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Village Bank begins leadership transition

Aleesha Webb commits to independence, growth

ICBM's Amundson testifies at capitol

Community banks vital to rural Minnesotans

FDIC insurance reserve ratio eclipsed

ICBA advocates for timely return of DIF credits

Making Change

HomeTown Bank invests big in financial literacy at Shakopee High

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about this issue

Welcome to the inaugural edition of IMPACT, your quarterly membership magazine. Community banks are the engines of local economies and IMPACT aims to tell the story of community banking as it unfolds across the state. In this issue, we tell how HomeTown Bank has partnered with a local school district to help young people learn the financial basics to achieve success. Our feature is provided through a sponsorship by Shazam.



feature

HomeTown Bank has entered into a unique financial literacy initiative with Shakopee High School that includes an on-campus "teaching" branch.

News & Notes

ICBM elects board members, IRS provides favorable ruling for Sub S banks, Fiserv merges with payments processor, personnel changes around the state, and more.



Twin Cities community bank enters new phase of leadership

Aleesha Webb returns to family-owned Village Bank with plans to grow and a renewed commitment to keep the bank independent.

On the Cover: From left: Tim Grabow, president/CEO of HomeTown Bank; Heather Meyers, personal banker/educator; and Lynn Lambrecht, operations manager, with Sarah Jordan, Business & Entrepreneurship Academy Principal at Shakopee High School.

ICBM

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Jim Amundson
ICBM President/CEO

Our unique mission is to promote the independence and growth of community banks and the impact they have on their communities.

What makes us different?

When I was a community banker, I was often asked what made my community bank different from credit unions or the nationwide banks. We all offer a similar menu of products and services; we all support community organizations; and, financial institutions seem full of Minnesota-nice people.

You know what makes us different, just as I do. It's our business model. We do more for our community than any other kind of financial institution. How so? First — this one often surprises lawmakers — we pay the taxes that fund our infrastructure, and our local and federal governments. That's how we're different from credit unions. How about the nationwide banks? The capital connected to a community bank — the deposits, loans, wages, and bank earnings — stays in local communities almost entirely. Nationwide banks, on the other hand, largely extract capital from local areas.

Now, I want to extend this concept to your community bankers association. Like you, we are different: Our unique mission is to promote the independence and growth of community banks and the impact they have on their communities.

I recently had the opportunity to testify before the House Commerce Committee where other state associations representing financial intuitions also testified. While one group spoke to the adverse effects of federal regulation on community banks, the information shared in their introduction to the Minnesota banking industry concerned me. On slides focused on deposit market-share, they informed lawmakers that Wells Fargo and U.S. Bank have 31.30 percent and 31.32 percent

deposit market-share, respectively. The “rest of banks” have “3.5 percent or less” deposit market share, they reported. They also shared that charters have consolidated by more than 200, to some 297 state-chartered banks.

The data is factual; I take no issue with that. The problem I see is the lack of information about the **SIGNIFICANCE** of community banks for the state, and what it means to lose community banks. What was a takeaway for lawmakers? That community banks are not important players in serving Minnesotans. All that's left is the big guys and the “rest of banks.”

We cannot allow ourselves to be perceived or defined by lawmakers (or anyone else) as irrelevant. If we do, then so it shall be. We owe it to our employees, to our customers and communities, and to ourselves to work tirelessly for the success of this unique industry. That means we — as individuals — must go and share with lawmakers the stories of community banks' impact. They need to see that we're not a footnote in the lives of our customers or the liveliness of our communities.

Many community bankers were in St. Paul for our Day at the Capitol on Feb. 21. Thank you to those of you who made the time to attend. Now, we're looking ahead to the ICBA Washington Policy Summit on April 28 - May 1. It is your single best opportunity to meet face-to-face with your federal lawmakers and to counter the perception that you can be overlooked. Join us on the trip and make sure your representatives in Congress know that we are indispensable to the vibrancy of the state of Minnesota. ■



Lon Rylander
ICBM Chair and President
CEO First State Bank of Ashby

Minnesota has a long history of independent, community bank advocacy and community bank service to families, farms and small businesses.

