



Bank of McKenney

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Bank of McKenney Corporate Governance and Nominating Committee Charter

Corporate Authorization and Purpose

The Governance and Nominating Committee is one of the standing committees of the Board of Directors formed pursuant to Article III, Section 3 of the Company's Bylaws. Such Committee shall study and make recommendations to the Board of Directors concerning the size and composition of the Board and committees of the Board, recommend nominees for election or reelection as Directors, and consider other matters pertaining to Board membership such as retirement policy and compensation of non-employee Directors. The Committee shall also be responsible for evaluating Board performance and reporting its findings to the Board of Directors and for developing and recommending to the Board of Directors, and reviewing and assessing the adequacy of, corporate governance guidelines. The Committee periodically shall report and make appropriate recommendations to the Board of Directors.

Organization

The Governance and Nominating Committee of the Company shall consist of all of the Directors of the Company who are independent. The Committee may form one or more subcommittees, each of which may take such actions as may be specified by the Committee.

Responsibilities and Duties

As its responsibilities and duties, the Committee or its subcommittees shall:

1. Review and recommend to the Board nominees for election as Directors of the Company, including nominees properly recommended by shareholders of the Company, and consider the performance of incumbent Directors whose terms are expiring in determining whether to nominate them to stand for reelection at the next annual meeting of the shareholders.
2. Establish criteria for selecting nominees for Director, which shall include:

Experience (in one or more of the following):

- o high-level leadership experience in business or administrative activities;
- o breadth of knowledge about issues affecting the Company; and
- o ability and willingness to contribute special competencies to Board activities.

Personal attributes:

- o personal integrity;
- o loyalty to the Company and concern for its success and welfare;
- o willingness to apply sound and independent business judgment;
- o awareness of a Director's vital part in the Company's good corporate citizenship and the corporate image;
- o time available for meetings and consultation on Company matters;
- o willingness to assume broad fiduciary responsibility; and
- o independence as that term is defined in the Company's Bylaws and the rules of the Securities and Exchange Commission and The Nasdaq Stock Market, Inc. (which is at this time shall also mean the rules of the NASD).

The Committee shall have sole authority, at the Company's expense, to retain and terminate independent search firms to identify Director candidates, and the sole authority to approve fees and other retention terms for such firms. It may use management to handle administrative aspects of such retention.

3. Establish procedures for, and administer annual performance evaluations of the Board, and its Committees by their members, which will also include an annual performance review of this Committee by its members.
4. Review periodically the make-up of the Board Committees and recommend, as appropriate, changes in the number, function or membership.
5. Develop and recommend to the Board and review and assess the adequacy of a set of corporate governance guidelines, including provisions covering relevant educational programs for Directors. Monitor compliance with the guidelines and make recommendations to the Board for modifications as appropriate.
6. Review and recommend to the Board a Code of Conduct for Directors, officers and employees and, based on a periodic review, make recommendations for changes as deemed appropriate.