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Banknotes

OFFICIAL PUBLICATION OF THE COMMUNITY BANKERS ASSOCIATION OF ILLINOIS

CBAI 2019-20 Board of Directors: Leading with Brains, Courage and Heart



brains



courage



heart

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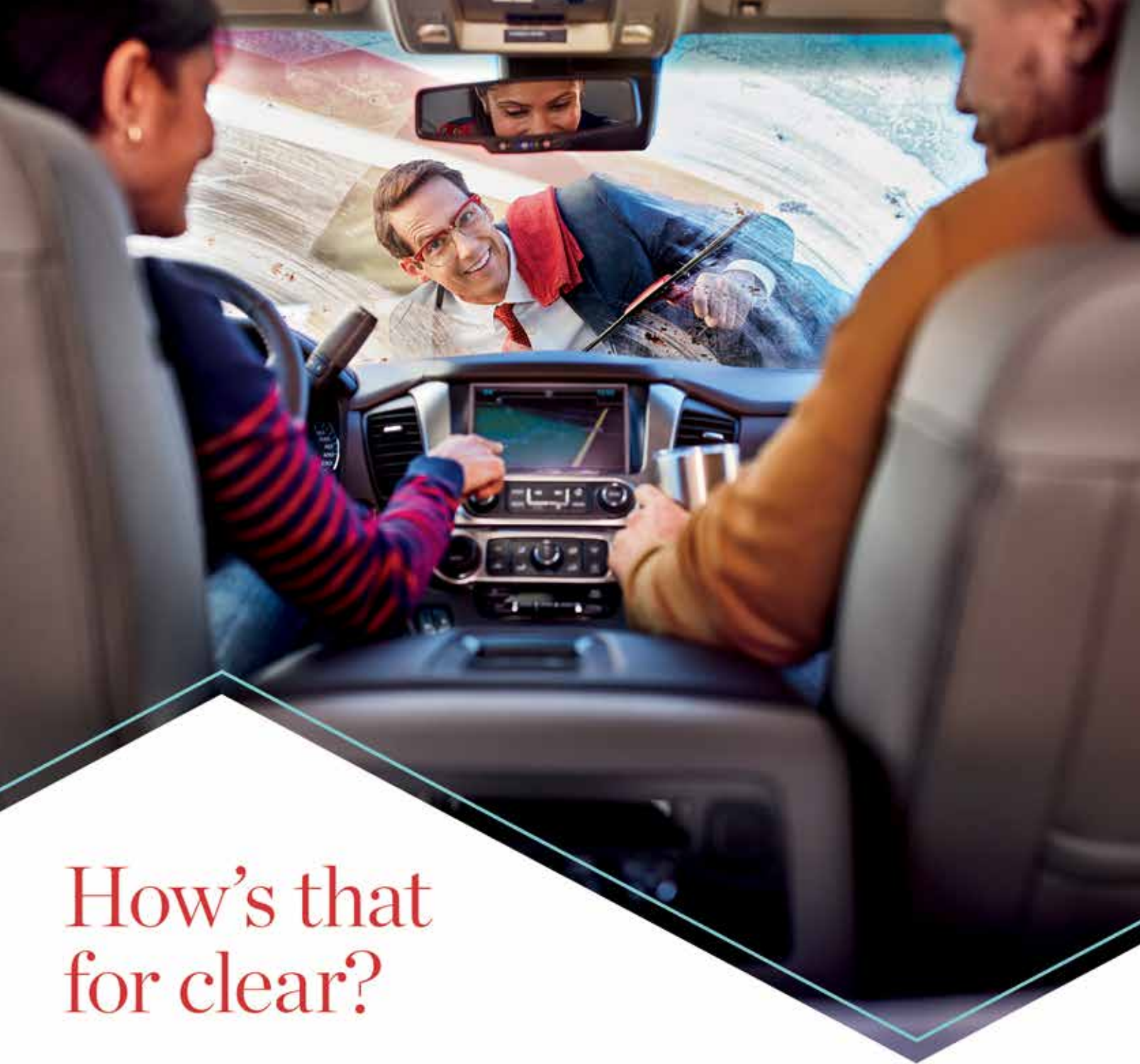
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CONVENTION COVERAGE

LEADERSHIP

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CONVENTION COVERAGE

LEADERSHIP ADDRESSES

ICBA President & CEO Rebeca Romero Rainey Convention Address Recap



It was wonderful to see so many of you at your state convention just a few short weeks ago. I enjoyed my time in Springfield, speaking with you about advocacy, innovation and education, and hearing your stories about the incredible work you are doing in your communities. You simply cannot leave a gathering of community bankers without feeling better about the world. We are making a difference, one loan, one community at a time!

During my remarks, I talked a bit about the victories that we have achieved so far this year. While these achievements followed years of ICBA and community banker advocacy, they are an example of what we can do when we as a community banking industry work together to fight for what's best for our banks and our communities.

There is perhaps no more significant advocacy win this year than the Federal Reserve's decision to develop a real-time payments system — a longtime ICBA priority. Even more recently, the triggering of approximately \$764 million in deposit-insurance assessment credits brings to fruition an advocacy effort that was instituted into law way back in 2010. We also welcomed the recent agency announcement emphasizing the benefits of using a standardized approach

to cybersecurity preparedness without mandating any particular assessment, as ICBA has long advocated.

Other key community bank victories include:

- Fed Governor Michelle “Miki” Bowman’s confirmation for a full 14-year term in the Fed’s ICBA-advocated community banking seat,
- proposed delays to the effective date of the Current Expected Credit Loss accounting standards for many community banks until 2023,
- ensuring Subchapter S community banks received beneficial tax relief from tax reform,
- a final rule raising the threshold for residential real estate transactions requiring an appraisal from \$250,000 to \$400,000, the first increase since 1994,
- the Labor Department’s release of a more favorable final rule on overtime pay, and
- the implementation of pro-community bank policies from the 2018 farm bill.

During my remarks, I also spent significant time talking about ICBA’s work in fighting against the credit union sector. The growing and disturbing phenomenon of credit unions buying banks is something that isn’t being taken lightly in the halls of ICBA. In fact, it’s quickly become job one!

ICBA launched its Credit Union Task Force to address this disturbing trend. Led by ICBA’s Aaron Stetter and Michael Emancipator, and with representatives across ICBA, the task force also continues our advocacy for policymakers to re-examine the credit union industry’s tax and regulatory subsidies.

We are also calling on Congress to investigate the National Credit Union Administration’s failure to prevent credit union lending abuses, including the NCUA’s role in the taxi medallion scandal exposed by *The New York Times*, in which irresponsible lending dominated by half a

dozen credit unions led to financial ruin for thousands of families.

We are working with the media and key stakeholders to ensure that the mission overreach and credit union tragedies are brought to the surface and addressed. It’s a key priority for ICBA as we continue to work with policymakers on behalf of reform.

On the innovation front, ICBA took a big step on innovation with the launch of the ICBA ThinkTECH Accelerator last year. A partnership with The Venture Center in Little Rock, AK, this first-of-its-kind fintech accelerator has provided an outlet for community banks to directly engage and partner with early-stage fintech companies focusing exclusively on community bank product development. It concluded in March with Demo Days, in which participating fintechs demonstrated their products at ICBA LIVE and in Little Rock.

These are real companies that are now providing real solutions for community banks. We just launched the second installment of the ThinkTECH Accelerator program, and I can’t wait to see what companies come out of this latest phase.

Of course, education remains a key pillar of ICBA. One of the things I continue to stress is just how important succession planning is for our industry. Education is a critical component as we look to strengthen our community banks and plan for the next generation of community bankers.

I hope that you’ll consider attending upcoming events like LEAD FWD powered by Community Banker University and, of course, the 2020 ICBA Community Banking LIVE convention, which is March 8-12 in Orlando, FL.

Our national convention is THE community banking event of the year! I look forward to seeing you and continuing our great conversation in Orlando. As I said, you can’t leave a gathering of community bankers without feeling better about the world, and especially, the communities we serve!

CONVENTION COVERAGE

LEADERSHIP ADDRESSES

Address of Chairman-Elect Pirsein



David Pirsein,
First National Bank in Pinckneyville

I am honored and humbled to be elected chairman of the Community Bankers Association of Illinois. The good news is that with Tony Sisto's early departure from this position, I was provided with the opportunity for some early, on the job training. Because of that, I think I am pretty well prepared for this position, and the transition should be seamless.

I have been a community banker for my entire working career, and I am especially proud of our profession. I am also proud to become the chairman of the **only** Illinois trade association that **solely** and **exclusively** represents community banks. That fact is just as important today as it was in February 1974, when five Illinois community bankers filed letters of incorporation to create the ICBI, which later became CBAI. One Mission, Community Banks, says it all.

