



Proposed Election Procedure Changes

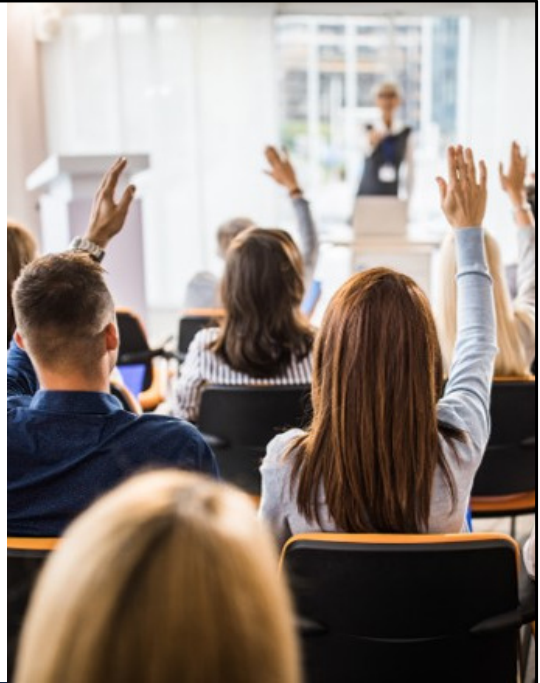
Advisory Board Feedback Sessions
March 19 and March 25, 2024

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Introductions, Background, and Purpose

- Introductions and welcome
- Background on changes proposed by the Board of Directors Governance Committee
- Sharing and seeking input on key proposed changes

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- In November 2023, all Board members were asked to provide feedback and suggest changes on the election process, following the October 2023 election.
- The Board's Governance Committee reviewed the feedback received over the course of multiple meetings held over the last few months. Based on its review, the Governance Committee adopted a series of proposed changes for the 2024 election. Those proposed changes were shared with the full SECU Board.
- Following that discussion, the Board's new Member Relations Committee worked with SECU staff to schedule meetings with the Member Advisory Boards. After these meetings, we'll be sending out a survey to get your feedback on these proposed changes. The Board will ultimately vote on any changes. Members will be given notice by April 11 of any changes adopted.
- We're going to preview these changes with you over the next several slides.

Mail Ballot to Eligible Members

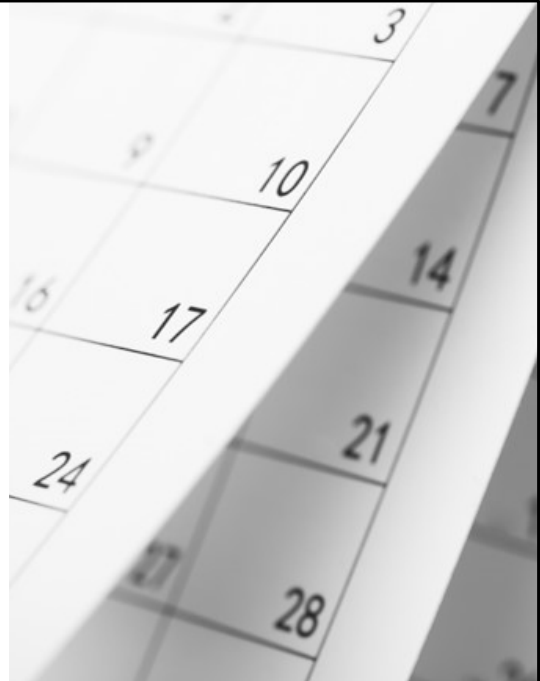
- All members age 16 and older are eligible to vote – approximately 2.3 million members
- In 2023, 13,372 members voted – only ~0.5% of eligible members
- Members also needed to call SECU to obtain a paper ballot
- Sending ballots to every eligible member will raise member awareness of election and is expected to increase voting rate
- Mailing will also provide information about the Annual Meeting and the candidates, and members will still be encouraged to vote electronically

- At SECU, all members age 16 years and older are eligible to vote. That's about 2.3 million members – and growing, as SECU continues to experience membership growth.
- Last year, SECU worked with Ernst and Young (an outside large firm) to develop and offer an electronic voting option that allowed members to vote when they wanted, where they wanted, with the click of a few buttons. This was the first year SECU had ever offered this voting technology to its membership.
- And while the voting platform was a great success, only about 0.5% of eligible members ended up voting in last year's election.
- While most members voted electronically, many elected to use paper ballots. Members could obtain a paper ballot by calling in to SECU and requesting one. Ernst & Young would mail the ballot to the member. Depending on when the member called in, the member may have experienced some level of wait time.
- Under this proposed change, SECU would mail a paper ballot to every member eligible to vote. Information about the Annual Meeting and the candidates would also be included with the ballot in the mailing. The mailing would occur in late August, just before the start of the early voting period.
- We'll still maintain the electronic voting portal and mailings will encourage members to vote electronically, as electronic ballots are faster, easier to process, and provide instantaneous confirmation to the member that the member's vote was submitted.

