
Board of Directors Responsibilities and Description of Director, Officer, and Board Liaison Duties

I. Overall Board Function

The Board of Directors (the “Board”) has the authority and responsibility for steering the business affairs of Vantage West Credit Union (the “Credit Union”) in accordance with the Credit Union’s Bylaws and applicable federal or state laws, rules and regulations, as well as good business and governance practices.

The Board’s impact on the Credit Union arises from fiduciary oversight, to strategic development, to relationship building, and Membership growth and engagement. The Board is accountable for promoting and advancing the mission and vision of the Credit Union. The Board provides oversight and due diligence on safety and soundness matters. The Board analyzes situations with a macro lens and assists management in tailoring solutions to align with the Credit Union’s goals and values.

The Board engages in macro governance — in defining, deliberating, and deciding matters most consequential to the Credit Union’s short- or long-range well-being — and does not cross the line into micromanagement by participating in the actual operations of the Credit Union.

Directors should have a willingness to serve the Membership, continually learn, and be a collaborative team player. To engage fully as a Director, individuals should have the following general knowledge and skills:

- Understand the Credit Union mission, supporting the goal of improving the financial lives of Members;
- Understand basic financial statements; and
- Use strategic thinking and planning.

Understanding that the Credit Union is a complex, highly regulated enterprise, the Board seeks individual Directors who possess particular skills and experience in accordance with the Board-approved Board skills matrix.

Because the Board is ultimately responsible for ensuring adherence to legal standards and ethical norms, Directors should collectively exhibit diligence, commitment, and vigilance.

The best interests of the Credit Union and the Membership are to be considered in all decisions made by the Board.

II. Board Responsibilities

The Board uses good governance as a leadership model to conduct its responsibilities. This requires preparing for Board meetings and active meeting participation by asking probing questions. Instead of solely focusing on the immediate, short-term considerations — such as whether or not the budget is balanced — the Board should think deeper, and, instead ask about whether the budget reflects the Credit Union’s priorities and advances the mission.

The Board sets the direction of and controls the mission and vision of the Credit Union. The Board is guided by the needs of the Membership, Credit Union philosophy, financial and industry trends, local, state and National economic conditions, and the requirements of all applicable laws and regulations.

The Board’s primary responsibilities to the Credit Union and the Membership are to:

- Establish and be accountable for the mission, values, and vision.
- Develop and monitor a long-range strategic plan and annual work plans
 - Approve the enterprise-wide risk appetite framework, including the risk appetite statement and risk tolerances.
- Be innovative and creative forward and generative thinkers.¹
- Establish and monitor policies.
- Oversee and monitor financial and reputational risk
 - Ensure the Credit Union maintains a sound financial condition; and
 - Approve an annual budget(s) and assess financial performance against the budget(s).
- Keep communication open and educate Members on services
 - Report to the Members at the Annual Membership Meeting about Credit Union conditions, accomplishments in service, projects, and changes.
- Annually review the Chief Executive Officer’s performance, including progress in achieving goals and objectives and the succession plan.
- Engage and participate
 - Assess performance as a Board and as individual Directors;
 - Review agenda and supporting materials prior to Board and committee meetings; and
 - Encourage each other to be strategic.

¹ Forward Thinking or Generative Thinking:

- Generate a large quantity of ideas to solve a single problem without judgment of the ideas until all the ideas have been posted.
- Generate a variety of ideas outside of logical, already established approaches.
- Generate focused and detailed improvement of one idea or solution.

Plans and Policies: Sound, ethical, and legal governance, risk management, and financial management plans and policies and ensuring the Credit Union has adequate resources to advance its purpose are the Board's *major tools* for steering the business affairs of the Credit Union. The Board oversees the development of, and is responsible for adopting, plans and policies, including any revisions, as necessary. The Chief Executive Officer, with input from Credit Union staff leadership, recommends new, and changes to existing, plans and policies for Board consideration. The Chief Executive Officer is charged with the implementation of the plans and policies adopted by the Board.

Strategic Plan: The strategic plan of the Credit Union defines the goals and the roadmap to success for the Credit Union. The strategic planning process charts a future course and then drives the future actions of the Credit Union. The strategic plan informs the Board's structure and alignment with committees and task forces with strategic objectives and shapes their work, timetables, and checkpoints. The Board should work in collaboration with the Chief Executive Officer and other Credit Union staff leadership to develop a plan that reflects the shared Board and staff vision of the Credit Union's mission and priorities.

