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Volume 45 • Issue 4

# Banknotes

OFFICIAL PUBLICATION OF THE COMMUNITY BANKERS ASSOCIATION OF ILLINOIS

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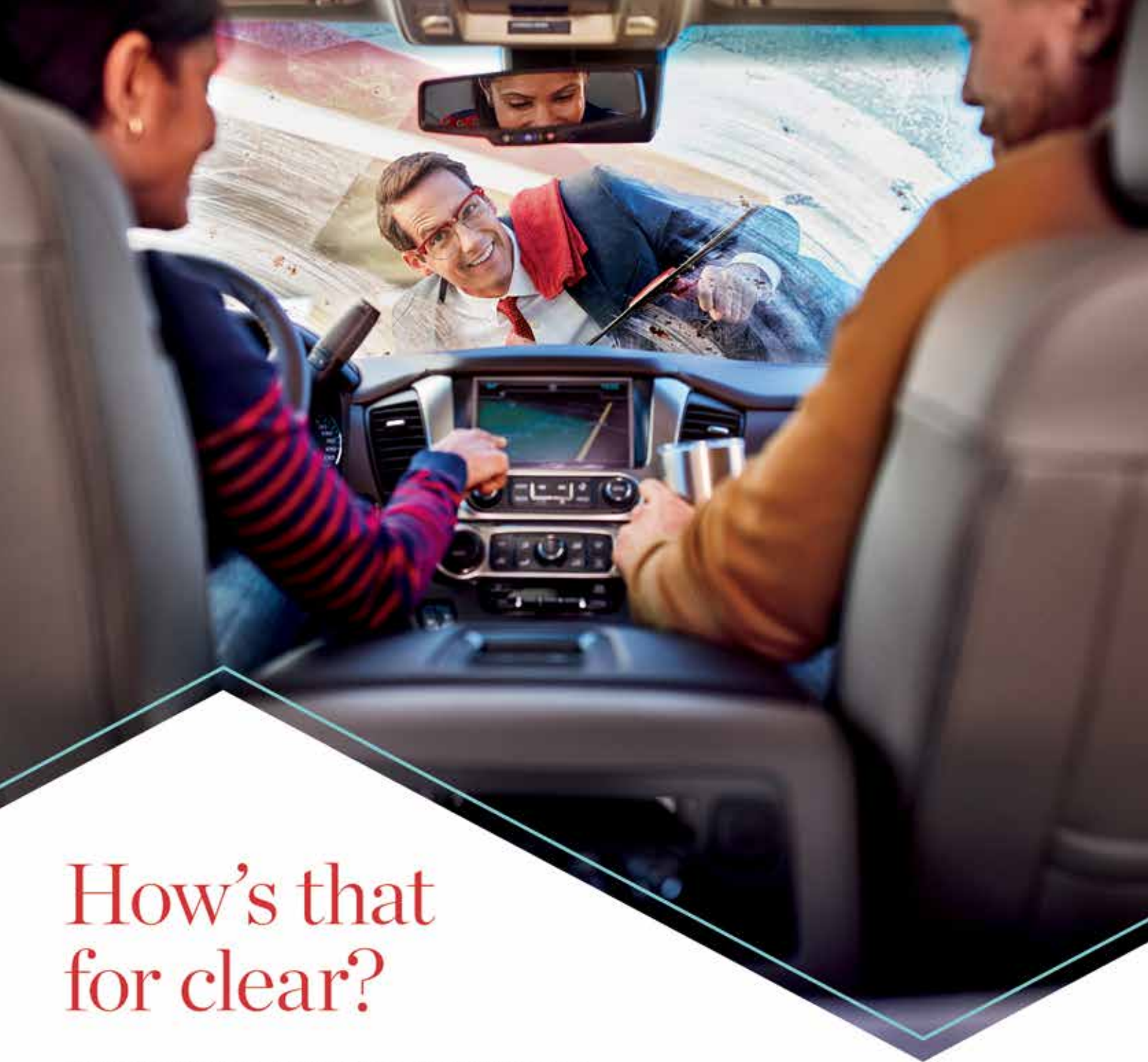
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# How to Invest in a Flat Yield Curve Without Getting Burned

Ryan Hayhurst, Managing Director of the Financial Strategies Group, The Baker Group, Oklahoma City, OK

**O**n March 22, something happened that hasn't happened in a long time: the yield on the three-month U.S. Treasury Bill rose above the yield on the 10-year Treasury Note. The yield curve officially inverted for the first time since August 2007. Almost on cue, all the talking heads were paraded out on CNBC and Bloomberg Television to tell us that a yield curve inversion normally precedes a recession, but no one seemed to say what we should do about it. Should banks stop making loans? How should a community bank invest its excess liquidity? Should we stay short or go long? Managing a community bank balance sheet and investment portfolio is challenging on most days, but especially so when the yield curve is flat or inverted.

## Is This Time Different?

Legendary mutual-fund investor Sir John Templeton once said, "The four most costly words in the annals of investing are 'this time is different.'" There are a lot of investors, analysts and even Fed officials that are saying just that today: "This curve inversion is not a reliable indicator of a future recession because the massive amounts of global central bank bond buying have distorted its powers of prognostication." Does this sound familiar? It should because it is very similar to what Fed officials were saying the last time the yield curve inverted in 2006. Former Fed Chairman Alan Greenspan said in 2005 that the yield curve had lost its forecasting ability because of heavy foreign buying of U.S. bonds. Fed Chairman Ben

Bernanke said in March 2006 that he "would not interpret the currently very flat yield curve as indicating a significant economic slowdown to come." The Great Recession began the very next year. While we do not know for certain whether this current inversion foretells a coming recession, community banks are wise not to dismiss it out of hand.

## Investing in a Flat or Inverted Yield Curve

With short term Treasuries and even Fed funds yielding more than intermediate or longer-term bonds, deciding what to buy and how long to buy can be a difficult and often confusing decision for community bank portfolio managers. Many banks made serious mistakes during previous inversions that cost them a significant loss of earnings and even led to some bank failures. We should learn from their mistakes and our own past experiences as we consider a current investment strategy. Here are some recommendations for investing in a flat or inverted yield curve:

### • Resist the Urge to Stay Short

Inverted yield curves are often followed by periods of falling rates, particularly on the short end, so don't be fooled by the higher yields offered on shorter investments. The market is efficient, and if shorter bonds are yielding more than intermediate bonds, the market perceives a greater risk in staying short (reinvestment risk).





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- **Review Your ALM Position**

The vast majority of banks are positioned for higher rates, i.e. margin expands if rates rise, but contracts if rates fall. If the Federal Reserve's three-year tightening cycle is finished, or nearly finished, banks should be asking themselves just how asset sensitive they want to be. Managing your interest rate risk exposure to better position the bank for potentially lower rates is much easier to do with investments rather than loans since bonds "don't talk back."

- **Seek Out Yield Curves That are Not Flat/Inverted**

The single best way to invest in a flat yield curve is to find a yield curve that is not flat. The tax-exempt municipal curve remains extremely steep and provides the best opportunity for extending duration and protecting earnings. The MBS and CD curves are also steep and provide good value in the two- to five-year part of the curve.

- **Don't Chase Yield by Taking on Credit Risk**

Inversions are often followed by economic slowdowns and recessions, so this is not the time to buy lower rated bonds or buy into sectors with credit risk such as asset-backed securities and corporate bonds. There are a lot of banks that bought corporates in 2000 (remember Enron and Worldcom?) or private label CMOs in 2006 that wish they would not have. Some are no longer in business.

I believe every community bank should have a written investment strategy to help navigate the complexities of investing in a flat yield curve. The right strategy will help you avoid the pitfalls of the past and build an investment portfolio that helps increase bank performance and build shareholder value. ■



THE BAKER GROUP is a preferred service provider of the Community BancService Corporation (CBSC). Ryan W. Hayhurst joined The Baker Group in 1991 and is now a managing director and member of the board of directors. He serves as manager of the Financial Strategies Group, overseeing the design and implementation of investment and asset/liability strategies for financial institutions. Hayhurst holds a Bachelor of Business Administration degree from the University of Oklahoma, Norman. Contact: 800-937-2257, [ryan@GoBaker.com](mailto:ryan@GoBaker.com).



## CBAI's 37<sup>th</sup> Annual Call on Washington

### We Made Our Presence Known and Our Voices Heard!

ICBA's Capital Summit included addresses by ICBA representatives, including Chairman Preston Kennedy, President and CEO Rebeca Romero Rainey, Group EVP Congressional Affairs and Strategy Paul Merski, and Senior EVP of Government Relations and Public Policy Karen Thomas. The Summit also included addresses by the Chairman of the Senate Banking Committee, Senator Mike Crapo (R-ID), Chair of the House Financial Services Committee, Congresswoman Maxine Waters (D-CA-43), Chair of the Federal Deposit Insurance Corporation Jelena McWilliams, a panel discussion on community banks and fintechs, and a presentation on building and sustaining relationships with members of Congress and staff.

CBAI community bankers charged the Hill to inform Illinois members of Congress about their most important issues.

