

THE BOTTOM LINE

INDEPENDENT AND PROUD OF IT

WE'LL KEEP ON ...
KEEPING ON.

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ICBSD

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OF SOUTH DAKOTA

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WE'LL KEEP ON ... KEEPING ON.

— **Megan Olson**, President & CEO, ICBSD



Banking isn't something we see in the headlines often. However, recent events have added some intrigue to the industry. The failures of First Republic, Silicon Valley Bank, and Signature Bank have had far-reaching consequences for the economy. In these times of higher interest rates and stricter credit, confidence in financial regulators has taken a hit.

Policymakers and consumers are raising important questions. How will the failures of large banks affect small community banks in South Dakota? What measures are being implemented to ensure our well-being? These questions deserve answers.

To address this issue, the Federal Deposit Insurance Corporation (FDIC) has proposed a special assessment on banks with assets over \$5 billion. This assessment will reimburse the insurance funds used to protect uninsured depositors of the three failed institutions. The FDIC's proposal eliminates a one-size-fits-all approach. Community banks and their customers should not bear the burden of repayment for the risky practices and speculative decision-making that caused the failures of these large institutions.

The Independent Community Bankers of South Dakota, have tirelessly advocated for the FDIC to exempt community banks from shouldering this repayment burden. And they listened. The many community banks in South Dakota operate under a completely different model. Their financial decisions are based on personalized relationships, diversified depositors, sound underwriting, and risk management practices that

safeguard our customers and main streets across our state.

Community banks prioritize the needs of local economies. We are nimble and adaptable, ready to assist small businesses and planning for the future. That's why industry analysts consider community banks a "safe haven" in the current climate.

The FDIC has proposed new reforms to the deposit insurance fund. One proposal involves increasing the current \$250,000 insurance limit for depositors. Other proposals suggest eliminating caps altogether or implementing varying limits for different accounts.

These are positive steps. However, none of these measures will address the underlying issue. Rules are in place to protect customers, and bankers have a fiduciary duty to address and report failures before they escalate into catastrophes.

Transparency and accountability are necessary. The ICBSD and its members will continue to lead by example. We understand that the health of our local economies relies on the strength of our local banks.

In the meantime South Dakota's community banks will continue to do what we do best- take care of our customers.



FLOURISH

— Rebeca Romero Rainey, President & CEO, ICBA

“Preparing for the future is not as much about filling a particular job description as it is about creating a conscious path for our banks and communities.”

“Our success lies in the things we don’t have to do.”

Earlier this year, I attended the Independent Bankers Association of Texas (IBAT) EDGE event, and when Hazem Ahmed, the chairman of the IBAT Education Foundation, uttered those words, I sat up and took notice.

That’s because as leaders, this sentiment resonates as we consider the future of our banks and our communities. What are we doing outside of our daily operations to support the next generation? How are we bringing our teams along with us? In short, what are we doing that we don’t have to do to create continuity and lasting success?

This concept really rears its head when we consider succession planning. As we think about who will fill our shoes, we need to recognize that preparing for the future is not as much about filling a particular job description as it is about creating a conscious path for our banks and communities. To paraphrase immediate past chairman Brad Bolton, we aren’t just building bank leaders, we’re cultivating community continuators.

That goes beyond running the bank. So, when we look at staff development, our focus cannot be solely on that new role or title. It needs to address how what we’re doing today will prepare and grow them for the future. It takes conscious planning and preparation, extending further than development plans to inspire our teams to want to be the next community continuators.

When I speak on this topic, I often ask for a show of hands in the room of how many people have identified their successor. A fair number of hands rise. Then I ask, “Does that individual have any clue what you’re thinking?” The chuckles I get from that follow-up are fascinating. All too often, we’ve decided this person could do the job, but we’re not telling them.

We have to have these conversations and let people know that they have great potential, because our careers are journeys, not destinations. While we can’t guarantee what the future holds, we can share our vision and provide that individual with a sense of purpose and an inspiration for what their role could become.

So, as you read and reflect on leadership in this month’s issue, I encourage you to ask yourself what more you could do to launch the next generation of community continuators. I’m betting you’ll come up with a few new ideas, and chances are that these “unrequired” actions are a key to your bank’s continued success.

WHERE I’LL BE THIS MONTH

I’ll be attending the annual meetings of the Wyoming Bankers Association and the Florida Bankers Association and sharing more about the importance of cultivating community continuators.



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RECOGNIZING OUR COMPETITIVE ADVANTAGE



— **Dillon Kjerstad**, Chairman of ICBSD, Vice President,
First National Bank in Philip

Serving as your chairman for the Independent Community Bankers of South Dakota has been a fulfilling experience. I've had the privilege of witnessing the tremendous resilience our community banks possess. It has been incredibly rewarding, both personally and professionally, as I've had the opportunity to contribute to the betterment of this industry.

One of the most satisfying aspects of my role has been the chance to interact with so many outstanding bankers across the state. These individuals are dedicated to serving their local communities and have a deep understanding of the unique needs and challenges they face. The knowledge-sharing and networking opportunities have been invaluable.

Looking ahead, I am eagerly anticipating our upcoming annual retreat at The Lodge in Deadwood on July 27-29, 2023. This retreat will provide a fantastic setting for us to step back from our day-to-day responsibilities and immerse ourselves in meaningful discussions on key topics that are currently impacting our banks. It will also be a time to enjoy some well-deserved family time, fostering a sense of camaraderie among our community bank leaders. If you haven't done so already, head to [ICBSD.com/2023-black-hills-retreat](https://www.icbsd.com/2023-black-hills-retreat) to register.

Speaking of key topics, the first half of 2023 has presented us with several challenges. We have witnessed significant regional bank failures, which have undoubtedly had an impact on the industry. However, our community banks have demonstrated their resilience and ability to weather such storms. This resilience can be attributed to the competent managers and directors who prioritize the interests of their local communities above all else.

Moreover, as we navigate a changing economic landscape, we have seen ongoing discussions around the federal funds rate increases and the potential for an FDIC special assessment. These topics demand our attention and careful consideration, as they can have far-reaching implications for our community banks. By staying informed and engaging in thoughtful dialogue, we can proactively address these challenges and find innovative solutions.

It is essential to recognize the competitive advantage that our community banks possess—a community-first approach. Unlike regional and corporate banks, our community banks have a long-standing tradition of putting the needs of their local communities first. This commitment to personalized service and community development has allowed many of our banks to

withstand the test of time. It is this fundamental strength that will continue to differentiate us in the market and sustain our success.

In conclusion, serving as the chairman of ICBSD has been a remarkable journey. The satisfaction and knowledge gained from representing the community banking industry have surpassed my expectations. As we forge ahead, I am confident that our community banks, with their competent leaders and unwavering commitment to their communities, will continue to thrive in an ever-changing landscape. Together, we can navigate the challenges ahead and build a stronger, more resilient future for community banking.



At the 2023 Black Hills Retreat, we will have the opportunity to immerse ourselves in meaningful discussions on key topics that are currently impacting our banks. Register for the 2023 Black Hills Retreat at [ICBSD.com/black-hills-retreat](https://www.icbsd.com/black-hills-retreat).

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COMMUNITY BANKERS: DON'T TAKE YOUR EYE OFF THE BALL

— **Derek B. Williams**, Chairman, ICBA

Community banks are the financial center of our communities, and we're invaluable to the success of those we serve. But we can't take our eyes off the ball and let that prominent position elevate our sense of importance. Community banks want and need to be approachable, to ensure our customers and communities feel comfortable and at home with us.

Because a true leader is one who doesn't seek to lead but rather leads by example, by giving back. For community banks, it's not about the position, authority or power, but about what we can do for others. That's how we set ourselves apart in our communities: We focus on giving, not taking; on serving, not being served.

This life lesson of humility and service has been demonstrated for me as far back as I can recall, and it has driven me to where I am today. I grew up in a very small town, and my dad was the premier homebuilder for our community. He was well known, was often asked to take on leadership roles, and as young builders emerged, they looked to him as a mentor. He helped them learn and grow—even though they were competing with him for work. The future of our community was more important to him than any specific job or project, and he believed in helping others to better themselves: the hallmark of a true leader.

That selfless approach of focusing on the greater good was tremendously inspiring to me as a young man. I learned you don't necessarily set out to lead. You lead because you provide an example that someone wants to follow.



That responsibility never ends. It's not a part-time job; it's a way of being that makes all the difference. You're always growing, evolving and working to do better and be better. Every great leader has a mentor to follow, to help them become the next best version of themselves.