Long- and short-range planning and regular review of these plans are necessary to address the long-term future of the Credit Union. The long-range strategic plan should actively pursue the long-term interest of the Credit Union and the Membership for its vision 10 years or more into the future. The short-range plans should actively support the long-range plan and vision by addressing the long-term objectives over a shorter time period (such as 3-5 years).

Both long- and short-range planning should include the following:

- Review and update the mission and vision statements;
- Conduct an Environmental Scan – identify strengths, weaknesses, opportunities, and threats;
- Determine the amount and type of risk that the Credit Union is willing to take in order to meet its strategic objectives;
- Set major goals;
- Create strategies for achieving goals;
- Align resources with the strategies;
- Identify action items for implementation; and
- Determine how progress is tracked and results evaluated.

Policies: The Board is responsible for the setting of governance level policies of the Credit Union. Governance level policies are those that are generally required by regulation, reflect best practice in financial services, and are deemed to be of critical subject matter for the protection of the Credit Union and the Membership. Policies are necessary to provide uniform direction on a given topic, accomplish time saving, and limit or control risk. All governance policies should be reviewed annually to ensure they remain relevant. All governance policies should be documented in writing and communicated to relevant stakeholders accordingly.

Subject to Board meeting frequency requirements set forth in the Bylaws, the Board meets at least monthly to review the Credit Union's operations, implementation of policies, and plans for the future. The Board regularly reviews progress in achieving goals and objectives. In essence, the Board is fulfilling its fiduciary, strategic, and generative duties.

Specific Board Duties:

- Work with the Chief Executive Officer to develop objectives and goals for the Credit Union, including strategic plans supporting the long-range goals.
- Ensure the Credit Union adheres to applicable laws, regulations, the Credit Union's Bylaws, and sound business practices.
- Review Bylaws at least once a year and update as necessary.
- Ensure that Credit Union management maintains sound financial conditions and safeguards the Credit Union's assets against unauthorized or illegal acts.
- Annually approve the Credit Union budget and monitor actual financial conditions against the approved budget.
- Establish Board-level policies governing the operations of the Credit Union; review Board-level policies at least once a year and update as necessary.
- Define the scope of the Chief Executive Officer's duties, hire a qualified executive to fill the position, and review his/her progress in attaining goals and objectives regularly through a coordinated annual or bi-annual review process; establish the compensation and construct a succession plan for the Chief Executive Officer.
- Ensure that management evaluates and establishes effective space planning and facility locations for Credit Union operations, approving material aspects thereof as individual programs or initiatives or through the annual capital budget process.
- Approve a business continuity plan for the Credit Union.
- Review and approve liability insurance for the Credit Union.
- Attend Board meetings and exercise independent judgment in decision-making.
- Report to the Membership at the Annual Membership Meeting.
- Recruit new Directors in accordance with the then-approved Board skills matrix; recognize, nurture, and provide opportunities for development and leadership growth to new and existing Directors.

Financial Oversight:

An effective Director needs to understand the Credit Union's financial statements. Familiarity with the balance sheet and operating statement is essential in understanding Credit Union performance.

The balance sheet summarizes the Credit Union's financial condition or health. It is the net accumulation of all income and expenses over the life of the Credit Union as of a period in time. The operating statement shows the Credit Union's income and expenses – income and expenses – for a given period, usually monthly. Some operating statements

include cumulative year-to-date figures and year-to-date budget figures and other comparisons to get a better view of how things are progressing.

Financial Ratios: Understanding the financial position of the Credit Union through financial ratios is an effective way to assess the Credit Union's health and stability, identify trends, and spot problems. Regulators set guidelines that the Credit Union follows to assist the Credit Union to judge its performance to enhance the safeguarding of its financial condition.

Internal Control Framework:

Setting the Credit Union's enterprise-wide control environment is a critical element to be overseen by the Board. The internal control framework is the systems, policies, procedures, and processes effected by the Board, management, and other personnel to safeguard Credit Union assets, limit or control risks, and achieve the objectives and goals of the Credit Union. Any weaknesses identified by the Chief Executive Officer, EVP Chief Legal and Risk Officer, EVP Chief Financial Officer, or Chief Audit Executive, or in audits or risk assessments, should be addressed, communicated, and corrected. General internal controls include areas such as:

- Organizational and committee structure;
- Delegated lines of authority and responsibility;
- Segregation of duties;
- Human resources practices;
- Business ethics;
- Communication and monitoring activities; and
- Oversight role undertaken by the Board to ensure risk levels are compatible with objectives and goals.