During their Hill meetings, Illinois community bankers discussed CBAI's 2019 Federal Policy Priorities which included:

- Support the Independent Community Bankers of America's Legislative and Regulatory Agenda Contained in their Community Focus 2020: The Community Bank Agenda for Expanding Economic Opportunity
- Support Completing the Implementation of the Economic Growth, Regulatory Relief and Consumer Protection Act (S. 2155)
- Support Additional Meaningful Regulatory Relief for Community Banks
- Support Community Bank Position on Credit Unions and the Farm Credit System and Oppose Their Expanded Powers
- Support the Federal Reserve's Role in Payments System Improvement
- Support Modernizing the Community Reinvestment Act (CRA)
- Support Modifying the FDIC's Deposit Rate Caps
- Support Safe Harbor for Banking Cannabis-Related Businesses
- Support De Novo Community Bank Formation, the Dual Banking System, and Charter Choice
- Support Sound Principles for GSE Reform
- Support the Federal Home Loan Banks

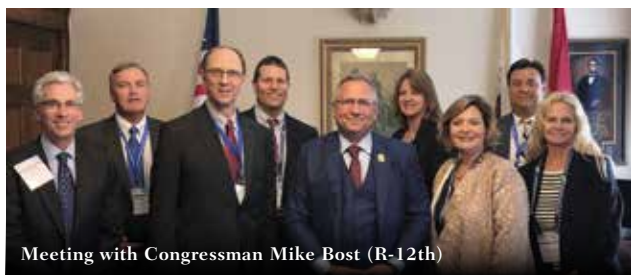




Meeting with Congressman Bill Foster (D-11th)



Meeting with Senator Tammy Duckworth (D-IL)



Meeting with Congressman Mike Bost (R-12th)



Meeting with Congressman Rodney Davis (R-13th)



Meeting with Congressman John Shimkus (R-15th)

- Support Agriculture and Rural America
- Support Enhanced Data, Cyber and Payment Card Security (Data Security)
- Support Consumer Financial Protection Bureau Reform and Exemptions for Community Banks
- Support Community Bank Positions on Emerging Issues
  - o Special Purpose Fintech National Bank Charters (OCC)
  - o Current Expected Credit Loss Model (FASB)
  - o Customer Data Sharing (CFPB)
  - o Small-Dollar Consumer Lending (CFPB)
  - o Small Business Data Collection (CFPB)
  - o Modernize Reg CC (Federal Reserve)
- Finally Address the Issue of Too-Big-to-Fail Banks and Financial Firms to Protect Our Financial System, Economy and American Taxpayers from Future Bailouts

CBAI extends special thanks to the generous sponsors of the 37<sup>th</sup> Annual Call on Washington:

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**CBAI sincerely thanks all of the Illinois community bankers, guests and sponsors who helped make the 37<sup>th</sup> Annual Call on Washington a great success!**

**Your grassroots involvement does make a difference! ■**



## CBAI'S 35<sup>TH</sup> ANNUAL CAPITAL CONFERENCE RECAP

**T**hank you to the more than 100 community bankers that made the trip to Springfield to join in our annual show-of-force at the Capitol advocating for the community banking profession. The day started with a meeting of the Legislation and Regulation Committee where bankers set the legislative priorities for CBAI's state and federal lobbying efforts.

**House Minority Leader Jim Durkin** gave the keynote address at lunch, sharing a bleak but honest outlook on the state's fiscal condition. Bankers loaded onto buses to visit with their local legislators at the Capitol with a focus on educating many of the 50 new members of the General Assembly about the community banking profession and our legislative concerns. We also had group meetings with **Senate President John Cullerton**, **Senate Minority Leader Bill Brady**, **House Assistant Majority Leader Natalie Manley**, **Treasurer Mike Frerichs**, and **Secretary of State Jessie White**. Our afternoon session back at the conference room included **Lt. Governor Julianna Stratton**, **IDFPR Director Deborah Hagan**, **IDFPR Director of Banking Chasse Rehwinkel**, and **IDFPR Assistant Director of Banking Kerri Doll**.

Following the day's activities, we held a legislative reception at the Pinnacle Club, at the top of the tallest building in

Springfield overlooking downtown and the Capitol dome. This year we decided to forgo the traditional board dinner, extend the reception, and increase the refreshment options. It meant that the entire group of community bankers had more time to mingle and network. We've heard positive feedback about the change and will consider continuing the practice in coming years. Capital Conference attendees who register early only pay \$100 for as many members of their bank as they would like to bring. It is a tremendous value that includes lunch, transportation to the Capitol, and an open bar and refreshments at the reception. It's a great deal made possible by our generous sponsors. Thank you to all our partners who chipped in to support the event. ■

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Lt. Governor Juliana Stratton and Tony Sisto, president, STC Capital Bank, St. Charles



Meeting with Secretary of State Jesse White



CBAI SVP of Governmental Relations Jerry Peck addresses attendees at the luncheon



Meeting with Senate Minority Leader Bill Brady



House Minority Leader Jim Durkin presents a Community Banking Week proclamation to Tony Sisto, STC Capital Bank, St. Charles



CBAI Legislation and Regulation Committee meeting



# CBAI

## Scholarship Programs

### 2019 Annual Scholarship Program: Winners Announced

The CBAI Foundation for Community Banking has selected its 2019 Annual Scholarship Program winners. The program offers \$21,000 to high-school seniors via an essay writing contest; \$500 is also awarded to the first place winner's high school. This year, 88 CBAI member banks representing 235 students participated in the contest, which is a *free CBAI member benefit*.

The first-place scholarship of \$1,000 each year for up to four years of higher education was awarded to Mikayla Jones, sponsored by **Buckley State Bank** (*her winning essay follows*). Her high school, **Paxton-Buckley-Loda High School**, received a \$500 award.

She plans to attend the University of Tennessee, Knoxville, to study toward a career in medicine.

Judges, who had the ability to award an additional \$1,000 in each of the remaining CBAI groups (there are 12 groups, encompassing the entire state), bestowed the following \$1,000 first-place gifts:

**Connor Wrigley** (Town Center Bank, New Lenox, Frankfort branch); **Conner Einsweiler** (First Community Bank of Galena); **Lauren Bryan** (State Bank of Toulon, Kewanee branch); **Kaela Wellman** (Great Rivers Bank, Barry); **Trace Fletcher** (Havana National Bank); **James Crites** (Bank of Rantoul); **Ryan Dunphy** (CNB Bank & Trust, N.A., Carlinville, Jacksonville branch); **Jacqueline Gibbs** (State Bank of Waterloo); **Micah Rowe** (Citizens National Bank of Albion); and **Lydia Hosman** (City National Bank of Metropolis).

In addition, the following students were awarded \$500 as second-place finishers: **John Schubbe** (First Community Bank and Trust, Beecher); **Jaclyn Damon** (Durand State Bank); **Ashley Gaytan** (HomeStar Bank and Financial Services, Manteno, Kankakee branch); **Isaac Brockmann** (Peoples National Bank of Kewanee); **Hannah Birkey** (First Farmers State Bank, Minier); **Tucker Overton** (The First National Bank, Mattoon); **Hannah Carlock** (Petefish, Skiles & Co. Bank, Virginia); **Kathryn Lohman** (Old Exchange National Bank, Okawville); **Shelbi Thomason** (The Iuka State Bank); and **Elizabeth Froemling** (First State Bank of Campbell Hill).

Non-monetary Honorary Mentions were bestowed on: **John McGuire** (Town Center Bank, New Lenox, Frankfort branch); **Nolan Rademaker** (Glasford State Bank); **Alex Dittmar** (North Central Bank, Hennepin, Ladd branch); **Olivia Smith** (North Central Bank, Hennepin, Ladd branch); **Brooke McCormick** (Goodfield State Bank); **Amy Saladino** (Williamsville State Bank, Springfield branch); **Loren Koenigstein** (State Bank of Waterloo); **Abby Riechmann** (Old Exchange National Bank Okawville); **Payton Riechmann** (Old Exchange National Bank Okawville); **Lane Schilling** (Old Exchange National Bank Okawville); and **Zachary Knop** (First State Bank of Campbell Hill).

The CBAI Foundation for Community Banking sincerely thanks all the students and bankers who participated. ■

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2019 Annual Scholarship Program: Statewide Winning Essay

# The Impact/Importance of Community Banking

## *to Me or Someone I Know*

Mikayla Jones, Sponsored By: Buckley State Bank

The first thing that comes to mind when banking is mentioned, for most of us, is money. To an extent, there's nothing wrong with that; essentially, that is what banks are used for – to deal with the funds of people in the community. However, as I've learned, banks supply us with so much more than loans, debit cards and monthly statements. Take, for example, my family. Until I was in eighth grade, we lived in a small rural community. To complement that, we banked there as well. However, we've since moved to rural Paxton, which is a decent drive to our old hometown, but we still bank there. Why? The bank is more to us than just a place to turn in our paychecks. It is home to the workers that have known me since I was born, and that have watched my siblings and I grow summer after summer walking uptown with our grandparents. It is where we hold some of our fondest childhood memories of getting Dum Dum suckers off the small wooden tree as our parents talked to those working behind the front desk. We still bank there today, because even when it's a 45-minute drive one way in the snow to cash checks, or when we are all so busy that we have to wait a few extra days to get there, it's worth it to see everyone that has provided us with such a sense of camaraderie and friendliness our whole lives. Banks provide help as we try to manage our funds, yes, but more importantly, they provide us with a feeling of "home" every time we walk inside.

