

Astera Credit Union

Merger Negotiation Guidelines

The following questions are important issues to be answered prior to the CEO engaging in substantive conversations with prospective merger candidates in 'like-sized' or larger merger scenarios;

1. Is the issue of merging CU being the 'surviving' credit union negotiable?
 - a. Should I entertain merger discussions with CU's who will not negotiate this issue?
2. Is the merging CU name and brand negotiable?
 - a. Would the board be receptive to taking on the name of the merging CU?
 - b. If neither name is acceptable to the merging parties, will the board be willing to adopt a new name?
3. Is the CEO position negotiable?
4. Where does the Board stand regarding maintaining majority control of the newly merged board? (one more board seat than merging CU)
5. Will the Board relinquish any officer positions in the newly merged CU?
6. Are CU staff reductions a negotiable issue in merger discussions?
 - a. 'Economies of Scale' in mergers cannot be obtained in the short-term without some reduction in support area staffing levels. There will be staffing redundancy that will need to be addressed in the merger, and economies of scale will take a very long time to achieve if left to a 'reduction through attrition' strategy.
7. Is there a territorial requirement for a combined 'new entity' headquarters?
 - a. In a like-sized or larger CU merger partner scenario, the merging CU may have to move to consolidate administration in a different location in order to accommodate post-merger needs. (this would also potentially require 'out of area' board meetings)
8. Is there good alignment between the respective corporate cultures of the merging credit unions?
9. Is there good alignment between the board governance process of the merging credit unions?

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CULTURAL ASSESSMENT

Q: How would you define your Corporate Culture?

Q: Tell me about the process of decision-making in your CU? Is there a protocol and hierarchy?

Q: What is your philosophy on Leadership Development and succession?

Q: How would you define your Leadership Style?

Q: How do you foster and facilitate new ideas and personal expression within your CU?

Q: How do you determine whether prospective merger partnerships are a cultural fit for your CU?

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Q: What are the biggest challenges your CU is currently dealing with?