded in accordance with applicable laws and regulations.
14. Approve the policy regarding how membership applications, security needs and records retention are handled.
15. Maintains all business affairs and affairs of its members in a confidential manner and refrains from any relationship which would create conflict of interest with regard to the credit union.
16. Outside of prescribed policy and legal limits, acts on loans to Directors and all Volunteer Committee members.
17. Fills vacancies on the Board and Volunteer Committees and appoints alternates to act in the absence of a regular member of those committees.
18. Acts as a positive ambassador for the credit union and its services.
19. Holds or causes to be held an Annual Meeting of the membership and presents a report of the Board of Directors' activities.
20. Evaluates and approves the Credit Union's salary structure and annual adjustment mechanism upon recommendation of the President/CEO. Operational bonus will be at the discretion and approval of the Board of Directors, based on the credit union's performance.
21. Comply with NCUA fiduciary rule §701.4 Financial Literacy requirement which relates to being able to read and understand the credit union's balance sheet and income statement.
22. Complete all mentor-assigned training and become CUNA certified or equivalent at the basic level within 24 months after being appointed. The cost of education programs will be borne by VWESTCU.

#### **4. Basic Qualification Requirements**

1. Be a member in good standing of a credit union, or financial institution and the community. Once appointed must be a VWESTCU member.
2. Have the ability to take and handle criticism for making necessary but unpopular decisions.
3. Have an open mind, the ability to use sound judgment, a willingness to accept responsibility, and the ability to make group decisions with fellow Board members.
4. Have the ability and desire to attend all regular and special meetings of the Board of Directors and at least one educational and planning program per year.
5. Have a demonstrated desire to learn about the credit union, the services, laws, and regulations that govern it, and the responsibilities of a Board member.
6. Directors are expected to utilize this Credit Union as their primary financial institution.

>END<