



The Investor Director: Faithfully Serving Two Masters

February 6, 2018

An NACD Minnesota Chapter Roundtable

Facilitator: Paul Knapp, NACD Minnesota Chapter Director

Presenters:

Brian Gustafson, Tonkawa

Bernie Weiss, Hubbard Communications

This roundtable discussion was for the private company director who is a significant company investor or represents significant company investors?

The unique issues discussed about this board service included:

- Requiring or accepting a seat as part of the investment
- Director-specific vs. company provided D&O coverage
- Subsequent investments that dilute other shareholders
- M&A decisions that affect the director differently than other investors

The roundtable discussion for this program offered several take-aways regarding directors who are investors or represent investors:

- Transparency
 - Giving options to all shareholders and clean financials
- Fiduciary responsibility to shareholders vs. disparate interests difficult
 - Long term best interests are to the company
- Remember who you are and what role you are playing
- Gained valuable insights into family office investment and governance processes.
- Process is important. In dealing with stressful board situations where conflicts need to be resolved impacting different shareholder groups in different ways, it is particularly important to carefully implement process including appointment of special board committees, obtaining outside expert analysis, and formally offering all shareholders the opportunity to participate in dilutive transactions.
- Need to understand waterfall on payment in advance