### The Impact/Importance of Community Banking to a Business or Agricultural Concern in My Area

In small towns, it's practically a given that everyone knows everyone. Sometimes this is a good thing, sometimes a bad – but in terms of banking, I'd venture to say that it's almost always a positive. In my hometown this past year, two of the women from my congregation at church decided to open their own

bakery. They completely remodeled an old hotel and started from scratch. This is a big task, especially in a small town, where more than likely the most common customers will be the small pack of downtown coffee-drinkers. However, they opened their new creation with confidence. It was a big project, it was a costly project, but they knew that even if they couldn't make ends meet, the bank had such a good relationship with these women that it wouldn't be the end of the world. Urban-area banks don't typically have a personal relationship with each customer, so it would be much more daunting for a couple of people to try and open their own business where the bank wouldn't be so forgiving. However, small town banking pulls through again to help out its clients and community.

### The Impact/Importance of Community Banking to my Community in General

It is eight o'clock on a Saturday morning. The glass door chimes as two neighbors walk in, discussing the score of last night's Cubs game. The drive-through buzzer goes off as an elderly man driving a golf cart pulls up to the window. The lobby is buzzing with questions about how the grandkids are doing and whether or not Fun Day will have a duck race this year in the lake. The bank is full of energy and friendly faces as more and more people enter, turning what should have been a five-minute trip into 15 or 20 as they mingle with those around them. Kids reach for the candy bowl on top of the glass table, listening to the receptionists' encouragement instead of their parents' forbidding. In my hometown, as in many small towns, the bank is the heart of the village. It is where everyone gathers, where everyone is welcome, and where everyone shares what is going on in their lives. It is more than just a bank – it is what holds communities together. ■

# Combat the Threat of Wire Fraud

Patti Tobin, Producer, Financial Practices Division

Community BancInsurance Services, powered by Arthur J. Gallagher & Company, Springfield, IL

**Wire fraud continues to vex financial institutions across the country despite a continuing evolution in technological protections, community bankers' increasing attention to detail, and pleas from regulators to tighten internal controls.**

By some measurements, old school gun-in-hand bank robberies and internal fraud are a community bank's most imminent threats. Perhaps those measurements are accurate. If so, wire fraud is not far behind. Consider the numbers. One of our major insurers informs us that more than \$50 million in wire fraud losses have been absorbed by its bank customers during the past 30 years. The average loss was \$260,000. More than \$15 million of the insurer's client losses, roughly one-third, were executed via fraudulent transfers to overseas banks.

But that's just the experience of one insurer. The Federal Bureau of Investigation data shows \$2.3 billion in losses from wire fraud in a two-and-a-half-year period between 2013 and 2016. A 2015 survey of the Association of Financial Professionals showed 27 percent of organizations were impacted by wire transfer fraud, and another 10 percent were impacted by Automated Clearing House credit fraud.

Outside of our community banking space, cyber fraudsters increasingly target smaller businesses because their IT security is presumed, often accurately, to be weaker than the systems used by larger enterprises. That has brought more community banks into the wire fraud fold, as smaller businesses often bank with local

providers. Symantec, a software security company, has tracked the increased targeting of small businesses during the past decade. In 2013, two-thirds of the phishing attacks tracked by Symantec were executed against firms with less than 2,500 employees.

Phishing scams have proliferated bank risk. With pilfered routing numbers and other critical information in hand, criminals can better execute wire fraud transfers. The best protection against wire fraud is to strictly follow clear internal procedures that need to back every wire transfer request.

To underwriters, the staunchest firewall to wire fraud is a callback verification for any and all transfer requests made via phone, fax or email. Unfortunately, too many banks relax callback procedures when they are familiar with the client requesting a transfer. In one quarter of the wire fraud incidents tracked by insurers, banks failed to execute a callback verification.

As careless as this seems, we are sympathetic to the circumstances as to why a bank wouldn't follow such a procedure. Although it is a common-sense requirement, it adds to a bank's time constraints, complicates the immediate demand for money, and hinders the customers' desire for immediate service. All of these add more pressure to the community bank to execute transactions.

From our side of the table as an insurance specialist to financial institutions, those claims may be the most painful to witness. As a simple rule of thumb, wire fraud claims where there is no documented callback verification are not insured. But a bank's insurance protection can be exposed even when it invests in the effort to verify the authenticity of transfer requests. Your bank

## DID YOU KNOW?

Some data shows that what banks spend on internal wire fraud controls is considerably more than the fraud losses incurred by the banks.



needs to know the precise requirements of its insurance policy on wire transfer protections.

How does your policy define “verification?” Insurers’ bond language on callback verification varies considerably. Do callbacks have to be recorded, or simply noted on paper? Does a phone bill provide sufficient evidence of a bank’s outgoing call to the impersonated client to ensure adequate document verification?

If your bank can’t answer these questions or is uncertain of the proper response, inquiries need to be made to your insurance professional. In one case, we learned about an insured bank client having a customer who apparently agreed to waive the callback requirement with the institution. But the bank overlooked informing the risk manager, agent and its insurer of the agreement. When the fraudulent wire transfer was executed, the bank was left to absorb a very expensive claim. The provisions in the FI Bond were void because the bank failed to communicate its arrangements with the underwriter.

Some data shows that what banks spend on internal wire fraud controls is considerably more than the fraud losses incurred by

the banks. From the perspective of risk mitigation, we think that’s a healthy imbalance. It suggests the investment in internal procedures is money well spent.

Community banks are advocates for their customers, and so are we. Wire fraud risk can be mitigated when all of us – banks, their employees, customers, third-party providers and insurance specialists – work together. Communication is what makes that wheel complete. As an independent specialist, we aim to be an open book. If your bank is unsure of the thoroughness of its internal controls, or the verification requirements in its insurance contracts, reach out to your insurance specialist. For our existing bank partners, if there is any question as to what your exposure may be, reach out to us. Our aim is to communicate thoroughly and accurately on this and all issues. ■

*For tailored collateral protection solutions for community bank risks, call Community BancInsurance Services, a division of Arthur J. Gallagher & Co., the exclusively endorsed insurance representative of CBAI/CBSC. Ask for Patti Tobin, CIC, Insurance Advisor, Area Financial Institutions Director 217/414-4485 or [patti\\_tobin@ajg.com](mailto:patti_tobin@ajg.com).*

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Jersey State Bank, Jerseyville



Goodfield State Bank animal adoption day



Goodfield State Bank pet donation drive

## Community Banking Week

# So Many Ways to Celebrate!

**I**llinois Governor J.B. Pritzker issued a proclamation declaring April 7-13, 2019, as Community Banking Week in Illinois. The Illinois House of Representatives also unanimously passed a resolution celebrating Community Banking Week in Illinois. CBAI is proud to celebrate and support the more than 400 Illinois community banks and thrifts in Illinois that have upheld a tradition to give back to their communities, foster local economic prosperity, and fulfill the credit needs of citizens throughout the state. We are always excited for Community Banking Week and love hearing the many different ways our members celebrate.

### Durand State Bank

Durand State Bank participated in Community Banking Week with a press release in the local publications and fun promotions throughout the week. Free giveaways to customers included packets of flower seeds, magnetic clips, pens and pencils for the adults, and coloring books and crayons for the kids. Two piggy banks were filled with pennies and kids were given an opportunity to guess the amount. The closest guessers won the penny-filled banks. Adults were registered to win \$20 in Bulldog Bucks, which can be used to purchase goods or services at all Durand businesses. In addition to the daily coffee bar with Racine Danish Kringle offered at the bank, punch and special goodies were also added to the mix.

### Goodfield State Bank

Goodfield State Bank spent the week thanking those who help make their communities strong, including offering meals to EMT's, fire and rescue squads and local police officers on

different days throughout the week in Metamora, Roanoke, Eureka, Congerville and Goodfield. In Metamora on Tuesday, the bank invited the new chief of police to chat with the community over donuts and coffee. Donations were taken all week for the Woodford County Animal Control and the Germantown Hills Felines. To wrap up the week, the bank hosted an animal adoption day, which resulted in the rehoming of three dogs, each to a family that was a perfect fit. The Goodfield branch took donations for the local library and the Eureka branch raffled off a KitchenAid mixer. And of course, treats were provided for all of their customers, as well. "It was a fun week being out in the communities and serving our fellow leaders," said Stephanie Chaon, branch manager with Goodfield State Bank.

### Germantown Trust and Savings Bank

During Community Banking Week, Germantown Trust and Savings Bank focused on thanking the businesses that do so much to help make the community a fantastic place to live and work. "Without these businesses, we wouldn't have the support for the schools, churches, activities and events that make Clinton County a unique and wonderful place to live. We are indebted to these businesses, not only for the jobs they provide, but for the support they give to our communities and causes," said Dale Deiters, president.