It's why I'm so proud to be a community banker today. In an industry overwhelmed with financial performance and earnings, community banks shine by focusing on what matters: the people and communities they serve. We have been through all kinds of economic cycles, both ups and downs. Our banking model responds to the changing environment and adapts to support new demands. Because that's what leaders do: They stand strong for those they serve. From that perspective, I can confidently say community banks are poised for continued success. Our focus is on people, and that approach will always prevail.



QUOTE OF THE MONTH

"Someone's sitting in the shade today because someone planted a tree a long time ago."

— *Warren Buffett, investor*



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FEDERAL DELEGATE REPORT

THE ICBA DIFFERENCE

— **Valerie Anderson-Boudaka**, ICBA National Director,
Farmers State Bank of Canton, Canton, SD



One way that the ICBA is different than other professional organizations is how they care for the employees of their association. In the fall of 2022, the ICBA Foundation Disaster Relief Program was launched in response to hurricane Ian. ICBA matched the first \$50,000 and over \$200,000 was raised to assist Florida's community banks, employees, and their families.

The ICBA Foundation Disaster Relief Program supports ICBA-affiliated state associations, ICBA Federal Delegates, and—in states where neither are present—ICBA leadership bankers in fundraising when areas of their state have been affected by presidentially declared or state governor-declared disasters.

In coordination with the affiliated state association and ICBA Federal Delegate or other ICBA leadership bankers in the state, funds are collected and disbursed for the express purpose of assisting affected

community banks and community bank employees. The ICBA Foundation does not use any of the funds collected to pay the costs of administering this program.

ICBA is always evolving to community bank's needs. They are finding solutions to problems that face community bankers at our Capitol. They are vetting companies for us to provide the best services through our Preferred Partners. They are keeping bankers in the know with their daily ICBA NewsWatch. My first touchpoint with ICBA was their Community Bank Compliance Officer certification. As a small one location bank, we were beyond grateful to find a comprehensive educational program as Dodd-Frank was rolling out. Just when I didn't think ICBA could do more—they started the ICBA Foundation and helped our community banks and their employees when they needed it most. That is the ICBA difference!

A promotional graphic for First District Development Company (FDDC). The left side features a green background with white text: "SUPPORTING SOUTH DAKOTA'S SMALL BUSINESSES IN BIG WAYS", "SBA 504 LENDER SINCE 1983", and the website "WWW.FDDC.15TDISTRICT.ORG". The FDDC logo is also present. The right side shows a photograph of four women standing outdoors. A caption at the bottom right of the photo reads: "L-R: Brittany Rost, Amy Waite, Jessica Tesch and Shelby Kraemer". At the bottom of the graphic, the phone number "605.882.5115" is displayed.

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L-R: Brittany Rost, Amy Waite,
Jessica Tesch and Shelby Kraemer

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PAC 100 CLUB

THE PAC 100 CLUB RECOGNIZES THE INDIVIDUALS WHO HAVE CONTRIBUTED \$100 TO THE ICBSD PAC.

David Johnson, Reliabank Dakota
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Bob Smithback, Reliabank Dakota
Mark Lee, Reliabank Dakota
Pam Homan, Reliabank Dakota
Bruce Anderson, Farmers State Bank, Canton
John Ripley, Farmers State Bank, Canton
Valerie Anderson-Boudaka, Farmers State Bank, Canton
Bryan Launderville, Farmers State Bank, Canton
Kirk Rikansrud, Farmers State Bank, Canton

CENTURY CLUB

THE CENTURY CLUB RECOGNIZES COMMUNITY BANKS WHOSE ENTIRE BOARD OF DIRECTORS HAVE DONATED \$100 TO THE ICBSD PAC.

Reliabank Dakota
Farmers State Bank, Canton

THANK YOU TO THE FOLLOWING INDIVIDUALS AND BANKS FOR YOUR SUPPORT!

ABOUT PAC

The ICBSD Political Action Committee helps provide South Dakota community banks with a strong, united voice in Pierre. Your participation in the PAC helps ensure we have a seat at the table when issues affecting community banking are being discussed in the state capitol.

GET INVOLVED

Thank you in advance for your support of the ICBSD PAC. To make a contribution or to learn more, email Megan at Megan@ICBSD.com. Checks can be mailed to: ICBSD PAC PO Box 615 Watertown, SD 57201.

DUTY, HONOR, COUNTRY

— **John Thune**, United States Senator (R-S.D)



In the month of May, we marked Military Appreciation Month, Armed Forces Day, and Memorial Day. It is a time to honor those who have served and continue to serve our nation in uniform and to reflect on the patriotic values that these brave men and women embody. It's an opportunity to remember those who have fought and died for our freedoms. And it's a chance to renew our commitment to honor their memory.

South Dakota has a rich heritage of military service. Generations of South Dakotans have left the comforts of home to answer the call to serve. I would guess there are few families in our state that don't have a family member or a friend who has spent time in uniform. I don't think this is a coincidence. Small-town values like hard work, integrity, community, and humility shape a desire to work for something larger than oneself. I saw this first hand in my dad, who grew up in Murdo and flew Hellcats off the U.S.S. Intrepid during World War II. Dad was the embodiment of those small-town values that made his generation of Americans the Greatest Generation, and they're still the hallmark of those serving today.

It might be hard to imagine how a small-town kid could play a role in world events, but countless South Dakotans, including my dad and patriots like Cecil Harris from Cresbard, have distinguished themselves in advancing the cause of freedom. Nine South Dakotans have been awarded the Congressional Medal of Honor for going beyond the call of duty. Among the South Dakotans who have received the nation's highest military honor are soldiers like Captain Arlo Olson from Toronto,

who died bravely leading an assault in Italy during World War II; Private Herbert Littleton from Black Hawk, who threw himself on a hand grenade to save his comrades' lives during the Korean War; and Major Patrick Brady of Philip, who, as a Huey pilot, saved 51 seriously wounded men in one day in Vietnam.

Soldiers, sailors, Marines, airmen, and guardians do extraordinary things, but when you ask most veterans about their service, they often turn the conversation to those they served with, especially those who never came home. In every generation, South Dakotans have given their lives in defense of our country and the values we hold dear. South Dakota's fallen are memorialized in monuments across the state, ensuring their sacrifice is not forgotten by the generations who enjoy the freedom that their service helped secure. I was humbled by the recent opportunity to greet dozens of South Dakota Vietnam and Korean War veterans at the war memorials built in our nation's capital to honor their service and sacrifice to the nation.

We honor those who chose service above self and were willing to give their lives for our country. We owe them our eternal gratitude. And we owe it to their memory to preserve the security and liberty they helped protect or, in the words of President Lincoln, to "take increased devotion to that cause for which they gave the last full measure of devotion."

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ROUNDS, KLOBUCHAR INTRODUCE LEGISLATION TO IMPROVE TRAINING FOR VA PERSONNEL OVERSEEING PTSD CLAIMS

— **Mike Rounds**, United States Senator (R-S.D)

U.S. Senators Mike Rounds (R-S.D.) and Amy Klobuchar (D-Minn.) reintroduced legislation to improve training for personnel handling post-traumatic stress disorder (PTSD) claims at the U.S. Department of Veterans Affairs (VA). By improving training for VA personnel who are responsible for processing disability claims, this bipartisan legislation would help make certain benefits are being correctly determined so veterans experiencing PTSD are able to access the health care, treatment and compensation they need.

“Our men and women in uniform have sacrificed so much to protect our freedom,” said Rounds. “Nearly 16 percent of veterans’ PTSD claims were incorrectly processed by the Veterans Benefits

Administration (VBA) in fiscal year 2019. This kind of error rate is unacceptable. The quality of life of our veterans is seriously impacted when these claims are improperly processed. This bipartisan legislation would establish and require a national training program for VBA claims processors to eliminate costly processing errors so our veterans receive the quality, timely care they have earned.”

“Our veterans have sacrificed so much for our country. We must repay this service and make sure they’re able to access quality benefits that meet their needs,” said Klobuchar. “The VA estimates that nearly 16 percent of all Iraq and Afghanistan veterans have been diagnosed with PTSD, making it all the more essential that we process PTSD claims

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“Our men and women in uniform have sacrificed so much to protect our freedom.”

- Mike Rounds, United States Senator

efficiently and connect veterans with the care they have earned and deserve.”