My community bank journey started over 40 years ago, and I currently lead a bank in the Southern part of our state. Pinckneyville is located in a naturally resource rich and geographically beautiful part of our state.

As you would expect, agriculture plays an important role in our economy. However, our area is also rich in coal deposits. Coal

has been a part of our heritage and has historically had an important economic effect on our economy and, not unlike banking, it too faces many political and social economic threats to its future!

Did you know that Pinckneyville is home to our state's largest state park? This facility has been created by the evolution and opportunity that takes place when former surface mines are transformed into wonderful recreational facilities!

Probably, not unlike many of your towns, our community takes pride in "who we are" and the local mid-western values that have driven our people.

So, what does a community bank, or in my case, FNB, do with the opportunity and responsibility it has to its community? Well, we roll up our sleeves and get involved!

The list could be endless! It may be projects we have taken on ourselves or have partnered with others, when the job is just too big for one entity.

Each year we celebrate two VIP groups in our community. Each December we throw a party for our VIP "senior customers" and at the other end of the age spectrum, we celebrate "The Senior Class" at our local high school. In 2001, when we celebrated our 100th year in business, we created the First In Education Scholarship program. It is a 30-year, over one million-dollar commitment to fund scholarships. In May of this year, we awarded five scholarships worth \$20,000 to local high school students.

Like you, we see the value of investing in our community, and many times it's not for the rich economic gain, as we all know about the State of Illinois and its economic woes. We buy the local school, hospital and city bonds to reinvest in the people who support us and ensure our facilities are the best they can be.

When disaster strikes our businesses, we partner with them to lend the money to rebuild. When age or functionality diminishes, we partner with our businesses so they can grow and evolve with the needs of the business environment to ensure tomorrow's future.

Ultimately, it's pretty simple. We know our customers well, even by name and face and yes, they know us by name and face. That's what makes it personal; that's what makes it community banking.

The future, and challenge, we all face may just be in our hands! The Fintech future is here, and we must figure out how we, as community bankers, can be part of it and give it our flavor of community banking!

As community bankers, we are definitely living in some interesting times, but even as our numbers shrink, our voices must continue to be heard. Under my chairmanship, we will continue to seek out innovative ways to communicate with policy makers. One recent example of this was the legislative roundtable at the Sparta shooting complex. Community bankers came together for a day of fun and advocacy with legislators and legislative allies. I attended, and it was a great event and a unique way to deliver the community bank message to our policy makers.

We had several legislative and regulatory victories this past year, but probably the biggest was convincing the Fed to enter the faster payments space.

Community bankers sent hundreds of comment letters encouraging the Fed to get involved. You attended town hall meetings, lobbied Congress, and joined the Faster Payments Council. CBAI led the way by creating a Faster Payments Task Force and met with all the players, (even the ones we didn't like) and focused CBAI's policy and efforts on giving equal and open access to community banks.

CONVENTION COVERAGE

LEADERSHIP ADDRESSES

The Fed pointed to that in their announcement and went on to say, "a single, private sector faster payments provider MAY not make nationwide inclusion a goal, leaving many smaller community banks without access to such a service." We all know they could have left the MAY out of that statement. We also know that any system owned by the largest banks in the country would not be beneficial to community banks.

But that was just a battle in the faster payments war. Now we must once again work to convince the Fed to move quickly (which is obviously something they are unaccustomed to doing) and to create a system that unlike the current payment system, does not allow a few large card networks to hold the rest of us hostage.

As chairman, I will continue to serve on our Faster Payments Task Force and ask our staff to stay on point on this issue and provide the resources we need to continue this fight. I also want to encourage everyone in this room that is not already a member of the Faster Payments Council to join the council and continue the advocacy.

Although autonomous government representation is our founding mission, CBAI is much more than that. Year in and year out, we have some of the best education and service offerings in the country. Second to none, our education department educated more than 8,000 bankers last year and we have a plan and a goal to duplicate those numbers in the coming year. CBSC added four new preferred partners in the past 12 months and continues to search out the best

of breed in banking to help our members grow and prosper.

In conclusion, I look forward to becoming the 46th chairman of the Community Bankers Association. I will work with leadership, staff and all of you to move our profession forward. Past Chairman and current Faster Payments Committee Chairman Mark Field, Liberty Bank, says making a difference is easy. All you have to do is show up and care. All of you here today cared enough to show up at the convention. Now for the next year, I challenge you all to show up and care about community banking! If you do, I guarantee we will continue to achieve great things through CBAI and, our partner at the federal level, the Independent Community Bankers of America. Thank you.

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CONVENTION COVERAGE

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Community Bank & Trust, Beecher
Rick Jameson, North Central Bank, Hennepin
Andy Huth, SHAZAM®

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Dale Boyer, Arcola First Bank
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Mary Jo Homan, Chester National Bank
Jim Weast, Warren Boynton State Bank, New Berlin
Damian Papish, Quad City Bank & Trust

+ 2nd Place Team

Brent Heinold, Greg Knapp, Chad Martin and
Norm Wettstein, Goodfield State Bank

+ 3rd Place Team

Randy Biehler and Douglas Dove,
Shelby County State Bank, Shelbyville
Jim Dingman, BankORION
Jessie Hogue, Ncontracts

HOLE CONTEST WINNERS

+ Longest Putt

Edward Meier, National Bank of St. Anne

+ Longest Drive

Brian Anderson, Bank of Springfield

+ Closest-to-the-Pin

Mark McDaniel, First National Bank in Pickneyville



Through "Skins and Mulligans," more than \$1,500 was raised for Community BancPac.

Skins Winners - Holes 3, 4, 7 and 17: Brian Anderson, Jason Knoedler, Tom Marantz and Greg Marantz, Bank of Springfield

CONVENTION COVERAGE

WELCOME RECEPTION/PAC AUCTIONS

This year's Annual Convention attracted 529 attendees, including 222 bankers from 98 banks, and exhibitors manning nearly 90 booths. The Welcoming Reception, with a theme to follow the Convention title of "There's No Place Like a Community Bank," featured food, music and the annual silent and live auctions to benefit Community BancPac, the only political action committee that solely benefits Illinois community banks. The auctions netted nearly \$20,000 for Community BancPac thanks to our participants.



CONVENTION COVERAGE

EDUCATION



CONVENTION COVERAGE

GENERAL SESSIONS

Speaker Craig Zablocki



Speaker Ben Nemtin



CONVENTION COVERAGE

EXHIBIT HALL



A must-visit for every Convention-goer, CBAI hosted a sold-out Exhibit Hall with 90 booths featuring the product and service offerings of 85 exhibiting firms.



Joe DeMay, Prairie Community Bank,
Walk-Around Prize Winner (Michael Kors satchel and matching wallet)



Greg Richelman,
First State Bank of Campbell Hill, Walk-Around Prize Winner (Apple AirPods)



Brenda Baer, The First National Bank in Tremont,
Walk-Around Prize Winner (Fall basket of spirits, beer and wine)



Lisa Lippert, CBAI, presents Lee Plummer, Jersey State Bank,
Jerseyville, with the \$1,000 Grand Prize.

CONVENTION COVERAGE

FOUNDATION FUNDRAISING EVENT

CBAI's Foundation for Community Banking scholarship program held a karaoke fundraiser, "Be a Rock Star for the Foundation," at CBAI's 45th Annual Convention & Expo on Friday, September 20. Two teams comprised of individuals from CBAI community bank members and associate members, the Legends of Rock and The Treble Makers, went head to head to see who could raise the most money for the Foundation. Though the Legends of Rock won the battle, in the end, the Foundation was the big winner. Between the donations raised by both teams and other contributions from individuals who donated to sing or nominate a friend, the total amount raised for the Foundation was more than \$17,000.

Our sincere gratitude goes out to all of those who donated and participated in the event. A special thank you to our team captains Jeff Bonnett, Havana National Bank, and Kim McKee, North Central Bank, Hennepin, (Ladd) and all of their team members for their tireless fundraising efforts which made this event a huge success. The event was generously sponsored by The Baker Group, BankOnIT, The Federal Home Loan Bank of Chicago and Quad City Bank & Trust. The music for the event was provided by Live Karaoke Band, who provided back-up to the singers.