The public was invited to register to win one of 100 gift certificates purchased from local businesses to help promote and support the community. Four winners were drawn daily at each of the four bank locations.



### **Jersey State Bank, Jerseyville**

Jersey State Bank, Jerseyville, had a baseball theme for Community Banking Week, complete with popcorn, peanuts and Cracker Jacks for customers, which were handed out by bank employees sporting Cardinals gear. They also offered a Facebook contest, asking participants to share their favorite thing about their community to be entered to win a St. Louis Cardinals game-day basket.

### **Prairie Community Bank, Marengo**

Prairie Community Bank, Marengo, made each day special with sweet treats for their customers at the Marengo and Union branch locations, including brownies, cookies, chocolate and popcorn. They even did a cash mob at a local establishment one evening and held special drawings for gift certificates to local restaurants and businesses. They invited the community to celebrate with them by delivering donuts to local business customers, the fire department, rescue squad and police department. Several local business customers were treated to a pizza lunch.

### **State Bank of Toulon**

State Bank of Toulon celebrated community banking all month long! Using the theme, "We're Building a Community!," the bank's activities included customer appreciation every Friday at all locations, employee appreciation every Monday, drawings and door prizes, and social media contests.

#### **Week One: Community Banking Kick-Off Week**

The bank recognized community workers, police and firefighters and decorated bank lobbies.

#### **Week Two: Teach Kids to Save Week**

Bank employees visited the schools, started Junior Achievement classes, and read books to pre-K students. They also did a promotion for anyone who opens a kid's account or makes a deposit into a kid's account.

#### **Week Three: Shred/Clean Up Week**

The bank brought in shred containers, cleaned up trash in the communities, and took soda and candy to the sanitation workers on their routes.

#### **Week Four: Shop Local Week**

Bank employees showed their support for local businesses by shopping local and eating lunch at local restaurants.

### **North Adams State Bank, Ursa**

North Adams State Bank involved future customers with a coloring contest to celebrate Community Bankers Week. Local first and second grade students were given blank forms to color. First and second place prizes were awarded for each grade at the end of the week. The students' artwork was displayed in the bank's lobby.

Next year Community Banking Week is scheduled for **April 5-11, 2020**. Complimentary marketing materials will be available from CBAI in January of 2020! ■



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\*Priced equivalently, based on a 2017 Kasasa consumer study.

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## Friday Night Event at CBAI's Convention: Be a Rock Star for the Foundation!

**T**his year's Friday night activity at CBAI's 45<sup>th</sup> Annual Convention and Expo is a tented parking lot party at the Crowne Plaza. Included in your registration fee, you'll enjoy food, drinks and lots of entertainment. This fun, interactive event features a karaoke fundraiser benefiting the CBAI Foundation for Community Banking scholarship program.

The music for the event, provided by **Live Karaoke Band**, has all the fan interaction of karaoke with the excitement of a live band. With a song list of more than 350 songs, singers and wannabe rock stars can read the lyrics to their song of choice off one video monitor, while the audience sings along by reading lyrics off another video monitor that faces the crowd. This is not regular karaoke – it is singing with a live band backing you up!

**Live Karaoke Band (LKB)** has performed at festivals, corporate parties, bars and private events for more than 15 years. Most notably, **LKB** was hired as the house band for the Chicago Blackhawks, playing every home game at the United Center for more than 20,000 people a night. Their client list also includes the Chicago White Sox, Navy Pier, William Morris, the University of Illinois, NBC Television and many more.

**Now is your chance to be a rock star for the Foundation! Here's how you can get involved:**

1. Donate to the Foundation for the opportunity to take the stage with the band and sing the karaoke song of your choice. (You can perform as an individual or as a group).
2. Donate to the Foundation to nominate an individual to sing karaoke with the band. The nominated singer has the option to match your donation if they prefer to avoid taking the stage. (No one will have to perform alone unless they wish to do so! Nominated singers can bring a friend or multiple friends to perform with them).
3. Donate to the Foundation in favor of one of two karaoke "teams." These pre-determined teams will be going head-to-head to see who can raise the most funds for the Foundation. The team with the highest contribution total at the end of the night gets to choose a karaoke song for the other team to perform.

Designated Foundation Committee members and CBAI staff will be taking donations throughout the night. All donations to the Foundation are 100 percent tax deductible.

*The Foundation's 31 statewide scholarships help deserving Illinois high school seniors further their educations and develop as tomorrow's leaders. Your donations help fund scholarships offered every year to high school seniors, children and grandchildren of community bankers, and CBAI's Community Bankers School attendees.*

So warm up your vocal cords and get your wallets ready to support a great cause at CBAI's convention! ■

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Rebeca Romero Rainey

## ICBA President Romero Rainey to Address CBAI Members at Annual Convention

This year's Business Meeting Luncheon keynote speaker at CBAI's 45<sup>th</sup> Annual Convention & Expo is **Rebeca Romero Rainey, president and CEO of the Independent Community Bankers of America® (ICBA)**, the leading advocacy organization exclusively representing community banks. She is one of the nation's foremost advocates of the community banking industry, with a focus on regulatory reform for our country's nearly 5,700 community banks. She has met with President Obama and President Trump to discuss issues that are top of mind for community banks.

A third-generation community banker born and raised in Taos, NM, Romero Rainey is the former chairman and CEO of Centinel Bank of Taos. Upon graduating from Wellesley College, Wellesley, MA, she returned home to Taos with the dream of continuing her family's business running the town's only local community bank.

Her broader service to the community banking industry began when she joined the board of the Independent Community Bankers of New Mexico, where she served as president from 2007-08. She entered the national stage by becoming active within ICBA and serving on several committees. Romero Rainey also played a key role in the formation of ICBA's Minority Bank Council and served as its first chairman. Later she was nominated to become a member of ICBA's Executive Committee, and in 2016, became ICBA chairman.

Romero Rainey has also served on the Federal Deposit Insurance Corporation Advisory Committee on Community Banking and the Kansas City Federal Reserve Community Depository Institution Advisory Council. She has been featured on CSPAN, MSNBC, CNBC and NPR, has testified before Congress, and has delivered speeches before the Federal Reserve, OCC and FDIC.

Romero Rainey has a long history of community engagement and collaboration among community stakeholders. She is the co-founder of the Bridges Project for Education, a nonprofit focused on helping first-generation college students. She was also selected as Taos Citizen of the Year in 2009 and has been awarded the New Mexico Governor's Award for outstanding women.

In addition to graduating from Wellesley College, Romero Rainey holds a degree from the Pacific Coast School of Banking.

**Scheduled for September 19-21, 2019, CBAI's 45<sup>th</sup> Annual Convention & Expo will be held at the Crowne Plaza in Springfield. ■**

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## Guest Speaker

**Dr. Lacy H. Hunt**

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of Hoisington Investment  
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## Monday

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## CBAI Supports “Capitol Community” Events

Community bankers are well known for supporting events and charities that help build strong communities. CBAI shares those values and works hard to demonstrate that philosophy in our governmental relations efforts. Through generous Community BancPac donations, CBAI was able to support two such events in Springfield.

The first was a volunteer effort to bring more than 130 foster children from around the state to Springfield for a unique opportunity to visit the Capitol and job shadow legislators for the day. The event is organized by volunteers and paid for by private donations. CBAI was proud to step up to help host the event and

provide lunch for the group. Our efforts were well recognized by lawmakers, staff and other trade associations at the Capitol.

We also continue our sponsorship of the annual House vs. Senate softball game. This non-partisan event is a brief respite from the grueling legislative calendar that allows legislators, lobbyists and staff an opportunity to step back and remember that we all have more in common than we think during the sometimes-tense debates and negotiations of the legislative session. CBAI partners with our friends at the Illinois Credit Union League and Illinois Bankers Association to provide softball jerseys for the event. ■





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Conference attendees learn useful strategies they can implement when they return to the bank.



Patrick Dix of SHAZAM discusses new ways to connect with customers.

## 2019 CBAI Community Bank

# Marketing Conference

CBAI held its 13<sup>th</sup> Annual Community Bank Marketing Conference in April at Erin's Pavilion in Springfield. The Conference is designed to help community bank marketing professionals learn to communicate in today's social media world; discover how to stop selling and start connecting; develop a marketing strategy to help the bank achieve its goals; discuss the three basic stages of a buyers' journey; deploy a successful Amazon-like experience; and more. Community bank marketing professionals from across the state benefited from expert speakers, pertinent and informative topics, and peer networking. A mini exposition featuring eight firms with the latest products and services benefiting the community bank and its marketing efforts enhanced the experience.

The keynote speaker was **Eric Cook, digital strategist at WSI, Battle Creek, MI**. Cook opened the conference with "Can You Hear Me Now?: Communicating in Today's Social Media World," which explored some of the new ways to participate in the communication process and get heard.

"I really enjoyed Eric's presentations; very timely and thought provoking," said **Rhonda McGill, Peoples Bank of Kankakee County, Bourbonnais**. "Fantastic Marketing Conference – again! Very well done! I took home a lot of good information."

