

## **ITEMS REQUIRING BOARD ACTION**

*These actions will typically be taken at the annual organizational meeting:*

- Take the Oath of Directors and deliver to the Superintendent of Banking. (524.611)
- Designate a date for regular monthly meetings unless a date is already dictated by the articles of incorporation or bylaws. (524.607)
- Employ officer personnel and determine their compensation. (524.604(2) and 524.703)
- Assign authorities and duties for all officers. (524.702(1) and 524.909)
- Designate the minimum required officers: a president, one vice president, and a cashier. No more than two of these positions may be held by the same individual. (524.701(1))
- Designate one officer as chief executive officer. This officer must also be a board member. (524.701(2))
- Adopt a resolution excluding certain officers, where applicable, from being considered executive officers. (524.103(22))
- Appoint board committees as needed. (524.609)
- Review the reasonableness of insurance coverage and review the utilization of security measures for the protection of the bank. (524.604(1)(e))
- Approve the sale of any kind of insurance, securities, or real estate, or acting in a fiduciary capacity and determine how related income will be distributed. (524.710(2))
- Approve the pledging of assets for any allowable purpose. (524.814)

*These actions will typically be taken annually or as applicable, but not necessarily at the annual organizational meeting:*

- Approve the financial institutions crime bond. (524.705)
- Review a list, by name and amount, of any exempted transactions commonly called basket loans or basket leases. (IAC 187 Chapter 9.2(6) and Chapter 9.3(5))
- Review the adequacy of internal controls and determine audit requirements no less frequently than once each calendar year. (524.604(1)(d) & 524.608) The use of an audit committee with outside board members is recommended.
- Fill any vacancies for unexpired terms on the board. (524.603)
- Appoint honorary directors, director emeritus or members of an advisory board. (524.614)

- Attest to the Statement of Condition (Call Reports). (524.220(1))
- Review all business transactions, i.e. all new loans, all bond transactions, expenses, etc. (524.604)
- Review the original records, or summaries thereof, pertaining to loans and securities. (524.604(1)(c))
- Grant prior approval for any insider loan exceeding the higher of 25M or 5 percent of unimpaired capital and unimpaired surplus, in no event higher than 500M, with the insider abstaining from participating in the voting. (12 CFR 215.4(b)(1-2) Exception, approval is not required for an extension of credit that is made pursuant to a line of credit approved within 14 months of the date of the extension of credit. (12 CFR 215.4(b)(3))
- Promptly review all loans to executive officers of the bank, regardless of amount, typically at the following board meeting, preceded by the submission of a detailed current financial statement of the executive officer. (12 CFR 215.5(d))
- Adopt a pension, profit-sharing, or other plan of deferred compensation for officers and employees, to which the state bank may contribute. (524.703) This also requires shareholder approval.
- Declare dividends. (524.542)
- Review all repossessions and other real estate owned to ensure compliance with Iowa Code. (524.910)
- Review any IDOB reports of examinations. (524.217(3))
- Note whether Suspicious Activity Reports have been filed by management. (FDIC Rules and Regulations Part 353.3(f))
- Review the purchase or lease of any real property and any construction plans. (524.803)
- Develop and maintain an appropriate written real estate lending policy that establishes internal loan-to-value limits for real estate lending. (IAC 187 Chapter 9.2(1) and 9.2(2))
- Develop and maintain an appropriate written direct finance lease policy. (IAC 187 Chapter 9.3(2))
- Approve any amendment to the articles of incorporation (524.1502). Also requires shareholder approval.
- Adopt, amend, or repeal corporate bylaws, if authorized by the articles of incorporation. (524.313)

- Approve the issuance of any new shares authorized by the articles of incorporation. (524.521(5))
- Approve the redemption of any preferred shares outstanding. (524.521(3)(c))

### **ITEMS REQUIRING SHAREHOLDER ACTION**

- Set the number of directors and elect the directors annually. (524.601 and 524.602)
- Set the compensation of directors for their services. (524.610)
- Approve the issuance of capital notes or debentures. (524.404)
- Approve the adoption of a pension, profit-sharing, or other plan of deferred compensation for directors and/or officers and employees, to which the state bank may contribute. (524.610 and 524.703) Changes to an existing plan that affect eligibility requirements, benefits provided, and/or contributions required also require a new shareholder approval.
- Approve the adoption of each amendment to the articles of incorporation. (524.1502)

### **OTHER ITEMS TO BE REVIEWED BY THE BOARD**

- Approve the budget and review a comparison to actual periodically thereafter.
- Approve acceptable brokers and dealers if not included in Investment Policy.
- Review the overall structure of the bond portfolio by type, maturity, rating, etc. Also review any sub-investment quality bonds held.
- Review written strategic and succession plans.
- Review the Bank Secrecy Act (BSA) compliance program with the BSA officer including all exemptions, training, independent testing, new procedures, information technology (IT) systems tests, and any other pertinent areas. Participate in general training for anti-money laundering (AML)/BSA, Office of Foreign Assets Control (OFAC), and customer identification program (CIP).
- Approve contracts with and/or fees paid to any affiliate.
- Approve authority and monetary limits given to employees for conducting ACH transactions and wire transfers. Also approve wire transfer call back thresholds above zero.
- Review all operating policies adopted by the board, noting approval of any revisions. For efficiency, we recommend that review of policies be spread throughout the year.
- Review IT items, including:
  - Risk assessments
  - Vulnerability and penetration tests
  - Internal and external IT audits

- Financials, SOC 1 and SOC 2 reports and other documents on outside service providers
- Disaster recovery testing
- Review monthly financial statements.
- Approve the actions and minutes of any board committees.
- Review the internal loan and securities watch and classified lists at least quarterly.
- Review ALLL activity and determine the adequacy of the ALLL at least quarterly. (Required by Call Report instructions)
- Review all regulatory and audit reports. Review any internal audit reports, with the auditor reporting directly to the board.
- Review all important correspondence from bank regulators.
- Review trust department activities.
- Review any applications to the IDOB for banking offices or other purposes.
- Review any new business lines, activities and services.
- Review any pending litigation.
- Discuss any emerging risks from current products.
- A director shall not receive terms or be paid a rate of interest on deposits, which are more favorable than that provided to any other customer under similar circumstances. Any waiver of ordinary or customary charges should not violate this section. (524.612(1))
- Per Reg. O, no member bank may extend credit to any insider or insider of its affiliates unless the extension of credit is made on substantially the same terms and following credit underwriting procedures that are not less stringent. This section does not prohibit the offering of a benefit or compensation that is widely available to employees and does not give preference to the insider. (12 CFR 214.4(a))