This legislation would require implementation of recommendations made in a December 2020 report from the Office of the Inspector General, which estimated VA personnel inaccurately

processed nearly 16 percent of PTSD disability claims completed in fiscal year 2019.

Specifically, The VA Post-Traumatic Stress Disorder Processing Claims Improvement Act of 2023 would:

- **Require the Veterans Benefits Administration’s (VBA) Compensation Service to:**
 - Update its ongoing national training program for claims processors who review PTSD disability benefit claims. This would include training on stressor development and verification.
 - Standardize station-selected training at regional offices.
 - Annually update the PTSD VBA’s procedural guidance to provide claims processors with better resources regarding best practices, including specific guidance regarding development of claims involving entitlement to service connection for PTSD.
- **Establish a formal process to annually:**
 - Analyze training needs based on identified processing error trends.
 - Conduct studies on military PTSD stressors and decision-making claims for claims processors to help guide the national training program.

Rounds and Klobuchar also introduced this legislation in the 117th Congress.

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RETURNS, IN TOTAL

— **Jim Reber**, ICBA Securities, an ICBSD Preferred Partner



If your duties at your community bank include bond portfolio management, you may have noticed that your holdings' market values are all over the table. In another consequence of the last 12 months' volatility, bond-buying in 2023 presents a rare opportunity to buy liquid, predictable government-guaranteed bonds at variety of prices. This includes premiums, discounts and even par (100.00). In some recent periods, (e.g., 2021) there weren't many bonds available at prices below par, and in others (e.g., 2022) none could be found at premiums.

Of course, your current security inventory still contains unrealized losses, but at least you have a chance to choose some bonds that are set up to perform well in rising or falling or stable rate environments. This is what happens when the 5-year Treasury note's yield rises and falls over 80 basis points (.80%) in a two-month window, like it did in February and March. If you're able to spend some money here in mid-2023, there are some nuances and tools available that you'll want to consider as you're looking at current bond offerings.

SHOPPING LISTS

Many (learned, experienced) community bankers I know tend to review a series of quantitative factors when analyzing potential investments. These include the traditional metrics such as stated maturity, issuer name, coupon, price (premium, par or discount) and, of course, yield. This analysis will also include a future price

“Since a given bond is worth par on possibly only two days of its life, those being pricing date and maturity date, most everything a community bank buys will be at prices either above or below par.”

— *Jim Reber*

projection given certain interest rate shocks. Since a given bond is worth par on possibly only two days of its life, those being pricing date and maturity date, most everything a community bank buys will be at prices either above or below par.

The reason that matters when comparing one bond to another is that these premiums and discounts will have an impact on their projected future values, given a certain change in rates. Bond math is clearly not linear, and even more so when an investment is stress-tested with a book price that's nowhere near par. Let's review the benefits of buying bonds at both discounts and premiums.

DISCOUNT VERSUS PREMIUM

I've made the case that investors like the sound of a bond that's priced below 100 cents on the dollar. It has the ring of

a bargain, or (even better) a superior position to the unfortunate investor who paid par when first issued. This of course requires buyers to ignore the fact their own portfolio has recently dropped in value. Whether you realize it or not, bonds priced below par tend to perform best when rates fall, particularly when there's some kind of a call option attached, which applies to about 80% of bonds owned by community banks.

The opposite occurs when a bond is priced over 100 cents on the dollar. Premium bonds, which requires buyers to accept that the original owners paid less for the same bonds, will do better if rates rise. The above-market coupon rates will help to keep the duration from extending and possibly even cause yields to move higher since premium investments are sometimes referred to as "quasi-floaters."

VALUABLE TOOL

The good news is there is a standard measuring stick to augment some of the numerical features mentioned above: Total Rate of Return (TRR). Total return takes into account three variables: yield, change in price and horizon date. It's a much more complete standard than yield, and the primary risk in a bond—price volatility—is embedded in the calculation. (You can calculate TRR on virtually any financial instrument, including equities, as well as commodities.)

For example, if you are offered a security at a price of 93 cents on the dollar, priced to yield 5.25% to maturity, and a year from now its market value has risen to 95 cents, your total return for that period will be 7.25%. The typical set of offering documents that brokers provide will include a price volatility table, which usually includes projections assuming immediate and parallel rate shocks. Feel free to ask for a Total Return Analysis (TRA) screen from your brokers. TRAs are

easy to read and can provide valuable data for your decision making.

Finally, most full-service firms, including ICBA Securities' endorsed broker Stifel, produce TRR matrices that are frequently updated and readily available, for some pre-purchase analysis. So make life easier on yourself, and help improve the performance of your bond portfolio: Adopt total return analysis as part of your due diligence as you consider premium versus par versus discount purchase opportunities.

EDUCATION ON TAP

VIRTUAL BOND SCHOOL SCHEDULED FOR JUNE

ICBA's Securities' endorsed broker Stifel will host a virtual portfolio management series June 13–15. Topics include bond basics, investment product detail, and portfolio building. Up to four hours of CPE are offered. To register, visit icbasecurities.com

PRODUCT SELECTION ANALYTICS

The Stifel Strategies and Analytics Group produces the popular Investment Alternatives Matrix that calculates Total Return on a wide range of bonds that may be suitable for community banks. To receive your complimentary copy, contact your Stifel sales rep.

Jim Reber (jreber@icbasecurities.com) is president and CEO of ICBA Securities, ICBA's institutional, fixed-income broker-dealer for community banks.

40
YEARS

OF INDEPENDENT
COMMUNITY BANKING

2023 BLACK HILLS RETREAT

SCHEDULE OF EVENTS

THURSDAY, JULY 27, 2023

5:00 PM | Welcome Party

We're kicking off the 40th annual Black Hills Retreat at 5:00 at The Lodge with social hour, neon rock and roll bingo, beverages, Kid Zone and more! Dinner will be served at 6:00. Bonus points if you come dressed in your best 80's attire.

FRIDAY, JULY 28, 2023

8:00 AM | Welcome, Dillion Kjerstad, Chairman of the ICBSD Board of Directors

8:30 - 9:30 AM | The Great Reset, Greg Sweeny, SVP Chief Investment Officer, Bell Bank

9:35 - 10:20 AM | Five Critical Strategic Traps That Face U.S. Community Banks In 2023, Marty Mosby, Managing Director, Enterprise Risk & Management Analytics, Stifel

10:20 - 10:35 AM | Stretch & Refresh

10:35-10:45 AM | A Word from United Bankers' Bank

10:45-10:55 | A Word From IFAM Capital

10:55 - 11:45 AM | Social Engineering: What are Bad Guys Doing Now and How to Stop Them, Nick Podhradsky, Executive Vice President, SBS CyberSecurity

This ICBSD featured article is powered by BHG

Keith Gruebele EVP, Institutional Relationships
954.263.6399 | kgruebele@bhg-inc.com | BHGLoanHub.com/ICBSD



11:50 – 12:20 PM | An Update from ICBA, Brad Bolton, ICBA Immediate Past Chairman, President & CEO, Community Spirit Bank, Red Bay, AL

12:20 PM | Lunch

1:00-5:00 PM | Fun in Spearfish. *Transportation will be provided.*

6:00 PM | Dinner is served at Nona's Italian Restaurant, Spearfish

SATURDAY, JULY 29, 2023

8:30 – 9:15 AM | Participations and Liquidity, Jack Youngberg, Vice President of Lending, United Bankers' Bank

9:20 – 10:00 AM | How Data, Analytics, and Scoring Models Drive Profitable Originations, Dallas Munkus, Managing Director, Analytic Consulting, Risk Management Solutions Group

10:00 – 10:15 AM | Stretch & Refresh

10:15 - 10:25 AM | A Word From BHG Financial

10:25 – 11:40 AM | Banker's Round Table Discussions

Pick 3 of the 6 following topics:

- **"Nervousness In Ag"** with Mike Hinton, President, ProAg
- **"More on Economics"** with Greg Sweeny, SVP/CIO, Bell Bank
- **"Let's Talk Liquidity"** with Marty Mosby, Managing Director, Enterprise Risk & Management Analytics, Stifel
- **"A Story Worth Telling, Marketing for Banks"** with John Peterson, EVP Chief Marketing Officer, United Bankers' Bank
- **"Banker Banter – Hot Topics in our Industry"** with Brad Bolton, ICBA Past Chairman
- **"Candid About Workplace Culture"** with Keith Gruebele, EVP BHG Financial

11:40 – 12:10 PM | ICBSD Annual Meeting

12:10 PM | Lunch

6:30 PM | Social Hour, PAC Silent Auction Opens

7:15 PM | Dinner is Served

7:45 PM | Level Up Graduation Ceremony

8:00 PM | Comedian and Ventriloquist David Malmberg takes the stage



**MEET THE
PRESENTERS
OF THE
2023 ICBSD
BLACK HILLS
RETREAT**



GREG SWEENEY
SVP CHIEF INVESTMENT OFFICER, BELL BANK

SPEAKER BIOGRAPHY:

About **Greg Sweeny**: As chief investment officer at Bell Institutional Investment Management (BIIM), Greg serves as the thought leader and chair of the BIIM Investment Committee. Working for Bell since 1992, Greg has been a highly regarded speaker at various industry conferences and named several times on Thompson Financial's list of the World's Best Money Managers. Published strategies include pieces in Institutional Investor's Bondweek, the Insurance and Finance Journal and the Wall Street Transcript. He also writes Bell's Economic Outlook, giving his take on the state of the economy, monetary policy, and the markets, published monthly online at bell.bank/news.