LEGENDS OF ROCK

Jeff Bonnett, Captain, Havana National Bank
 Andrew Black, Princeville State Bank
 Mike Estes, The Fisher National Bank
 Dan Graham, Flora Bank & Trust
 Mary Jo Homan, Chester National Bank
 Doug Parrott, State Bank of Toulon
 Mike Radliff, The FNB Community Bank, Vandalia
 Gregg Roegge, Rushville State Bank
 David Stanton, PeopleFirst Bank, Joliet
 Bob Swartz, BKD, LLP
 Bill Wubben, Apple River State Bank

THE TREBLE MAKERS

Kim McKee, Captain, North Central Bank, Hennepin (Ladd)
 Phil Aderton, IZALE Financial Group
 Jennifer Beard, Farmers State Bank, Elmwood
 Amy Braack, Quad City Bank & Trust
 Karrie Dotson, First Federal Bank of Tuscola, a division of Arcola First Bank
 Haley Guisti, North Central Bank, Hennepin
 Eric Harland, The Baker Group
 Kerry Hoops, German-American State Bank, German Valley
 Mary Sulser, Buena Vista National Bank, Chester
 Kathy Sutherland, Durand State Bank
 Jim Weast, Warren-Boynton State Bank, New Berlin
 Julie Welborn, The Fisher National Bank
 Jenny Woods, Durand State Bank

See the Foundation Report for a list of contributors.



CONVENTION COVERAGE

FOUNDATION FUNDRAISING EVENT



CONVENTION COVERAGE

CBAI CAREER DEVELOPMENT DIVISION

The Career Development Division (CDD) again conducted its popular “Skins and Mulligans” game during CBAI’s Annual Golf Tournament and raised \$1,560 for Community BancPac via the effort. Thanks to all who participated in this event.

The annual fall meeting and membership were promoted at CDD’s booth in the Convention Exhibit Hall; visitors to the booth could take photos in the Emerald City and visit with CDD members. Special thanks go to the CDD members who assisted with the booth from set-up to teardown:

- + Katie Ashworth, CNB Bank & Trust, N.A., Carlinville
- + Didi Drake, Bank of Chestnut
- + Haley Guisti, North Central Bank, Hennepin
- + Ryan Heiser, The Fisher National Bank (Mahomet)
- + Tyler Hodge, The First National Bank in Tremont (New Holland Banking Center)
- + Erik Schelling, PeopleFirst Bank, Joliet
- + Bob Stachowski, First National Bank of Sandoval
- + Delaina Zellers, German-American State Bank, German Valley



Melinda McClelland, CBAI; Tyler Hodge, The First National Bank in Tremont (New Holland Banking Center)



CDD members participate in the Be a Rock Star for the Foundation fundraising event.



CDD members man a booth in the Exhibit Hall to share the advantages of the group to convention attendees.



CDD members register golfers for “Skins and Mulligans”

New CDD Members

Tera Backlund, Better Banks, Peoria
Bob Beverage,
Heartland Bank & Trust Co., Bloomington
Abigail Billington, Bank of Hillsboro, N.A.
Rebecca Boyd, Longview Bank, Sidney
Michelle Brown,
Bradford National Bank, Greenville
Vanessa Doellman, West Central Bank, Ashland
Tonya Ewalt, Beardstown Savings, s.b.
Tiffany Francois, Lena State Bank
Andrew Frerichs,
Vermilion Valley Bank, Piper City
Max Havens, Ipava State Bank, Lewistown
Lacey James, First Neighbor Bank, N.A., Toledo

Heather Jones,
CNB Bank & Trust, N.A., Carlinville
Kimberly Klein, The Gerber State Bank, Argenta
Bailey Knight, First Robinson Savings Bank, N.A.
Dene Krall, First Security Trust & Savings Bank,
Elmwood Park
Matthew Lawver, Raritan State Bank
Chris Leighton, MidAmerica National Bank, Canton
Tyler Lentz, North Adams State Bank, Ursa
Gregory Marantz, Bank of Springfield
Michelle Marhanka, The Village Bank, St. Libory
Reid Mitchell, Wipfli LLP
Jason Newell, Community First Bank of the
Heartland, Mt. Vernon

Mike Quiram, PeopleFirst Bank, Joliet
Allix Reich, Beardstown Savings, s.b.
Shaun Schneider, First National Bank in Pickneyville
Ellyn Schoenholz, First State Bank, Mendota
Stephanie Seibold, State Bank of Waterloo
Brett Sellers, Peoples National Bank of Kewanee
Emily Stiles, Community State Bank, Galva
Rebecca Underhill, State Bank of Graymont
Danielle Walters, HomeStar Bank & Financial
Services, Manteno
Cody Whiteside, Raritan State Bank
Brandon Yaklich, State Bank of Toulon

CONVENTION COVERAGE

RECOGNITION



RECOGNITION LUNCHEON SPEAKER

The featured speaker for the Recognition Luncheon was CBAI SVP Governmental Relations Jerry Peck, who provided an up-to-the-minute briefing on key issues and highlighted CBAI's ongoing grassroots and professional lobbying efforts. The CBAI governmental relations team has had a busy year. Faster payments, minimum wage, progressive income tax and concerns over cannabis and industrial hemp banking are among hundreds of issues on which the team is working.



Mary Sulser receives her prestigious award from CBAI Chairman-Elect David Pirsein.

OUTSTANDING MEMBER AWARD

CBSB board, as well as chairing several committees, including Legislation and Regulation, Education and Special Events, Communication and Membership. She currently serves on the committees for Legislation and Regulation, Nominations and Strategic Planning, and is an ICBA committee member.

Mary has spearheaded her bank's involvement in CBAI, as well. Buena Vista National Bank has received the Patron of Community Banking Award for 10 consecutive years, which speaks to their exceptional level of commitment to the association. The bank is continually ranked in the top-five education users for their asset size. Buena Vista National Bank is a silver-level contributor to the Foundation for Community Banking scholarship program, and Mary is individually a bronze-level contributor. She was also on one of the two fundraising teams for the *Be a Rock Star for the Foundation* fundraising event.

On the legislative side, Mary is a consistent attendee of Capital

Conference and Call on Washington. She has represented Community FedPac at numerous legislative fundraisers, routinely responds to action alerts, and has developed important working relationships with elected officials in Springfield and in Washington. A trusted advisor to CBAI who is well-connected in regional politics, Mary often provides the association with information on legislative changes in her area, including appointments and retirements.

She is a consistent Pac contributor who annually donates to the Pac auction. Her bank also participates in the CEO Challenge every year, which recognizes CEOs who have gained 100% participation in BancPac donations from its board of directors.

Mary's unsurpassed commitment to the association has made her an invaluable asset not only to CBAI, but to the community banking profession. Congratulations, Mary, on this well-deserved recognition.

CBAI is pleased to announce the 2019 Outstanding Member of the Year is Mary Sulser, president and CEO of Buena Vista National Bank, Chester.

Mary has had a remarkable tenure with CBAI. She rose through the chairs to become the second female CBAI board chairperson in the association's history. She has also served as chair of

CONVENTION COVERAGE

RECOGNITION

PATRONS OF COMMUNITY BANKING

A Patron Bank has actively contributed to community banking and supported CBAI through nine very specific criteria.



Representatives of winning banks:

First Row: North Central Bank, Hennepin; The First National Bank, Mattoon; The First National Bank of Okawville; BankORION

Second Row: Rushville State Bank; Farmers State Bank of Elmwood; First National Bank of Raymond; Princeville State Bank; Buena Vista National Bank, Chester; German-American State Bank, German Valley

Third Row: Liberty Bank; Flora Bank & Trust; Dieterich Bank; CNB Bank & Trust, N.A., Carlinville; Legence Bank, Eldorado; State Bank of Toulon

Patrons for 2018-2019

Apple River State Bank
 Scott State Bank, Bethany
 CNB Bank & Trust, N.A., Carlinville
 Buena Vista National Bank, Chester
 Dieterich Bank
 Legence Bank, Eldorado
 Farmers State Bank of Elmwood
 The Fisher National Bank
 Flora Bank & Trust
 German-American State Bank, German Valley
 Liberty Bank
 North Central Bank, Hennepin
 Community Trust Bank, Irvington
 The First National Bank, Mattoon
 The First National Bank of Okawville
 BankORION
 Princeville State Bank
 The First National Bank of Raymond
 Rushville State Bank
 Bank of Springfield
 State Bank of Toulon

CEO CHALLENGE

The CEO Challenge is met by bankers who qualified for a \$250 prize because 100% of their banks' directors and officers donated to Community BancPac and/or FedPac. The winner of the prize was Tina Callaway, Farmers & Merchants Bank of Hutsonville.

BancPac CEO Challenge

Joel Holland, Apple River State Bank
 Greg Ohlendorf, First Community Bank and Trust, Beecher
 Tod Jeffers, Scott State Bank, Bethany
 Ben Barton, Byron Bank
 Shawn Davis, CNB Bank & Trust, N.A., Carlinville
 Mary Sulser, Buena Vista National Bank, Chester
 Chuck Deters, Dieterich Bank
 Kevin Beckemeyer, Legence Bank, Eldorado
 Mike Estes, The Fisher National Bank
 Doug Smith, Farmers National Bank of Griggsville
 Tina Callaway, Farmers & Merchants Bank of Hutsonville
 Mark Field, Liberty Bank
 Dan Nederhoff, Milledgeville State Bank
 Steve Backlund, Better Banks, Peoria
 Steve Backlund, Backlund Investment Co., Peoria Heights
 Andrew Black, Princeville State Bank
 Steve Backlund, State Street Bank & Trust Co., Quincy
 Thomas Walsh, Northwest Bank of Rockford
 Tom Marantz, Bank of Springfield
 June Kidd, The First National Bank in Tremont
 Doug Parrott, State Bank of Toulon

FedPac CEO Challenge

Mary Sulser, Buena Vista National Bank, Chester
 Kevin Beckemeyer, Legence Bank, Eldorado
 Mark Field, Liberty Bank
 Tom Marantz, Bank of Springfield

BOARD SERVICE AWARDS

These awards are presented to individuals whose tenures on CBAI corporate family boards have ended.

