

**STCU OFFICIALS DUTY OF CARE AND EDUCATION  
POLICY and STANDARDS**

Adopted: 05/06

Policy Revised: 06/23

Standards Revised:06/23

Page: 1 of 6

**BOARD APPROVED POLICY:**

**OBJECTIVE:** STCU officials (officials) serving STCU membership include Board of Directors, Audit Committee members, affiliate committee members (ACMs), and board emeritus members.

Under RCW 31.12.267 and other relevant law, board members stand in a fiduciary relationship to the credit union and must discharge the duties of their respective positions: 1) in good faith; 2) with the care an ordinary prudent person in a like position would exercise under similar circumstances; 3) having taken reasonable measures to be and remain appropriately informed and 4) in a manner the director reasonably believes to be in the best interests of the credit union.

**CORE COMPETENCIES:** To build and sustain a successful and effective board, a list of core competencies for board members has been developed. Proficiency in these core competencies is intended to help develop and build a successful board member and board. The following four competencies are determined to be the most important:

- Decision Quality
- Strategic Agility
- Member Focus
- Self-Development

Board members are expected to strive to be proficient in each of these core competencies. These competencies will be utilized to help individual board members, and the board, evaluate themselves and each other.

**NEW BOARD/AUDIT COMMITTEE MEMBERS:** New Board and Audit Committee members will be expected to actively participate in the business of the Board and/or Audit Committee and will be provided with the necessary tools to successfully start as a new Board/Audit Committee member.

**EDUCATION:** An orientation will be provided for all new members of the STCU Board of Directors, Audit Committee or ACMs. A description of education expectations, and the resources to achieve those expectations, is outlined in this policy. STCU will provide opportunities and funding through the education/travel budget for officials to acquire the skills needed to meet these expectations. These opportunities may be provided through internal training, external training, self-education, or a combination of these activities. STCU and the officials will document the officials' experience, education, and training to

**STCU OFFICIALS DUTY OF CARE AND EDUCATION  
POLICY and STANDARDS**

Adopted: 05/06

Policy Revised: 06/23

Standards Revised:06/23

Page: 2 of 6

meet these requirements in compliance with this policy.

**Financial  
Competency:**

According to NCUA Regulation 701.4, board board members are expected to exhibit a certain base level of financial skills consistent with the size and complexity of STCU's operations. At a minimum, board members must have the ability to read and understand STCU's balance sheet and income statement. While this NCUA regulation is directed towards board members, it is STCU's expectation that all officials meet these base levels for financial skills as outlined below:

- Have a working familiarity with basic finance and accounting practices including the ability to read and understand STCU's balance sheet and income statement and other basic financial reports.
- Understand the specific activities in which STCU engages and how they may affect income, expense, and risk associated with STCU's operations.
- Ask, as appropriate, substantive questions of management, auditors, or examiners.

The recruitment and nomination process will incorporate financial literacy skill levels as a part of the interview process for applicants and nominees. If officials do not have the requisite skills when elected or appointed, they must complete basic financial literacy training which will be provided within the first year of service.

**Board  
Certification:**

All board members will be required to complete a certification program that covers many areas of governance including financial literacy, board governance, strategic planning, risk management, CEO relations, etc. Certification options include:

- STCU's LMS (EmpowerU) - STCU Board of Directors Certification
- CUES – Certified Credit Union Director (CCD)
- CUNA – Certified Credit Union Board member (CCUB) (CCUSC)
- NAFCU – Certified Volunteer Expert (NCVE)
- NACD (Nat'l Association of Corporate Directors Fellow)
- Other certification programs and/or experience as may be submitted and approved by the Board Governance Committee

New board members are strongly encouraged to obtain certification by the end of their first year, with completion required by the end of their first term.

**Audit Committee  
Certification:**

All Audit Committee members will be required to complete a certification program that covers areas related to the responsibilities of the Audit Committee. Certification options include:

**STCU OFFICIALS DUTY OF CARE AND EDUCATION  
POLICY and STANDARDS**

Adopted: 05/06

Policy Revised: 06/23

Standards Revised:06/23

Page: 3 of 6

- STCU's LMS (EmpowerU) - STCU Board of Directors Certification
- CUNA – Certified Credit Union Certified Credit Union Supervisory Committee member (CCUSC)NAFCU – Certified Volunteer Expert (NCVE)
- Other certification programs and/or experience as may be submitted and approved by the Audit Committee

New Audit Committee members are strongly encouraged to obtain certification by the end of their first year, with completion required by the end of their first term.

**Continuing Education:**

Officials should continue to improve themselves and stay abreast of fiscal and economic policies, the world financial situation, and the use of technology. This can be accomplished through conferences, webinars, or publications.

**Conventions and Meetings:**

It is an expectation that the Board and Audit Committee members actively participate in their education. They are encouraged to participate in a variety of educational opportunities and provide a conference summary which can be either reported at a board or Audit Committee meeting and/or posted on the board portal.