**Brana Webb of First Federal Savings Bank, Ottawa**, agreed, saying "Eric Cook's examples were really helpful – especially to see his tips in action and hear success stories."

Next on the agenda was "The Five Steps to an Effective Marketing Strategy" with **Dan Novalis of 2Novas**, who walked bankers through a unique process of developing a marketing strategy to help their bank achieve its goals and ultimately appeal to new customers without moving too far away from its heritage.

Starting the afternoon session, **Patrick Dix of SHAZAM®** presented "Stop Selling and Start Connecting: Why Your Marketing Program Isn't Working!," which explored how digital media is changing the way we market to customers, the new ways customers are digesting the information, and how you can differentiate your message by connecting with customers instead of trying to sell to them.

**Bryan Adler of Vetter** spoke next on "Marketing to the Buyers' Journey to Activate at the Point of Excitement," which discussed the three basic stages of the buyers' journey and provided insight to keep them engaged and excited.

Closing out the conference was "Community Banking and the Amazon Effect (Five Ways to Evolve Your Culture – The Amazonification of Community Banking)" with Eric Cook, who shared five ways your bank can begin to change its culture to evolve, communicate and deploy a successful Amazon-like experience.

Back by popular demand was the marketing roundtable discussion, providing participants an opportunity to interact and learn from each other while discussing specific marketing topics. Attendees were able to pre-select discussions from topics including advertising/website compliance, cross selling, digital marketing, hot products/technology and social media.

"I always look forward to the CBAI Marketing Conference," said **Mindy Combs of First Southern Bank, Marion (Carbondale)**. "It's a great day filled with helpful ideas, new products and up-to-date information that can be applied toward my bank's marketing plan." ■



## EXHIBITING FIRMS

### 2 Novas Inc.

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### CBAI's Foundation for Community Banking

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### Thank you also to the CBAI marketing sub-committee members.

Mindy Combs, Chairperson, First  
Southern Bank, Marion (Carbondale)  
Tracy Bedeker, First Federal Savings  
Bank, Ottawa  
Danielle Honn, Petefish, Skiles &  
Company, Virginia  
Dena McDonald, First Farmers State  
Bank, Minier (Bloomington)  
Kim McKee, North Central Bank,  
Hennepin (Ladd)  
Ann Scholtes, Bank of Pontiac  
Angela Truluck, First National Bank  
of Steeleville



Attendees gain valuable insights from marketing peers from across the state in the roundtable session.



Keynote speaker Eric Cook shares communication tactics to help your bank get noticed.



## CBAI's Residential Real Estate Lending Institute

Twenty-two bankers participated in CBAI's Residential Real Estate Lending Institute, April 2-4, 2019, at CBAI Headquarters in Springfield. Nationally recognized speaker David Kemp of Bankers Management Inc., College Park, GA, was lead instructor and Aaron Lewis from Young & Associates, Inc., Kent, OH, also served as faculty. ■

### Row 1 (l to r)

1. Jessica Temple, State Bank of Cherry\*
2. Allix Reich, Beardstown Savings, s.b.
3. Alexandra Sapp,  
First Robinson Savings Bank, N.A.
4. Michele Shafer,  
Alliance Community Bank, Petersburg
5. Whitney Valdivia,  
Grundy Bank, Morris

### Row 2 (l to r)

1. Wyatt Logan, Bank of Stronghurst
2. Drew Dethrow,  
First National Bank of Steeleville
3. Tonya Ewalt, Beardstown Savings, s.b.
4. Katie Best,  
Collinsville Building & Loan Association
5. Jennifer Berg, Dieterich Bank
6. Lisa Wilson,  
Crossroads Bank, Effingham
7. Bob Wisz,  
Royal Savings Bank, Chicago
8. Joe Springer,  
Buena Vista National Bank, Chester

### Row 3 (l to r)

1. Tyler Patton, Legence Bank, Eldorado
2. Kathy Burris,  
Peru Federal Savings Bank
3. Julie Ames,  
The First National Bank, Mattoon
4. Scott Helms,  
The State Bank of Pearl City
5. David Kemp, Bankers  
Management Inc., College Park, GA
6. Wesley Veach,  
First Robinson Savings Bank, N.A.
7. Jordon Harris,  
First Robinson Savings Bank, N.A.
8. Chance Vose,  
Farmers National Bank of Griggsville
9. Billy Gray,  
Citizens National Bank of Albion

\* denotes CDD member

Not Pictured: Jessica Jackson, National Bank of St. Anne





# CBAI

## Foundation for Community Banking

### Recent Donation News

**Kraig Lounsberry, CBAI**, donated \$100 to the Foundation.

**David Pirsein, First National Bank in Pinckneyville**, donated \$100 to the Foundation.

**State Street Bank & Trust Company, Quincy**, participated in the Dress Down for the Foundation campaign.

**Better Banks, Peoria**, participated in the Dress Down for the Foundation campaign.

Board and committee members of the CBAI corporate family donating travel expenses to the Foundation are: **Jeff Bonnett**,

**Havana National Bank; Dan Graham, Flora Bank and Trust; Mary Jo Homan, Chester National Bank; Josh Kuntz, Goodfield State Bank; Lisa Lippert, CBAI; David Loundy, Devon Bank, Chicago; Chad Martin, Goodfield State Bank; Tony Sisto, STC Capital Bank, St. Charles; Doug Smith, Farmers National Bank of Griggsville; Alan Stremlau, Illini State Bank, Tonica; Jim Weast, Warren-Boynton State Bank, New Berlin; and Bill Wubben, Apple River State Bank.**

**The Foundation received \$110 from CBSC and CBAI board members** as a result of the “dress-down” board meeting in April.

## In Memoriam

**Richard Anthony Lumpkin** of Mattoon, IL, passed away on April 4, 2019, in Palm Springs, CA.

Lumpkin was the long-time chief executive and board chairman of Consolidated Communications, Inc. (CCI). He was born in Chicago on February 16, 1935, the third child of Mattoon residents Mary “Mollie” Lumpkin and Richard Adamson Lumpkin.

Like his father before him, he graduated from Phillips Academy in Andover, Mass., (1953) and Yale University (1957). After serving as a second Lieutenant in the U.S. Army and working for a year for Illinois Bell near Chicago, he completed his education with an MBA degree from Harvard University, awarded in 1963. Later that year, he returned to Mattoon to begin his long career at CCI, then Illinois Consolidated Telephone Company (ICTC), a company originally founded by his great grandfather, Dr. Iverson A. Lumpkin, in 1894.

Lumpkin was named president of ICTC in 1977 and then, 90 years after the company’s founding, he became president of the newly formed holding company, Consolidated Communications Inc., in 1984. Lumpkin served on numerous business and civic boards over the course of his 56-year career, including **First Mid-Illinois Bancshares, Inc.**



## Acquisition of A.D.A. Non-compliant Property

Jerry Cavanaugh, CBAI General Counsel, Springfield, IL

I can imagine at least three scenarios by which a bank takes ownership of a property that is not in compliance with the accessibility standards of the Americans with Disabilities Act ("ADA"): acquisition through foreclosure of "Other Real Estate" that secured a loan; acquisition of another bank and its branch facilities, at least one of which, at the time of acquisition, was not in compliance with the ADA; and bank expansion by acquiring and establishing a new branch at a "Main Street" building that for decades had been a restaurant, hardware store, pharmacy, or other retail establishment and was never made ADA-compliant.

Acquisition of non-compliant property is not a violation of the ADA, but does impose obligations for which the acquiring bank becomes responsible. Those obligations are prescribed in Title III of the ADA regulations ("Regs").

The Disability Rights Division of the U.S. Department of Justice ("D.O.J.") has enforcement authority over the ADA. I recently spoke with a D.O.J. attorney who described the two alternative methods by which a new owner of ADA non-compliant property can resolve the compliance problem; although there are two "alternatives," they are not equal. The second is to be employed only after a determination

has been made that the first cannot be accomplished. The first is referred to, simply enough, as "barrier removal," whereby the owner is obligated to make structural and/or architectural modifications outside and inside the building to promote ease of access for persons who might be using a wheelchair, walker, cane, etc. Barrier removal includes common things such as use of "curb cutouts" or ramps to defeat the obstacle that might otherwise be presented by a curb in the parking lot. When necessary as a temporary solution "portable ramps" may be used, but the owner has the obligation of using portable ramps with a design and structure able to support the weight of disabled persons, including individuals in wheelchairs (and anyone assisting them), and ensuring that the surface of the portable ramp is made of non-slick material. Other "barrier removal" acts from the parking lot to the lobby include widened parking spaces for handicap parking spots, including at least one space that can accommodate a van that might be transporting disabled persons.

As we get from the parking lot to the sidewalk, raised or uneven sections of the sidewalk and "ruts" in the sidewalk should be cured to the extent possible. Accommodating ease of entrance into the building might include widening of doorways, if necessary, to



accommodate access without undue difficulty, or installation of automatic/electronically opening doors (with the button or other operational device placed at an appropriate location and height).