Community Bankers Association of Illinois Board

Ryan Heiser, The Fisher National Bank (Mahomet)
 2017-2019

Community Bankers Association of Illinois Foundation Board

Ryan Heiser, The Fisher National Bank (Mahomet)
 2017-2019

TOP 10 CONTRIBUTORS TO CBAI BANCAPAC 2018-2019

Apple River State Bank
 Itasca Bank & Trust Co.
 Legence Bank, Eldorado
 HomeStar Bank and Financial Services, Manteno
 First State Bank, Mendota
 Prospect Bank, Paris
 Bank of Springfield
 State Bank of Toulon
 Shazam®, Johnston, IA

PLATINUM CONTRIBUTORS TO
COMMUNITY FEDPAC 2018-2019 (\$500 OR MORE)

Kevin Beckemeyer, Legence Bank, Eldorado
 Chad Martin, Goodfield State Bank
 Mark Field, Liberty Bank
 Tom Marantz, Bank of Springfield
 David Schroeder, CBAI, Springfield
 Kathy Cook, The Village Bank, St. Libory

CONVENTION COVERAGE

RECOGNITION

EXCELLENCE AND INNOVATION
BKD AWARD PRESENTED BY CBAI

L to R: Jon Spitz, David Doedtman, Elaine Buehner-Kemper, Washington Savings Bank, Effingham; Gary Genenbacher, BKD, LLP

The winner of the 2019 Excellence and Innovation BKD Award, presented by CBAI, is **Washington Savings Bank, Effingham**, for its initiative, **“WSB Summertime CEO,”** which allowed local children ages six to 12 to apply and interview for a lemonade stand business start-up kit, create and run their own original stand, and complete an income statement to learn how to calculate profits. Participants voluntarily donated more than \$2,000 of their earning to local charities.



L to R: Gary Genenbacher, BKD, LLP; Dee and David Froneberger, Community First Bank of the Heartland, Mt. Vernon

An Honorable Mention was awarded to **Community First Bank of the Heartland, Mt. Vernon**, with its entry: **“Mrs. Spann’s Backpack Bash,”** a program which provided more than 400 underprivileged youth in the community with new bookbags filled with school supplies.

SERVICE PROVIDER AWARD



L to R: CBAI Chairman David Pirsein, First National Bank in Pinckneyville; Terry McElwee, managing partner, The Baker Group, CBAI First Vice Chairman, Shawn Davis, CNB Bank & Trust, N.A., Carlinville

The recipient of the 2019 Service Provider of the Year Award is The Baker Group. During the planning sessions of 1982, CBAI leadership identified what was then a relatively new service called asset-liability management, which featured the use of computer software to help community bankers make prudent investment portfolio decisions. After an exhaustive due diligence process, which included presentations by several firms and subsequent product testing in banks, CBAI leaders selected James Baker & Associates, now known as The Baker Group, as the preferred provider of asset-liability management services in 1983.

James Baker & Associates was formed in 1979 by Dr. James Baker, who wrote the most prominent book on community bank asset-liability management ever written, which has been printed in many languages and read worldwide.

The Baker A/L management service gained quick favor among many community bankers who eventually expanded their relationship to include broker-dealer services. In 1988, CBAI expanded its formal relationship with Baker to recommend its full complement of institutional brokerage services to Illinois community banks. Steady growth in the Baker client base over the ensuing decade resulted in the opening of a Baker regional office at CBAI’s Springfield headquarters in 1998.

There have been no relationships that have served our mission more effectively than our partnership with The Baker Group. Baker’s commitment to community banking has been evident on several association fronts throughout our 30-year partnership. Baker has sponsored numerous CBAI functions. Baker personnel have addressed scores of CBAI educational forums, meetings and conventions. This productive partnership spanning three decades is grounded on mutual trust and a commitment to community bank prosperity. CBAI’s decision to partner with The Baker Group was right for yesterday, today and tomorrow.

During these past many years, bankers have asserted that the Baker professionals have turned their wayward bank investment portfolios into stellar performers. They have developed great tools that help bankers better manage the seemingly innumerable number of unpredictable variables within a bank’s balance sheet and create a model that satisfies examiners.

CONVENTION COVERAGE

RECOGNITION

GROUP MEETING AWARDS

Travis Clem, South Porte Bank, Marion (Group 12) hosted the 2019 Group Meeting with the largest banker attendance and the highest percentage of participating member banks from a CBAI group.

Education Participation Awards

More Than \$225 Million

1. CNB Bank & Trust, N.A., Carlinville
2. MidAmerica National Bank, Canton
3. Legence Bank, Eldorado*
State Bank of Toulon*
The FNB Community Bank, Vandalia*

\$150 Million - \$225 Million

1. Buena Vista National Bank, Chester
2. Peoples Bank of Kankakee County, Bourbonnais
3. West Central Bank, Ashland
4. Tompkins State Bank, Galesburg*
First Farmers State Bank, Minier*

\$75 Million - \$150 Million

1. State Bank of Whittington, Benton
2. North Central Bank, Hennepin
3. The Fisher National Bank
4. Farmers National Bank of Griggsville
5. Goodfield State Bank*
Jersey State Bank, Jerseyville*

Less Than \$75 Million

1. Bank of Yates City
2. Farmers State Bank, Elmwood
3. Midland Community Bank, Kincaid
4. The First National Bank of Brownstown
5. The First National Bank of Ava*
Preferred Bank, Casey*

*Indicates a tie within the asset category for the number of education programs attended.

ANNIVERSARIES IN COMMUNITY BANKING

Sharon Kolweier,

Farmers & Merchants National Bank of Nashville (50 years)

Audrey Brueggemann,

Farmers & Merchants National Bank of Nashville (56 years)

Sharon Knolhoff, Farmers State Bank of Hoffman (50 years)

Jo Ann Joy,

Community First Bank of the Heartland, Mt. Vernon (50 years)

Mary Douthit,

Community First Bank of the Heartland, Mt. Vernon (60 years)

NEW MEMBER RECRUITMENT DRAWING

Whenever a bank or associate member firm is successfully recruited into membership by a member banker, that banker's name is entered in a special drawing. There were three names in the drawing this year: **Dan Graham, Flora Bank & Trust; Michelle Gross, State Bank of Bement; and Jim Schultz, Dieterich Bank.** The winner of the \$500 cash prize was **Michelle Gross.**

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CBAI FOUNDATION FOR
COMMUNITY BANKING SCHOLARSHIPS

(see Foundation Report)

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SATURDAY NIGHT DINNER DANCE



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SATURDAY NIGHT DINNER DANCE



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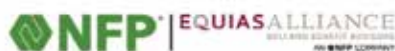
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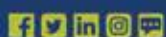
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Where Do Net Interest Margins Go from Here?

Dale Sheller, Senior Vice President of the Financial Strategies Group, The Baker Group, Oklahoma City, OK

In June 2004, the Fed increased the federal funds rate by 25 basis points, the first of many rate increases to follow. Over the next two years, the Fed increased rates from 1.00% to 5.25%, a quick and aggressive tightening cycle when compared to today's cycle that has seen nine Fed rate increases over the span of 43 months. In the third quarter of 2007, the average net interest margin for all U.S. banks was 3.39%, very close to today's average margin of 3.36%. However, the Fed started cutting rates rapidly in late 2007 and found themselves zero bound by the end of 2008. Net interest margins took an initial decline throughout 2008, but then when the Fed hit zero bound in late 2008, average margins actually increased from 3.15% in the fourth quarter of 2008 all the way to 3.83% in the first quarter of 2010. Subsequently, over the next five years, margins compressed while rates remained near zero until the Fed started its current tightening cycle in December 2015.

What was the main reason for the year-long run of margin expansion from 2009 to 2010? It was cheap and abundant deposits! Banks saw their cost of funds fall to historically low levels by quickly cutting their deposit rates. Even though deposit rates were being cut, that didn't stop the flow of funds into the banking system seeking the safety of the FDIC insurance during uncertain economic times. Cost of funds peaked out in late 2007

at a level of approximately 55% of the then fed funds rate of 5.25%. Today's cost of funds is approximately 30% of the current fed funds rate of 2.50%. Yes, the bank's cost of funds has steadily risen over the last few years; however, we are still at a historically low overall cost of funds.

