



*29th Annual Eide Bailly Bankers' Seminar*

*Board Self Assessments*

**October 29 in Mankato**

**November 5 in Fargo**

Larry Hause, Attorney  
Fredrikson & Byron, P.A.  
4000 US Bank Plaza  
200 South 6<sup>th</sup> Street  
Minneapolis, MN 55402-1425  
612-492-7071  
[lhause@fredlaw.com](mailto:lhause@fredlaw.com)

Peter Hatinen, Attorney  
Fredrikson & Byron, P.A.  
4000 US Bank Plaza  
200 South 6<sup>th</sup> Street  
Minneapolis, MN 55402-1425  
612-492-7319  
[phatinen@fredlaw.com](mailto:phatinen@fredlaw.com)

Todd Smith, Consultant  
Eide Bailly LLP  
3203 32nd Ave. S.W.  
Fargo, ND 58103  
701-239-8662  
[tsmith@eidebailly.com](mailto:tsmith@eidebailly.com)



# Agenda

- Common attitudes about boards and board self-assessments
- The basic elements of a board self-assessment
- Common topics for a board self-assessment
- How to conduct an effective board self-assessment

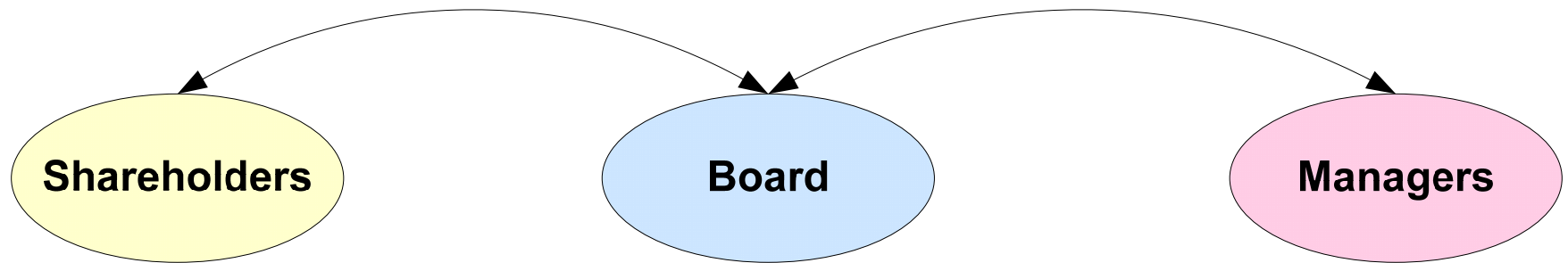
# Common Attitudes About Boards And Board Self-Assessments

- I have to do it, to comply
  - I don't like boards, and I like assessments even less
  - I don't know what the board is supposed to do, so how do I assess it?
  - I want to improve my bank's performance
- 
- Remember:
    - Attitudes affect beliefs,
    - Beliefs affect actions, and
    - Actions affect results

# Essential Elements Of A Board Self-Assessment

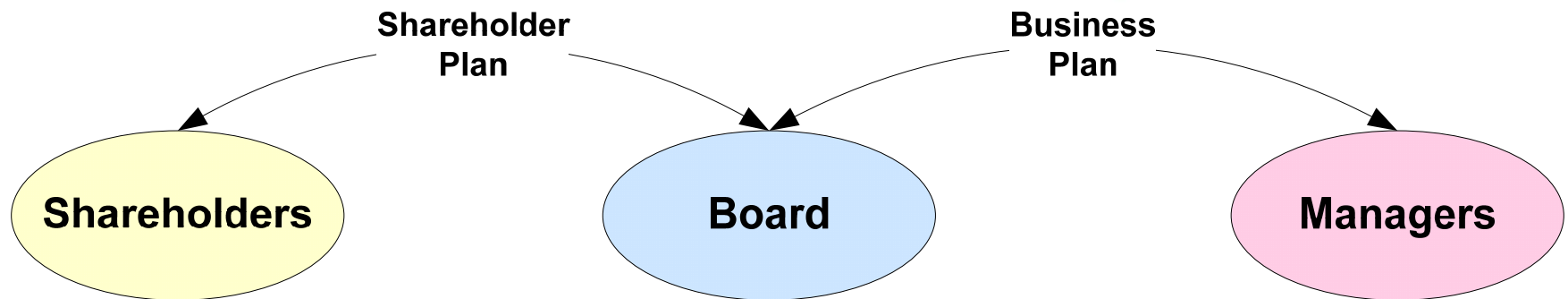
- Desire to improve the bank and benefit the shareholders
- Support by the person(s) with the power to implement the results
- Third party involvement/facilitation
- Acknowledgement of the roles and responsibilities of the Board

