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FROM: Richard S. Schulman, Associate General Counsel

SUBJ: Nonstandard Bylaw Amendment - []

(Your June 2, 1995, Memorandum)

DATE: July 18, 1995

You asked for our opinion on a proposed nonstandard bylaw amendment submitted by []. The proposed amendment would permit the FCU's board of directors to hold telephone conference board meetings 11 months a year and a regular board meeting once a year. Further, the FCU is requesting that Article VII, Section 4(d) of the Standard Bylaw Amendments' requirement that the board minutes be signed by each of the conferees at the next regular board meeting be waived.

The standard amendment for Article VII, Section 4, provides for telephone conference board meetings, but requires a regular board meeting at least quarterly. The FCU Act, NCUA's Regulations and corporate common law do not address this issue. The bylaw is all likelihood based on the belief that it is beneficial for board members to maintain person contact on a regular basis. In this age of improved communications technologies and where boards are so geographically dispersed, this assumption may no longer be valid or cost effective.

As you stated, there is no basis in law for the requirement that board minutes be signed each of the conferees at the next regular board meeting. There is a requirement in the Standard Bylaw Amendments, Article 7, Section 4(c)(1) that the board minutes from the previous meeting be distributed to each of the board members at least 7 days prior to each conference call meeting. Further, Article VII - "The Officers and the Minutes", Section 41 Robert's Rules of Order (copy attached) and Article XIX, Section 5 of the FCU Bylaws require that the minutes be read for correction and approval at each board meeting and the Secretary and Chairman sign the minutes of each board meeting. We believe these requirements are sufficient to protect the integrity of the board minutes.

As the proposed amendments do not violate the FCU Act or the Regulations, we have no legal objection and defer to your judgment as to the safety and soundness of the proposal.