

# BOARD POLICY

SECTION: **BOARD OF DIRECTORS**

SUBJECT: **SUCCESSION PLAN – PRESIDENT/CEO**

APPROVED BY BOARD OF DIRECTORS: 06/27/2016

EFFECTIVE DATE: 06/27/2016

REPLACES POLICY DATED:

REVIEWED: SEE TABLE OF CONTENTS

## PLANNING AND PREPARATION

The Board of Directors and Management of Stamford Federal Credit Union (SFCU) recognize that a realistic Succession Plan is critical to the future of a strong organization. SFCU has grown in both size and complexity over the years and this growth requires a talented and stable management structure. To insure that committed, capable and experienced management continues to occupy leadership positions, SFCU is adopting this specific process in order to:

- A. Insure continuous service to the membership;
- B. Anticipate future positions needs;
- C. Identify and prepare interested, capable team members for advancement opportunities;
- D. Fill vacancies using internal candidates where appropriate;
- E. Hire and groom future leadership.

This Succession Plan assumes that:

- Equal consideration will be given to both internal and external candidates to fill a vacancy.
- The primary role of the Board of Directors is to set the general direction, stability and soundness of SFCU. They pledge to protect the interest of the membership by establishment of policy and maintenance of financial strength.
- The primary role of the President/CEO is to direct the credit union in a way that considers both the long and short-term interests of the membership, directors and team members.
- Annually the ~~rThe~~ role of each management team member is determined by the President/CEO for those that report directly to the President/CEO.
- Each management team member is responsible for the day-to-day operations of their assigned area.
- Each management individual will establish goals and objectives that have been approved by the President/CEO to assure that their responsibilities are on course and have been met. These will be reviewed and evaluated with and by the President/CEO.
- Each management individual is responsible for their own functional duties and the coordination of duties between the department and management personnel. They have responsibility for providing the President/CEO with timely information that would have impact on the well-being of the credit union.
- SFCU provides each position with backup and support where appropriate, thus insuring uninterrupted service to the team and the membership.
- SFCU encourages advancement from within the organization.
- The President/CEO will review career plans with management.
- SFCU will provide education and training appropriate to the advancement of the individual and the organization.

## PRESIDENT/CEO

The President/CEO is accountable to the Board of Directors for the efficient and effective operation of SFCU, the safeguarding of personnel, funds, records and property, carrying out the policies as contained in the bylaws, government regulations and promoting good member, employee and public relations. A controlled notification of intent to vacate the President/CEO position allows for an orderly preparation and plan. This plan addresses both Emergency Succession and Planned Succession.

## GENERAL GUIDELINES:

1. The Board of Directors is responsible for appointing an appropriate interim President/CEO whenever necessary.
2. The Board of Directors shall have the authority to engage and compensate external expertise for the search and/or hire process. These may include, but not be limited to: attorneys, search consultants or relocation consultants.
3. The Board of Directors shall be responsible for all internal and external communications related to the departure of the current President/CEO, conduct of an executive search, and the announcement of a successor.
4. President/CEO candidates may request privileged, confidential and/or publicly distributed information relating to the business and financial affairs of SFCU. The Board of Directors shall have the right to determine what information may be provided to the short list of qualified candidates. This information may include: financial, business, legal, regulatory, active or pending litigation, contractual and other information as the Board deems necessary. In some circumstances, the disclosure of, or failure to disclose, pertinent information to candidates may constitute a basis for subsequent legal recourse, and the Board of Directors may want their decision to be guided by legal counsel. Candidates prior to release of information will sign a Confidentiality Agreement Form. See Attachment A for Confidentiality Agreement.
5. A change of President/CEO audit will be performed at the appropriate time by a credit union experienced auditing firm to protect both the outgoing and the incoming President/CEO. It is assumed that the best auditing firm will be the one currently under contract for the annual audit of the credit union due to their familiarity with the credit union and its team.

## EMERGENCY SUCCESSION

In the event of the emergency absence of the President/CEO, the Board of Directors will take the necessary steps to provide for the duties ~~and responsibilities~~ and responsibilities of the President/CEO until such time as the President/CEO returns or a new permanent or interim President/CEO is named.

