July 1, 2024

Iowa Division of Credit Unions
Regulatory Advisory Bulletin

Board of Directors Required Minutes:

The Iowa Division of Credit Unions has observed inconsistencies and omissions in the records of regular and special meetings of the members and of the Board of Directors. Credit union bylaws direct that the appointed secretary is to keep, or cause to be kept, correct records which become part of credit union permanent records. See Section 6.10. The Iowa Credit Union Act and corresponding Administrative Code require submission of Board of Director records/minutes or specific recordation requirements. See Iowa Code Section 533.113, 533.113A; Iowa Administrative Code Chapter 12. Additionally, IRS Form 990, Part VI, Section A requires the credit union to confirm contemporaneous documentation of the board committee meeting minutes or written actions. The IRS compliance guides require permanent retention of board minutes.

Accurate and complete meeting minutes of the board provide the required evidence that legislative and regulatory requirements are followed in the board's deliberations and determinations. The Division expects Iowa state-chartered credit unions to comply with the principles set out in "Robert's Rules of Order" and maintain the required minutes under Iowa law.

Failure to adopt practices for proper meeting minutes documentation may be a factor that causes criticism from the IRS, the court system, NCUA, and the Iowa Division of Credit Unions. Board minutes should document the actions and decision-making efforts of the board with respect to the duties and obligations of the board.

Content: Full meeting minutes should include all actions and discussions of the board surrounding such matters that, at a minimum, address the responsibilities and duties of the board. (list is not exhaustive):

1. Management:
    a. Policy changes and approvals
    b. Financial reports
    c. Follow up steps, assigned responsible parties, corresponding timelines
2. Oversight:
    a. Assessment of the allowance accounts including any increase or decrease
    b. Actions on collections including approval of charged off loans
    c. Insider loans (including existing loans and new loans)
    d. ALM and budget review

e. BSA requirements and reports
f. Audit reports
g. Examination Reports
h. Information security & technology annual review

3. Strategic Planning:
    a. Strategic progress reports
    b. Rate changes
    c. Dividend declarations
    d. Investment activities
    e. Consideration of new programs

Format: An agenda should be used for order, efficiency, and to format consistently full meeting minutes void of unintentional omissions. According to Robert's Rules of Order, all meetings should begin with a well-planned agenda. The agenda should include, at a minimum, the basic information as listed below (list is not exhaustive):

- Description of the meeting including date and time
- Call to order
- Members present and absent
- Previous meeting minutes for approval
- CEO / Manager report
- Board committee reports
- Additional reports for discussion and approval
- New business
- Unfinished business
- Next meeting date and time
- Time of adjournment

Voting Information: For purposes of recording keeping and personal financial liability under Iowa Code section 533.205, when a director is present at a meeting of the board of directors they shall be presumed to have voted in favor of any matter addressed or action taken. A director who does not assent or vote in favor of a matter or action must take one of the following actions[1]:

1. Enters and records the director's dissent into the minutes of the board meeting;
2. Files the director's written dissent with the secretary of the board before the adjournment of the board meeting; or
3. Forwards the director's written dissent by registered or certified mail to the board secretary promptly after the adjournment of the board meeting.

Those directors who are prohibited from engaging in the discussion and voting on a matter due to a conflict of interest should also be clearly noted in the meeting minutes. A conflict of interest prohibits the director from being present in the discussion and voting on a particular item and therefore removes the presumption a director voted in favor of an action.

[1] A director who assented or voted in favor of a matter or action during the board meeting cannot later dissent to the action using these procedures.

Directors abstaining from voting must be clearly noted in the board minutes. As a best practice the Division recommends directors not abstain from voting, as abstaining may be interpreted as a favorable vote.

Documenting information: The agenda is an outline for the body of the minutes. The minutes documented should be a clear, concise record of all board discussion as well as documentation as to names of board members discussing or taking action.

What should be recorded:

- Record any motions or actions proposed, seconded, and the outcome.
- Record all deliberations, assignments, and action steps.
- Record the substance of any requests or applications which will be presented to the Division of Credit Unions.

In addition, any presentations, committee reports, or other information used in deliberations should be made a part of the minutes. These appended documents are the basis upon which the board has made its decisions.

What should not be recorded:

- Personally identifiable information (PII) that, when used alone or with other relevant data, can identify an individual that is not a member of the board.
- Discussions regarding sensitive credit union employee human resources, disciplinary matters and comparable information.
- Discussions regarding employee compensation except CEO compensation or as it impacts cost to the credit union collectively.
- Discussions regarding sensitive or personal matters of board members.
- Privileged conversations regarding possible or pending litigation or legal discussions.

Please ensure your credit union maintains complete, orderly, and accurate meeting minutes. These permanent and open records are evidence of the board's efforts toward fulfilling its fiduciary duties.

Katie Averill



Superintendent of Credit Unions

KA/jcp

Enclosure

Sample - Minimal Agenda

ABC Credit Union
Board of Directors Meeting
Month DD, YYYY at 5:00 pm

Call to Order: The meeting was called to order at

Board Members Present:

Absent:
Minutes for Approval: *Minutes from the last meeting should be distributed prior to the meeting for review.*

Reports: *Reports should be distributed prior to the meeting for review.*

Education:

New Business: *Any new business pre-determined for discussion should be included here and space provided for new business brought to the meeting unannounced*.

Old Business: *Any items previously discussed, but unresolved or decided should be recorded here.*

Next Meeting: The next meeting will be held on Month DD, YYYY at 5:00 pm

Adjourn: The meeting was adjourned at 5:22 pm.

Respectfully submitted,

Secretary

Reviewed By,

Chairperson