# Board Role



- Understanding the interests of the owners
- Understanding the interests of the managers
- Evaluating whether the interests of the owners and managers are consistent
- Reconciling differences in interests

# Board Responsibilities

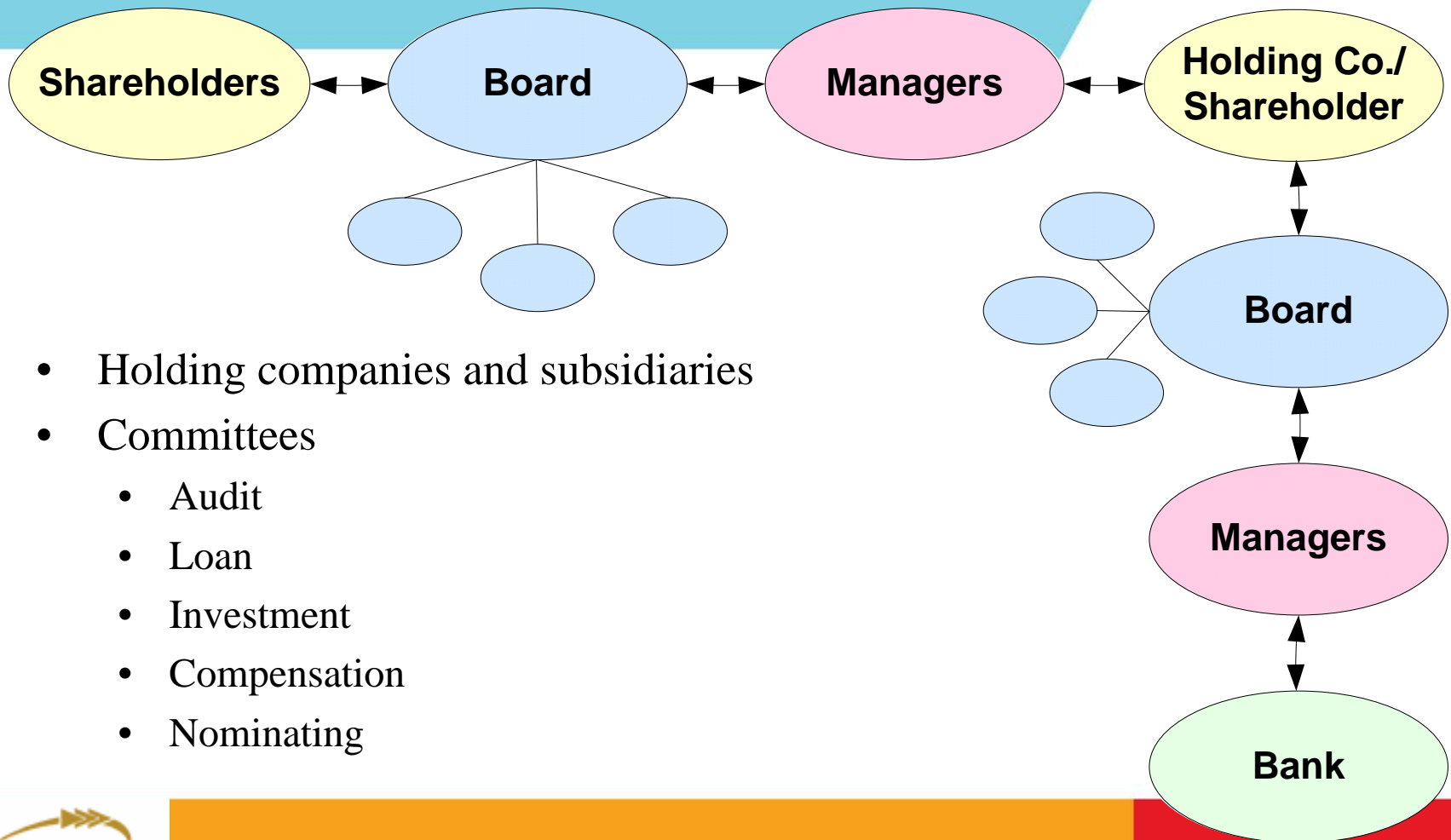


- Shareholder plan identifies the owners' collective values, needs and goals
- Business plan identifies the values, needs and goals of management
- The Board determines whether the interests of the shareholders and management are consistent, and, if not, directs the shareholders, managers, or both to adjust their plans