Greg demonstrates expertise and vision in economics, trading, analysis, statistics, portfolio management and asset allocation for insurance companies, foundations, retirement plans and high-net-worth clients. He uses his extensive experience, critical thinking and judgment to plan, build and implement successful institutional portfolio strategies.

Greg leads BIIM's portfolio managers in developing and aligning investment strategies to investment policy guidelines, implementing these tactics into successful portfolio structures and performing regular ongoing evaluations of portfolio configurations and results.

Graduating from the University of North Dakota in Grand Forks, Greg earned a bachelor's degree in business administration in 1985 with finance and investment disciplines. Greg has been a Chartered Financial Analyst (CFA) charterholder since 1993.

Outside of work, Greg's adventurous interests include deep-powder snowmobiling, riding motorcycles, water skiing, snow skiing and hockey.

PRESENTATION:

THE GREAT RESET

During his presentation at the 2023 Black Hills Retreat, Greg will share his assessment of the economy and what we can expect looking to the future.

ROUND TABLE DISCUSSION:
MORE ON ECONOMICS

This round table discussion will be a continuation of Greg's presentation and will allow time for questions and answers.



MARTY MOSBY
MANAGING DIRECTOR, STIFEL FINANCIAL, ENTERPRISE RISK & MANAGEMENT ANALYTICS

SPEAKER BIOGRAPHY:

Marty Mosby joined Stifel through the merger with Vining Sparks in 2022. He has been a bank research analyst for over 10 years. He utilizes his past experience of managing a regional bank to cover 20 of the largest U.S. banks. Prior to covering banks, Marty was an executive manager at First Horizon National Corporation where over his 20-year career he served as Chief Financial Officer, Head of Investor Relations and Strategic Planning, ALCO Chairperson and Chief Economist. As CFO, Marty guided First Horizon through four years of Sarbanes-Oxley and directed the Treasury, Tax, Controller, M&A, Strategic Planning, and Investor Relations Departments. He was ranked first by Integrity Research and Investors' performance, won Bank Analyst Annual Best Investor Relations at a Mid-Cap Bank award twice and was recognized by Investor Relations Magazine for one of the best Roadshows of any mid-sized company. Marty holds a Master's degree in Economics from the University of Pennsylvania and a Bachelor's degree in Economics from the University of Memphis.

PRESENTATION:

FIVE CRITICAL STRATEGIC TRAPS THAT FACE U.S. COMMUNITY BANKS IN 2023

In his presentation Marty will highlight strategic traps that face the U.S. Community Banks in 2023 along with tips to avoid them.

ROUND TABLE DISCUSSION:

LET'S TALK LIQUIDITY

A discussion on access to liquidity and what challenges banks face.



NICK PODHRADSKY
EXECUTIVE VICE PRESIDENT, SBS CYBERSECURITY

SPEAKER BIOGRAPHY:

Nick Podhradsky is an accomplished cybersecurity professional, serving as the EVP of Business Development at SBS Cybersecurity. He is also well-known for hosting the popular monthly webinar series called "Hacker Hour," which focuses on educating and empowering community bank leaders to make informed cybersecurity decisions. Nick has over 15 years of extensive experience in partnering with community bankers to create efficiencies and visibility into the art of managing cyber risk. He holds a master's degree in educational technology from Dakota State University and is a Certified Banking Security Manager. Through his leadership, many organizations have been able to better protect their business and minimize the risk of cyber attacks.

PRESENTATION:

SOCIAL ENGINEERING: WHAT ARE BAD GUYS DOING NOW AND HOW TO STOP THEM

During his presentation, Nick will highlight sneaky and deceptive tactics hackers employ to get your data. He will also share practical tips you can implement immediately to avoid security compromises.



BRAD M. BOLTON
IMMEDIATE PAST CHAIRMAN ICBA, PRESIDENT, CEO AND SENIOR LENDER AT COMMUNITY SPIRIT BANK, RED BAY, ALABAMA

SPEAKER BIOGRAPHY:

Brad M. Bolton is the immediate past chairman of the Independent Community Bankers of America. Bolton is president, CEO, and senior lender for Community Spirit Bank in Red Bay, Ala.

Bolton serves in many leadership roles at ICBA. He is chairman of the ICBA Executive Committee and the board of directors. He is a member of ICBA's Federal Delegate Board and its Policy Development and Nominating committees. He is a member of ICBA's ThinkTECH Selection Committee and serves as the Executive Committee liaison to the Bank Services Committee.

Bolton has previously served on the board of directors as chairman of the Bank Education Committee and has also served on several other committees.

A second-generation community banker, Bolton is also active at the local level. He served as past chairman of the Alabama Young Bankers known as Leadership Community Bankers. He serves on the Legislative Committee of the Mississippi Bankers Association. He is an elected member of the Red Bay, Ala., City Council and is an appointed member of the Franklin County Community Development Commission. He previously served on the Atlanta Federal Reserve Board's Community Depository Institution Advisory Council.

Bolton has a Bachelor of Business Administration from the University of West Alabama. He is a graduate of the Barret School of Banking in Memphis, Tenn.

PRESENTATION:

ICBA UPDATE

During his time with South Dakota community bankers, Brad will give an update on ICBA priorities and key legislation.

ROUND TABLE DISCUSSION:

BANKER BANTER – HOT TOPICS IN OUR INDUSTRY

ICBA Past Chairman will lead discussions on hot topics in the banking world: FDIC regulation, IDEL Loophole, community banks vs. mega banks, and more!



JACK YOUNGBERG
VICE PRESIDENT OF LENDING, UNITED BANKERS' BANK

SPEAKER BIOGRAPHY:

Jack Youngberg is a Vice President of Lending. He has a Master in Business Administration degree from the University of South Dakota and a Bachelor of Arts degree from South Dakota State University. Jack joined United Banker's Bank in 2005 with extensive industry experience, including work as a regulator, risk manager, credit department manager and chief credit officer. Youngberg is an expert in bank stock lending.

Jack has taught lending and banking courses for the Minnesota Bankers Association, the American Institute of Banking, the South Dakota Bankers Association and the University of South Dakota.

PRESENTATION:
PARTICIPATIONS AND LIQUIDITY

Funding is becoming scarce and expensive for banks. During this presentation, Jack will highlight how banks can manage this through participations.



DALLAS MUNKUS
MANAGING DIRECTOR, ANALYTIC CONSULTING, RISK MANAGEMENT SOLUTIONS GROUP

SPEAKER BIOGRAPHY:

Dallas leads the Analytic Consulting function at RMSG and is responsible for business development and delivering impactful client engagements. He brings over 20 years of analytics and consulting experience, including custom and off-the-shelf credit scores, credit and alternative data, decision optimization, loss forecasting, customer retention, collections, staff forecasting and incentives, reporting, data management, and process engineering.

Dallas earned his Master's Degree in Applied Statistics and Bachelor's Degree in Computer Science from Kennesaw State University.

PRESENTATION:
HOW DATA, ANALYTICS, AND SCORING MODELS DRIVE PROFITABLE ORIGINATIONS

In Dallas' presentation, you'll learn how leveraging big data, analytics, and scoring models helps originate high-quality, profitable unsecured loans. This session will provide insight into a highly quantitative approach to lending that will prove valuable whether your bank already leverages similar methods or is considering a FinTech partnership to do so.



