



BOARD OF DIRECTORS JOB DESCRIPTION

This Policy sets forth the description of the role and responsibilities of an individual member of the Board of Directors of Ideal Credit Union.

Purpose

The Board is the ultimate legal authority within the governance structure of the Credit Union, but it can only act through the majority consensus of its individual Board members, who are charged with making decisions as fiduciaries in the best interests of the Credit Union and its Members. The Credit Union's Board members are expected to uphold the highest duty under the law, that of a fiduciary, and to act at all times in the best interests of the Credit Union. Through individual adherence to the role and responsibilities in this Policy, Board members will help to foster a well-governed credit union and a highly effective Board.

Authority

This Policy is adopted by majority vote of the Board pursuant to the Credit Union's Bylaws. The authority of the Board is derived from the Minnesota Statutes 52.08.

"At the annual meeting the credit union shall elect a board of directors of not less than five members and may elect a credit committee of not less than three members, all to hold office for the terms provided in the bylaws and until successors qualify."

Then, in turn the "board of directors" delegates the above referenced management, in terms of the day-to-day operations of the Credit Union, to the CEO and Senior Management through its Bylaws.

Qualifications

See the Bylaws.

Roles & Responsibilities

Board members must effectively carry out their vital leadership, legal and stewardship responsibilities and act in the best interests of all the Members of the Credit Union. As such, Board members are responsible for providing effective governance and leadership to the Credit Union. They play a key role based on their shared understanding of the Credit Union's purpose and goals, as well as their vision of how to best serve the evolving needs of the Credit Union's Members. Board training is assigned by the Chair on an annual basis. New members will also be assigned a mentor that will assist them through orientation and onboarding over the course of their first year. All Board members are expected to complete up to 3 hours of continuing education each year as assigned by the Board Chair. Annual continuing education may cover: Bank Secrecy Act, Harassment Prevention & Board Members Role, Cyber Security, Challenges Credit Unions Face or Communication Strategies for Boards. Board Meeting agendas and supporting materials are released on the Friday before Board Meetings. All Board members are expected to read through the materials in preparation for the meeting. Board members are assigned to various committee assignments by the Board Chair. Committee meetings may be held monthly, quarterly, or on an as-needed basis. Committee meetings typically last 60-90 minutes. Regardless of committee assignment, all board members are invited to attend the monthly ALCO (Asset & Liability Committee). Current Standing Committees include: ALCO, CEO Relationship Committee, Governance, Executive Committee, Volunteer Committee, and Nominating Committee. Board members are encouraged to attend local, state, and national credit union events and conferences. In carrying out their governing responsibilities, which are summarized below:

- **1. Duty of Care.** The duty of care calls upon Board members to act as a similarly situated, reasonable Board member would act, meaning that Board members maintain the responsibility to become and remain reasonably informed in making decisions and overseeing the Organization's business in the best interest of the members.
- **2. Duty of Loyalty.** The duty of loyalty requires the Credit Union's Board members to avoid improper conflicts of interests and requires fair dealing by all Board members involved in transactions where a personal or financial interest may arise.
- **3. Duty of Obedience.** The duty of obedience requires Board members to faithfully observe and comply with relevant Federal, state and local laws and ensure that the Credit Union is in legal and regulatory compliance. In addition, the duty of obedience requires Board members to faithfully observe and comply with all properly promulgated policies and procedures of the Credit Union, as well as its stated vision, mission and strategic direction.

Governance Responsibilities

The governance responsibilities for the Credit Union's Board members, to be executed in constructive partnership between the Board, the Supervisory Committee and the Chief Executive Officer (CEO), are as follows:



1. Governance & Leadership

- Effectively govern and lead the Credit Union in constructive partnership with the CEO and Senior Management, as well as the Supervisory Committee.
- Act at all times in good faith and in a manner that the Board member believes is in the best interest of all the Credit Union's members.
- Act as an independent and objective evaluator of the strategic issues and questions that come before the Board.
- Maintain effective relationships with all elements of the Credit Union's governance structure (the full Board, the Supervisory Committee and the CEO and Senior Management).
- Provide high-level, strategic feedback and recommendations for Board-level policy changes.
- Serve on one or more Board level committees or task forces as requested.

2. CEO Support & Oversight

- Foster a constructive partnership with the CEO and Senior Management.
- Assist and provide counsel and guidance to the CEO when requested.
- Provide input into the CEO's annual performance evaluation.

3. Oversee Performance & Results

- Understand finance and accounting practices and the Credit Union's financial reports.
- Ask fiduciary questions in Board and committee meetings necessary to carry out regulatory oversight duties.

3. Strategic Thinking, Learning & Planning

- Ask strategic and generative questions in Board and committee meetings to further the Credit Union's vision, mission and strategic goals.
- Provide recommendations to the CEO and Senior Management to enhance the Credit Union's strategic performance and results.
- Adopt a learning philosophy and serve as a model and conduit for sustained learning in the Credit Union's Boardroom.
- Meet or exceed the Credit Union's requirements regarding its Volunteer Education Policy.

4. Budget, Resource & Risk Approval

- Develop a fundamental understanding of the Credit Union's budget, including core revenue and expenditure categories, product and service lines, etc.
- Work to ensure an individual understanding of the risks facing the Credit Union and the industry as a whole – from both the mitigation and the opportunity points of view.

5. Membership & Community Outreach

- Identify innovative ways the Credit Union can improve the lives of its member, their families and the communities where the Credit Union operates.
- Act as an active ambassador to the Credit Union's membership, in constructive partnership with the CEO and Senior Management.
- Seek opportunities where the Credit Union might develop organizational or business partnerships, in constructive partnership with the CEO and Senior Management.

6. Stewardship, Ethics & Financial Integrity

- Hold yourself and others to the highest standard of ethical standards and accountability.
- Commit to adhering to the Credit Union's organizational values and Code of Ethics.
- On an annual basis, determine any outside interests that might impact your ability to impartially serve as a Credit Union Board member; report such interests to the Credit Union through the Conflicts of Interest Disclosure Statement.
- Ensure that any and all personal financial dealings with the Credit Union are fair, fully transparent and, as appropriate, approved by the Board.

Additional Resources

For more information on Board members' roles, the National Credit Union Association's Rule 701.4 sets forth the General Authorities and Duties of Federal Credit Union Directors.