



GOVERNANCE COMMITTEE CHARTER

Purpose of Committee

In order to accomplish the objectives of good governance and corporate accountability, the Governance Committee (Committee) is a standing committee of the Board of Directors (Board) and has been established to assist the Board by:

- Exercising a leadership role in shaping the corporate governance of the Association.
- Recommending to the Board corporate governance principles applicable to the Association, including governance structure – Board organization, membership and function, Committee structure and membership, and oversight of evaluation and composition of the Board.
- Recommending plans for Board education, including new member orientation.
- Assisting the Board in its oversight of standards of conduct programs, policies and procedures of the Association.

Membership

The Committee shall consist of three members or more members of the Board appointed by the Board Chair, in collaboration with the Governance Committee, on an annual basis. In addition, the Board Chair and other members of the Board may participate in the meetings of the Committee on a non-voting basis.

Governance Committee members shall appoint a Committee Chair and Vice Chair annually. The members of the Committee shall serve until their resignation, retirement, removal by the Board or until their successors are appointed by the Board Chair in accordance with the Bylaws.

The Committee members should be knowledgeable or become knowledgeable in matters pertaining to corporate governance. Committee members shall abide by all Bylaws, policies, procedures, and FCA regulations regarding membership, attendance, and conduct.

Meetings

The Committee will meet at least semi-annually, with the expectation that additional meetings may be required to adequately fulfill all of the obligations and duties outlined in this Charter. Additional meetings may be held upon reasonable prior notice at such other times as may be determined by the Committee Chair, or if requested by at least two other members of the Committee.

The Committee shall reserve a portion of each meeting for Executive Session for all matters it determines should be discussed and/or voted on in Executive Session, including any matter that may be required by FCA regulations to be determined in Executive Session.

A majority of the members of the Committee shall constitute a quorum: however, all Committee members are expected to attend each meeting, in person or via telephone or video conference.

Minutes

All actions taken and a summary of issues discussed at each meeting will be recorded and reported to the Board no later than the next scheduled Board meeting. Minutes will be prepared and submitted to the Committee for review and approval.

Meeting minutes shall include a list of the members attending and description of the items discussed, and actions taken. Meeting minutes shall be kept as permanent records of the Association

Responsibilities

1. Recommend to the Board on matters of Board policies and practices, including but not limited to Board size, director qualifications, terms of office, and selection process.
2. Monitor the implementation of said Board policies and practices.
3. Review and revise standards of conduct and code of ethics policies.
4. Conduct an annual evaluation of the Committee's performance and make recommendations to the Board Chair regarding Committee membership and qualifications.
5. Oversee the Board's annual self-assessment and improvement process.
6. Advise management on the frequency and content of management reports to the Board.
7. Assist the Board in determining the appropriate general qualifications and criteria for board-elected directorships; and provide such to the Nominating Committee to be used as a guideline for the recruitment and identification of eligible candidates.
8. Ensure sufficient information and adequate training is provided to the members of the Association's Nominating Committee to carry out their duties and responsibilities.
9. Oversee the annual election process, including but not limited to establishing the annual election calendar and setting the record date.
10. Identify and recommend qualified candidates for appointments to fill any vacancy on the Board.
11. Assist the Chairman of the Board in proposing committee assignments, including committee memberships.

- a. Reaffirm required independence and qualifications for serving on such committees.
- 12. Advise management on plans for board member education to promote a better understanding of the Board's policies and the Association's business, including:
 - a. Orientation, education, and training of new directors.
 - b. Assist the Chairman of the Board on the assignment of mentors for new board members.
 - c. Continuing education and training programs for all directors.
- 13. Coordinate with the Association's CEO and Corporate Secretary on Board meeting schedules, special meeting functions and other special needs of the Board in carrying out its duties.
- 14. Periodically, but not less than annually, review the Governance Committee Charter and make appropriate recommendations for improvement as needed.
- 15. Periodically, but not less than annually, review the Bylaws of the Association and recommend appropriate updates and changes as needed.
- 16. Recommend oversight procedures for stockholder communications.
- 17. Periodically review Directors and Officers Liability and Indemnity provisions and recommend appropriate adjustments to the Board.

Resources

To assist the Committee in fulfilling its responsibilities, the Committee shall have full access to any member of management of the Association and may in its own discretion, and at the expense of the Bank, retain consultants, counsel, search firms, and other advisors, as it may deem appropriate.