



NATIONAL CREDIT UNION ADMINISTRATION

WASHINGTON, D.C. 20456

November 19, 1991

Hope Nofziger  
President  
Blade Federal Credit Union  
541 Superior Street  
Toledo, Ohio 43660-0401

Re: Manager Serving on the Board of Directors  
(Your October 21, 1991, Letter)

Dear Ms. Nofziger:

You have asked for our comments on the removal of Blade Federal Credit Union's (FCU) manager from the FCU's board of directors. You are correct in your interpretation of the Standard FCU Bylaws that an FCU's manager can not serve on the FCU's board of directors. Although Article VIII, Section 6 of the Standard FCU Bylaws prohibits a manager from serving on the board of directors, there is a standard bylaw amendment that permits the manager to serve on the board. If you so desire, you can restore the manager's eligibility to serve on the board of directors by adopting the standard bylaw amendment (see enclosed).

One additional note. The prohibition described in the above paragraph does not prohibit a manager from running for the board of directors; however, if the manager is elected, she will have to serve as either the manager or director, absent the adoption of the standard bylaw amendment.

Sincerely,

Hattie M. Ulan  
Associate General Counsel

cc: Paul Jakuboski, Vice President  
Blade Federal Credit Union

Claude Montgomery, Secretary/Treasurer  
Blade Federal Credit Union

Enclosure

FOIA  
Vol. III, Part A.4 Offices

(e) Prepare and forward to the Administration such financial and other reports as the Administration may require.

(f) If so authorized by the board and within standards and limitations prescribed by the board, employ tellers, clerks, bookkeepers, and other office employees, and have the power to remove such employees.

(g) Perform such other duties as customarily appertain to the office of treasurer or as he/she may be directed to perform by resolution of the board not inconsistent with the Act and regulations and these bylaws.

"The board may employ one or more assistant treasurers, none of whom may also hold office as president or vice president, and may authorize them, under the direction of the treasurer, to perform any of the duties devolving on the treasurer, including the signing of checks. When designated by the board, any assistant treasurer may also act as treasurer during the temporary absence of the treasurer or in the event of his/her temporary inability to act."

With this amendment there must also be a companion amendment of Article VIII, Section 6, to permit the manager to serve on the board.

#### Article VIII, section 6, of the Bylaws

##### To permit the manager to serve on the board of directors.

This amendment removes the prohibition of a manager serving on the board of directors. Article XIX, section 4 of the bylaws precludes any possibility of conflict of interest that might result from permitting the manager to serve on the board. The amendment is worded so that the manager is under the direction and control of the board rather than the treasurer. In effect, the credit union would have two financial officers under the control of the board.

##### Standard wording:

"The board may employ a manager who shall be under the direction and control of the board or of the treasurer as determined by the board, except that a manager who is a member of the board shall be under the direction and control of the board. The manager, who is a member of the board, may not be the president or vice president. The manager may be assigned any or all of the responsibilities of the treasurer described in Section 5 of this article.

"The board may employ one or more assistant managers, none of whom may also hold office as president or vice president. The board may authorize assistant managers under the direction of the manager, to perform any of the duties devolving on the manager, including the signing of checks. When designated by the board, any assistant

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manager may also act as manager during the temporary absence of the manager or in the event of his/her temporary inability to act."

Article VIII, section 7, of the Bylaws

To provide that no director or committee member or member of the immediate family of a director or committee member may be a paid employee of the credit union.

This amendment is permitted under principles of sound internal control.

Standard wording:

"The board shall employ, fix the compensation, and prescribe the duties of such employees as may in the discretion of the board be necessary, and have the power to remove such employees, unless it has delegated these powers to the treasurer or manager; except that neither the board, the treasurer, nor the manager shall have the power or the duty to employ, prescribe the duties of, or remove any loan officer appointed by the credit committee, or necessary clerical and auditing assistance employed or utilized by the supervisory committee: Provided, however, That no director or committee member or member of the immediate family of a director or committee member may be a paid employee of this credit union."

To limit the number of paid employees that may serve on the board of directors.

This amendment is a variation of the above situation. The number limit is within the discretion of the board of directors.

Standard wording:

"The board shall employ, fix the compensation, and prescribe the duties of such employees as may in the discretion of the board be necessary, and have the power to remove such employees, unless it has delegated these powers to the treasurer or manager; except that neither the board, the treasurer, nor the manager shall have the power or the duty to employ, prescribe the duties of, or remove any loan officer appointed by the credit committee, or necessary clerical and auditing assistance employed or utilized by the supervisory committee: Provided, however, That no more than \_\_\_\_\_ directors may be paid employees of this credit union."