MIKE HINTON
PRESIDENT, PROAG

SPEAKER BIOGRAPHY:

Mike Hinton is currently President of ProAg Bankware Technologies and has over 34 years of agricultural lending experience. Prior to ProAg, Mike worked for the USDA Farm Service Agency (FSA) as the Director of the Farm Loan Portfolio Management Division in Washington DC. As the Director, he was responsible for overseeing the management and servicing of the Agency's \$22 billion guaranteed and direct farm loan portfolio. He has been on the Board of Directors for the Farm Financial Standards Council and a member of the Federal Reserve Bank of Kansas City's National Agricultural Credit Committee. He has earned both a Bachelor's and Master's degree from Purdue University in Agricultural Finance.

ROUND TABLE DISCUSSION:
NERVOUSNESS IN AG

During the 2023 ICBSD Black Hills Retreat, Mike will lead a discussion on real time issues in the ag industry.



JOHN PETERSON
EXECUTIVE VICE PRESIDENT, CHIEF MARKETING OFFICER

SPEAKER BIOGRAPHY:

John Peterson is an Executive Vice President and Chief Marketing Officer. He has a Bachelor of Science degree in Business Administration with an emphasis in Finance and Economics, in addition to a Bachelor of Science degree in Law Enforcement, all from Minnesota State University Mankato. John joined United Bankers' Bank in 2002 after working 16 years in retail bank operations, lending and branch management for First National Bank of Chaska, Minnesota and U.S. Bank. In his role as Chief Marketing Officer, Peterson oversees United Bankers' Bank's marketing, advertising and correspondent banking sales efforts throughout their 14 state territories.

ROUND TABLE DISCUSSION:
A STORY WORTH TELLING, MARKETING FOR BANKS

John will lead a discussion on how community banks can market themselves including best practices, innovation, what others are doing.



KEITH GRUEBELE ***EVP BHG FINANCIAL***

SPEAKER BIOGRAPHY:

Keith Gruebele is Executive Vice President, Institutional Relationships at BHG. In his role, he works to facilitate strategic partnerships with community banks, as part of BHG's growing bank network of almost 1,300. Keith's focus is not only on supporting BHG's current customer banks, but also in forging new partnerships across North Dakota, South Dakota, Montana, Wyoming, Idaho, Washington, Oregon and Arizona, where he is an active member of the state banking associations. With a philosophy of educating, not selling, Keith takes a consultative approach to partnerships. He dedicates himself to understanding his clients' pain points and opportunities, and then provides the knowledge and resources necessary to help them make informed decisions for their business. A problem-solver by nature, Keith's curiosity and drive make him a natural innovator, always looking for fresh, elegant solutions to old, complicated problems. As a seasoned leader with over 24 years of experience, Keith uses his expertise in communication and relationship-building to guide his Team and drive results. He strives to lead by example and is a passionate steward of BHG and the services the company provides to help people and improve lives every day.

Dedicated to continuous learning and self-improvement, Keith is a certified MBTI professional, and has been accredited for coaching, speaking and training by the renowned Les Brown Institute. He is also a graduate of the Tony Robbins Mastery University. Keith is active in his community in Plantation, FL where he co-chairs the Educational Committee for the Florida Chapter of the HFMA, and regularly contributes to the South Florida Business Journal. On a national scale, he is also a recurring contributor to the Forbes Business Development Council. Keith has been published in a multitude of publications and is frequently asked to contribute to podcasts where he shares his expertise in finance and leadership. Aside from his unending drive to succeed in my professional career, Keith enjoys motivational speaking, coaching people to awaken their maximum potential, supporting and volunteering with multiple charities, reading, cooking, fine wine and dining, CrossFit, music, boating, and time with his loved ones.

ROUND TABLE DISCUSSION:

CANDID ABOUT WORKPLACE CULTURE

Workforce retention is at the forefront of everyone's minds! During the 2023 Black Hills Retreat, Keith will lead a discussion on retaining employees and creating an environment where employees thrive.

ICBSD

INDEPENDENT COMMUNITY BANKERS
OF SOUTH DAKOTA

APPLY TODAY!

\$1,000 Scholarship for Students of Community Bankers

The ICBSD is offering ten, \$1,000 scholarships for high school seniors or post-secondary students for the 2023-2024 academic year attending a SD college or technical college.

**APPLICATIONS WILL BE ACCEPTED
AUGUST 1, 2023 - OCTOBER 2, 2023**

Open to high school seniors or college students who are the children or grandchildren of an ICBSD member bank employees or has been employed/interned at an ICBSD member bank.

Apply today at:

[ICBSD.com/scholarship](https://www.icbsd.com/scholarship)

SECURING YOUR DATA: Advice From An Award-Winning Cybersecurity Team



– **BHG Financial**, an ICBSD Preferred Partner

Technology continues to insinuate itself into almost every facet of our daily lives, whether it is personal or work-related. As a result, protecting data privacy has become increasingly more relevant to every consumer and business. In 2022, 422 million people were affected by data breaches at U.S. companies at an average of 4.8 breaches per day. Stolen data included bank account numbers, medical histories, Social Security numbers, and more. Personal data is continuously being collected, shared, or sold, so it is crucial that everyone understands how to protect it.

In today's world, it is incumbent upon companies to ensure they have the information security protocols in place to protect customer data and electronic assets from the growing global threat of hackers. This requires a keen focus on increasing the adoption of new technological innovations and following industry-best practices in the evolving world of cybersecurity.

Companies with an established history of successfully safeguarding electronic data often share similar characteristics, such as:

- A significant investment in people and technological resources
- Executive leadership that has demonstrated its mission to make information security and data privacy top priorities
- Next-generation firewall and encryption technology to protect internet connections and Wi-Fi networks
- Best-in-class security software installed and updated automatically

- Industry certifications and acknowledgments that appropriate security controls are in place to protect the confidentiality, integrity, and availability of all data assets

BHG Financial is a noteworthy financial services provider that has earned recognition for its exceptional cybersecurity capabilities. The company boasts a team of seasoned cybersecurity professionals who have been recognized for their outstanding contributions to the industry. In this article, we will be sharing insights from BHG Financial's cybersecurity experts on simple yet critical tasks that businesses should not overlook.

In acknowledgment of its dedication to cybersecurity, BHG and its Information Security Team recently received several industry accolades. First, it was honored with a 2022 Fortress Cyber Security Award for organizational excellence. In addition, the company has been certified SOC 2® Type 2 compliant in accordance with standards set forth by the American Institute of Certified Public Accountants. SOC for service organizations is a compliance standard which demonstrates that BHG Financial is safeguarding customer data throughout its services and is meeting standards for strong operational effectiveness.

SECURITY TIPS TO PROTECT YOUR DATA FROM BHG FINANCIALS' SECURITY TEAM

- In the spirit of driving awareness about the importance of being cyber-aware,

and to help you protect the integrity of your data, here are some simple tips not to be overlooked: Avoid uploading sensitive or confidential data (personal or customer account information, Social Security numbers, etc.). If you must, all information should only be uploaded to a trusted, secure source or database.

- Be aware of any suspicious emails and do not click on unfamiliar embedded links. Be especially wary if an email contains misspelled words within the body and/or subject line of the message. Other suspicious indicators include unfamiliar email domains or enticements to act or respond immediately. Report these emails to your organization's IT Support team right away.
- Lock your screen when you are away from your desk to prevent others from accessing sensitive information.
- Beware of public Wi-Fi. It can expose your data to scammers monitoring internet activity. It also greatly increases the risk of malware being transferred to your devices. If you must access a public Wi-Fi network, use a virtual private network (VPN) to add a helpful layer of security.
- Find out if your personal information has been targeted in a data breach. It is quick and quite easy to do. Simply enter your email or phone number at <https://haveibeenpwned.com/>. The system will respond almost immediately, detailing when and where your data was breached.
- Before disposing of old IT equipment, ensure no personal data remains on the system. Consider hiring a specialist to wipe the data from the device or use deletion software such as BitRaser File Eraser or File Shredder.



YOUR ROLE IN DATA PRIVACY

Cybersecurity is everyone's business. With a little discipline and practice, protecting the integrity of your data can become second nature. Nobody wants to be the person who accidentally downloads malware onto their company's systems, or who leaves their online banking credentials vulnerable to external threats. Following and regularly repeating a few simple security protocols is well worth the time to remain cyber safe at home and at the office.