## THE FIRST 24 HOURS

The Board Chairperson of SFCU will be responsible for the operations of the credit union until and unless the Board of Directors make the appointment of an interim President/CEO.	Board Chairperson
The following will be contacted and informed of the vacancy: <u>Management</u> (see Attachment B for names and phone numbers) <u>1-A.</u> Management Team Members <u>2-B.</u> Chairman - Board of Directors <u>A-C.</u> Remaining members - Board of Directors	Board Chairperson or Management if assigned

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<u>B-D.</u> Chairman – Supervisory Committee	
A meeting of the Board of Directors will be convened as soon as possible by the Board Chairman preferably not more than 24 hours after notification	Board Chairperson or Management if assigned
Personnel attorney will be contacted with questions or concerns relating to legal issues: CBIA Legal Counsel for Personnel (CBIA Employee) or an attorney designated by the Board.	Board Chairperson or Management if assigned
<p>A meeting of the full employee team / staff will be held to explain the situation and the anticipated actions. The team will be reminded that the Board of Directors is responsible for any communication related to the situation. Explanations of how they are allowed to relate the situation to members, etc. will be provided. Considerations for discussion include:</p> <ul style="list-style-type: none"> <li>A. Fact that former President/CEO is no longer responsible for SFCU.</li> <li>B. Reason for departure – if it can be shared.</li> <li>C. Response that team members are allowed to give to members, vendors and others who ask.</li> <li>D. Person or persons responsible for providing information to the media, members, vendors and others.</li> <li>E. Person named as Interim President/CEO.</li> <li>F. Projected process for replacement of President/CEO with anticipated time frames.</li> <li>G. When and how additional information will be provided.</li> </ul>	Board Chairperson or Interim President
<p>Notification will be provided to the following</p> <ul style="list-style-type: none"> <li>A. National Credit Union Administration – NCUA</li> <li>B. Allied Insurance Group</li> <li>C. Depository banks and Federal Home Loan Bank of Boston (FHLBB)</li> <li>D. Attorneys</li> <li>E. Security Companies – RBC/National CD Direct</li> <li><u>E-F.</u> External Auditor - CPA</li> </ul>	Management Team
<p>Determine need to:</p> <ul style="list-style-type: none"> <li>A. Secure records <ul style="list-style-type: none"> <li>1. Cash, checks, money orders and traveler's checks</li> <li>2. Employee files</li> <li>3. Loan documents</li> </ul> </li> <li>B. Change combinations and locks if deemed necessary <ul style="list-style-type: none"> <li>1. Door locks at all facilities</li> <li>2. Security codes at all facilities</li> <li>3. Vault and safe combinations at all facilities</li> </ul> </li> <li>C. Secure personal property of departing President/CEO and return to same.</li> <li>D. Change account agreements (Corporate Resolutions), as appropriate <ul style="list-style-type: none"> <li><u>3-1.</u> Federal Home Loan Bank of Boston</li> <li><u>4-2.</u> Federal Reserve</li> <li><u>5-3.</u> Peoples United Bank</li> <li><u>6-4.</u> RBC</li> <li><u>7-5.</u> National CD Direct</li> <li><u>8-6.</u> Any other depository</li> </ul> </li> <li>E. Necessary Board Resolutions</li> </ul>	Interim President and Management Team

**THE FIRST WEEK (within 5 business days)**

Board of Directors meeting will: A. Determine course of action B. Establish time frames	Board
Chairperson to consider morale, organizational climate <del>management</del> <u>interim management</u> styles.	Board Chairperson and Interim President
Interim CEO will provide support and leadership to the Board	Interim President
Determine appropriate compensation for Interim CEO	Board
Appoint Search Committee, if not already in place.	Board Chairperson

**THE FIRST MONTH**

The Board of Directors will proceed with processes toward hiring of new President/CEO. Follow guidelines as indicated under Planning & Preparation (Page 1 of this plan) and General Guidelines (Page 2 of this plan).	Search Committee
Board will maintain strong communications with both the Management team and the Board members as to the progress of events. It is critical that they feel informed and assured.	Board Chairperson
Attempt to fill President/CEO position within 90 days or less.	Search Committee and Board
Consider necessity of more frequent board meetings.	Board Chairperson

**PLANNED PRESIDENT/CEO REPLACEMENT**

Normally a planned, timed replacement of the President/CEO allows appropriate preparation and transition of change. The Board of Directors would hope for 90 – 180 days of announcement of intent to leave in order to have an orderly transition. The notice provision will be superseded by an existing contract between the Board and sitting President/CEO, if applicable.

The following are the administrative guidelines on which SFCU will proceed to fill a proposed President/CEO vacancy. The Board of Directors will follow the sequences below for the orderly replacement of President/CEO. The final schedule of these steps will be determined by the Board.

