

RESOURCES FOR TRUSTEES AND BOARDS

Checklists and Select Documentation

- **New Trustee RFP/Questionnaire**
- **Internal ESOP Trustee Initial Selection**
- **ESOP Trustee Initial Checklist**
- **Internal Trustees Initial Documentation**
- **Annual Monitoring Checklist – Board**
- **Annual Monitoring Checklist – Trustee**

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New External Trustees

1. How long have you served as an independent ESOP Trustee?
2. For how many ESOPs do you currently serve as an independent trustee?
3. For how many ESOPs have you served in the past 15 years?
4. Have you ever been replaced as an independent trustee of an ESOP?
5. Have you ever resigned as an independent trustee of an ESOP?
6. Of all the ESOPs for which you have served as an independent trustee, what percentage has been as a directed trustee?
7. Please provide some basic demographic breakdown for the other ESOPs for which you have served as an independent trustee in the past 15 years.
8. Has any ESOP for which you have served as an independent trustee ever been involved in participant or governmental litigation or administrative proceedings (not including DOL or IRS audits)?
9. How many different valuation firms have you worked with over the past five years in your capacity as an independent ESOP trustee?
10. Please describe how you would select the valuation firm for the ESOP for this Company.
11. Please describe the process you would follow in reviewing the work product of the ESOP valuation firm for this Company. For example:
 - Do you meet with the primary person who performs the evaluation?
 - Do you commence the annual process with a conference call?
 - Do you receive copies of the financial statements being reviewed by the valuation firm prior to the presentation of the draft report?
 - Do you review the draft report with the Company?
 - Do you receive a full presentation of the valuation or just a copy of the schedules?
12. Please provide relevant additional information (such as professional certifications, involvement in relevant organizations, etc.).

CHECKLIST

Internal ESOP Trustee Initial Selection

Who is going to be on the Committee?

- Management
- Board Member
- Rank and File
- Outsider

Qualifications to be on the Committee

Financial Background

- Budgets
- Projections
- Valuation Report

Directed vs Discretionary

Education Program for the Committee

CHECKLIST

ESOP Trustee Initial

Key Document	Date Received	Initials	Comments
Trust Agreement Appointing Trustee			
ESOP Plan (and Amendments)			
Engagement Letter – Legal Counsel (if applicable)			
Engagement Letter – Valuation Form			
Articles of Incorporation/Bylaws			
Board Resolution			
IRS Determination Letter			
Last 3 Audited Financial Statements/ Financial Report			
Annual Report			
Stock Purchase Agreement			
Summary Plan Description (SPD) <i>(Not required)</i>			

Loan Document	Date Received	Initials	Comments
Copy of ESOP Promissory Note			
Loan Agreement			
Pledge Agreement			

Other	Date Received	Initials	Comments
Stock Certificate			
Apply for EIN			
Repurchase Obligation Study			

INITIAL DOCUMENTATION

Internal Trustees

Once selected, the Internal Trustee Committee must receive all of the Documents on the Initial ESOP Checklist.

In addition, the following information should be received, reviewed and filed properly:

- Resumes of the Board members
- Board Minutes
- By Laws of the Board Committees
- Last Vote for the Board members
- Documents for any Synthetic Equity outside of the ESOP

The following needs to be done by the Internal Trustees:

- Open a Checking account in the name of the Trust
- Take possession of the Stock Certificates for the Allocated Shares

CHECKLIST

Annual Monitoring – Trustee

The Trustee has the responsibility to monitor the Board of Directors annually. Below is a list of questions the Trustee should be asking the Board Trustee in a meeting to be held once the annual recordkeeping is completed.

Trustee should review the Valuation process.

- Did the Board review the projections given to the Valuation firm?
- Do the projections meet the strategic plan adopted by the Board?
- The Trustee can review the report with the Board
- Review the share release—Has the new allocated stock certificate been issued for the shares released?

Review the allocation report and the upcoming distributions.

Discuss with the Trustee the Distributions to be paid out.

- Is there enough cash in the trust to make the distributions?
- How will the shares be paid for?
- Are the shares going to be recycled or segregated?
- Who will prepare the actual checks and tax forms?

Has a new Repurchase Study been prepared?

- Discuss with the Board the plans for meeting the upcoming needs for the next 5 years.

The voting process should be reviewed and documented with the Board.

- Are there any Succession Planning issues that need to be discussed?

CHECKLIST

Annual Monitoring – Board

The Board of Directors has the responsibility to hire, fire and monitor the Trustee they selected. Below are a list of questions the Board should be asking the Trustee in a meeting to be held once the annual recordkeeping is completed.

Has the Trustee reviewed the Valuation Report to verify the share price?

- Discuss with the Trustee the Valuation process.

Has the Trustee reviewed the share release?

- Has the new allocated stock certificate been issued for the shares released?

Has the Trustee reviewed the Allocation Report from the TPA?

Discuss with the Trustee the Distributions to be paid out.

- Is there enough cash in the trust to make the distributions?
- How will the shares be paid for?
- Are they going to be recycled or segregated?
- Who will prepare the actual checks and tax forms?

Has a new Repurchase Study been prepared?

- Discuss with the Trustee the plans for meeting the upcoming needs for the next 5 years.