¹Source: <https://explodingtopics.com/blog/data-privacy-stats>

²Source: <https://www.bintelligence.com/blog/2022/6/7/100-named-in-2022-fortress-cyber-security-awards>

A STEADY HAND AS THE INDUSTRY EVOLVES

LISA HOCHHALTER
LEAD ADVANTAGE SPECIALIST, THE ADVANTAGE NETWORK



No one works alone in a network. This is especially true for Lisa Hochhalter, lead Advantage specialist for The Advantage Network.

The Advantage Network provides electronic funds transfer (EFT) solutions to financial institutions across South Dakota, Minnesota, North Dakota, Nebraska and Iowa. In the past 33 years, Lisa has seen all sides of the financial business and built countless relationships in her personal and professional network.

Lisa began her career path at Southwest Minnesota State University studying business with a concentration in finance. She worked at First National Bank between her junior and senior year and was eager to apply for whatever positions became available. This led her to Advantage and the opportunity to work with evolving financial technology.

“The industry keeps changing,” says Lisa. “Every day when I come to work, there are new challenges to address.”

Lisa cites the example of contactless cards and mobile wallets, which have changed how we think about payments and the conveniences that come with them. In addition, she is particularly passionate about new debit card alert systems that can be customized for functions such as tracking spending habits and delivering personalized insights.

“There’s a lot to offer in terms of new tools and systems,” says Lisa. “By introducing these innovations to our institutions, we can give them something out of the norm to offer their customers.”

GETTING TO THE BOTTOM OF A CHALLENGE

As lead Advantage specialist, Lisa also does a lot of troubleshooting and research, helping Advantage member financials and their core processors with any challenges — technological, procedural or otherwise. She values the trust her peers place in her.

“I enjoy when people come to me with a problem,” says Lisa. “I like to dig into the nitty gritty of a challenge and get to the bottom of it.”

Getting to the bottom of things extends to Lisa’s personal interests as well. She enjoys genealogy research and has built family trees for her side of the family and her husband’s, dating all the way back to the 1700s.

ADVOCATING FOR COMMUNITY BANKING

As a member of the ICBSD family, Lisa knows the importance of membership and advocating for the community banking industry.

“Independent community bankers are our niche too,” says Lisa. “The Advantage Network and ICBSD are a good fit for each other. We want to remain small and personal but still maintain the latest technology out there.”

She offers this bit of wisdom to her fellow bankers and peers:

“Don’t give up. When the going gets rough, be strong. Keep inquiring and figuring it out,” says Lisa. “Sometimes, big core processors have a way of shutting down one small community bank’s concerns or requests. But I think you always need to stand strong and fight for what you know is a legitimate request or upgrade.”



Pictured above: Lisa’s husband, Barry, daughter, Mackenzie, and son, Austin.

Pictured above: The Advantage Network team: back – Adam, Teresa, Matthew front – Jayne, Lisa, Karen

LENDING AND TRUSTS: Recent Decision Leaves Bankers Feeling Uncertain



KALEN FRERICKS

– Davenport Evans, an ICBSA Preferred Partner

In February, the South Dakota Supreme Court injected uncertainty into lending transactions involving trust assets when it rejected a lender's efforts to foreclose on trust property pledged as collateral for a loan. In *Plains Commerce Bank, Inc. v. Beck*, the Court upheld a spendthrift provision where a beneficiary, who was also the trustee, pledged trust assets as collateral for a personal loan. As explained below, this decision may have substantial impacts on whether and how lenders extend credit secured by trust assets in the future.

BACKGROUND

In 1999, Gary and Betty Beck executed a Trust Agreement thereby creating B&B Farms Trust ("Trust"). Gary and Betty were the grantors and primary beneficiaries of the Trust. Their three children were the secondary beneficiaries. One of those children, Matthew, was also named Trustee. The Trust was an irrevocable spendthrift trust, meaning it could only be terminated in specific circumstances and, among other things, restricted the ability of creditors to reach trust distributions. The Trust Agreement did not allow the trustee to self-deal or provide for a means for the beneficiaries to permit the Trustee to do so.

In 2015, Matthew sought a large personal loan with Plains Commerce Bank ("PCB") to be secured, in part, by a mortgage on \$800,000 worth of the Trust's real property. Prior to approving the loan,

PCB obtained a Certificate of Trust outlining the powers of Matthew as Trustee. Significantly, PCB also had a copy of the actual Trust Agreement. Although the Certificate of Trust provided Matthew, as Trustee, had broad authority to act on behalf of the Trust, the spendthrift provision limited a beneficiary's power to encumber trust assets. To induce PCB to extend the loan to Matthew, all beneficiaries of the Trust signed consents permitting him to mortgage the trust property. Matthew pledged the \$800,000 in collateral with the representation it reflected his future interest in the trust property as a beneficiary. Matthew signed the mortgage of the trust real estate in his capacity as Trustee, although the promissory note was entered into by Matthew and his wife in their individual capacities. Matthew and his wife used some of the loan proceeds to pay off existing mortgages on the Trust property.

A few years later, Matthew and his wife defaulted on the loan and Plains Commerce commenced a foreclosure action. Matthew's sister Jamie, a fellow secondary beneficiary, intervened on behalf of the Trust and the lower court appointed her as Trustee in Matthew's place. As Trustee, Jamie was charged with defending the best interests of the Trust and its beneficiaries, although a different bank was later named Successor Trustee. Jamie claimed the mortgage



ANTHONY HOHN

on the Trust land was void and unenforceable. The circuit court agreed and entered summary judgment for the Trust, thereby resulting in an appeal to the South Dakota Supreme Court.

THE SUPREME COURT'S DECISION

The Supreme Court addressed several issues pertinent to lending transactions involving trusts and trust property. Those issues are summarized below.

1. Did Matthew have authority under the Trust Agreement or from the consents signed by the beneficiaries to mortgage trust property to obtain a personal loan?

The Court held that Matthew did not have authority under the Trust Agreement to pledge trust property for a personal loan. Matthew's use of the \$800,000 of trust property as collateral for the loan represented the value of the one-third share he expected to inherit as a beneficiary. However, the spendthrift provision unambiguously barred beneficiaries from encumbering trust property for personal debt. Although Matthew might have been granted certain powers as Trustee, the use of his one-third expected inheritance was an action that he took as a beneficiary. The Court concluded that as a beneficiary, he had no such power under the terms of the Trust Agreement

Similarly, the consents signed by the beneficiaries were insufficient to give Matthew the authority to mortgage trust property to obtain a personal loan. The Court held that although the beneficiaries consented to Matthew's self-dealing as the Trustee, the spendthrift provision prevented the beneficiaries



from consenting to Matthew's self-dealing as a beneficiary. The Court noted that "[s]elf-dealing by a trustee and a beneficiary encumbering an anticipated future interest in a trust are not synonymous actions, and spendthrift provisions, like the one here, limit the type of self-dealing transactions by a trustee who is also a beneficiary that might otherwise be authorized" under the South Dakota statute providing for a limited exception to the prohibition on trustee self-dealing.

Ultimately, Matthew's use of his expected one-third inheritance was done as a beneficiary, and neither the Trust Agreement nor the consents from the beneficiaries authorized Matthew to encumber trust assets in that capacity.

2. Did the signed consents alter the trust agreement?

The Court held that the language of the consents signed by the beneficiaries did not alter the Trust Agreement or, specifically, the spendthrift provision contained in the Trust Agreement. Instead, the consents, by their express terms, applied only to the single loan transaction and not to the Trust Agreement itself. The Court noted the absence of any language in the consents that the grantors of the Trust, Gary and Betty, intended to alter the spendthrift provision contained in the Trust Agreement.

3. Could Plains Commerce rely on the Certificate of Trust as authority for Matthew to mortgage trust property?

Under South Dakota law, "a certificate of trust is conclusive proof as to the matters contained in it and any party may rely upon the certificate, except a party who has actual knowledge of the facts to the contrary." SDCL 55-4-51.1. PCB and its legal counsel reviewed the Trust Agreement prior to the loan being approved, and even undertook efforts to create Matthew's

authority to enter into the transaction through the execution of the consents. Because PCB had actual knowledge that the Trust Agreement did not allow Matthew to mortgage trust property to secure Matthew's personal loan, PCB could not rely on the Certificate of Trust, which asserted Matthew had much broader authority as Trustee than he actually possessed.

4. Did the Trust Agreement authorize Matthew, as Trustee, to mortgage trust property if the loan proceeds were partially used to satisfy trust debt?