Where do we go from here? Many anticipate the Fed to cut rates two to three times before the end of 2019. It is possible that we could see margins expand several more quarters, but then what? We have already seen a 100+ basis point drop in the intermediate to long end of the yield curve in less than a year. This movement, along with the inverted yield curve, has put immediate pressure on our asset yields. Loan yields have crept up slowly over the last few years; however, they haven't exploded as competition for loans has been intense. Many loans are priced off Wall Street Journal Prime, which will move downward with the Fed rate cuts. In preparation for lower rates, bankers may already be implementing interest rate floors and making more fixed rates loans as their customers and markets allow. Lastly, we won't have the benefit of dropping our cost of funds from a significantly higher level (55% of the fed funds rate) like we did in 2007 and 2008, which spurred initial margin expansion. We will find the floor on our cost of funds much more quickly this time around.

How do you fight off margin compression?

1. Review your current asset liability management strategy. Ask yourself if your bank is well positioned for a decline in interest rates. Today, the majority of banks are positioned for a rise in interest rates, as this was the focus for many years.
2. Resist the urge to stay short as inverted yield curves are often followed by falling rates, especially on the short end.
3. Protect the yield of your portfolio by deploying funds into the longer parts of the yield curve. The investment portfolio is a great tool for managing interest rate risk, as the investment portfolio “doesn’t talk back.” Today’s treasury yield curve is inverted, but in order to find the best relative value, you must seek out investment yield curves that are not flat/inverted. Don’t chase yield by sacrificing credit quality.
4. Shorten your liabilities by utilizing a healthy level of wholesale funding. Utilize brokered deposits or FHLB advances to shorten up your liability structure as needed.

Don’t find yourself saying the four most dangerous words in investing: “This time is different.” ■

*Where do we go from here?
Many anticipate the Fed to
cut rates two to three times
before the end of 2019.*

THE BAKER GROUP is a preferred service provider of the Community BancService Corporation (CBSC). Dale Sheller is senior vice president of the Financial Strategies Group at The Baker Group. He joined the firm in 2015 after spending six years as a bank examiner with the Federal Deposit Insurance Corporation. Sheller holds a bachelor’s degree in finance and a master’s degree in business administration from Oklahoma State University, Stillwater. He works with clients on interest rate risk management, liquidity risk management, and regulatory issues. Contact: 800/937-2257, dsheller@GoBaker.com.



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Common Retirement Risks for Community Banks

Contributing Editor: Nick Thornton, on behalf of Community BancInsurance Services, powered by Arthur J. Gallagher & Company Springfield, IL



America is Aging
This year, the last of the baby boomer segment of the population — those born between 1946 and 1964 — will reach age 55, according to the Bureau of Labor Statistics (BLS).

The share of the U.S. population that is 65 or older has more than doubled in the past 50 years and is projected to be nearly one-third of the population by 2029.

More workers reaching traditional retirement age are opting to stay in the workforce, a trend that has been in place since the mid 1990s. By 2026, BLS data projects the workforce participation rate for workers age 64 to 74 will be about 30 percent, compared to 17.5 percent in 1996. The participation rate for workers age 75 and older is expected to be nearly 11 percent in 2026, compared to 4.7 percent in 1996.

Why aren't people retiring? There is some hard data, and other less confirmable speculation, to the explanation.

Americans are, of course, living longer. When Social Security was passed in 1935, the average life expectancy was 61. Today, a 65-year old woman is expected to live to 87.4 years; a 65-year old man is projected to live to 84.7 years, according to mortality tables issued by the Society of Actuaries.

Some boomers will work longer because they can and want to. But for others, it will simply be necessary. Consider median retirement account values under the Federal Reserve's Survey of Consumer Finances. For those age 55 to 64, it's \$120,000; for those age 65 to 74, it's \$126,000.

Those are the kind of numbers that have advanced the "retirement crisis" narrative among policy makers, consumer advocates like AARP, and the financial services firms that sell the products and services designed to fund retirement.

For community banks, retirement issues present clear risk management issues. From a human resource perspective, workers that opt to stay onboard because they simply can't afford to retire create some payroll risk. Namely, they often earn higher wages and add to the overall age of the employee group benefit plan.

Fiduciary Risk

Then, there is the cost of funding retirement plans, through legacy defined benefit pension programs, self-directed defined contribution plans, or other profit-sharing plans and ESOPs.

As bankers are well aware, their sponsorship of retirement plans makes them fiduciaries under federal law, yet another silo of risk that must be managed.

Under the Employee Retirement Income Security Act, fiduciaries to bank retirement plans must act solely in the interest of plan participants, carry out their duties with skill, prudence and diligence, adhere to plan documents, adequately diversify investments, pay only reasonable fees to plan providers, and avoid conflicts of interest.

Banker fiduciaries are also responsible for selecting and monitoring plan providers and offered investments.

Under ERISA, plan participants have the right to bring class actions against plan sponsors for failing their fiduciary obligations. And over

the past decade, they have. A rash of high-profile lawsuits against sponsors of 401(k), 403(b), and traditional defined benefit pensions have created a cottage industry within the plaintiffs' bar, as some cases have and continue to wind their way up to the Supreme Court.

In the 401(k) space, there were eight class actions brought by plan participants against their employers in 2006. By 2008, there were 107. The vast majority of claims are ultimately settled after years of expensive litigation. In 2018, the 10 largest settlements against 401(k) plans totaled \$318 million.

The claims tend to huddle around common themes. Sponsors allegedly offered expensive share classes of mutual funds or offered more expensive actively managed funds that underperformed passive investments — a common occurrence in a long bull market with historically low interest rates. Employees have also sued for conflicts of interest between the plan fiduciaries and plan service providers.

Because the preponderance of claims has resulted in settlements, there is by some attorneys' assessments a resulting scarcity of guidance from the courts. Still, the attention to fiduciary obligations resulting from the lawsuits has made plan providers and plan advisors much more attuned to sponsor liability, and the ways to mitigate it.

It is absolutely worth noting that the vast majority of suits have been against jumbo-sized plans. One suit was brought against a \$20 million plan in Minnesota, but it was ultimately dropped.

That is not at all to say that a community bank's retirement plan is free from plaintiffs' attorneys' crosshairs. More plaintiffs firms are jumping into the fray. Open source plan graders, if you will, exist, and allow anyone to scan the hundreds of thousands of retirement plans sponsored across the country to see how they rank against peer groups. If your plan is bogged down by high fees and bad investments, that can be readily discovered. In our adversarial legal system, anyone can sue anyone.

Some doubt if the profit model exists for plaintiffs' attorneys to bring suit against smaller-sized plans. Perhaps that is true. But few doubt the enterprising nature of the modern plaintiffs' bar. For a banker sponsoring a plan of any size, it is absolutely incumbent, perhaps more than ever, to know your plan, know your fiduciary obligations, and to adapt offerings when needed.

Freezing or Terminating a Pension Plan

Some community banks sponsor traditional defined benefit pension plans. Among larger sponsors of pensions, the past decade has seen significant activity around freezing or terminating legacy

pension plans, as the cost of maintaining guaranteed retirement benefits has become onerous, or so sponsors have said.

Premium payments to the Pension Benefit Guaranty Corp. (PBGC), the federal agency that ensures defined benefit pensions, have seen a consistent and substantial increase, which explains, in part, the rationale to freeze or terminate pension plans.

When a sponsor freezes a plan, benefits stop accruing, but the plan continues to owe accrued benefits.

Under a standard plan termination, a plan must be fully funded to meet all of its future obligations. Under a distressed termination, an underfunded plan comes under the control of PBGC, which guarantees some, but not all of the sponsor's pension obligations. In either case, benefits are paid out in a lump sum, or a plan can purchase an annuity and transfer the risk to an insurance company.

More Options on the Horizon for Bankers

On Capitol Hill, retirement policy has garnered more attention of late. The SECURE Act, which includes a provision that would allow unaffiliated employers to pool workers under one Open Multiple Employer Plan, passed nearly unanimously out of the House of Representatives this Spring.

Open MEPs are designed to relieve, but not fully eliminate, small employers' fiduciary risk. A rule from the Labor Department that went into effect October 1st does not allow unaffiliated businesses to pool under one plan, but it does make it easier for associated employers, like community banks, to join a plan through a local Chamber of Commerce or a Professional Employer Organization. Those could provide for compelling new options to bank sponsors of retirement plans.

Bankers undoubtedly want their employees to be able to retire in dignity with secure benefits. But as is with all risk banks manage, any decision surrounding retirement plans must not be taken lightly.