Lawmakers want to know your industry perspectives

Within the first three full weeks of session, lawmakers have asked twice for the perspective of Minnesota community bankers.

ICBM testified before the Senate Agriculture, Rural Development, and Housing Policy Committee on January 15, and before the House Commerce Committee on January 29.

I want to highlight what Senate lawmakers heard from your community bankers association about Minnesota community banks' investment in rural areas, and about their support for the ag economy. The following is an edited version of the testimony given by Jim Amundson, ICBM's president and CEO, on behalf of our state's community banks:

"ICBM is proud to have 220 community banks in our membership. Our members have nearly 600 bank locations in Minnesota and provide over 24,000 jobs statewide. Minnesota holds the third largest number of community banks in the nation behind Illinois and Texas.

"Minnesota has a long history of independent, community bank advocacy and community bank service to families, farms and small business. In fact, Minnesota has nearly 200 bank charters that are more than 100 years old; this is truly remarkable when you consider all that has happened over the last century or more.

"I am thankful the committee is seeking input from community banks as we do play a major role in rural economic development — both in Minnesota and in the nation. Nationwide, community banks comprise 99 percent of all banks and we provide more than 60 percent of all small

business loans and more than 80 percent of agricultural loans. We do so very effectively as well. According to the Federal Reserve's Small Business Credit Survey, 73 percent of independent businesses that used community banks report they were satisfied with the overall experience, compared with 49 percent for large banks and 35 percent for online lenders.

"As you all know well, rural economic development is complex and faces many challenges. However, I'd like to make one thing clear. I don't believe access to capital is one of the challenges. The community banking industry in Minnesota is strong, healthy, well-capitalized and ready to provide funding to families, farms and small businesses.

"There is so much interconnectivity between what happens on the farm and what happens in the community. Therefore, we believe any conversation in state government and federal government about rural economic development must have agriculture at the top of the list."

While Jim shared many issues facing rural Minnesota, he emphasized that the Senate should seek to support expanding child care service, developing the workforce and building broadband networks.

The opportunity to testify is a signpost of the hard work done by ICBM's government relations team to make inroads with lawmakers and their staff. It also signifies one of our greatest advantages: Community banks' sterling reputation. ■

calendar

upcoming ICBM events

MARCH

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Tuesday, March 5
Associate Member Meet Up
ICBM Headquarters in Bloomington

Thursday, March 14
Technology Network
ICBM Headquarters in Bloomington

Monday-Friday, March 18 – 22
ICBA Live
Nashville - Music City Convention Center

Tuesday, March 19
ICBA Live – Minnesota Reception
*Kitchen Notes, Omni Nashville Hotel
5 - 7 pm*

Tuesday, March 26
HR Network
ICBM Headquarters in Bloomington

Thursday, March 28
Marketing Network
ICBM Headquarters in Bloomington

Tuesday, April 9
Associate Member Meet Up
ICBM Headquarters in Bloomington

Tuesday, April 9
Endorsed Provider Round Table
ICBM Headquarters in Bloomington

Tuesday, April 16
CCO Network
ICBM Headquarters in Bloomington

Wednesday, April 17
CCO Network
Mankato

Thursday, April 18
CCO Network
Alexandria

Wednesday, April 24
CONNECT COMMUNITY BANKING EXPO
DoubleTree Hotel, Bloomington

Sunday-Wednesday, April 28 – May 1
ICBA Capital Summit
Washington, D.C.

Tuesday, May 7
Associate Member Meet Up
ICBM Headquarters in Bloomington

Tuesday, May 7
Compliance Forum
ICBM Headquarters in Bloomington

Wednesday, May 8
Compliance Forum
Worthington

Tuesday, May 14
Compliance Forum
Rochester

Wednesday, May 15
Compliance Forum
Long Prairie

Thursday, May 16
Compliance Forum
Perham

Tuesday, May 21
CEO Network
Mankato

Wednesday, May 22
CEO Network
St. Cloud

Monday, June 3
Bank Member Appreciation
Hopkins

Tuesday, June 4
Associate Member Meet Up
ICBM Headquarters in Bloomington

Thursday, June 6
Bank Member Appreciation
Morton

Visit ICBM's website for more details on upcoming events.

