

BOARD BY MEETINGS & MINUTES

by [Steve Brown](#)

Board meetings are held for the same reason we go to the dentist: a) it is tradition; b) we look bad if we don't; and, c) once you reach a certain career level, "pain" is expected. The other reason, of course, is that it is just good corporate governance. For many boards, their meetings operate the same way "Show and Tell" did in school - everybody has to say something, except usually kids have something new to add. Board meetings, on the other hand, can often rehash old news, punctuated by reams of paper. If you are lucky, someone may even fall asleep, but we will get to that in a moment.

Other than good corporate stewardship and strategic decisions, the most important aspect of the meeting is taking good minutes. Board meeting minutes are legal documents and because they represent the historical record of the board, they are critical. In fact, the first rule of successful board minutes is the knowledge that these notes are not private and should not be treated as such. After that, here are some other best practice tips:

1) Begin at the beginning. Minutes should begin with all the pertinent data about the background of the meeting: bank, location, attendees, date, time, if a quorum was present, who is taking notes, etc. 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 minutes.

2) As with all meetings - have an agenda. This is an easy one; however, we have found that the more detailed the agenda the better. Too many boards have such broad ranging agenda items that it is difficult to keep all that expensive talent on track.

3) Be reasonable. It is as important for the minutes to capture how board members came to reasonable decisions. 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. Minutes should also include who voted, who abstained and who had conflicts of interest.

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.

5) 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.

6) Close strong. Good minutes include a closing section that indicates the date, time and location of the next board meeting (connecting the minutes); and time of adjournment.

In this post-SOX era, minute-taking has become almost important as the meeting itself. In closing, we would like to pass on the best practice tactic should a board member fall asleep. As soon as snoring is heard, the chairman should slam down their hand on the table and shout, "Carl, I don't think the Dept of Justice is going to like your plan, but we will try it. Let's hope, for your sake, that you know what you're getting us all into." After delivery of that line, take a picture of the member's face and be sure to put it in the minutes for posterity.

BANK NEWS

M&A

Midland State Bank (\$1.15B, IL) has entered a deal to purchase 12 branches and 2 drive-ups from Amcore Bank NA (\$4B, IL). Included in the deal are \$540mm in deposits and sweeps for a 1.5% premium, \$480mm in loans and potentially \$400mm in trust and brokerage accounts for \$1.5mm.

Dodd Leaving

Senate Banking Committee Chairman Chris Dodd (D, Conn.) is expected to announce that he will not seek reelection in Nov. This news could impact the course of regulatory reform, particularly the formation of a new Consumer Financial Protection Agency - not seeking reelection gives Dodd more leeway to work with Republicans.

Flexible Staff

Companies trying to survive, testing new product launches and trying to control costs are shifting to temporary workers that can be cut if things don't work out. Temp agencies say they have seen the biggest jump in requests for staffing since 2004 over the past few months.

2010 GDP

Macroeconomic Advisors projects 4Q GDP will come in at 3.9% and drop to 3.3% in the 1Q. Meanwhile, the FRB is projecting GDP will be 2.5% to 3.5% in 2010.

Branch Sale

Amcore Bank (\$4.4B, IL) will sell 12 Illinois branches and 2 drive-ups to Midland States Bank (\$1.1B, IL). The transaction includes approximately \$480mm in loans, \$540mm in deposits and up to \$400mm in trust/brokerage account relationships, as well as the branch facilities, related fixed assets and leases. In connection with the sale, Amcore will receive a 1.5% deposit premium and a \$1.5mm trust account premium.

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