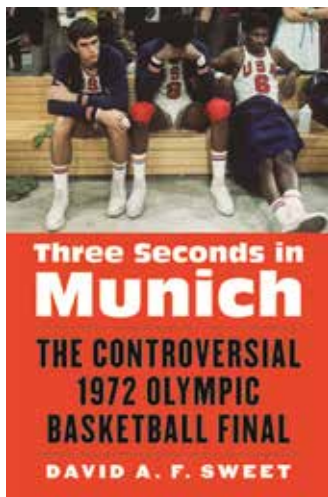
For retirement plan fiduciaries, risk abounds, whether in choosing an investment lineup for a 401(k) plan or determining how to proceed with legacy pension plans. There is a silver lining: as litigation, regulatory and legislative attention has highlighted fiduciary risk, more options to mitigate it have as well. ■

Community BancInsurance Services, a division of Arthur J. Gallagher & Company, is the exclusively-endorsed insurance representative of CBAI/CBSC. Ask for Patti Tobin, CIC, Insurance Advisor and Area FI Director, Financial Practices 217/414-4485 or patti_tobin@ajg.com. For the Group Benefits Division, you may contact Susan Cassiday, Account Executive 800/982-6564 or susan_cassiday@ajg.com.



Spotlight on Directors

David A.F. Sweet, Bank Director The Frederick Community Bank, Paxton and Cissna Park



David Sweet grew up in a banking family.

The First National Bank in Paxton was founded by Sherman Frederick – David's great grandfather – in 1933. Frederick's son, David Arthur Frederick, founded Cissna Park State Bank in 1941. Both banks were eventually run by Philip Sweet, David's father and the husband of David Arthur Frederick's daughter Nancy.

In 2018, the two banks merged to form The Frederick Community Bank. The current chairman of The Frederick Community Bank is Kirk Sweet, son of Philip and Nancy Sweet, and David's brother.

David grew up with the bank, spent some time as a teller in his hometown of Lake Forest, and even worked at the Harris Bank in Chicago. He has been a member of the Frederick board since 2012. But while his brother Kirk followed in the family's footsteps, David has focused beyond banking on another passion. He has spent his career as an editor and writer at various newspapers and

magazines, launching columns for WSJ.com and NBCSports.com and writing articles for the *Chicago Sun-Times*, *Los Angeles Times*, and other publications.

In the last decade, David has expanded his love of writing to books, publishing his first in 2010; a biography entitled *Lamar Hunt: The Gentle Giant Who Revolutionized Professional Sports*. Hunt founded the American Football League, helped launch Major League Soccer and started a pro tennis tour. David became interested in Hunt while working at *Sports Business Journal*, a national trade publication. He was fascinated by a man who was so involved in so many different sports, yet no one had written a biography about him. David eagerly seized the opportunity to tell Hunt's story.

David recently had his second book published, another non-fiction work which sheds light on yet another captivating story. Like the one of Lamar Hunt, no one had ever really done this story justice.

Most are familiar with the "Miracle on Ice" U.S. men's hockey game at the 1980 Olympics when a team of young college kids beat the Soviet Union dynasty to advance to the championship game, ultimately taking the gold. This amazing, triumphant story is one of the most celebrated and memorable victories in American sports history. David was lucky enough to be one of the few thousand in attendance that fateful night with his father.

But even though David witnessed this thrilling victory firsthand, he instead chose to write about a far less publicized game, one he described as the "polar opposite" to the Miracle on Ice. In this story, there was no thrill of victory for the Americans; only the pure agony of defeat.

Tales of victories are told over and over again. Those of defeat are often pushed down and buried, too painful to relive. David's recently published book, *Three Seconds in Munich*, examines the controversy of the men's gold medal basketball game between the United States and the Soviet Union during the 1972 Olympics in Munich, Germany.

Sadly, the most notable story of the 1972 Olympic Games was not one of an athletic contest at all. Four days before the gold medal game was played, 11 innocent Israeli athletes and coaches lost their lives at the hands of a terrorist organization known as Black September. It was in question whether the Olympics would continue at all. Understandably, the events of this gold-medal match-up were easily lost in the shuffle of history, out-shadowed by far more memorable and devastating events of the Games. Which stands to reason why nearly 50 years later, not one definitive book had been written about this historic contest.

David became fascinated by the dramatic topic. Although the game's controversy had been primarily overlooked for decades, he felt the story was still extremely relevant, especially considering that it was still the only time in history that Olympic athletes had ever refused their medals. So, he decided to tackle the story of one of the most controversial finishes in sports history.

Unlike the Miracle on Ice game, in this scenario, it was the U.S. men's team with the historic dominance, going undefeated in basketball since the 1936 Olympic games. But that streak came to a sudden and heartbreaking halt in the 1972 match-up due to an unbelievable finish tainted by a corrupt head of international basketball and compromised referee that led to the American players refusing the silver medal.

Although David had heard bits and pieces about the game, he took a completely objective approach to his writing, examining all sides and conducting copious research before he made a judgement of the events. Once he investigated all of the facts, he came to the undeniable conclusion that the events that conspired were completely corrupt and unjust. Twice the U.S. men's basketball team had been ahead when the game-ending buzzer sounded. Twice the U.S. men's basketball team had rightfully won the gold medal. But they were forced to replay the end of the game three times – as the head of international basketball, who had no jurisdiction over the game, kept putting time on the clock – until the Soviet team could officially be declared the winner.

Although there was not a whole lot written about the game, David was able to find old newspaper articles and video footage. He even found relevant documents of Avery Brundage, the head of the Olympics at that time, which were housed at the University of Illinois, Champaign-Urbana. Although all the coaches had passed away when David started his research two years ago, he was able to interview eight of the 12 U.S. team members, as well as the daughter of the lone deceased player, and a number of others who were in attendance.

"It was tough to get some of the athletes to talk at first. Everyone wants to talk about victories, but it is hard to remember such a painful loss, and I understood that." But his response from the athletes was overwhelmingly positive. They were finally getting their story told. "I was lucky enough to spend some time in Kentucky with Kenny Davis, the team captain. He admitted that it is sometimes still hard for him to hear the national anthem during a game because he felt they deserved to hear it on the gold medal stand.

"These men now all collect Social Security, they have grandchildren. But to this day, they are still united in the fact that they will not accept the silver medal from almost 50 years ago."

David has already heard back from a few of the players, including Davis and Illinois State star Doug Collins, who were both extremely happy with the book. Another player, Tom McMillen, even wrote a testimonial for the book's back cover.

While working a full-time job in marketing, David spent two years researching, interviewing and writing the book, aided by his passion for the topic. Although he doesn't have a new topic yet, he enjoys writing non-fiction – in fact, he has been hired by companies and golf clubs to write their histories – and would like to write another book someday. Certainly, there is another story out there that deserves to be told, and David will undoubtedly do a fantastic job of telling it. ■

For more information or to get a signed copy of Three Seconds in Munich, please contact David at dafsweet@aol.com.



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Acquisitions in the Marketplace:

What your Community Bank Needs to Know

Matt Mingenback, Director of Sales, Fitech, Fort Worth, TX

The world of community banking has been confronted with many changes and challenges during the last 18 months. As a result of the numerous acquisitions and mergers that have recently occurred, there are high odds that your community bank may find itself in an unintended partnership with a new merchant services provider and asking how this change will impact your business. While this transition may seem overwhelming, there are options for your bank if your current payment processor is acquired.

Be Prepared: Know Your Contract

Knowing the details of any contract you sign is always vital, but when an unexpected transition occurs with your existing merchant services provider, taking the extra time to review your contract is a necessary step that should not be disregarded.

One of the most important things to take note of in your contract is the expiration date. Find out how long you are bound to your current agreement and if any changes in ownership affect the terms of the original contract.

It is also imperative to understand your notice requirements which may include provisions on how and when notices should be sent, where notices should be sent, and any exceptions resulting from change in ownership. More often than not, contracts will automatically renew, offering a short window for cancellation without expensive penalties and additional fees. Without submitting a proper notice as stated by the terms of your original contract, your community bank may be faced with easily preventable challenges and expenses when transitioning to a new merchant services provider.

Your agreement may also contain a non-compete or non-solicitation clause that could prohibit your community bank from entering into future partnerships with a new merchant services provider.

Change Doesn't Have to be Scary

No matter who your current merchant services provider is, it is critical to measure the value they bring to your community bank, especially during periods of change. Your bank should ask itself if your provider is offering the services you and your customers value the most. If it's not, it may be time to move on.

Built on Trust

Community banking is a tight-knit industry with a foundation built on trust and established relationships; in the midst of a merger, your bank must carefully assess the new partnership. Ensuring that your new merchant services provider works with banks of your asset size is a critical component to the success of your community bank.

We often see community banks lose multiple streams of revenue with little or no notice due to fee restructuring after a merger. Many large processors focus solely on the bottom dollar, often forgetting what means the most to community banks – relationships.