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feature

Making change through financial education



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Minnesota bank joins initiative to innovate high school education

By Liz Wheeler

High school students in Minnesota and beyond sorely lack the knowledge needed to effectively manage their financial lives. While lack of financial literacy likely will cause life-long financial struggles for many, educators and community bankers in Shakopee are working together to educate students and to build the foundation for future financial success.

Last fall, Shakopee High School, located about 30 miles southwest of Minneapolis, entered into a partnership with HomeTown Bank to incorporate financial literacy into the school's wider initiatives to enrich high school education. As the Academy Champion for the school's newly formed Business and Entrepreneurship Academy, HomeTown Bank is playing a key role in increasing students' experience of banking products, their knowledge of personal finance, and their belief in the impact of community banks on the areas they serve.



Tim Grabow

HomeTown Bank President/CEO

Rethinking its educational model

Under the backdrop of trying to improve not only financial literacy but also experiential learning, educators at Shakopee High School, which serves more than 2,600 students in grades 9 through 12, reconsidered how it should deliver electives. The timing coincided with the opening of the school's expanded 644,600-square-foot campus in September 2018, which allowed it to move ninth-graders into the high school building.

Now, when students in grades 10 through 12 register for courses, they are given the choice of participating in one of six Academies: Arts and Communication, Business and Entrepreneurship, Engineering and Manufacturing, Health Science, Human Services, or Science and Technology. These Academies represent innovation in how learning is being delivered.

An additional freshmen-only Academy is designed to provide ninth-graders with an introduction to each Academy in order that they can select the one that best suits their interests. The school also has made financial literacy mandatory beginning with the freshman class.

Of course, innovation costs money, so the district recruited area businesses to sponsor each Academy and looked to area banks to support the Academy of Business and Entrepreneurship.

"We decided to take a look at it," said Tim Grabow, president and CEO of the \$310 million in asset HomeTown Bank, chartered in Redwood Falls, Minn. "We thought it was a unique opportunity to get

involved with a large school district and provide some financial literacy to the kids."

The bank also was interested in providing district teachers, numbering in the hundreds, with any help they might need when it came to financial matters or banking, Grabow said. The bank submitted its proposal and the school accepted. The plan allowed HomeTown Bank space to facilitate learning with an on-campus branch, which the bank had to build at its own expense.

According to the school's website, each Academy sponsor commits the equivalent of \$300,000 in time, talent and treasure. "It was a significant financial investment," Grabow admitted.

The new, on-campus branch of HomeTown Bank is directly adjacent to the school lunchroom. It focuses more on education and financial literacy than on the number of transactions it can process.

"We didn't go into this looking to gain business," Grabow said. The bank's purpose in partnering with the school was to get students "better prepared for what comes next in their life."

(CONTINUED ON NEXT PAGE)



Heather Meyers
Personal Banker/Educator
HomeTown Bank, Shakopee High

But increased visibility was attractive, Grabow admitted.

HomeTown Bank entered the Shakopee market in June 2015, initially operating in leased space in the downtown area. A little more

than one year ago, the bank opened a newly constructed branch office on the south end of Shakopee near a new HyVee grocery store. That branch has exceeded expectations, Grabow said.

The bank's investment in an in-school branch, while unique, made sense from a teaching perspective. Research conducted by the Center for Financial Security, conducted by the University of Wisconsin-Madison, shows that students with access to savings accounts and financial education increased their financial capabilities and were more likely to become financially secure adults. Furthermore, even as little as five hours of experiential, classroom-based education can "significantly" improve students' financial knowledge on a long-term basis while also improving their attitude toward saving and financial institutions.



Lynn Lambrecht
Operations Manager
HomeTown Bank, Shakopee

"It's a learning experience for both of us," Grabow said of the partnership. It's an investment in intangibles that will be difficult to measure, but that didn't deter the bank.