Matthew was not authorized to mortgage trust property because the debt actually secured by the mortgage was not a debt of the trust or a debt secured by trust property at the time of creation of the trust. The Trust Agreement acknowledged that the trust's real property could be mortgaged to secure either debts of the trust or debt secured by the real property at the time of creation of the trust. However, here, neither party contended that this debt fell into either of those two categories. Rather, both parties acknowledged that the debt secured by PCB's mortgage was not a debt of the trust but was the personal debt of Matthew and his wife. Although proceeds from the mortgage were partially used to pay off debts of the trust and the family farm, this commingling of funds did not obligate the trust property when, by its own terms, the mortgage only secured Matthew's personal debts.

TAKEAWAYS

There are lessons to be learned from the Court's decision. For one, if PCB had not reviewed the Trust Agreement, under South Dakota law, it could have theoretically relied on the Certificate of Trust in good faith to enforce the transaction. PCB would have had no "actual knowledge" of the spendthrift restrictions contained in the Trust Agreement, which prevented Matthew from encumbering trust assets. Had PCB only relied on the Certificate of Trust, this case might have turned out differently. Instead, the Court essentially said PCB knew too much about the



Jon Brown's Fields

limitations contained in the Trust and its efforts to create Matthew's authority to enter into the lending transaction were insufficient.

Further, the Court's holding on the insufficiency of the signed consents may cause a lender to question whether a written consent signed by all beneficiaries and the grantors is an effective means of authorizing a certain transaction, particularly when the trust contains a spendthrift provision. The answer may very well be that the entire trust agreement will need to be modified in accordance with applicable law prior to the transaction being finalized. At the very least, consents should include specific language modifying the actual Trust Agreement and the pertinent portions thereto, such as the spendthrift provision, to avoid a finding that the consents only authorize the transaction at issue and do not amend the actual trust instrument.

For safety and soundness purposes, many lenders have loan documentation and underwriting

procedures that require due diligence and documentation commensurate with the risk and dollar amount of the loan being sought. For example, some lenders require trust borrowers to provide their trust agreements to the lenders prior to advancing a loan. However, noting the outcome in *Plains Commerce*, lenders should consider whether they should limit their analysis to a review of the certificate of trust. In doing so, a lender should be able to rely on the certificate of trust per SDCL 55-4-51.1. If a lender believes it may have actual knowledge of a spendthrift or other provision contained in a trust agreement, a prudent lender should strongly consider having qualified legal counsel examine the trust agreement prior to extending credit.

DAVENPORT EVANS ANNOUNCES EIGHT 2023 SCHOLARSHIP RECIPIENTS

Davenport Evans has announced its 2023 scholarship recipients. For over 35 years, the firm has awarded eight annual scholarships totaling \$20,000 to be used at institutions of higher learning in the state of South Dakota. Scholarships are awarded through the Sioux Falls Area Community Foundation.

“The firm recognizes that our best and brightest high school seniors are the future of South Dakota and key to growing our economy,” explained Davenport Evans lawyer Vince Roche. “That’s a primary reason why we are committed to encouraging those students to attend one of our fine in-state institutions of higher learning, with the hope that some of them will ultimately put down roots in a local community.” Davenport Evans lawyer Mitch Peterson was, himself, a past Davenport Evans scholar!

Congratulations to each of the following Davenport Evans Scholars:

- Grace Barnett, O’Gorman High School, planning to attend South Dakota State University
- Kennadi Engel, Roosevelt High School, planning to attend Augustana University
- Amber House, Brandon Valley High School, planning to attend Augustana University
- Elizabeth Johnson, West Central High School, planning to attend the University of South Dakota
- Chase Jones, Dell Rapids High School, planning to attend South Dakota State University
- Payton Pickering, O’Gorman High School, planning to attend University of South Dakota
- Sanjeev Shyam, Roosevelt High School, planning to attend Augustana University
- Allie Weber, Roosevelt High School, planning to attend South Dakota State University



Grace Barnett
O’Gorman High School



Kennadi Engel
Roosevelt High School



Amber House
Brandon Valley High School



Elizabeth Johnson
West Central High School



Chase Jones
Dell Rapids High School



Payton Pickering
O’Gorman High School



Sanjeev Shyam
Roosevelt High School



Allie Weber
Roosevelt High School

UNITED BANKERS' BANCORPORATION, INC. WELCOMES NEW BOARD MEMBER RICH JONES



BLOOMINGTON, MN – Jae Evans, Chairperson of United Bankers' Bancorporation, Inc., is pleased to announce the election of Rich Jones to the United Bankers' Bancorporation, Inc. (UBBI) and United Bankers' Bank (UBB) Boards of Directors.

Rich Jones has been the President and CEO of the Randall State Bank since August 2013. He has more than 17 years of experience in the banking industry, including senior bank management. He has served as the Randall Area Business Group president and sits on the board of directors for the Brainerd Amateur Hockey Foundation.

"We are honored to welcome Rich to the UBBI board and UBB family. His experience and community involvement make him a great fit with the culture and core values of UBB," commented Dwight Larsen, President, and CEO of United Bankers' Bank.

About United Bankers' Bank

Headquartered in Bloomington, MN, United Bankers' Bank is the nation's first bankers' bank and a full-service provider of correspondent banking services serving over 1,000 community banks from the West

Coast to the Great Lakes and South Atlantic. For more information, please visit www.ubb.com.

CONGRATS TO ANN BUCKMILLER RELIABANK, DIRECTOR OF COMPLIANCE, NAMED ONE OF ICBA'S 40 UNDER 40.



UNITED BANKERS' BANK PROMOTES KAREN VON GUTEN TO VP, USOURCE MANAGER

BLOOMINGTON, MN – Dwight Larsen, President and CEO of United Bankers' Bank (UBB), is pleased to announce the promotion of Karen Von Guten to Vice President, USource Manager effective May 2.

In her role, Von Guten will lead the USource team while continuing to provide human resources consulting to USource customers.

Von Guten has served UBB's USource team since 2012. Prior to joining UBB, Karen worked in various industries, accumulating over 30 years of Human Resource generalist and management experiences. She holds a Bachelor of Arts degree (Magna Cum Laude - Phi Kappa Phi honors recipient) in Business Administration with a concentrations in Human Resources Management and Marketing from Minnesota State University, Mankato and is a certified SHRM-SCP (Society of Human Resources Management – Senior Certified Professional).

"Karen has cultivated lasting relationships with our USource customers by providing the best service possible. We know she will continue to be an asset to UBB in her new role," commented John Peterson, EVP, and Chief Marketing Officer.



About United Bankers' Bank

Headquartered in Bloomington, MN, UBB was established in 1975 and is the nation's first bankers' bank. For more than 47 years, they have placed the needs and success of their community bank customers first. UBB is a full-service bankers' bank providing a comprehensive suite of correspondent banking services to over 1,000 financial institutions throughout the US. For more information, please visit www.ubb.com or follow us on LinkedIn or Facebook.

THE HOPKINS FAMILY OF CORTRUST BANK WAS NAMED AS THE RECIPIENTS OF THE 2023 HERITAGE AWARD.

This year's Heritage Award was presented to the Hopkins Family of CorTrust Bank. CorTrust was founded in 1930, and ownership and leadership includes second generation Boyd and Dody Hopkins. Third generation includes Jack Hopkins, president and CEO, and Todd Hopkins, CorTrust mortgage president – both based in Sioux Falls. Fourth generation leadership includes McKinzie Hopkins, senior vice president, who is based in the Twin Cities.

The purpose of the Prairie Family Business Association is to help family businesses thrive through generations. By living out their purpose, each year they present the Heritage Award to a business that is 75 years old or older.



DYLAN S. CLARKSON HAS BEEN NAMED TO THE NATIONAL COMMUNITY DEPOSITORY INSTITUTIONS ADVISORY COUNCIL

Dylan S. Clarkson, President and CEO of Pioneer Bank & Trust, has been named to the national Community Depository Institutions Advisory Council, which meets directly with the Board of Governors of the Federal Reserve, including its Chair, Jerome Powell.

"I am honored to serve at the national level, in a similar role to the work we do in the 9th District," commented Clarkson. "Community banks are the financial life-blood of this country. It is a privilege to have a seat at the table, representing our region and meeting directly with the Fed."



BANKWEST AWARDS SCHOLARSHIPS TO AREA STUDENTS

PIERRE – BankWest Chairman, President and CEO Charles H. Burke III recently announced the awarding of 21 BankWest Scholarships to students from across South Dakota for the 2023-24 school year. Students will each receive a \$1,500 scholarship to pursue post-secondary education at a school of their choice.