Lengthen Nominating Committee Review Period

- In 2023, the Nominating Committee had only 22 days to review all the applications, schedule and conduct interviews with the candidates, and meet to deliberate and make selections
- The proposed change would lengthen this period to 42 days, allowing more time and flexibility to schedule interviews with the candidates and complete the Committee's deliberative process

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- In 2023, the Nominating Committee was allotted 22 days to review all the applications, schedule and conduct interviews with the candidates, and meet to deliberate and make selections.
- This window occurred during the summer when many members and candidates were traveling, which made scheduling the meetings and interviews more challenging.

Lengthen Self-Nomination Petition Signature Gathering Period

- The 10-day window between the deadline for the Nominating Committee to make its selections and the deadline for candidates seeking self-nomination to return completed petitions has been in place since 2015
- Self-nominated candidates in 2023 indicated this timeframe created an unnecessary burden
- To permit more time for members to gather signatures for self-nomination, this proposed change would lengthen the period from 10 to 21 days
- As we did last year, SECU will automatically provide every candidate not selected by the Nominating Committee with the official self-nomination petition form

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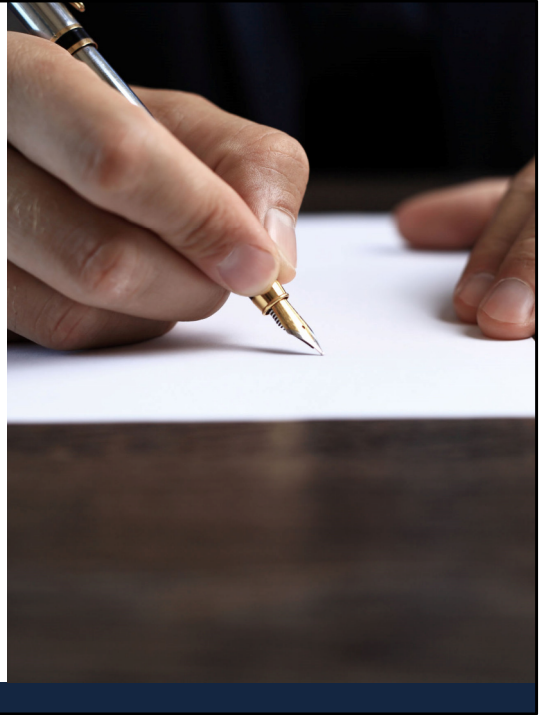
- When the Nominating Committee makes its selections, it informs the non-selected candidates, who may then decide to seek self-nomination via petition. Last year, the deadline to submit self-nominations occurred 10 days after the Nominating Committee's deadline to make its selections.
- This 10-day window has been in place since at least 2015 and was developed by a Board sub-committee who worked in 2014 and 2015 to submit a recommendation on the procedure change to the Board for their approval in 2015.

Lengthen the Petition Validation Period

- Under the current election procedures, SECU has only 5 days to validate the signatures on every self-nomination petition, prepare the background information on candidates, and publish the notice of Annual Meeting
- The petition validation process is labor intensive and outsourced for independence
- Preparing the resulting Annual Meeting publication material requires additional lead time
- To permit more time for these teams to complete their work, the proposed change would lengthen the period from 5 to 14 days

Modify the Petition Form

- The Governance Committee proposes to modify the self-nomination petition form to include the candidate name and statement "We the undersigned, being members of State Employees' Credit Union, hereby recommend for nomination <candidate name>" to appear on each page
- This modification would ensure members are signing their name to a petition in support of an identified candidate, regardless of which page of the petition form is signed by the member



- The self-nomination petition form identifies the candidate on the first page, but not on subsequent pages. This change could better identify which candidate is being supported.

Release the Selections of Nominating Committee Earlier

- Under the current election procedures, SECU publishes the names of all candidates, both selected by the Nominating Committee and self-nominated, at the same time
- Last year, some members asked SECU to release the Nominating Committee selections before the deadline for submitting completed self-nomination petitions
- Under this proposed change, SECU would release selections of the Nominating Committee to the membership prior to the deadline for receipt of self-nominating petitions
- Earlier release furthers transparency and allows non-selected applicants to determine, after taking into account the selections of the Nominating Committee, if they would like to pursue self-nomination

- Similar to the 10-day collection of signatures procedure, this procedure has also been in place since at least 2015.
- A candidate's decision to seek self-nomination may be influenced by the strength of the candidates selected by the Nominating Committee. Releasing the selections earlier allows a potential candidate extended time to make their decision on self-nomination.