Committees and Board Liaisons:

The Board has established various Board committees to assist in discharging its duties. Board committees include a Corporate Governance Committee and an Executive Committee. To clearly communicate committee functions and goals and to be able to follow their progress, the Board has adopted a written charter for each of the Board committees consistent with the following:

- The Corporate Governance Committee provides oversight of the corporate governance affairs of the Board and the Credit Union consistent with the long-term best interests of the Credit Union and the Membership. The Corporate Governance Committee is responsible for overseeing the development, implementation, and maintenance of, and approving and/or obtaining Board approval for, the Credit Union's corporate governance framework and related processes and practices.
- The Executive Committee assists the Board in handling matters that, in the opinion of the Board Chairperson, should not be postponed until the next regular meeting of the Board.

If a Board committee brings forth a recommendation for Board review and approval, each Director must judge whether the recommendation is sound and fits the Credit Union's mission and plan.

Orientation and Training Program:

The Board is responsible for developing, maintaining, and participating in an orientation and training program to ensure quality transition and education for all new incoming Directors and to assist new and incumbent Directors in developing and maintaining skills necessary or appropriate for the performance of their Board responsibilities.

III. Board Communications

Facilitating communication among Directors and between Directors and the Chief Executive Officer is essential for the Board to fulfill its responsibilities. Monthly Board meetings are foundational in providing a forum for this communication.

Board Meetings:

Each month² a meeting should be held by the Board with the Chief Executive Officer and invited pertinent members of the staff. During monthly Board meetings, Directors are kept informed of operations of the Credit Union and the financial progress and health of the Credit Union. The monthly Board meeting also provides a venue for reports from Board Liaisons and committees, such as the Supervisory Committee, the Corporate Governance Committee, and the Executive Committee. Other items that are addressed at monthly Board meetings include:

- Policy changes;
- Audit reports; and
- Chief Executive Officer reports, strategic developments, and performance.

Advanced information regarding the Board meeting will be available to each Director/invitee. Each Director should review all materials prior to attending the meeting. The following items should be provided in preparation of the meeting:

- Agenda;
- Minutes of the previous meeting;
- Financial reports;
- Committee reports;
- Chief Executive Officer and other staff reports; and
- Additional pertinent information for discussion/decision-making.

Minutes:

A record of each Board meeting will be taken to document every motion or official action taken by the Board. Minutes communicate to absent Directors, the Membership, and

² Pursuant to Section 6.6.1 of the Bylaws, the Board is only required to "have at least ten (10) regular meetings during each calendar year in ten (10) different months."

regulatory bodies the work, oversight, and fiduciary actions of the Board. Minutes are official documents and must be complete and accurate. Minutes are part of the corporate records of the Credit Union. Minutes document any policy changes and evidence that the Board has followed legal and regulatory requirements. The Board must take action to approve minutes from previous meetings for accuracy and completeness. Once approved by the Board, meeting minutes are forwarded to the regulators on a routine basis.

Electronic Communications:

The Board should limit electronic communications among Directors. Electronic communications could be considered meetings when all Directors are participating and the topics addressed are substantive. However, when the requirements for taking action without a physical or telephonic meeting are not followed, the Board may be operating without authority.

The Board should adhere to the following guidelines when using electronic communications:

1. Directors should initiate communications to the entire Board when addressing non-substantive matters, such as administrative matters or providing an update on action items undertaken by them.

a. The Board should refrain from extensive responses to these types of communications to avoid converting a non-substantive communication to a substantive communication.

b. These communications should be informative, and not an expression of opinion or invite discussion.

2. Directors should initiate communications to the Board Chairperson when addressing substantive matters to allow the Board Chairperson to initiate communication to the entire Board in accordance with the recommendations set forth in Section 4 below and/or when there is any uncertainty about whether the communications are substantive or non-substantive.

3. Use of electronic communications for discussion of substantive matters should be limited to circumstances when a physical, telephonic or video meeting cannot be conducted to resolve an urgent matter.

4. If substantive matters are to be addressed through electronic communications, the following procedures are recommended:

a. The Board Chairperson should initiate the communication to the entire Board to satisfy the requirement that the Chairperson has authority to call meetings.

b. The communication should be sent to all Directors and state (i) the substantive matter to be decided, (ii) action to be taken, and (iii) the date and time by which a Director must respond.

c. All Directors should be encouraged to respond openly to the matter and to provide constructive dialog.

d. If action is to be taken on the matter, the voting approval requirements set forth in the Bylaws should be followed.

e. Records of the electronic communications should be compiled into minutes, similar to meeting minutes, and kept with the corporate records.