<ul style="list-style-type: none"> <li>Assign Search Committee</li> <li>Determine if Consultant will be used</li> <li>Establish budget requirements</li> <li>Refine Attributes and Expertise Desired</li> <li>Refine Job Description</li> <li>Refine Compensation Package</li> <li>Compile Potential Consultant Firms</li> <li>Prepare Advertisement</li> <li>Publish Advertisement</li> <li>Begin Interviews</li> <li>Select short-list of candidates</li> <li>Conduct second interviews</li> <li>Conduct testing, credential search and references</li> <li>Confirm new President/CEO</li> <li>New President/CEO begins position</li> <li>Introduce new President/CEO at Annual Meeting or as appropriate.</li> </ul>	Board, President, Search Committee
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Current President/CEO retires	
The Board of Directors wishes to bring on board the determined new President/CEO. At this time a transition time may be determined by the Board.	Board and Search Committee
A Search Committee may be appointed by the Board of Directors with the responsibility of monitoring the plan, the timeliness of the process and to recommend the final candidates to the Board of Directors. Members of the Board of Directors will make up the Search Committee in part or in total. It is recommended that the committee consist of from <a href="#">no less than</a> three to <a href="#">nor more than</a> five individuals. The current CEO will be involved with the search as the Board sees fit.	Board Chairperson
The Board of Directors will determine if the Search Committee will act on the full responsibilities of the search process, or if an outside consulting firm will be used for the bulk of the processes. If an outside firm is hired, it is important to determine their responsibilities and cost and to solidify details in a signed, written contract. Assistance in determining a consulting firm can be received from recommendations of CUNA and/or the CT Credit Union League. It will be important to use a firm who is familiar with the needs and philosophy of credit unions.	Board
The Board of Directors, with the assistance of the interim President/CEO will update the Job Description and other appropriate information for the position and provide this data to the Search Committee or consulting firm.	Search Committee
Advertising for the President/CEO position will include appropriate publications. Members of the Management Team and other possible internal candidates should also be notified of their ability to apply and how this should be performed; i.e. directly to the Search Committee or to the consulting firm.	Search Committee and Interim President
Screening of qualified candidates may be the most time-consuming element in recruiting for the President/CEO position. The committee may want to review the means of conducting a comprehensive screening process. Normally all resumes will be reviewed for basic qualities and experience and reduced to a workable number. Final interview candidates will normally be limited to 3 - 5 candidates. Final presentation to the board should be the <del>one</del> <a href="#">two</a> candidates determined to be the best by the Search Committee and/or consulting firm. If this selection is not accepted by the Board of Directors, the Search Committee and/or consulting firm should then present their second choice option.	Search Committee
Verification of candidate credentials and employability may include, but not be limited to: A. Educational transcripts B. Reference checks C. Credit bureau reports D. Allied Bondability check D-E. <a href="#">Criminal Conviction Letter</a> E-F. <a href="#">DMV Report</a>	Search Committee
	Board

During the search for a new CEO, the Board will avail itself of input from the Management Team and employees as it deems necessary to continuing the management of the credit union and the selection of a new CEO.

#### **CHANGE OF PRESIDENT/CEO AUDIT**

Change of President/CEO Audit review should include, but not be limited to the following:

1. Secure keys to all credit unions locks – main and branches
2. Change all locks and combinations, ~~if deemed necessary~~ – main and branches.
3. Count all liquid assets of the credit union and reconcile to records. This will include cash, prepaid cards, etc.
4. Give President/CEO a receipt for funds under their control.
5. Inventory and reconcile investments.
6. Review supply of blank checks, money orders, traveler's checks, etc.
7. Remove President/CEO's name from records authorizing them to perform business on behalf of the credit union.
  - Bank Accounts to include signature facsimile on all check endorsers
  - Safe Deposit Box
  - Security
  - Armored cars
  - Pension administrator
  - Insurance companies
  - Vendors
8. Request cut-off SFCU bank statements and reconcile.
9. Review President/CEO related accounts at credit union.
10. Change all passwords and logons that may give former CEO access to and internal or internet programs utilized by SFCU.
11. Review all loan documentation associated with accounts in item #10 for completeness.
12. Secure any credit cards issued to President/CEO in the credit union name.
13. Supervise the removal of personal possessions.
13. Inform employees of change and prepare a response for them for membership questions. A person designated by the Board of Directors should handle specific questions, particularly from third parties.

**Attachment A**

CONFIDENTIALITY AGREEMENT FOR PRESIDENT/CEO APPLICANTS

I understand, as an applicant for a position with Stamford Federal Credit Union, that I may obtain certain confidential information (including but not limited to financial data; member account, credit and tax information; member lists; strategic planning and marketing plans; other proprietary information; etc.) that belong to SFCU.

I agree to only use or disclose any such confidential information in the evaluation of employment opportunities with SFCU. I understand that any improper use or disclosure of such information may cause termination of my involvement with SFCU, and could also cause legal action to be taken against me.

\_\_\_\_\_  
Signed

\_\_\_\_\_  
Date

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Date

**Attachment B**

First 24 Hour Contact List

See Attached "Family List" for addresses, phone numbers, emails and names.

Management Team Members

- VP - Lending
- VP - Controller
- VP – Branch Manager
- VP - Marketing

Board of Directors

- Chair [personman](#)
- Vice Chairperson
- Secretary
- Treasurer
- Director
- Director
- Director

Supervisory Committee Chairman

Chairperson