

Marathon County Employees Credit Union Succession Plan

Adopted: 6-17-02

PLANNING AND PREPARATION

The Board of Directors and Management of Marathon County Employees Credit Union, MCECU, recognize that a realistic Succession Plan is critical to the future of a strong organization. MCECU has grown in both size and complexity over recent years and this growth requires a talented and stable management structure. To insure that committed, capable and experienced management continues to occupy leadership positions, MCECU 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 employees 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, and ensure the stability and soundness of MCECU. 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 staff.
- The President/CEO determines the role of each staff member and each reports directly to the President/CEO.
- Each staff member is responsible for the day-to-day operations of their assigned area.
- Each staff member will establish goals and objectives that have been approved by the CEO to assure that their responsibilities are on course and have been met. These will be reviewed with the President/CEO.
- Each staff member is responsible for their own functional duties and the coordination of duties between their department and the President. They have responsibility for providing the President/CEO with timely information that would have impact on the well being of the credit union.
- MCECU provides each position with backup and support where appropriate, thus insuring uninterrupted service to the team and the membership.
- MCECU encourages advancement from within the organization.

- MCECU 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 MCECU, 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. 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. This 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 MCECU. 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. 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.
5. A change of President 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. The Department of Financial Institutions will be contacted regarding auditing firms.
6. The President will keep an up to date password list with the Secretary of the Board.

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 of the

President/CEO until such time as the President/CEO returns or a new President/CEO is named.

A. THE FIRST 24 HOURS

- | | <u>RESPONSIBILITY</u> |
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| 1. The Board of MCECU 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. | Chairman |
| 2. The following will be contacted and informed of the vacancy:
Wausau Postal Employees CU 845-6558
Wis CU League 800 242-0833
State Dept of Financial Institutions 608 267-2608
See attachment B | Chairman |
| 3. 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. | Chairman |
| 4. 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:
A. Fact that former President/CEO is no longer responsible for MCECU.
B. Reason for departure – if it can be shared.
C. Response that team members are allowed to give to members, vendors and others who ask.
D. Person or persons responsible for providing information to the media, members, vendors and others.
E. Person named as Interim President/CEO.
F. Projected process for replacement of President/CEO with anticipated time frames.
G. When and how additional information will be provided. | Chairman
or Interim President |

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| 6. Notification will be provided to the following:

A. National Credit Union Administration – NCUA
B. CUMIS Insurance Group
C. Tower CU and Wisconsin Corp Central CU
D. Attorney, Roger Deffner
E. Security Companies | Chairman |

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| 7. Determine need to:

A. Secure records
1. Cash, checks, money orders and traveler's checks
2. Employee files | Interim CEO and
Chairman |
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- 3. Loan documents
- B. Change combinations and locks if deemed necessary
 - 1. Door locks at all facilities
 - 2. Security codes at all facilities
 - 3. Vault and safe combinations at all facilities
- C. Secure personal property of departing President/CEO
- D. Change authorization cards, as appropriate
 - 1. Corporate Central CU
 - 2. Federal Reserve
 - 3. Any other depository
- F. Enact necessary Board Resolutions, as appropriate
 - 1. Corporate Central CU

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

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| 1. Board of Directors meeting will: | Board |
| A. Determine course of action | |
| B. Establish time frames | |
| 2. Chairman to consider morale, organizational climate and interim management styles. | Chairman
Interim CEO |
| 3. Interim CEO will provide support and leadership to the Board. | Interim CEO |
| 4. Determine appropriate compensation for Interim CEO. | Board |
| 5. Appoint Search Committee, if not already in place. | Board |

C. THE FIRST MONTH

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| 1. 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 |
| 2. Board will maintain strong communications with both the Staff and the Board members as to the progress of events. It is critical that they feel informed and assured. | Chairman |
| 3. Attempt to fill President/CEO position within 90 days or less. | Search Committee &
Board |
| 4. Consider necessity of more frequent board meetings. | Chairman |

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 60 – 180 days of announcement of intent to leave in order to have an orderly transition.

RESPONSIBILITY

President/CEO

The following are the administrative guidelines on which MCECU will proceed to fill a proposed President/CEO vacancy.

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| 1. 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. | Board |
| Assign Search Committee | Board |
| Determine if Consultant will be used | Board |
| Establish budget requirements | Board |
| Refine Attributes and Expertise Desired | Board |
| Refine Job Description | Board and
President/CEO |
| Refine Compensation Package | Board |
| Compile potential Consultant Firms | Search Committee |
| Prepare Advertisement | Search Committee |
| Publish Advertisement | Search Committee |
| Begin Interviews | Search Committee |
| Select short-list of candidates | Search Committee |
| Conduct second interviews | Search Committee |
| Conduct testing, credential search and references | Consultant/Search
Committee |
| Confirm new President/CEO | Board |
| New President/EO begins position | Board |
| Introduce new President/CEO at Annual Meeting | Board |
| Acknowledge current President/CEO retiring or leaving | Board |
| 2. 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 |
| 3. 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 consists of from three to five individuals. The current CEO will be involved with the search as the Board sees fit. | Chairman |
| 4. 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 may be obtained from recommendations of CUNA and/or the WI Credit Union League. It will be important to use a firm who is familiar with the needs and philosophy of credit unions. | Board |
| 5. The Board of Directors, with the assistance of the interim | Search Committee |

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.

6. Advertise through appropriate publications for the President/CEO position. All members of the staff shall be notified of the application procedure; i.e. directly to the Search Committee or to the consulting firm. Search Committee
Interim CEO
7. 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 person determined to be the best candidate 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
8. Verification of candidate credentials and employability may include, but not be limited to: Search Committee
 - A. Educational transcripts
 - B. Reference checks
 - C. Credit bureau reports
 - D. CUMIS Bond check
9. Publish articles in appropriate publications Board
 - A. Announce retirement of current President/CEO
 - B. Introduction of new President/CEO

During the search for a new CEO, the Board will be open to input from the 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

- A. Change of President/CEO Audit review should include, but not be limited to the following:
 1. Secure keys to all credit unions locks.
 2. Change all locks and combinations, if deemed necessary.
 3. Count all liquid assets of the credit union and reconcile to records. This will include cash, traveler's checks, etc.
 4. Give President/CEO a receipt for funds under their control.

5. Inventory and reconcile investments.
6. Inventory credit union safe deposit box, if applicable. Review latest entries and entrance card.
7. Review supply of blank checks, money orders, traveler's checks, etc.
8. 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
9. Request cut-off MCECU bank statements and reconcile.
10. Review President/CEO related accounts at credit union.
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.
14. Normal employee exit process will apply.
15. 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 Marathon County Employees Credit Union, MCECU, 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 MCECU.

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

Signed

date

Witness

date

Attachment B

First 24-Hour Contact List

Board of Directors:

List Board with their titles, home address, work and home phone numbers and email addresses.

Employees:

List staff with their titles, home address, work and home phone numbers and email addresses.