

## **NOMINATING PROCESS: BOARD OF DIRECTORS AND SUPERVISORY COMMITTEE**

BECU has announced that applications are now being accepted for positions on the BECU Board of Directors and Supervisory Committee. The deadline for submitting your resume and letter of interest is Wednesday, December 30, 2009, at 5:00 p.m. Interviews will be conducted in early January by members of the Nominating Committee. The membership vote on the nominees at the Annual Meeting to be held on March 24, 2010, at 5:00 p.m. in the 2<sup>nd</sup> floor auditorium at the Tukwila Financial Center.

An alternative to the nominating process described above is to submit a petition with the signatures of 2% of active BECU members as of December 15, 2009. (This is approximately 12,500 signatures for the 2010 election process.) Petition signatures must be submitted to the Credit Union by March 5, 2010.

To submit your resume and letter of interest, or to inquire about the petition process, please contact Mary Toal, Executive Assistant to the President and CEO, at 206-439-5981.

## **INFORMATION FOR POTENTIAL BOARD & SUPERVISORY COMMITTEE MEMBERS**

### **History**

BECU was chartered as Fellowship Credit Union in 1934 to serve the financial needs of Boeing employees. Basic financial services included savings and consumer loans (auto, personal, tool). The Credit Union started with 18 founding members and \$9.00 in assets. The field of membership was limited to active Boeing employees until the early '70s when members were allowed to keep their account at the Credit Union if they left the Boeing Company ("once a member, always a member"). In the following decade, the field of membership was expanded to include family members (related by birth, marriage or adoption). Also during this period, the scope of financial services expanded. Checking accounts, certificate of deposits, IRAs, credit cards, mortgages, home equity loans and remote services such as direct deposit, ATMs, and home banking were added. Then, in the early 2000s, a number of events occurred which significantly expanded the scope of the Credit Union. An expansive new open-architecture IT infrastructure was put in place at the same time that the field of membership was opened to all residents of the State of Washington and a new branching strategy was implemented with the opening of 30 unique neighborhood financial centers (NFCs). That has led BECU to have over 600,000 members, almost 50 NFCs and over \$8.8 billion in assets making it the largest credit union in the State and the fourth largest in the United States.

BECU operating principles include giving a great **VALUE** to the members, providing an exceptional **SERVICE** experience while creating **TRUST** with our members. We seek to get members engaged with the Credit Union through having engaged employees and a unique operating model that allows members to define convenience on their own terms.

### **Key Responsibilities of the BECU Board of Directors and Supervisory Committee**

**The Board of Directors** plays an important role in the operation of BECU. One of the Board's main responsibilities is to approve the strategic guidance, the long-term strategic objectives, the annual plan and the policies proposed by BECU management. Once the guidance, objectives, and plans are approved by the Board, management then implements them through the daily operations of BECU, and regularly reports the status and progress to the Board.

The Board is also required to effectively monitor BECU management's performance without undermining their ability to successfully operate the Credit Union. To perform this role, the Board must do the following:

- Review and approve strategic objectives on an annual basis
- Approve or recommend changes in BECU strategies and policies proposed by management
- Evaluate the effectiveness of BECU management, monitoring annual performance reviews made by the committees of the Board
- Select the Credit Union CEO, evaluate the CEO's performance and approve compensation recommended by the Compensation Committee
- Review with the CEO plans for executive management succession
- Approve overall compensation and benefits package for BECU
- Review the executive management compensation and benefits package
- Review BECU programs to protect against possible wrongdoing

The Board may engage outside advisors to carry out the responsibilities listed above.

**The Supervisory Committee's** purpose is to provide assistance to the Board of Directors in fulfilling its responsibilities with respect to the following:

- Adequacy of internal controls and operational risk management
- Integrity of financial reporting
- Appointment of the Credit Union's independent auditor
- Performance of the internal audit function
- Credit Union compliance with legal and regulatory requirements

### **Time Commitment**

The Board meets on the fourth Wednesday of each month, usually from 5:00 until 8:30 p.m. (dinner is provided). In addition to Board and Supervisory Committee members, Executive Management Team (EMT) members also attend the Board meetings. There is a regulatory attendance requirement for Board and Supervisory Committee members. That is if more than one-third of the Board or Supervisory Committee meetings are missed, the volunteer is automatically removed from the Board or Supervisory Committee. While we allow attendance by teleconference, it is strongly preferred that attendance is in person.

There are also two Board committees that usually meet every month. They are the:

- Asset Policy Committee (7:00 a.m. on the Friday before the Board meeting)
- Governance & Nominating Committee (7:00 a.m. on Monday before the Board meeting)

The Board has also established a Compensation Committee and an IT Steering Committee that meet on an as-needed basis.

Each Board member is usually assigned to one or two of the Board committees.

The Supervisory Committee meets monthly at 11:30 a.m. on the Thursday before the monthly Board meeting.

All Board and Supervisory Committee members serve as member-elected volunteers. There is no compensation associated with Board or Committee service, but expenses related to meeting or educational sessions are reimbursed.

Each spring the Board conducts a Strategy Planning Conclave. This is usually scheduled as a Friday evening meeting/presentation, with an all day meeting on Saturday. These conclaves are held at an offsite location, usually within the Puget Sound area.

BECU also asks that each Board and Supervisory Committee member attend at least one credit union industry-related conference each year. All expenses are paid by BECU.

The Credit Union indemnifies each volunteer performing their fiduciary responsibilities to the fullest extent allowed by Washington State law. Each volunteer is also covered by a Directors and Officers bond that is reviewed annually.

10/2009