Forging new territory

To handle the teaching component of the in-school branch, HomeTown Bank hired Heather Meyers as personal banker. Meyers had, for 25 years, been a teacher of English as a second language.

Lynn Lambrecht, operations manager at HomeTown's Shakopee branch, said she sought Meyers out because the bank wanted to approach its sponsorship from the education angle rather than from a business perspective.

Meyers, who joined the bank in July 2018, received teller and personal banker training. In addition to serving as the onsite community banker, she has been hard at work networking with teachers to create ways to work financial literacy into various classes. Because all of the Academies opened last September for



The new, on-campus branch of HomeTown Bank is directly adjacent to the school lunchroom. It focuses on the financial literacy education of Shakopee High School's 2,700 students.

feature (CONTINUED)

the first time, the curriculum is still being fine-tuned.

Sarah Jordan, principal for the Academy of Business and Entrepreneurship, called the first year working with Academy sponsors something akin to “awkward dating.” The school and the bank are “starting with conversations, becoming familiar with one another ... the biggest piece right now is feeling how the partnership can best be utilized,” Jordan said. In the end, the partnership “will serve our students tenfold” as kids have “realistic experiences” and in-depth exposure through basic, intermediate and advanced business courses.

During the traditional MEA break in October, the teachers from the Academy of Business and Entrepreneurship took a “field trip” to HomeTown Bank to get to know all of the bankers and to brainstorm how the Academy and the bank could work together. “Some of the ideas that came out of that day are things we are continuing to work on,” Meyers said.

One of the unique synergies that has emerged is with the Spanish class, where students have begun to learn banking terms. Two of HomeTown’s banking experts attended one section of the class to help define some of those terms. One was an experienced banker; the other a bilingual (English and Spanish) banker. Another section of that class had students conducting research on banking. After the holidays, a field trip to the bank to ask specific questions about their research was planned.

In late January, the Academy was set to sponsor Spanish night at the bank, Meyers said. Members of the Spanish-speaking community were to be invited to hear students present on

(CONTINUED ON NEXT PAGE)

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Sarah Jordan

Business & Entrepreneurship
Academy Principal
Shakopee High School

basic banking topics in the community members' native language.

Meyers also was working with the freshmen teachers to create a curriculum for a financial literacy unit to be taught in the spring. Most importantly, Shakopee High is

making financial literacy mandatory beginning with this year's incoming freshmen.

Experiential education

HomeTown's bankers hope to deepen students' knowledge of banking through internships. The bank recently completed interviews for two student intern positions, one to work with loan officers, the other to work with operations and marketing. The bank also intends to hire student tellers to work at the in-school branch.

Because the partnership is new, results are anecdotal. "I used to hear, 'Whoa, dude. Why is there a bank at my school?'" Meyers said. "It's a lot of explaining that the bank is here, it is a real bank, you can use it for a checking or savings account. It is a legitimate place to do transactions."

"We are here for the financial literacy of all students," Meyers added. "We don't have a lot of students with

accounts yet, but those who do generally don't know how to do the basic things like fill out a deposit slip, so I'm able to explain 'this is a teaching bank; I'm going to teach you how to do this.'"

"Between the school and us, this is uncharted waters. We're kind of working together to see what works long-term," Grabow said. The bank's initial commitment was three years, but Grabow said he hopes it lasts much longer than that. "The school's desire to make it work certainly works well with our desire to make it work."

While other banks have tried in-school branches, Meyers has yet to learn of a program that works in-depth financial literacy and banking products into its curriculum the way HomeTown Bank has. "I haven't found our exact peer anywhere else yet," she said. ■

Liz Wheeler is a freelance writer living in Fairmont, Minn.





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Minnesota community bankers elect three and re-elect two board members

Community bankers have elected three of their peers to new ICBM board positions. They also have re-elected two board members.

Bill LaVigne, chief operating officer at The Bank of Elk River, was elected to represent District 5. LaVigne is currently chair of the ICBM Services board. He takes the board seat vacated by Anita Drentlaw, president of New Market Bank, Elko New Market, when she was elected to the executive committee at convention in August 2018.

