



GERBER FEDERAL CREDIT UNION

August 3, 2017

Mr. Gerard Poliquin
Secretary of Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Dear Mr. Poliquin,

On behalf of Gerber Federal Credit Union, we are writing to you regarding the National Credit Union Administration's (NCUA) proposed rule on "Bylaws; Bank Conversions and Mergers; and Voluntary Mergers of Federally Insured Credit Unions." Credit unions are here for our members and have embraced a culture of transparency and openness. Voluntary mergers are not entered into lightly, but are the result of much research, work and desire on both sides of the transaction.

NCUA already utilizes discretionary authority to demand more expansive disclosure of merger-related financial arrangements, as well as requiring credit unions to provide additional time for members to consider the merger before a vote is called. We do not see the need to fundamentally rewrite the merger rules since NCUA already has the ability to use existing authorities to apply special requirements. The regulatory burden is already high for credit unions any additional burden must be avoided.

The main issues that Gerber Federal Credit Union has regarding the proposed rule are the definition of a covered person, merger related financial arrangement, the 24 month look back period and the member to member communication. Our concerns are listed in more detail below.

The proposed definition of a covered person (the credit union's chief executive officer (CEO) or manager; the four most highly compensated employees other than the CEO or manager; and any member of the board of directors or supervisory committee) could apply to the entire staff of a small credit union and could exclude some senior management officials from a larger credit union. The proposed definition should include language that would change the number of "covered persons" based on the size of the credit union.

The disclosing of "merger-related financial arrangement" information about individuals is a major privacy concern. The disclosure of actual dollar figures instead of percentages could expose an individual to unnecessary privacy and fraud risk. Increases in compensation and/or benefits should also be compared to national averages before determining if they are at an amount that requires disclosure. A smaller credit union may not have had the capital to afford to pay their employees competitive wages and the merging credit union could just be bringing those employees up to market rates and it would appear like they received a larger increase than they actual did.

We understand that creating a predetermined look back period would avoid confusion as to what time frame needs to be included but we don't feel like a look back period is needed at all especially when it comes to compensation and benefits. Increases or decreases to compensation or benefits during the last 24 months may not have had anything to do with the potential merger

and could cause confusion and misunderstanding. The NCUA already exercises its discretionary authority to demand more expansive disclosure of merger-related financial arrangements. If a predetermined look back period is still implemented it should not include all information. It should be restricted to merger related information as that will create an actual representation of the facts.

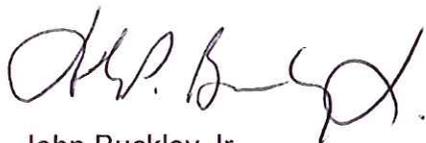
We don't feel like the additional requirement for member to member communication is needed based on the fact that the board of directors represent the members, are informed and have the knowledge needed to make decisions. The timing requirements of the member to member communication would delay the merger process. We are also concerned with the process as to how those member to member communications would take place. We would want some sort of language in the regulation that would allow the credit union to add a disclosure when they provide the comments to the rest of the membership to state that the comments do not represent the credit union and/or its views. We would also like an opportunity to add a response from the credit union with the comments to address any concerns or misunderstanding that the members might have had.

If the NCUA decides to continue with changing the regulation then we would like to suggest adding a timeline requirement for the NCUA to respond to a merger request, especially for special circumstances such as a CEO leaving a smaller institution. Credit Unions have strict timelines they need to follow for this process and we feel like the NCUA should be held to the same standard.

Thank you very much for allowing us the opportunity to comment on this proposed regulation. While Gerber Federal Credit Union understands the importance of transparency regarding merger transactions, the proposed rule would add significant new burdens to the credit union and expose individuals to unnecessary risk. NCUA should withdraw the proposal and continue to use their discretionary authority to address issues and/or concerns with merger transactions when needed.

Please feel free to contact us directly with comments or questions.

Sincerely,



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