Once inside the building, the floor plan should accommodate ease of passage for a disabled customer; i.e., workstations, furniture, etc. should not present an impenetrable path for a disabled person to get to where (s)he needs to go. Ramps might also be necessary in the lobby if there are raised sections in the floor. If there are doors that allow customer access from one room to another, the door space may need to be widened. Tables, shelves or racks with pamphlets, deposit slips and other printed materials should be positioned at a height and in a manner that accommodates access by disabled customers. If the building offers restrooms for customers, they should be handicap-equipped with widened stalls and handrails or “grab bars.” There are many other detailed barrier removal examples (all the way down to removal of “high pile, low density carpeting”) in the Regs, and I will provide the list to anyone upon request. Not everything on the list needs to be implemented, but those that are necessary to accomplish the goal of access for disabled customers should be applied.

The Regs spell out a priority of barrier removal fixes, with the first priority being parking lot, sidewalk and entrance doorway remedies. The second priority is the floor plan inside the building, including both ease of passage and ease of access to printed materials. Next is handicap-equipped restroom facilities. The fourth and final priority is a miscellaneous “any other measures necessary to provide access to...services.”

The good news is that, remembering that there is a back-up alternative that I have not come to yet, not all “barrier removal” acts must be accomplished. The Regs require barrier removal when it is “readily achievable,” defined as able to be accomplished without extraordinary difficulty or expense. If a bank determines that one or more accommodations requiring barrier removal are not readily achievable, the fallback alternative is in a section of the Regs simply captioned “Alternatives to barrier removal.” (“Alternative #2”). I need not go into great detail about what that section of the Regs says or how it was explained to me by the D.O.J. attorney during our phone conversation; it can be easily understood as “if your customer can’t get to the service, bring the service to the customer.” Suppose that your bank has some specialty service that is offered on the second floor of the bank building, perhaps tax preparation service or a farm management expert in your trust department. Not only is installation of an elevator likely not “readily achievable,” but the Regs include an explicit provision that elevators will not be mandated for compliance except in limited situations not relevant to most community banks.

In that situation, since there is no safe or convenient way for a disabled customer to get to the “specialist” on the second floor, the Regs simply say that the bank must make arrangements for that specialist to have an appointment with the disabled customer at a location that is conveniently accessible for the disabled customer. Unfortunately, this simple, inexpensive alternative is only available after a bank “can demonstrate that barrier removal is not readily achievable,” and so it cannot be used in lieu of all of the barrier removal fixes addressed above.

A designation or registration of a building with a “Historic Preservation” society or government agency will not provide a total pass from compliance with the Regs. The Regs require that a bank first attempt to comply with the Regs by making accommodations “to the maximum extent feasible” before resorting to Alternative #2 in order to provide service to a disabled customer.

Non-compliance resulting from a violation of the D.O.J. Regs can lead to private litigation brought by the affected disabled customer or, more likely, to a referral to the D.O.J. which has the power to investigate the alleged non-compliance and to pursue legal remedies including an injunction (court ordering bank to take remedial measures to accomplish compliance) or steep fines of up to \$185,000. I suspect that the highest fines would be reserved for bad faith sloths that just ignored their compliance orders and did little or nothing to comply, but I would not press my luck with such high stakes.

In any event, and with the huge caveat that I am not giving legal advice to any bank (which they must get from the bank’s own attorney), the injunction and civil fine remedies apply to “violations.” A case could be made that there is no “violation” if the bank can demonstrate that physical barrier removal was not “readily achievable” and the customer had not availed herself/himself of offers from the bank to employ Alternative #2 and meet with the particular bank employee or officer at an accessible location. Therefore, it is in the bank’s interests to thoroughly document the extent to which the bank is making, or is attempting to make, readily achievable structural improvements to the property and, in Alternative #2 situations, the opportunities that the bank had made available to the disabled customer.

To be clear, the responsibility to accomplish barrier removals or to offer Alternative #2 substitutes for barrier removals does not apply only to property that the bank intends to use for banking/branching purposes. If the bank owns and maintains property accessible to the public, compliance with the Regs is required. ■

*Legal Link is a free CBAI member benefit. For answers to your general, banking-related legal questions, contact CBAI General Counsel Jerry Cavanaugh at 800/736-2224 (IL only), 217/529-2265] or jerry@cbaicom.*

**Community BancService Corporation (CBSC)** recently added two new members to its board of directors. **June (Harnacke) Kidd, president/CEO of The First National Bank in Tremont**, began her career as a teller/bookkeeper at New Holland Farmers Bank. She brings 35 years of experience from virtually every facet of banking. **Kathy Sutherland is the president/CEO of Durand State Bank**. She has a bachelor's degree from Western Illinois University, an associate degree from Highland Community College, and a Certificate in Loan Review from BAI.



June Kidd (left) and Kathy Sutherland (right)

**James Renn, Lisle Savings Bank**, was recently awarded CBAI's Distinguished Member designation. Terry Griffin, CBAI vice president Chicago area, presented him with a crystal eagle award to commemorate the accomplishment.

**Keith Windish** joined the **Farmers State Bank, Elmwood**, board of directors in May of 2019. Windish and his family farm in the Elmwood area.

**Ottawa Bancorp, Inc.**, (the "Company") the holding company for **Ottawa Savings Bank**, (the "Bank") recently announced that **Jon Kranov, president and CEO**, will retire effective August 16, 2019. Following his retirement, Kranov will continue to serve as chairman of the board of directors for the Company and a member of the bank's board. The board of directors has appointed **Craig M. Hepner** to serve as president and CEO of the Company and the bank effective upon Kranov's retirement.

**First Mid Bank & Trust (First Mid), Mattoon**, recently hired **Brooke DeBoer** as branch manager of the Bloomington banking center located at 2306 East Washington Street. DeBoer is responsible for overseeing the daily operations and ensuring financial business goals are met.

**First Mid Bank & Trust, Mattoon**, is proud to recognize the following service anniversaries for the associates at the Quincy Main banking center, located at 636 Hampshire Street, Quincy, IL: **Linda Walker**, assistant vice president, mortgage lender – 25 years; **John Johannes**, vice president, commercial lender – 20 years; and **Sara Nebe**, customer service representative – 20 years.

**First Mid Wealth Management** is pleased to welcome **Andrew 'Andy' Cave** as their new senior vice president, business development and strategy, effective April 8, 2019. He will be responsible for business development and strategy across all four of First Mid Wealth Management's business lines – trust, retirement services, farm and brokerage. Prior to joining First Mid, Cave served as president of Soy Capital Bank and Trust.

**Dorothy Schaudt, First National Bank of Sparta**, is celebrating 30 years in community banking in August. She has worked in the bookkeeping department and teller line.

**First National Bank of Steeleville CEO Robert Koopman** announced the promotion of **Klay Tiemann** from vice president to senior vice president, loan officer and branch manager, and the promotion of **Karen Jacobus** from vice president to senior vice president and cashier. Tiemann has more than 40 years of experience in the banking industry and has served since August 9, 1999, in the bank's Sparta Banking Center. Jacobus has more than 37 years of experience in banking and has served as vice president and cashier since March 27, 2012, at the main bank in Steeleville.

**La Salle State Bank President & CEO, Jeff Ellis**, was pleased to accept a congratulatory plaque from CBAI, acknowledging the 125<sup>th</sup> anniversary of the bank's founding. La Salle State Bank was founded in 1894 and ended their first business day with \$1,348.72 in deposits. Today the bank has grown to \$138 million in total assets and has three locations serving the Illinois Valley. Their home office still occupies the same corner of First and Marquette Streets in downtown La Salle that it did in 1894.



Jeff Ellis, president & CEO, LaSalle State Bank

**Streator Home Savings Bank** recently attained 125 years of dedicated community service. To celebrate the anniversary, a plaque was presented by Lesa Black, CBAI vice president of member services.

**State Bank of Whittington, Benton**, is celebrating its 100<sup>th</sup> year anniversary. Andy Burkett, CBAI vice president of member services (downstate Illinois), presented **Steve Owens, president and CEO**, with a plaque to commemorate the occasion.



L to R: Nick McFadden, chief lending officer, Patti Hozie, compliance officer, and Ed Mollo, president & CEO, Streator Home Savings Bank



## MEMBER NEWS



L to R: Andy Burkett and Steve Owens

**First State Bank of Van Orin** was recently inducted into the CBAI Centennial Club for attainment of 100 years of dedicated community service. A plaque was presented by Lesa Black, CBAI vice president of member services, to **Greg Anderson, president**, in honor of the occasion.



Greg Anderson, president, First State Bank of Van Orin

**First Mid-Illinois Bancshares, Inc.**, the parent company of **First Mid Bank & Trust, N.A., Mattoon**, was recently named as a top-ranked community bank by S&P Global Market Intelligence, and was the only bank headquartered in Illinois to receive this prestigious ranking. This honor was announced through S&P Global Market Intelligence's Top 50 Best-Performing Community Banks of 2018 with \$3 billion to \$10 billion in assets.

