

PAINTING BOARD MINUTES BY NUMBERS

by [Steve Brown](#)

Art is not only interesting, but also a physical expression of creativity and imagination. Whether Baroque curves or flourishes, or an oil painting with deep color and tone; art can be inspiring. The question is whether bank board minute taking can be elevated to the same level. While we aren't talking Picasso here, some bankers have lived and died by the pen flourishes applied within their own minutes. If readers are anything like us, however, they might prefer a more practical list of "paint-by-numbers" steps. Keep in mind that board meeting minutes are considered legal documents by auditors, regulators, the courts and the IRS. They represent the actions of the board, so it is important to document properly. In that endeavor, here are a few things banks may want to consider.

- 1) Begin at the beginning. Minutes should begin with a preamble that provides the background information necessary to understand the context of the meeting. This section should include the name of the bank, identify participants by listing the directors, management, experts and other guests present. It should also note the date, time and location of the meeting (satisfies location and notice requirements). In addition, the preamble should indicate whether the meeting was for a committee or the full board, was regular or special (to determine any limits on authority exercised), specify how notice was given (evidence the board satisfied notice requirements) and whether directors reviewed, discussed and approved the previous meeting's minutes.
- 2) Have an agenda. Going in without one increases the odds of having an unproductive meeting. Keep in mind that board members are expensive talent, so a focused meeting helps utilize their time wisely and maximizes value obtained by the management team.
- 3) Be reasonable. It is as important for the minutes to capture how board members came to reasonable decisions, as what was said. Courts look for this when making any rulings, so the minutes should provide documentation of the process. In addition, minutes should capture information and description of alternatives the board considered as part of their process. This helps management and the board by providing context around past decisions and increases efficiency.
- 4) Follow a standard format. Minutes can help a board supervise a bank by providing a comprehensive structure for information. Good minutes systemically organize information, describe the process and incorporate reference materials board members used to make their decision. Financial updates, strategic discussions, future business and action items should all be in the same order meeting to meeting to facilitate review and response.
- 5) Include details. The minutes should include such basic details as who called the meeting to order, speakers, attendees, motions, conflicts of interest, members that abstained from voting, whether there was a quorum, who wrote the minutes and the time the meeting ended.
- 6) Extract the noise. In short, non-relevant information should not be included. This is not to say records should be artificially abbreviated, only that they need to capture adequate discussion of materials presented and actions of relevant topics.
- 7) Close strong. Good minutes include a closing section that indicates the date, time and location of the next board meeting (connecting the minutes); as well as the time of adjournment (demonstrates how much time the board devoted to its fiduciary duty).
- 8) Minutes are not private. It is important to recognize the minutes will be seen by everyone, so do not think of them as confidential. In this post-SOX era, minute taking has become an art form. Now, more than ever, minutes have become part of the canvass of banking and the governance process.

BANK NEWS

Deposit Cap

According to the WSJ, BofA is starting to work the legislative and trade organization circuit in an effort to get Congress to raise the regulatory cap that bars any bank from controlling more than 10% of the U.S. deposit market. BofA is currently at a 9.06% share. In related news, the bank is rumored to be negotiating to purchase either Harris Bank or LaSalle from Bank of Montreal and ABN-AMRO, respectively.

One Left

The Federal Housing Finance Board has terminated its regulatory oversight with the FHLB, Seattle. Weak earnings and problems in credit quality brought the FHLB, Seattle under regulatory oversight back in 2004. At present only FHLB, Chicago remains subject to supervisory management.

Int'l Wires

The Treasury announced that while it will continue to require that all int'l wires get reported to the FINCEN, it will limit the requirement to report to: a) those wires above \$3k, b) only those that originate or receive the wire from an int'l source, and, c) only for the nation's largest institutions. The new plan will phase in over 3Ys.

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