Tiffany Baer Paine, president/CEO of Security Bank USA, Bemidji, was elected in District 10. Baer Paine previously served a 3-year term on the ICBM board as an at-large director.

Jenn Spartz, executive vice president/COO at Woodland Bank, Deer River, was elected in District 9. Spartz was previously an at-large director.

Peter Nelson, president of Glenwood State Bank, and Erik Myhre, CEO of Community First Bank, Menahga, were re-elected to represent District 7 and District 8, respectively.

“Serving on the ICBM board is a valuable and important way that community bankers further the mission of this association and promote the future success of our industry,” said ICBM president/CEO Jim Amundson. “Thank you to those who chose to run for our board and to those who continue serve.” ■



Bill LaVigne
ICBM District 5 Director



Tiffany Baer Paine
ICBM District 10 Director



Jenn Spartz
ICBM District 9 Director

New IRS rules a victory for Minnesota’s sub S banks

Minnesota’s 201 subchapter S banks can breathe a sigh of relief over a new IRS rule. The U.S. Treasury Department has proposed clarification of Section 199A Qualified Business Income deductions, specifically which business activities would fall under it.

The IRS issued a ruling in late January to provide community bank advocates changes they sought. Income from loan origination and sales — including mortgages — are now explicitly eligible for the 20 percent deduction on qualified business income. The 20 percent deduction was created by the Tax Cuts and Jobs Act of 2017.

Congress included Section 199A in the tax reform law in order to minimize the difference in tax obligation between C corporations and pass-through entities, or subchapter S corporations. While sub S banks qualify for the Section 199A deduction, they might not qualify for the full deduction if they are involved in certain business activities, which the IRS calls “specified service trade or business” (SSTB).

If revenue generated by SSTB activities exceeds certain thresholds, the bank could be prohibited from using the deduction at all. It is unclear how many of the state’s sub S banks have SSTBs that produce revenue in excess of the IRS thresholds. Subchapter S banks tend to be smaller community institutions.

Excluding these activities from the deduction for sub S banks would have had a “chilling effect on a bank’s ability to raise capital as investors want to know whether the deduction will be available at the time of investment and in the future,” said ICBM president/CEO Jim Amundson.

While some SSTB activities are now explicitly included under the Section 199A deduction, the eligibility of other common services remains murky.



“With questions remaining over the final rule’s treatment of other community banking services, such as wealth management and fiduciary services, ICBA looks forward to continuing our work with policymakers to maximize Sub S eligibility for the tax deduction,” ICBA President Rebeca Romero Rainey said in a statement. ■

Fiserv merges with First Data

Core processing giant Fiserv inked a deal to acquire First Data, a leader in the payment services business. Valued at about \$22 billion, the merger will bring together two of the financial services industry’s largest technology and processing companies.

The resulting company will combine credit expertise with merchant services and holds tremendous potential. With some 46,000 employees between them at the time of the merger, it will remain to be seen if the marriage will provide the customer service that community banks need. ■

CorTrust announces three new board members

CorTrust Bank has announced three new board members: J. Kou Vang of West Lakeland, Minn.; McKinzie Hopkins of Saint Louis Park, Minn., and Troy Olson of Artesian, S.D.

Vang is the president/CEO of JB Vang Partners, Inc., in St. Paul, Minn., which provides overall strategic direction and development advising for commercial real estate ventures locally and nationally. In partnership with affiliated companies, Vang has been at the helm of projects ranging from building schools and assisted living facilities to restaurants and resorts. Vang has served on numerous community group boards and is past chair of the Midway Chamber of Commerce, Minnesota Hmong Chamber of Commerce and the Asian Development Corporation.

Hopkins received her *Juris Doctorate* from the University of St. Thomas School of Law in Minneapolis before joining Deloitte Tax LLP in 2012. As a tax manager, she

worked with public and non-public clients in a variety of industries including utilities, manufacturing, transportation, and financial services. Hopkins, who serves as CorTrust Bank vice president in the Minneapolis market, is the fourth generation Hopkins to be a part of the family-owned community bank.