IV. Board-CEO Relationship

As a Director, you must maintain good working relationships with Members, committees, community leaders, the public, and Credit Union management. One of the most important relationships for the Board is with the Chief Executive Officer. Both Directors and the Chief Executive Officer make important contributions. The key to Board-CEO relations is an open and honest relationship, one built on mutual trust and respect and the willingness to work together toward a common goal. Through communications with the Board Chairperson and the Board at meetings, the Chief Executive Officer keeps the Board informed on all pertinent Credit Union matters.

While the Board establishes strategy and approves governance policies, the Chief Executive Officer is responsible for implementing and managing them. The Chief Executive Officer makes recommendations to the Board for changes in strategy and policy that are in the best interest of the Credit Union and the Membership. The Chief Executive Officer is authorized to establish all further policies and procedures, make all decisions, take all actions and develop all activities, which are true to the Board's strategy and governance policies. The Board oversees the Chief Executive Officer's actions, ensuring that the mission and objectives of the Credit Union are protected.

The Board should review the Chief Executive Officer performance annually or biannually and agree on:

- The Board's expectation of the Chief Executive Officer;
- The specific period in which these expectations are met;
- The specific measures to be used;
- How the evaluation criteria ties to the strategic plan;
- How information relative to the Chief Executive Officer is gathered; and
- A salary adjustment and how it relates directly to the evaluation.

V. Board Officer Responsibilities

While the Board as a whole is responsible for effectively governing the Credit Union, the Board officers are responsible for leading and operating the Board. They ensure necessary tasks are completed smoothly and promote a positive Board culture. The Board officers are the Chairperson, Vice-Chairperson, Secretary, and Treasurer.

Board Chairperson:

The Board Chairperson is identified as the chief elected official of the Credit Union and may act as a representative of the Board and Credit Union to third parties. The Chairperson is instrumental in hiring and supervising the Chief Executive Officer and, thus, is committed to a constructive partnership with the Chief Executive Officer built on a shared understanding of mission and vision; reciprocal communication; and respect, trust, and support for each other.

The Chairperson assures the integrity of the Board's processes. The Chairperson is responsible for ensuring the Board behaves consistently with the mission of the Credit Union, the Bylaws, the strategic plan, the Board's policies, rules, and guidelines, and those imposed by law and good governance practices. This includes:

- Calls and leads meetings of the Board, works with the Chief Executive Officer to set an agenda, and presides over the meetings to ensure that all Directors can be heard and participate in the decision-making;
- Meeting content and discussions take place on those topics and issues which, according to Board governance policy, are clearly the Board's to monitor or direct;
- Topics or information that is neither for monitoring results/performance nor for Board decisions will be minimized and noted as such;
- Discussions and deliberation are interactive, open, fair, and thorough, as well as timely, orderly, and kept to the point;
- Takes a leadership role in the Board's strategic and generative thinking to ensure a futuristic view of the Credit Union's vision; and
- Board decisions and direction are communicated through the Chairperson to the Chief Executive Officer to ensure *one cohesive voice*.

The Chairperson is authorized to make any reasonable interpretation of the Board's policies, rules, and guidelines. Specifically:

- The Chairperson is empowered to chair Board and Membership meetings with all commonly accepted authority of that position and is the Board representative while conducting official business with the Chief Executive Officer.
- The Chairperson may be a representative of the Board to outside parties by announcing Board-approved positions and communicating the Chairperson's decisions and interpretations within the areas delegated to the Chairperson.
- The Chairperson may delegate his/her authority but remains responsible and accountable for its use.

In ensuring the Board process is executed effectively, the Chairperson also has the authority and responsibility to:

- Preside over Board meetings and the Annual Membership Meeting;
- Govern the activities of the various Board committees, including appointing appropriate committee members and chairs and Board Liaisons; chair the Executive Committee and serve on the Corporate Governance Committee;
- Serve as the principle liaison between the Board and the Chief Executive Officer;
- Assume ultimate responsibility for the integrity of the Credit Union's finances, working with appropriate Directors and committees to oversee the budget of the Credit Union and ensure adequate resources; and
- Ensure that the Board's directives are implemented and monitored.

Qualifications:

- Strong knowledge of the Credit Union's mission, Bylaws, strategic plan, and Board policies
- Demonstrated commitment to exceptional Board governance
- Understanding of the financial services industry
- Experience in facilitating, moderating, and encouraging open communication and in-depth discussion
- Ability to devote adequate time to Board responsibilities

Board Vice-Chairperson:

The Board Vice-Chairperson must be prepared to assume the role of Board Chairperson, if necessary. The Vice-Chairperson, whose knowledge and commitment is similar to that of the Chairperson, may serve in the Chairperson's place for Board activities and, at the Chief Executive Officer's request, in the spokesperson capacity. The Chairperson may delegate special assignments to the Vice-Chairperson, who also works closely with the Chief Executive Officer to carry out the Board's vision and directives. The Board Vice-Chairperson serves on the Executive Committee.

