

MEMORANDUM

TO: Merger Committee, Jerry Haralson
FROM: McFerrin Smith
February 7, 2008

The following are the changes to “3rd Draft from 1-8-08 meeting,” which we discussed on Tuesday, February 5. The page numbers listed below are references to pages in the attached draft, entitled “4th Draft, from 2-5-08 meeting.” If I missed any changes the committee wanted, or if you want any further changes, please let me know.

1. Article VIII, Section 4, on page 8 – language added in next to last sentence to prohibit branch reserve funds from being used by the corporate board without the branch board’s approval.
2. Article VIII, Section 4, on page 8 – language changed to give the Board the authority to require a branch board to amend its budget, during the budget year, to adjust for revenue shortfalls or other exigent circumstances. Previously, the language gave the authority to the Board to unilaterally amend a branch budget, no reason specified.
3. Article VIII, Section 7, on page 10 – last sentence amended to provide for the Board Development Committee (nominating committee) to nominate candidates for the board so that the geographic composition of the resulting board will as nearly as practicable represent the geographic makeup of the Association. This puts the *ex officio* members of the Board, branch board chairmen, into the geographic formula - the committee adjusts its nominations to account for the 6-3 branch ratio.
4. Article VIII, Section 8, on page 10 onto page 11 – paragraph #6 added to give the Audit Committee the function of reviewing possible conflicts of interest within the Association and making appropriate recommendations to the Board.
5. Article XI, Section 3, on page 15 – language added in two sentences to require the President/CEO to consult with the branch board chairman when employing a branch executive director and when conducting the branch executive director’s annual evaluation.