# Board Responsibilities

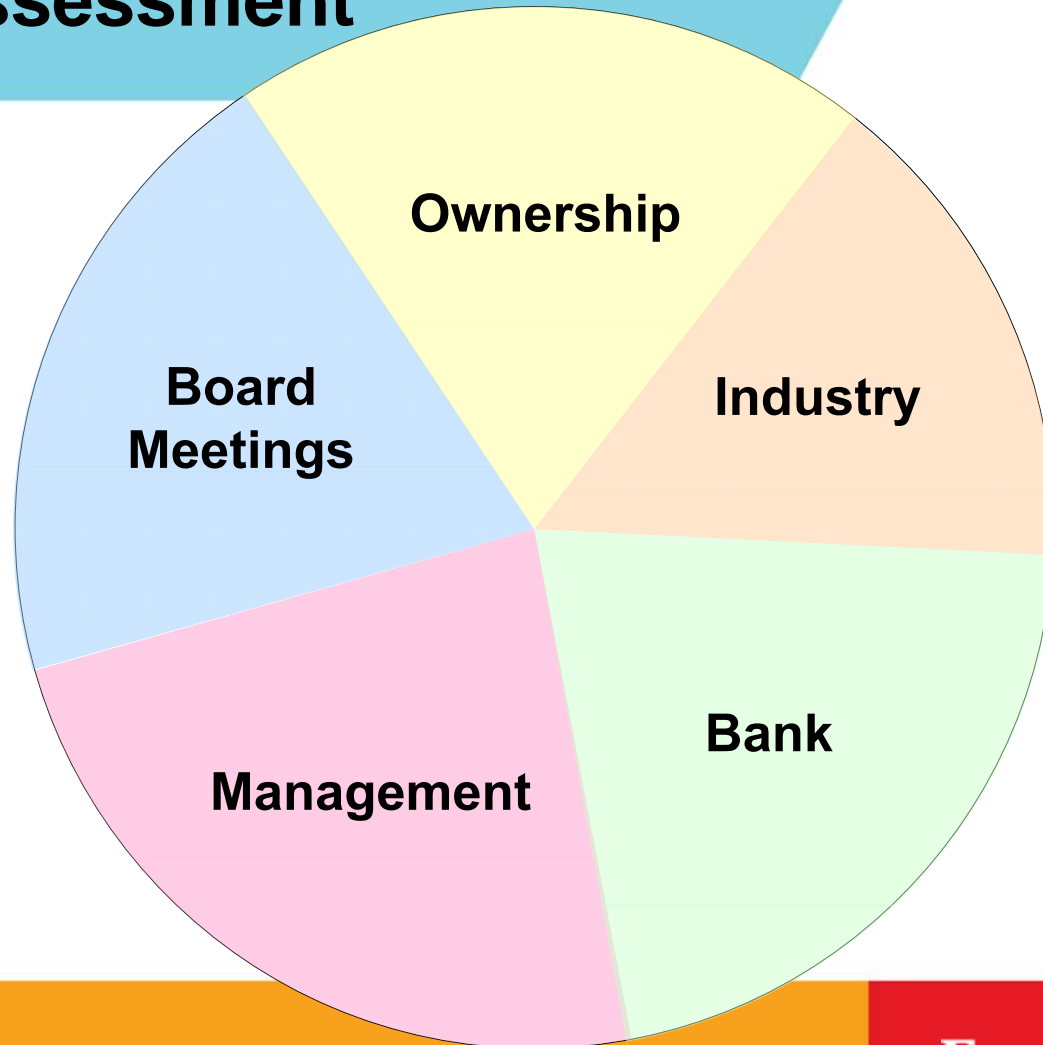
- Ensure that management is managing according to the business plan
- Identify and understand applicable laws and regulations and ensure that the bank is in compliance
- Hire and evaluate officers; determine reasonable compensation
- Develop senior managers
- Determine whether the bank will pay dividends or distributions
- Decide special matters such as acquisitions, mergers, sale of assets

# Special Issues



- Holding companies and subsidiaries
- Committees
  - Audit
  - Loan
  - Investment
  - Compensation
  - Nominating

# Common Topics For A Board Self-Assessment



# How We Do Board Self-Assessments

- Identify what the assessment needs to address
- Develop assessment methods
- Facilities assessment
- Interpret assessment results
- Create development plan based on results
- Implement development plan
- Evaluate development and adjust as necessary
- Consult periodically; repeat as necessary