With endorsements across 38% of the country by bank associations for merchant services, Fitech's mission is to exclusively serve community banks with best-in-class payment processing solutions. We currently serve more than 111 banks across 19 states with a 100% retention rate. Fitech welcomes the opportunity to add immediate and measurable value to your community bank as your trusted merchant services provider. ■

For more information about a partnership with Fitech, contact Berin Lacevic, Director of Sales, at blacevic@fitech.com or 682/201-5551.

First Women's Bank (In-Formation) Hopes to Become First Illinois De Novo in Almost a Decade

CBAI member and Chicago-based First Women's Bank (in-formation) recently filed its applications with state and federal regulators to become the first Illinois de novo in almost a decade.

As reported in *Crain's Chicago Business*, the effort to successfully organize the bank is led by Marianne Markowitz (former regional director of the SBA), Amy Fahey (former head of middle-market lending for JPMorgan Chase), Lisa Kornick (DMK restaurant Group in Chicago), Beth Wnuk (former regional president PNC Bank in Southeastern Wisconsin), and Melissa Widen (former managing partner in the Chicago law firm of Goldman Ismail Tomaselli & Baum).

The bank will focus on women-owned businesses, which are reported to be growing four times faster than the national average. Markowitz was quoted as saying that female



Marianne Markowitz

business owners are "demanding a different business experience," and in addition to providing access to credit, the bank will provide guidance on investing, hiring and other needs. "We really plan to build a community environment," Markowitz said.

CBAI supports de novo community banks and has consistently maintained that they are vitally important to maintaining a strong, growing, evolving and vibrant banking profession and wishes First Women's Bank success in its formation. ■

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www.consolidated.com
ben.wackler@consolidated.com
Telecommunications

Hawthorn River

205 Hawthorn Meadows Court
O'Fallon, MO 63366
Jon Rigsby, Co-Founder and CEO
314-220-5009
www.hawthornriver.com
jrigsby@HawthornRiver.com
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Milwaukee, WI 53211
Brandon Dracca, Vice President of Sales
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Foundation Report

CBAI Education Foundation Scholarship Winners* Named

The following banks were awarded scholarships to the Community Bankers School for 2019-20:

Midwest Bank, Monmouth (Federal Home Loan Bank of Chicago Scholarship)

Rushville State Bank (THE BAKER GROUP Scholarship)

Lena State Bank (CBAI Career Development Division Scholarship)

The Peoples Bank of Kankakee County, Bourbonnais (Howard & Howard Attorneys Scholarship)

These students were awarded \$1,000 per year for up to four years to continue their educations:

Abby Rowe, sponsored by Apple River State Bank (SHAZAM® Scholarship)

Maddie Miller, sponsored by Scott State Bank, Bethany (KASASA Scholarship)

Audrey Guerin, sponsored by The First National Bank in Tremont (Community BancService Corporation Scholarship)

**To be eligible, banks must simply pledge/donate a minimum of \$2,500 to the CBAI Foundation, which is tax deductible. While payments may be made over a period of years, banks are eligible for the scholarship drawings with their first payment.*

Be a Rock Star for the Foundation Fundraising Event

The following individuals donated to the "Be a Rock Star for the Foundation" fundraiser:

Phil Aderton, IZALE Financial Services
Ryan Alverz, IZALE Financial Services
Mark Beal, Libertyville

Rebeka Baer, The First National Bank in Tremont

Jennifer Beard, Farmers State Bank of Elmwood

Kevin Beckemeyer, Legence Bank, Eldorado

Lesla Black, CBSC

Douglas & Carol Blunier, State Bank of Toulon

Jeff Bonnett, Havana National Bank

Amy Braack, Quad City Bank & Trust

Jerry Cavanaugh, CBAI

Patty Clarke, First National Bank of Raymond

Charles Colvis, Buena Vista National Bank, Chester

Brent Conrad, Fiserv

Tanya Cowan, Buena Vista National Bank, Chester

Marty & Susan Davis, Murphy-Wall State Bank, Pinckneyville

Shawn Davis, CNB Bank & Trust, N.A., Carlinville

Chuck Deters, Dieterich Bank

Keith Douglas, Tompkins State Bank, Avon

Karrie Dotson & family, First Federal Bank, Tuscola (In Memory of Roger Dotson)

Didi Drake, Bank of Chestnut

Gregg Duerr, Apple River State Bank

Mike Duke, CBSC

Kelley Earls, Bank Compensation Consulting

Eric Einsweiler, Apple River State Bank

Kathy Enbom, Wipfli LLP

L. Samuel Estes, The Fisher National Bank

Michael Estes, The Fisher National Bank

Molly Fairfield, The Fisher National Bank

Mark Field, Liberty Bank

Kathy Francque, Quad City Bank & Trust

Carol Jo Fritts, First Neighbor Bank, N.A., Toledo

Frances Garcia, Harland Clarke

Gary Genenbacher, BKD, LLP

Dan Graham, Flora Bank & Trust

Terry & Dennis Griffin, CBAI

Michelle Gross, State Bank of Bement

Brenda Haaa, IZALE Financial Services

Jennifer Hackmann, Havana National Bank

Jaronda Hall, Federal Home Loan Bank of Chicago

Elaine Hand, Innerview, Inc.

Julie Hanson, ICBA

Deborah Hardimon, IZALE Financial Services

Eric Harland, The Baker Group

Wayne Hermann, Princeville State Bank

Rick Hiatt, Hiatt Enterprises

Shelley Hocking, Havana National Bank

Mary Jo Homan, Chester National Bank

Kerry Hoops, German-American State Bank, German Valley

Candance Hudson, TNB Bank, Tuscola

Steve Ingold, The Fisher National Bank

Rick Jameson, North Central Bank, Hennepin

Brian Johnson, Princeville State Bank

Jay Johnson, Quad City Bank & Trust

Kate Johnson, Quad City Bank & Trust

Gerry and Kelly Johnson, Grand Ridge National Bank

Valerie Johnston, CBAI

Terry Judd, North Central Bank, Hennepin

Mike Kelley, CBSC

Charlie Kelly, Remedy Consulting

Mark Kesler, The Fisher National Bank

June Kidd, The First National Bank
in Tremont

Julie Kuhn Trust, The Fisher National
Bank

Alisa Lancaster, First Farmers State
Bank, Minier

Ryan Linnig, North Central Bank,
Hennepin

Lisa Lippert, CBAI

Kraig Lounsberry, CBAI

Tammy Main, State Bank of Toulon

Chad Martin, Goodfield State Bank

Sandy McAvoy, Springfield, IL

Mark McCoy, Apple River State Bank

Mark McDaniel, First National Bank
in Pinckneyville

Bill McFadden, Apple River State Bank

Kim McKee, North Central Bank,
Hennepin (Ladd)

Patrick McShane, American Metro
Bank, Chicago

Ron Minnaert, State Bank of Graymont

Deborah Mitchell, TrustBank, Olney

Gary Mueller, Havana National Bank

Nancy Mueller, Scott State Bank,
Bethany

Stacie Newberry, Bank of Stronghurst

Lyle Paben, Bank of Advance, Bowen

Fannie Mae Pantaleon, IZALE
Financial Services

Damian Papish, Quad City Bank & Trust

Doug & Karin Parrott, State Bank
of Toulon

Jerry Peck, CBAI

Megan Peck, CBAI

Lori Pieper, Community State Bank, Galva

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David Schroeder, CBAI

Sam Scott, Scott State Bank, Bethany

Jason Semple, Dieterich Bank

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in Pinckneyville

Ken Singh, Plante & Moran, PLLC

Doug Smith, Farmers National Bank
in Griggsville

Kathy Smith, Bank Compensation
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Randy Smith, Bank Compensation
Consulting

Eric Stalter, The Fisher National Bank

David Stanton, PeopleFirst Bank, Joliet

Valerie Stocks, Apple River State Bank

Eileen Sullivan, State Bank of Toulon

Mary Sulser, Buena Vista National Bank,
Chester

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Robert Swartz, BKD, LLP

Bethany Toland, First Line

Dianna Torman, Prairie State Bank,
Marengo

Wynde Walker, College Avenue
Student Loans

Steven Wallace, Community Bank
of Trenton

Jim Weast, Warren-Boynton State Bank,
New Berlin

Julie Welborn, The Fisher National Bank

Tom Welge, Buena Vista National Bank,
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Gary Winans, The Fisher National Bank

Beth Winslow, State Bank of Toulon

Jenny Woods, Durand State Bank

Bill Wubben, Apple River State Bank

Kathleen Zydek, PeopleFirst Bank, Joliet

**The following banks and associate
members donated to the "Be a Rock
Star for the Foundation" fundraiser:**

Chester National Bank

Clay City Banking Co., Clay City

Fisher Bancorp, Inc.