Qualifications:

- Strong understanding of the Credit Union's mission and the Board's governance role
- Experience in facilitating, moderating and encouraging open communication and in-depth discussion
- Willingness to assume the role of Board Chairperson when necessary
- Ability to devote adequate time to assisting the Board Chairperson, as necessary

Board Secretary:

The purpose and role of the Secretary is to ensure the timely and accurate preparation, completion, and safekeeping of the corporate records of the Credit Union in accordance with the Bylaws and applicable law or regulation.

In discharging his/her duties, the Secretary works closely with the Corporate Secretary and the Chief Executive Officer's Executive Assistant to whom the Secretary has delegated the following secretarial responsibilities:

- Provide the Membership (e.g., Annual Membership Meeting) and Directors (e.g., regular and special Board meetings) with required meeting notices;
- Prepare agendas with the Chairperson and the Chief Executive Officer;
- Take minutes at Membership and Board meetings and keep a record of Supervisory Committee reports;
- File and preserve with the corporate records of the Credit Union all minutes and reports of the Board;
- Acquire necessary signatures on all official documents; and
- Provide guidance on proper meeting procedures.

The Secretary confirms the above-delegated secretarial responsibilities are conducted in a timely manner and in accordance with Board guidelines, procedures, and practices and/or directives of the Board Chairperson, Chief Executive Officer, and/or Corporate Governance Committee.

In this respect, the Secretary reviews and approves draft meeting minutes for content, completeness, and adherence to any established minute-taking guidelines prior to presentation to the Board and signs the approved meeting minutes after they have been approved by the Board.

The Secretary must be prepared to assume the leadership role when the Chairperson and Vice-Chairperson are unavailable.

Qualifications:

- Familiarity with Board guidelines, procedures, and practices
- Organized, keen attention to detail

Board Treasurer:

The purpose and role of the Board Treasurer is to oversee the financial position of the Credit Union. The Treasurer is responsible for overseeing the accuracy and safekeeping of all assets including funds, securities, bank papers, and any other items of value. In discharging his/her duties, the Treasurer works closely with the Chief Executive Officer and the EVP Chief Financial Officer.

The Treasurer applies his/her knowledge of accounting to monitor finances, reviewing the preparation of monthly financial reports and the annual audited financial statements, summarizing the Credit Union's financial performance for the Board on a quarterly basis and to the Membership at the Annual Membership Meeting, and ensuring the Credit Union's financial policies are respected. In ensuring that Credit Union assets are protected and invested in accordance with Credit Union policies, the Treasurer is expected to collaborate with or be the Board Liaison to the Asset Liability Committee.

The Treasurer reviews the Credit Union's draft annual budget prior to presentation to the Board of Directors. The Treasurer also reviews the annual financial statement audit results and corporate tax forms and oversees and/or participates in the presentation of this material to the Board.

Qualifications:

- Understanding of all financial concepts and thoroughly familiar with the details of the financial statements
- Ability and willingness to work with the Board Liaison to the Asset Liability Committee, EVP Chief Financial Officer, controller, and auditors, as necessary

VI. Board Liaison Responsibilities

A Board Liaison is a member of the Board who is charged with being the critical connection between the Board and one of the following management committees: Asset Liability Committee, Credit Committee, Information Security/Information Technology Committee, and Risk Oversight Committee (each, a "Management Committee"). The Board Liaison serves as a monitor and advocate for the Management Committee's progress and reports on its needs, proposals, and status to the Board, and in turn, relays important information back to the Management Committee Chairperson from the Board.

The Board Liaison is expected to maintain a working knowledge of the activities of his/her Management Committee and to communicate relevant Management Committee information or actions to the Board, as necessary. The general expectations of the Board Liaison position are as follows:

- Meet with the Management Committee Chairperson to discuss the Board Liaison role;
- Regularly attend Management Committee meetings, including availability pre- or post-meeting for inquiry and communication with Management Committee-related staff;
- Review Management Committee meeting packs and otherwise prepare for the Management Committee meetings;
- Participate in offered Management Committee training sessions, when possible
- Monitor Management Committee reporting for reasonableness and conformance to policy objectives;
- Raise Management Committee related issues warranting Board awareness at Board meetings;
- Raise Management Committee related issues from the Board warranting Management Committee awareness at Management Committee meetings;
- Seek input, guidance, and support from the Management Committee Chairperson, fostering a collaborative working relationship; and
- Join the Management Committee listserv for informational purposes only.