**Technology Skills:**

Technology is an integral part of delivering STCU products and services, and the Board and Audit Committee member is required to achieve computer literacy in many areas including use of the board portal, virtual meeting options (such as GoToMeeting, Zoom, etc) webmail, email, the internet, and home banking. With these skills they will be able to:

- Receive/review/comment on reports, minutes, and any financial or strategic analysis electronically via the board portal
- Communicate with each other and management through webmail including attachments
- Understand and utilize technology-related services available to STCU members
- Understand how technology in general may impact STCU

**ATTENDANCE REQUIREMENTS FOR BOARD/ AUDIT COMMITTEE:**

**Board Meetings:** In accordance with STCU's bylaws, regular meetings of the Board shall be held at least six times each calendar year, with at least one of those

**STCU OFFICIALS DUTY OF CARE AND EDUCATION  
POLICY and STANDARDS**

Adopted: 05/06

Policy Revised: 06/23

Standards Revised:06/23

Page: 4 of 6

meetings held in each calendar quarter. The date of each meeting will be set by the Board. A majority of the Board shall constitute a quorum.

Members of the Board of Directors must follow these attendance requirements.

**Attendance Methods**

Attendance at meetings of the Board of Directors may take place in person or virtually via audio or video methods.

The board member must notify the Board chair and Board Secretary in advance if they wish to attend a meeting via virtual methods. The Board chair will verify by roll call those attending via virtual methods and such roll call will be noted in the minutes.

**Excused Absence**

Section 31.12.235(2a) of the Revised Code of Washington indicates that:

“If a director is absent from more than one-fourth of the regular board meetings in any twelve-month period in a term without being reasonably excused by the board, the director shall no longer serve as a director for the period remaining in the term.”

The Board of Directors shall excuse absences under the following conditions:

1. If the member is in attendance at a conference, seminar, or meeting and the attendance has been duly noted in advance
2. If the director is excused by a majority vote of the Board.

All excused absences will be recorded in the minutes by the Board secretary.

At least one member of the Audit Committee is encouraged to attend the regularly scheduled board meetings to provide a report.

**Annual Meeting:** All Board and Audit Committee members are expected to attend.

**Committee Meetings:** Assigned committee members are expected to attend their scheduled committee meetings in order to obtain a quorum to effectively conduct STCU business. All Board members and affiliate committee members are invited to attend committee meetings.

**Audit Committee Meetings:** All Audit Committee members are required to attend their scheduled committee meetings to ensure a quorum. Board members are invited to attend.

**STCU OFFICIALS DUTY OF CARE AND EDUCATION  
POLICY and STANDARDS**

Adopted: 05/06

Policy Revised: 06/23

Standards Revised:06/23

Page: 5 of 6

**Excused Absence**

Section 31.12.335(2a) of the Revised Code of Washington indicates that:

“If a supervisory (audit) committee member is absent from more than one-third of the committee meetings in any twelve-month period in a term without being reasonably excused by the committee, the member shall no longer serve as a member of the committee for the period remaining in the term.”

The Audit Committee shall excuse absences under the following conditions:

1. If the member is in attendance at a conference, seminar, or meeting and the attendance has been duly noted in advance
2. If the member is excused by a majority vote of the committee

All excused absences will be recorded in the minutes by the secretary.

**Planning Sessions:**

Planning sessions will be conducted each year. The agenda will be set by the Board and management. All Board members are expected to attend, and Audit Committee members may attend if they wish to.

**STANDARDS:  
(Revised:06/23)**

**INSURANCE  
COVERAGE:**

**Accidental Death and Dismemberment Coverage:**

Each official is covered from date of service by a \$25,000 Accidental Death and Dismemberment policy through Zurich American Insurance Company. This coverage is paid for by STCU and provides coverage 24 hours a day, 7 days a week. Coverage is for accidents only. The policy does not pay benefits for loss caused by sickness.

Coverage will remain in affect during the term of the official. An Insurance Plan Summary and Beneficiary Card will be provided to each new official at the beginning of his/her term. Beneficiary changes or claims should be directed to the Board Secretary for processing.

**Liability Coverage:**

Each official is covered from date of service under the Directors, STCU Officials and Employees Insurance Policy CUMIS Special Insurance Package. CUMIS will pay any “loss” that the “insureds” become legally obligated to pay as a result of any “claim” against the “insureds” including

**STCU OFFICIALS DUTY OF CARE AND EDUCATION  
POLICY and STANDARDS**

Adopted: 05/06

Policy Revised: 06/23

Standards Revised:06/23

Page: 6 of 6

defense expenses within the limits of coverage. This liability coverage is paid by STCU. Coverage will remain in affect during the term of the official.

**CONTENT  
PROVIDERS:**

Board chair  
Board Governance Committee  
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