Havana National Bank

North Central Bank, Hennepin

Clay County State Bank, Louisville

Eureka Savings Bank, La Salle

Princeville State Bank

First Robinson Savings Bank, N.A.

Rushville State Bank

Cummings, Ristau and Associates, PC

Bank of Stronghurst

First Community Bank, Xenia

OTHER DONATION NEWS

PeopleFirst Bank, Joliet, has attained the
Silver-level sponsorship.

Bob and Andrea Cusick donated \$100
to the Foundation **in memory of Charles
Helleny**.

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

Richard Hiatt paid \$1,000 toward his
\$5,000 commitment.

Goodfield State Bank attained the
Silver-level of giving.

The First National Bank in Tremont
participated in the Foundation's Dress
Down Day Campaign.

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

Burnel Beckman, Dieterich Bank;
Kevin Beckmeyer, Legence Bank,
Eldorado; **Will Cooley**, Longview
Capital Corporation; **Kevin Day**, State
Bank of Waterloo; **Carol Jo Fritts**,
First Neighbor Bank, N.A., Toledo;
Dan Graham, Flora Bank and Trust;
Mary Jo Homan, Chester National
Bank; **Kerry Hoops**, German-
American State Bank, German Valley;
Doug Parrott, State Bank of Toulon;
David Pirsein, First National Bank
in Pinckneyville; **Gregg Roegge**,
Rushville State Bank; **Doug Smith**,
Farmers National Bank of Griggsville;
Alan Stremlau, Illini Bank, Tonica;
Jim Weast, Warren-Boynton State
Bank, New Berlin; and **Bill Wubben**,
Apple River State Bank.

**The Foundation received \$155 from
CBSC and CBAI board members** as a
result of the "dress-down" board meeting
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Yes, a Minor Can Have a Bank Account

Jerry Cavanaugh, CBAI General Counsel, Springfield, IL

For some reason, in recent weeks several banks have asked questions about the legality of a minor owning a bank account in her/his own name and without a parent or other adult as a joint owner. Perhaps it is difficult to get past the oft-stated understanding that a minor lacks legal capacity to execute a contract. First, as a technical matter, a minor-executed contract is not void, but it is instead voidable by the minor. When a minor enters into a contract (s)he can rescind her contractual obligation(s) at any time prior to attaining the age of 18 (Illinois' age of majority), or (s)he is entitled to perform under the contract and ratify the contractual obligation(s) at age 18.

However, the technical distinction between "void" and "voidable" need not be part of the discussion in Illinois with regard to a minor's ownership of a bank account. An oft-stated understanding of a minor's legal authority (or lack thereof) to execute a contract can be supplanted by law, and in Illinois, an unambiguous statute in the Illinois Banking Act authorizes ownership of a bank account by a minor. However, Section 45.1 specifically states that "A state bank may accept deposits made by a minor and may open an account in the name of such minor..." I'll stop there and discuss other significant elements of Section 45.1 below. For now, note the use of the word "may" twice in the first sentence of Section 45.1. No person under the age of 18 has the right to **compel** a bank to open an account for her/him. A bank has discretion to formulate its own policy regarding minors' accounts, including whether to permit them at all and whether to allow them but to impose conditions or restrictions. Of course, the bank's policy must be applied and enforced in a consistent manner that does not discriminate on the basis of race, ethnicity, gender, religion, etc.

It is not hard to imagine real life situations in which a bank would not balk at allowing even a young minor to open a deposit account. A young boy or young girl may deliver newspapers, mow lawns, dog sit for the neighbor or otherwise earn at least a modest sum of money. A bank could no doubt accommodate the safekeeping of the young entrepreneur's income, even if only in a simple passbook savings account.

Having emphasized the use of the word "may" to illustrate each bank's discretion regarding minors' accounts, the next key component of Section 45.1 is the provision that "the rules and regulations of such bank with respect to each such deposit and account shall be

as binding upon such minor as if such minor were of full age and legal capacity." At this point, we have evolved from a long-held understanding that a minor is unable to enter into a contract to an unambiguous Illinois law that a bank has discretion to allow minors to open and maintain bank accounts and that minors' accounts are to be treated contractually no different than the accounts of adult accountholders.

The final provision of Section 45.1 is worth noting. This provision that goes beyond the mere "safekeeping" of a child's income is the end of Section 45.1 stating that "the receipt, acquittance or order of payment of such minor on such account or deposit or any part thereof shall be as binding upon such minor as if such minor were of full age and legal capacity." That sentence in Section 45.1 introduces the concept of an authorized transactional account (e.g., DDA) for a minor.

Recognizing that the first three words of Section 45.1 are "A state bank," on behalf of a CBAI Member I explored with the O.C.C. whether this statutory discretion pertaining to accounts held in the names of minors extended to national banks and federal savings banks. The response that I received from an attorney in the O.C.C.'s Central District (Chicago) Office was, in a word, yes. The O.C.C.'s regulations on federal preemption of state laws cover not only what will be preempted in favor of national banks, but also what is not preempted. Among the categories of state laws that are not preempted is "contract law." I was told that Section 45.1's allowance for a minor to open a bank account and be contractually bound by the bank's ordinary contractual terms and conditions caused Section 45.1 to be in the "contract law" category.

This explanation of Section 45.1 of the Illinois Banking Act is for informational purposes only. CBAI is making no recommendation in favor of, or against, allowing minors to open and maintain bank accounts at any CBAI member bank. Any bank policies, including implementation of conditions or restrictions on minors' accounts, should be established in consultation with the bank's own attorney. ■

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@cba.com.

First Mid Bank & Trust (First Mid), Mattoon, recently welcomed **Jason Crowder** as senior vice president, general counsel. In this role, Crowder oversees the legal aspects of all activities conducted by First Mid, including regulatory relationships, mergers and acquisitions, and corporate organization. Crowder was previously corporate counsel for Peterson Healthcare, Inc.

Matthew Smith, chief financial officer, and **Jeremy Howard**, community bank president for Peoria, both of **First Mid Bank & Trust (First Mid), Mattoon**, recently graduated from the Graduate School of Banking at the University of Wisconsin – Madison, and also earned the prestigious Certificate of Executive Leadership from the Wisconsin School of Business.

Hickory Point Bank recently named **Justin Richards** as assistant vice president. In this role, Richards will be responsible for managing the Mt. Zion and ADM Banking Centers. He most recently worked in banking in the St. Louis area.

Five area community banks recently teamed up to purchase a smoker/pellet grill as an attendee prize at the Jefferson County Chamber of Commerce Golf Outing in August. Participating banks included **Community First Bank of the Heartland, Mt. Vernon; First Mid Bank & Trust, Mattoon; Banterra Bank, Marion; People's National Bank, N.A., Mt. Vernon; and Legence Bank, Eldorado.**

The **Scott State Bank, Bethany**, board of directors recently recognized the following individuals for their continued outstanding service to the organization. While their current duties will not change, the promotion reflects the board's confidence in their commitment to the organization.

Kelly Hamilton has been promoted to branch manager at Scott State Bank (Decatur). Hamilton joined Scott State Bank in 2009 and served as assistant branch manager prior to her promotion.

Melissa Shafer has been promoted to branch manager at Scott State Bank (Sullivan). Shafer joined Scott State Bank in 2006 and served as assistant branch manager and loan officer prior to her promotion.

Laura Grider has been promoted to vice president at Scott State Bank. Grider joined Scott State Bank in 1998 at the Maroa location and served as assistant vice president and loan officer prior to her promotion.

Beth Cotner has been promoted to vice president at Scott State Bank. Cotner joined Scott State Bank in 2002 and served as assistant vice president, as well as human resources and compliance officer.

Jeremy Hoke has been promoted to vice president at Scott State Bank. Hoke joined the bank in 2012 and served as assistant vice president, ag loan officer, farm manager and assistant trust officer.

Luke Williams has been promoted to vice president at Scott State Bank. Williams joined the organization in 2006 and served as assistant vice president and branch manager of the Mt. Zion location.

Shield Compliance recently announced an expansion of its leadership team with the hiring of **Kurt Dicus** as chief technology officer and **Jenna Meyer** as director of client success. Dicus brings more than 20 years of executive IT management. Prior to joining Shield, Dicus was vice president of IT for Funko, a leading pop culture consumer products company. Meyer has spent much of her career leading account management teams at financial services technology firms. Most recently, Meyer was vice president of lending at Validis and previously served as director of solution consultants at Baker Hill.

Bobbi Watson, executive assistant in the communications department, was recently recognized for 25 years of service to the association. She began working in the CBAI Department of Education & Special Events; since 2002 she has assisted in the Department of Communications.



Lisa Lippert and Kraig Lounsberry

Lisa Lippert, controller of the CBAI corporate family, received her 20-year recognition pin from CBAI President Kraig Lounsberry recently.

BREAKING NEWS

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Berin Lacevic

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GLORY

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