“Investing in students is vital because they are the future leaders, innovators, and problem-solvers who will shape the future of South Dakota,” Burke said. “By providing them with the necessary resources and support, BankWest is empowering them to achieve their full potential and make meaningful contributions to society.”

BankWest has awarded \$547,500 in academic scholarships during the past 30 years. Burke said 62 students applied for this year’s scholarships. The BankWest Scholarship program recognizes outstanding achievement by student account holders at BankWest. Students receiving \$1,500 BankWest Scholarships include:

- **Iris Anderson**, daughter of Ronald and Melissa Anderson of Mitchell, is a freshman at Columbia University where she is studying biology and psychology.
- **Hattie Baldwin**, daughter of Jason and Deide Baldwin of Pierre, is a senior at T.F. Riggs High School. She plans to attend Chadron State where she will study human biology.
- **Tyrus Bietz**, son of Jason and Jennifer Bietz of Scotland, is a senior at Scotland High School. He plans to attend South Dakota State University where he will study aviation education.
- **Isabella Brouwer**, daughter of Heath and Jessica Brouwer or Armour, is a senior at Dakota Christian High School. She plans to attend South Dakota State University where she will study pre-physical therapy.
- **Taylor Even**, daughter of Don and Lisa Even of Burke, is a senior at Burke High School. She plans to attend South Dakota State University where she will study pre-veterinary medicine.
- **Morgan Gill**, daughter of Brent and Charli Gill of Colome and Tish Gill of Wood Lake, NE, is a senior at Colome High School. She plans to attend Dakota Wesleyan University where she will study criminal justice and forensics.
- **Landon Hepker**, son of Ann Hepker of Onida and Brent Hepker of Newcastle, WY, is a senior at Sully Buttes High School. He plans to attend South Dakota State University where he will study sports and recreation management.
- **Hannah Hetland**, daughter of Paul and Deanna Hetland of Mitchell, is a junior at South Dakota State University where she is studying Spanish and global studies.
- **Lydia Hill**, daughter of Jody and Cherie Hill of Onida, is a senior at Sully Buttes High School. She plans to attend South Dakota State University to study agricultural broadcasting and journalism.
- **Sadie Kludt**, daughter of Todd and Heidi Kludt, is a senior at Mitchell High School. She plans to attend South Dakota School of Mines where she will study chemical engineering.
- **Preston Koster**, son of Dean and Bonnie Koster of Armour, is a senior at Armour High School. He plans to attend the University of Kansas where he plans to study human biology.
- **Isabella Lambert**, daughter of David and Virginia Lambert of Mitchell, is a freshman at Missouri State University where she is studying communications.
- **Micah Leonard**, daughter of Jerry and Mira Leonard, is a senior at Armour High School. She plans to attend Wayne State College where she will study skilled and technical sciences education.
- **Luke Murray**, son of Michael and Colleen Murray of Gregory, is a freshman at Lake Area Technical College where he is studying aviation maintenance technology.

- **Vy Nguyen**, daughter of Mai Khuu and Joe Nguyen of Gregory, is a senior at Gregory High School. She plans to attend Augustana University where she will study biology.
- **Zach Rotert**, son of Mike and Melanie Rotert of Potter, NE, is a senior at Potter-Dix High School. He plans to attend South Dakota State University where he will study aviation education.
- **Angela Rowse**, daughter of Lealan and Cheri Rowse of Ft. Pierre, is a senior at T.F. Riggs High School. She plans to attend Northern State University where she will study business administration.
- **Grace Sargent**, daughter of Doug and Trish Sargent of Pierre, is a senior at Stanley County High School. She plans to attend South Dakota State University where she will study ag communication and ag leadership.
- **Kyra Wallace**, daughter Boyd and Sara Wallace of Pierre, is a senior at T.F. Riggs High School. She plans to attend South Dakota State University where she plans to study biochemistry.
- **Katelyn Welker**, daughter of Dewayne and Laura Welker of Winner, is a freshman at Concordia University where she is studying biology with an emphasis in radiation technology.
- **Jordan Zirpel**, daughter of Chris and Katie Zirpel of Kennebec, is a freshman at Dakota State University where she is studying elementary education.

CONGRATULATIONS 2023 SCHOLARSHIP RECIPIENTS

Each of these students was awarded a \$1,500 BankWest scholarship. Congratulations to these fine students and all the exceptional students who applied for a BankWest scholarship. It is an honor to support the educational pursuits of such talented individuals.



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Iris Anderson
Mitchell



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Tripp



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Armour



Taylor Even
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Morgan Gill
Colome



Landon Hepker
Onida



Hannah Hetland
Mitchell



Lydia Hill
Onida



Sadie Kludt
Mitchell



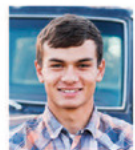
Preston Koster
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Luke Murray
Gregory



Vy Nguyen
Gregory



Zach Rotert
Potter, NE



Angela Rowse
Fort Pierre



Grace Sargent
Pierre



Kyra Wallace
Pierre



Katie Welker
Hamill



Jordan Zirpel
Watertown



BANK TRAINING WEBINARS

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- 6-Jul Powers of Attorney & Deposit Accounts: Variations, Permissions, Red Flags, Multiple Signers
- 6-Jul Accounting Foundations for Lenders
- 11-Jul Strategic Planning for Community Banks
- 12-Jul Handling Trusts & Other Fiduciary Accounts
- 13-Jul Website Compliance: Best Practices & Common Issues
- 13-Jul Successful Skip Tracing Techniques for Locating Borrowers & Recovering Collateral
- 18-Jul Call Report Preparation: Avoiding Common Errors
- 18-Jul Unpacking Adverse Action Requirements
- 20-Jul BSA Overview for Non-Transactional & Support Staff
- 20-Jul Treasury Management: A Powerful Tool to Increase Deposits & Fee Income
- 25-Jul Proven Steps to Successful Business Development: Prospects, Scripts, Overcoming Objections & Measuring Performance
- 26-Jul New Rules Impacting 7a Lending & SBA Update
- 27-Jul OFAC & Reg E Compliance with FedNow & RTP Payments
- 31-Jul Opening Nonprofit Accounts Compliantly

- 1-Aug Old-School Check Fraud; New RDC Tricks
- 2-Aug IT Audit Options: How to Choose the Right One for Your Institution
- 3-Aug Marijuana Policy & Best Practices: Handling Employee Medical & Recreational Use
- 8-Aug What Reg E & the Nacha Rules Mean to You, Including Dealing with Discordant Rules
- 8-Aug Auto Loan Delinquencies: Reducing Defaults & Maximizing Recoveries
- 9-Aug Force-Placed Auto & Mortgage Insurance: Placement, Management, Guidance
- 15-Aug Working with Troubled Loans: Extensions, Deferments, Re-Aging, Refinancing & Incentives
- 17-Aug Measuring the ROI of Your Digital Marketing Strategy
- 17-Aug Job-Specific Compliance Training for Deposit Operations
- 22-Aug Workout & Liquidation of an SBA Loan
- 23-Aug SARs & Cyber Crimes
- 24-Aug Debit Card Payment Fundamentals
- 29-Aug The Green Book & Government Payments Explained
- 30-Aug Five Steps for E-SIGN Compliance
- 31-Aug Record Retention & Destruction Policy & Timeframes

- 5-Sep ACH & P2P Payments: Perils & Protections
- 6-Sep Regulation CC for Tellers
- 7-Sep ECOA & Fair Lending: Examiner Hot Buttons
- 12-Sep ACH Return Reason Codes: Commonly Used & Misused Codes
- 13-Sep HMDA Part 1: Application Basics
- 13-Sep Countdown to New Beneficial Ownership Rules: Effective January 1, 2024
- 14-Sep Your Consumer Borrower Filed Bankruptcy, Now What? Chapters 7 & 13
- 18-Sep New Third-Party Risk Management Guidance
- 19-Sep Traditional & Roth IRAs Part A: Eligibility, Contributions, Rollovers & Transfers
- 20-Sep Business Accounts: Setup, Management & Authority
- 21-Sep BSA for Operations Personnel
- 25-Sep Top ACH Audit Findings & Tips to Avoid Them
- 26-Sep Understanding CAMELS Components & Risk
- 27-Sep Community Reinvestment Act: Fundamentals, Documentation & Proposed Rule Changes
- 28-Sep Lending to Nonprofit Organizations

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x



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