**First Mid Bank & Trust, Mattoon**, was named the Central/Southern Illinois Community Lender of the Year by the U.S. Small Business Administration's Illinois District Office for the sixth consecutive year. This award is presented to the community bank with the best overall performance record for lending to small businesses in Central and Southern Illinois in 2018.

Illusionist Matt Adams entertained and educated students as part of the second First National Bank & Trust Company Promise event. Promise is an annual event sponsored by **First National Bank & Trust Company, Clinton**, that brings an inspirational speaker to local schools to speak to area youth.

**First National Bank and Trust Company (FNBT), Clinton**, recently announced a matching gift program with DeWitt County Museum's "Buy a Board" campaign. FNBT will match the purchase of the first 50 boards for a maximum amount of \$1,000 from now until November 1, 2019. The "Buy a Board" campaign is part of an effort to renovate the porch of the C.H. Moore Homestead Dewitt County Museum, listed on the National Register of Historic Places.

**Small Business Growth Corp, Springfield**, has been named Illinois' 504 Lender of the Year by the U.S. Small Business Administration (SBA). This prestigious award represents Growth Corp's continued support and extraordinary contribution to the small business community. A CBAI associate member, Small Business Growth Corporation (Growth Corp) is a nonprofit, mission-based lender dedicated exclusively to connecting small businesses with quality expansion capital through administration of the SBA 504 Loan Program.

**SHAZAM®**, CBSC preferred provider, recently announced a new credit card program that is configured to pass 100 percent of the direct revenue through to the financial institution, including interest, interchange and cardholder fees.

**UFS**, a CBAI associate member and technology provider exclusively for community banks, announced the closing of a capital restructuring that has enabled the expansion of the company's ownership to an additional 18 community banks. ■

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## 2019 CBAI Annual Scholarship Program: Member Banks' Local Scholarships

The CBAI Foundation for Community Banking Scholarship Program complements your bank's local scholarship programs. One of the cornerstones of community banking is to contribute to the well being of the local area. Here is a concrete example of that effort, totaling **\$109,950** given away by CBAI members in their communities.

(Awards made by cash, check, or account deposit unless otherwise indicated)

- Apple River State Bank – Four \$1,000 (Galena, River Ridge, Scales Mound, Warren)
- Great Rivers Bank, Barry — \$500 (Barry); \$500 (Liberty)
- The First National Bank of Beardstown — \$2,000
- First State Bank of Beecher City — Four \$750
- First State Bank of Campbell Hill — Three \$500
- The Bank of Carbondale — Two \$500
- Buena Vista National Bank, Chester — \$4,000; \$1,000; Two \$500
- The Frederick Community Bank, Cissna Park — Mr. & Mrs. D.A. Frederick Memorial Scholarship \$4,000 (\$500 per semester)
- Best Hometown Bank, Collinsville — \$500
- Farmers State Bank, Elmwood — \$500; \$300; \$200
- Fairfield National Bank — Five \$1,000; \$300; \$200
- Fisher National Bank — Two \$500 (Fisher, Mahomet-Seymour); \$1,000 (Parkland College Foundation)
- Flora Bank & Trust — \$500
- Town Center Bank, Frankfort — Three \$500
- Goodfield State Bank — Three \$500
- German-American State Bank, German Valley — Six \$1,000
- Bradford National Bank, Greenville — \$8,000 (Two \$1,000 at each of the following schools: Greenville, Highland, Mulberry Grove, and Troy)
- North Central Bank, Hennepin — Four \$100
- Jersey State Bank, Jerseyville — \$1,000; \$750; \$500
- The First National Bank, Mattoon — \$1,000
- Citizens State Bank of Milford — \$125; \$100; \$75
- First National Bank of Okawville — Two \$1,000 (Good Citizenship Awards); Two \$1,000 (Kaskaskia College Awards)
- Old Exchange National Bank, Okawville — \$4,000 (\$1,000 per year for 4 years); Six \$500
- The Frederick Community Bank, Paxton — Mr. & Mrs. D.A. Frederick Memorial Scholarship \$8,000 (\$2,000 per year); Mrs. Nancy Frederick Sweet Memorial Scholarship \$4,000 (\$1,000 per year)
- Bank of Pontiac — Six \$1,000 (Two - Prairie Central High School; Two - Pontiac Township High School; Two - Dwight Township High School); \$500 (Coal City High School)
- Bank of Rantoul — \$1,000; Two \$500 (Savings Bonds)
- Rushville State Bank — Three \$500
- The Iuka State Bank, Salem — Four \$500
- First National Bank of Steeleville — Six \$1,000 (In Memory of Arthur Werre Jr. Scholarship)
- State Bank of Toulon (Toulon/Galva/Kewanee) — \$750; \$500; \$250
- The First National Bank in Tremont — \$4,000 (\$1,000 per year for four years)
- Petefish, Skiles & Co. Bank, Virginia, Havana, Petersburg — Three \$500 (One per county: Cass, Mason, and Menard)
- State Bank of Waterloo — Four \$1,500; Three \$1,000

**Do you have a local scholarship that is not reflected here? Please contact Bobbi Watson, CBAI executive assistant, at [bobbw@cba.com](mailto:bobbw@cba.com) or 800/736-2224 to get on the list for the July 2020 issue of *Banknotes* magazine. ■**



# **CBAI** *Recognition Programs*

**I**t is a privilege to honor the careers of member bankers who have left a significant footprint on the community banking profession and on their own communities with their tireless efforts, dedication and hard work. We are happy to recognize our newest Distinguished Member, **James Renn of Lisle Savings Bank**.

Distinguished Members have contributed to community banking with an extraordinary expenditure of time, money and/or effort. They have acted as “ambassadors” for community banking, ultimately making a positive impact on the profession.

Nominees for the Distinguished Member designation must be retired or otherwise uninvolved in the day-to-day operations of a bank; have worked for a bank or other entity related to the financial services profession for a minimum of 20 years; and, if they worked for banks, those banks must be active members of CBAI at the time of induction. Candidates must be approved by the CBAI Board of Directors.

CBAI’s Recognition Program also acknowledges the achievements of member banks and bankers through its 50 years in banking award, spotlight on directors, and Patron of Community Banking designation.

### **50 Years in Banking**

If your bank has a director or employee whose professional ties to banking span 50 years, he or she is eligible for recognition with a handsome award. If the 50-year anniversary has already passed, an award may be purchased from the association for \$200. In addition to the award, individuals celebrating a 50-year anniversary will receive coverage in *Banknotes*, CBAI’s bi-monthly magazine, the Directory of Illinois Financial Institutions, and at the CBAI Annual Convention.

### **Spotlight on Directors**

CBAI’s bi-monthly magazine *Banknotes* regularly features stories about inside or outside directors who have an interesting story to share. The story may center on a hobby or avocation, the way in which the person came to join the board, or how he/she approaches board duties.

### **Patron of Community Banking**

Some member banks have a history of advocacy for CBAI by supporting it through specific, measured involvement in all association departments and events. An award has been created to recognize these banks: the “Patron of Community Banking.”

### **Criteria for this special designation:**

- Bank is a member in good standing, having paid its most recent dues assessment;
- Bank has been represented at three of the past five CBAI Annual Conventions;
- Bank has been represented at Capital Conferences and/or Call on Washington for three of the five most recent years;
- Bank has been represented at three of the five most recent Group Meetings;
- A representative of the bank has sponsored at least one new CBAI member or associate member;
- Through corporate donations, personal donations, or a combination of the two, the bank has contributed a combined annual total of at least \$750 to Community BancPac and/or FedPac during the three previous years;
- A bank representative has served on the board of directors of the CBAI corporate family or one of its standing committees at least one year in the previous five years;
- Bank has earned at least 12 education-related credits in the previous year. Credits are awarded in varying amounts for seminars, forums, schools, webinars and the Career Development Division (CDD);
- Bank has utilized at least six services of CBSC;
- Bank has pledged/donated a minimum of \$500 to the CBAI Foundation for Community Banking.

Do you know someone at your bank who is deserving of one of these recognitions? Contact Valerie Johnston at CBAI at 800/736-2224 or by e-mail at [cbaicom@cbaicom.com](mailto:cbaicom@cbaicom.com) today! We want to acknowledge the achievements of our member banks and bankers! ■



## James Renn Receives Distinguished Member Award



James Renn, Lisle Savings Bank,  
Terry Griffin, CBAI

**James J. Renn** began his banking career on November 1, 1971, as a loan officer at Lisle Savings & Loan Association. He held various positions in the loan department before transitioning to assuming the marketing, deposit acquisition and pricing responsibilities in 1981. He was elected president in 1993 and worked his way up to chief executive officer and chairman of the board in the early 2000s. Along the way, Renn also held the positions of CRA officer, compliance officer, investment officer and secretary.

