

Ms. Jekel:

Per our discussion, attached is a file with some red-lined suggestions for wording changes to Draft #2. My intention was to further clarify the Draft. Also, it may be helpful to add a definition of the term “net worth ratio” in Section 1 of the Draft.

If you have any questions, please contact me.

Parker Cann
SVP & General Counsel
BECU

BECU's suggested changes to Draft #2 of DCU's rule on the Frequency of Board Meetings

January 7, 2014

NEW SECTION. **Sec. 2. FREQUENCY OF BOARD MEETINGS.**

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(3) Director's authority to require more frequent meetings. The Director may ~~require~~ determine that a board must meet more frequently if he or she finds that ~~the board should be engaged in more frequent review and deliberation of it is necessary for the board to meet more frequently in order to ensure the credit union is addressing current DFI examination matters~~ concerns, including without limitation ~~evidence of~~ any of the following:

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(a) DFI concerns resulting in the credit union's ~~current~~ receives a rating of 3, 4, or 5 in the management component of its CAMEL rating by DFI;

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(b) DFI concerns resulting in the credit union's ~~current~~ receives a composite CAMEL rating of 3, 4, or 5 by DFI;

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(c) The credit union's net worth ratio is currently ~~has~~ less than a seven per cent ~~net worth ratio~~;

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(d) The credit union ~~has been determined to be~~ is currently in a troubled condition; or

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(e) In the judgment of DFI, ~~t~~he credit union has committed an unsafe or unsound practice that has not been corrected to the satisfaction of DFI and that continues to be a concern to DFI, or the credit union is about to commit, ~~an unsafe or unsound practice;~~ or

~~(f) The credit union has been notified in writing by the Director of a significant supervisory or financial concern.~~

(4) Notification to the Board. If the Director determines as set forth in subsection (3) that a board of directors must meet more frequently than as set forth in subsection (2), the Director will send written notice to the board chair, with a copy to the credit union's manager, setting forth the Director's findings underlying the determination and the required frequency of board of directors' meetings. This notice will remain in effect until rescinded in writing by the Director.