Eliminate Requirement for Submitting Original Petitions

- The current election procedures require candidates to submit the original, hard copy signed self-nomination petition to facilitate the petition validation process in the event the authenticity of a signature is challenged
- To lessen the reported administrative burden on self-nominees, this proposed change would eliminate the requirement that candidates return the original petition by the self-nomination deadline
- Candidates would need to maintain the original petition and provide it to SECU upon request (e.g., a question arose as to the authenticity of signatures)
- Members seeking self-nomination may submit electronic copies of signed petitions via email

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- There was feedback that returning the original of the signed petition imposed some hardship on candidates.
- SECU will explore ways to make it easier for candidates to email or otherwise electronically deliver the completed petitions, as it heard feedback that some members had difficulty emailing the petition as an attachment given its size.

Address Impact of Multiple Votes from a Member

- A possibility exists that a member may submit a vote electronically and cast a paper ballot
- To address that situation, the election procedures would make clear that the first vote received (whether online or paper ballot) is counted and any subsequently received votes are discarded
- This proposed change may prevent duplication if a member inadvertently submits both paper and electronic ballots

- A possibility exists that a member may submit a vote electronically and cast a paper ballot. For example, a member may mail in a paper ballot and later, forgetting they've done so, inadvertently attempt to cast an electronic ballot. Or vice versa.

Justification for Requiring Board Applications

- This proposed change seeks to outline in the election procedures the rationale for SECU's longstanding requirement that candidates submit an application prior to proceeding with self-nomination
- Since 2015, all applicants have been required to submit an application. Since 2017, there has been a requirement for all candidates to go through the nominating process by submitting an application to the Nominating Committee.
- The requirement affords SECU an opportunity to timely conduct a background check to ensure the candidate has not been convicted of (or entered into pretrial diversion for) any disqualifying offenses under federal law
- Having all candidates apply to the Nominating Committee also helps ensure that the Committee is aware of, and afforded the opportunity to consider, all qualified candidates interested in serving

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- This proposed change is not a change in process but rather an addition to the text of the election procedures to provide some background on the reason for SECU's longstanding requirement that candidates submit an application prior to proceeding with self-nomination.
- The Board adopted this requirement pursuant the power granted to it in the bylaws to create procedures for self-nomination.
- This requirement has been in place for almost a decade for several reasons.
- First, it affords SECU an opportunity to timely conduct a background check to ensure the candidate has not been convicted of (or entered into pretrial diversion for) any disqualifying offenses under federal law. Federal law provides that individuals who have been convicted of certain crimes cannot serve as directors of insured credit unions like SECU. To ensure it is meeting the requirement of federal law, SECU needs to conduct background checks on proposed directors. The application solicits from candidates the information and consent needed to do so.

Additional text from previous slide's notes

- Second, having all candidates apply to the Nominating Committee also helps ensure that the Committee is aware of, and has the opportunity to endorse, all qualified candidates interested in serving.
 - The Nominating Committee is uniquely positioned to identify what qualifications and expertise would be most beneficial for a Board member to bring to the current Board, particularly if there are gaps in Board skills, experience, and member representation. As a result, this requirement helps the Committee to nominate those who most closely meet the Board's needs in a particular election cycle by making the Committee aware of the entire pool of interested candidates.
 - Simply put, if there's a member who wants to serve, the Nominating Committee is interested in hearing from them.
- The third reason for the requirement is likewise practical: the application gives SECU background information it needs to prepare candidate biographical information that it makes available to the membership in connection with the ballot, if the candidate is selected by the Nominating Committee or self-nominates.
- The last point on this: Candidates not selected by the Nominating Committee are free to seek self-nomination. The responses given by the candidates to the application questions have no bearing on the candidate's eligibility to seek self-nomination if they are not selected by the Nominating Committee. The requirement to submit an application is a procedural step in the self-nomination process.

Justification for Establishing Campaign Free Zones

- This proposed change provides in the election procedures the rationale for limiting petition signature gathering at SECU locations
- SECU wishes to preserve member privacy and ensure members seeking to conduct business at SECU locations may do so without being subjected to campaigning activity



- The last proposed change is also a change in the text of the election procedures more so than a change in policy. And it too aims at providing some context for a requirement in the election procedures.
- In particular, the election procedures limit petition gathering at SECU locations.
- This proposed change provides in the election procedures the rationale for this limitation (and is listed above on the slide).
- Candidates and others remain free to utilize other locations and channels to promote their candidacy, including, for example, social media and email.

Next Steps

- There will be further deliberation by the Board to consider any feedback provided
- The Board will then decide whether to modify and/or approve any or all the proposed changes and vote on any related motions
- Membership will be notified of any approved changes to the Election Policies and Procedures by April 11



 **Thank You!**

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