In addition to his career at Lisle Savings Bank, Renn dedicated much of his time to the Village of Lisle and the banking industry. He began serving the Village of Lisle in 1975, holding the position of the vice president of the Chamber of Commerce. His involvement in both the Lisle community and in community banking continued throughout his career at Lisle Savings Bank, expanding to other leadership roles in the Lisle Chamber of Commerce, Lisle Jaycees, Lisle Convention and Visitor's Bureau, Chicagoland Association of Savings Institutions, the Illinois League of Financial Institutions, Financial Institution Marketing Association, Lisle Rotary Club, West Suburban Community Pantry, and the nonprofit organization Naperville Responds for Veterans. As a retiree, he maintains an active involvement in Lisle Rotary and Naperville Responds for Veterans, assisting in their fundraising efforts.

Renn retired as president & CEO of Lisle Savings Bank on November 1, 2016, capping his career at 45 years. He currently serves as chairman of the board. ■

A graphic advertisement for AWS Web Security services. The central focus is a large blue hexagon with the AWS logo and the text "WEB SECURITY". Surrounding this central hexagon are several other hexagons, each containing a service offering: "CBAI WEBSITE HOSTING SERVICES - SECURED and COMPLIANT HOSTING FOR COMMUNITY BANKS", "SECURITY RISK MANAGEMENT SYSTEM", "REDUNDANCY and RECOVERY SERVICES", "QUARTERLY VULNERABILITY and PENETRATION TESTING", "RELIABLE and SCALABLE INFRASTRUCTURE", "CUSTOMER SERVICE and SUPPORT SYSTEM", and "CERTIFIED NETWORK and SERVER PROFESSIONALS". Below the central hexagon are three circular logos: "ISO", "FFIEC", and "AICPA SOC". At the bottom left, there is contact information: "FOR MORE INFORMATION CONTACT Jenny Dial | jennyd@cbaai.com | 800.736.2224". At the bottom right, there are logos for the "Community Bankers Association of Illinois" and "LRS AWS".

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## SPECIFICATIONS

**COLOR SPACE:** Full Color

**FREQUENCY:** Bi-monthly

**BINDING:** Saddle-stitch

**TRIM SIZE:** 8.375" x 10.875"

CBAI offers many opportunities for members to stay informed and up-to-date, and *Banknotes* is one of them! With this award-winning magazine our members maintain a professional edge over the competition. What makes our magazine a success is your input! Fully utilize your membership and share your industry advances with your peers!

## AD RATES

PRINT ADS	1 ISSUE	6 ISSUES	WEB LINK
Back Cover	\$1,449	\$6,599	\$169
Inside Covers	\$1,349	\$6,299	\$169
Facing Inside Front Cover	\$1,349	\$6,299	\$169
Page 5-9	\$1,299	\$6,099	\$169
Full Page	\$1,349	\$5,999	\$169
1/2 Page	\$1,049	\$4,799	\$169
1/4 Page	\$649	\$3,899	\$169
Business Card	\$299	\$2,399	\$169

B&W OPTIONS	1 ISSUE	6 ISSUES	WEB LINK
Full Page	\$1,149	\$5,049	\$169
1/2 page	\$999	\$3,699	\$169
1/4 Page	\$899	\$3,299	\$169
Business Card	\$429	\$2,399	\$169

DIGITAL OPTIONS	1 ISSUE	6 ISSUES	WEB LINK
Exclusive (2 Banners)	\$900	\$5,100	INCLUDED
Full Side Banner	\$500	\$2,750	INCLUDED
Double Box	\$400	\$2,200	INCLUDED
Single Box	\$250	\$1,250	INCLUDED

# Dress Down Day



for CBAI's Foundation



CBAI encourages your bank to hold a "dress down" day for your staff benefitting CBAI's Foundation. Choose any day in 2019 and ask your employees to donate a minimum of \$5 to the Foundation to dress casual. **Participating banks will be acknowledged for their support in *Banknotes* magazine and at CBAI's convention!**

Your donations will help fund the Foundation's 31 scholarships offered every year to high school students, the children and grandchildren of community bankers, and CBAI's Community Bankers School attendees.

To find out more information on participating in "Dress Down for the Foundation," contact Valerie Johnston at [cbaicom@cbaicom.com](mailto:cbaicom@cbaicom.com) or by phone at 800/736-2224. Please send donations to CBAI Foundation, 901 Community Drive, Springfield, IL 62703.

## COMING ATTRACTIONS

## AUGUST

-  1 Outsourcing Tech Services: Regulations, Examiner Expectations & Actions for Vendor Management
- 2 HR Group C — Grizzly Jack's Grand Bear Resort, Utica
- 2 Branch Manager B — Grizzly Jack's Grand Bear Resort, Utica
- 5 Senior Lender Group V — DoubleTree by Hilton Lisle Naperville (formerly Hilton Lisle)
-  5 Official Demands Part 1: Handling Subpoenas, Summonses & Other Legal Process
- 6 Senior Lender Group II — CBAI Shazam Education Center, Springfield
-  6 IRA Reporting, Common Issues & Error Resolution
-  6 Wolters Kluwer Basic IRA Training
- 7 Senior Lender Group I — CBAI Shazam Education Center, Springfield
-  7 New Security Officer Training: Responsibilities, Best Practices & Skill Building Tools
-  7 Wolters Kluwer IRA Reporting Training
-  7 Wolters Kluwer Required Minimum Distributions Training
- 8 Senior Lender Group III — CBAI Shazam Education Center, Springfield
-  8 Wolters Kluwer Health Savings Accounts Training
-  8 Adverse Action in Mortgage Lending: Compliance, Notices & Best Practices
- 9 Senior Lender Group IV — CBAI Shazam Education Center, Springfield
-  13 Developing the Right Strategic Plan for Your Bank

-  13 Wolters Kluwer Intermediate IRA Training Part 1
-  14 What Are Those Business Tax Returns Telling Me?
-  15 FFIEC Cybersecurity Risk Assessments: Policy, Recent Findings & Recommendations
-  15 Wolters Kluwer Intermediate IRA Training Part 2
- 16 CEO Forum Group V — DoubleTree by Hilton Lisle Naperville (formerly Hilton Lisle)
- 20 Introduction to Internal Auditing — CBAI Shazam Education Center, Springfield
-  20 Introduction to the Call Report Loan Classifications
-  20 Wolters Kluwer Advanced IRA Training
- 21 CEO Forum Group III — CBAI Shazam Education Center, Springfield
-  21 E-Compliance Rules, Policies & Best Practices for Email, Web, Mobile & Social Media
- 22 Operations/Technology Group D — Drury Hotel, Mt. Vernon
-  22 How to Handle Unauthorized Electronic Fund Transfers Under Reg E
-  22 Wolters Kluwer Roth IRA Training
- 26-27 Training the Credit Analyst: Beginner Session — CBAI Shazam Education Center, Springfield
-  27 Top 10 Most Misunderstood IRA Issues: Turning Confusion into Confidence
-  28 Effective Management of Credit Report Disputes: Completing ACDVs, AUDs & Correcting Joint Credit
- 29 Operations/Technology Group A — CBAI Shazam Education Center, Springfield
-  29 Opening Donation, Memorial & Other Accounts for Nonprofit Organizations & Corporations



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Webinar





## COMING ATTRACTIONS


## SEPTEMBER

4-5 Basic BSA Institute —  
CBAI Shazam Education Center, Springfield

4 Operations/Technology Group C — CBAI  
Headquarters: West Conference Room, Springfield

 4 Auditing E-Policies & Procedures:  
Risks, Rules & Records


 5 Official Demands Part 2:  
Handling Garnishments, Levies & Judgement Liens


 10 Conducting the 2019 ACH Audit

 10 Wolters Kluwer Basic IRA


 11 Appraisal & Evaluation Guidance on Collateral Valuation

 11 Wolters Kluwer Simplified Employee Pensions Training


 11 Wolters Kluwer Coverdell  
Education Savings Accounts Training

 12 Managing Minor Accounts: Withdrawals,  
Transfers, CDD, Closing & Best Practices

 12 Wolters Kluwer Health Savings Accounts Training

 17 Auditing for Reg E Compliance

 17 Wolters Kluwer Intermediate IRA Training Part 1

 18 Mitigating a Data Breach:  
Forensics & Incident Response


19-21 CBAI's 45<sup>th</sup> Annual Convention  
& Exposition — Crowne Plaza Hotel, Springfield

 19 New Compliance Officer Boot Camp

 19 Wolters Kluwer Intermediate IRA Training Part 2


 18 Wolters Kluwer IRA Documentation Training

24 Marketing Group A — CBAI Headquarters: West  
Conference Room, Springfield

 24 Hiring in the Digital Age: What Every  
HR Manager Needs to Know About Social Media

 24 Wolters Kluwer Advanced IRA Training


25 Marketing Group B — CBAI Headquarters:  
West Conference Room, Springfield

 25 What Directors Should Know About CECL,  
ALLL & the New Credit Impairment Standards

26 Operations/Technology Group E —  
Grizzly Jack's Grand Bear Resort, Utica

26 Marketing Group C — CBAI Headquarters:  
West Conference Room, Springfield

 26 Emerging Trends & Developments  
in Online, Mobile & Digital Channels

 26 Wolters Kluwer Beneficiary  
IRA Administration Training

27 Operations/Technology Group B — DoubleTree by  
Hilton Lisle Naperville (formerly Hilton Lisle)



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