



July 24, 2017

Gerard Poliquin, Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, Virginia 22314

**RE: Proposed Rules: Bylaws; Bank Conversions and Mergers; and Voluntary Mergers of Federally Credit Unions (CFR Parts 701, 708a, 708b)**

On behalf of Horizon Credit Union, we appreciate the opportunity to provide comment on the proposed rule for Voluntary Mergers of Federally Insured Credit Unions. Overall we support the intent of this proposed rule. Our organization has completed multiple mergers over the past ten years and has upheld the spirit and intent of the proposed regulatory changes. That being said, we believe that there are opportunities to be more effective in the implementation of this proposed rule.

*Member to Member Communication*

In the area of Member to Member Communication, our experience would lead us to believe that the concept of using mail and allowing an individual member to mail all other members his or her opinion regarding a proposed merger could both bias the process, as well as be ineffective from a cost and timeliness standpoint. Asking a member to shoulder the expense of communicating his or her comments to all other members could be cost prohibitive and would not necessarily promote interactive discussion. The amount of time needed would likely extend the merger process and increase costs for the merging credit union. Horizon has utilized a method that has proven effective and promoted additional dialogue between merging credit union members, merging credit union staff and the merging credit union Board of Directors. The process we have employed has required the merging credit union to host a minimum of two Town Hall Meetings prior to the Special Meeting of Members. These Town Halls are publicized to the membership through multiple communication channels. It has been our experience that there is typically a higher attendance at the Town Halls than at the Special Meeting itself. This has encouraged greater interactive discussions with merging credit union members as well as input from credit union officials. We believe the transparency afforded by this process aligns precisely with your proposed regulation. We would endorse this approach.

*Federal versus State Authority*

While Horizon is supportive of this rule, we do feel that it should be restricted to federally chartered credit unions. We anticipate NCUA will continue to acknowledge the authority of the State Regulator. We strongly feel that state adopted merger and acquisition rules applicable to state chartered credit unions should be maintained and continue to be recognized by NCUA. Blending rules between federal and state agencies could create confusion regarding which rules are applicable and potentially diminish the authority of the state agency system. We believe that the dual charter system continues to create substantial value for credit unions.



*Covered Person*

For consideration, we would propose defining a 'covered person' as an individual holding an Executive or Supervisory title who has regularly attended Board Meetings over the last twelve months and who has been identified as eligible for a compensation agreement or arrangement linked to the merger. This might better capture those persons with the ability to influence the true merger decision makers: the Board of Directors.

*Electronic Voting*

With focus on engaging the membership and increased inclusivity, regulations should specifically allow for an electronic voting option in addition to mail-in ballots, voting at a branch or at the Special Meeting.

Thank you for your own diligence and engagement in this important area. As the financial services environment continues to evolve it is critical that we review the processes and rules impacting mergers and acquisitions in the credit union industry. We appreciate the opportunity to engage and would welcome further dialogue. We also offer our support from the position of a Credit Union that has substantial experience with both state and federal credit union mergers.

Sincerely,

A handwritten signature in blue ink that reads "Mark D. Lodine".

Mark D. Lodine  
Board of Directors  
Chairman, Governmental Affairs

A handwritten signature in blue ink that reads "Steve Sharon".

Steve Sharon  
Chairman, Board of Directors

A handwritten signature in blue ink that reads "Jeff Adams".

Jeff Adams  
President/CEO