McKinzie Hopkins
CorTrust Bank VP/
Board Member

Olson is the third new member to join the CorTrust Bank board of directors. After receiving his Bachelor of Science degree in mathematics, he taught and coached in the Howard School District before returning to the family farming operation near Artesian, S.D. The family runs a cow/calf operation along with row crops of corn, soybeans and alfalfa. Olson served on many boards and committees along with continuing to help coach basketball at various levels within the local school district. ■

Lakeview Bank promotes two

Lakeview Bank has promoted Lori Wiebers and Julie May.



Wiebers was promoted to assistant vice president, loan administration at Lakeview Bank, Lakeville. Wiebers joined the bank in 2011 when Lakeview Bank only had one commercial lender and \$37 million in total loans outstanding. Since then, her contributions in the loan administration area have been instrumental in the growth of Lakeview Bank’s loan department, which now has three commercial lenders and more than \$78 million in loans outstanding.

May was promoted to senior vice president and mortgage department manager. May joined the bank while it was still under organization. May founded the mortgage department and has been responsible for nearly all of Lakeview Bank’s 1-4 family residential mortgage lending, both into the secondary market and loans held in its own portfolio.

(CONTINUED ON NEXT PAGE)

First National Bank of Waseca welcomes branch manager

Susan Eberline has joined First National Bank of Waseca as branch manager for its Ellendale and Hope locations. Eberline takes over for Garry Gordinier, who retired at the end of December.

Bernie Gaytko, president/CEO stated: "Susan brings a wonderful mix of customer service, management, and banking experience to First National Bank. Her dedication to the communities we serve combined with her passion for community banking will make her a strong addition to our great teams in Ellendale and Hope."

Eberline joins the bank with more than 30 years of experience in the areas of sales and service, marketing and management, and loan experience including consumer lending and home equity lines of credit. She brings a strong history of banking, finance, sales and excellent customer service skills to her new position.

"I'm very honored and excited to be a member of the First National Bank family," Eberline said. "I look forward to meeting and getting to know all of our great customers and carrying on the legacy of exemplary service."

First National Bank is a locally-owned and managed financial institution servicing the financial needs of Waseca County and surrounding communities since 1874. ■

WNB Financial promotes Anderson

WNB Financial, Winona, has promoted Chad Anderson to vice president and business banking manager.

In his new role, Anderson oversees business banking in both the Winona and Holmen, Wis., markets. His main responsibilities include coordinating community outreach and business development efforts, along with providing guidance and resources to support team performance.

"Chad's extensive experience in business banking, combined with his commitment to client service and advising, makes him very deserving of this promotion," said Erica Jerowski, senior vice president and chief credit officer. "Our team is very excited to be working under his leadership."

Anderson is a graduate of Winona State University



Chad Anderson
Vice President & Business
Banking Manager

and of the Graduate School of Banking at the University of Wisconsin-Madison. He currently serves on the boards of both the Centerville Curling Club and 504 Corporation. He's also a member of the Holmen Area Rotary Club and Holmen Business Association. ■

Citizens Bank Minnesota advances several through succession plan

Citizens Bancorporation of New Ulm, Inc., parent company of Citizens Bank Minnesota, New Ulm, announced the following:

Mark Denn was promoted to executive vice president. Denn is now taking on the day-to-day management of the bank. Current bank president Lou Geistfeld has announced his plans to retire at the end of 2019 at which time Denn will assume those responsibilities.

Julia Baumgartner was named SVP/chief operations officer. Baumgartner joined Citizens in 1991 as a vice president, commercial loan officer and was promoted to senior vice president in 2015. She graduated *summa cum laude* from Kansas State University, Manhattan, with a Bachelor of Science degree in finance as well as a Bachelor of Arts degree in Spanish. She is also a graduate of the Commercial Lending School at the University of Oklahoma, Norman, and the Graduate School of Banking at the University of Wisconsin-Madison. In her new role, Baumgartner will be responsible to ensure that the bank has the proper operational controls, administrative and reporting procedures, and people systems in place for day-to-day operations.

Tim Hoscheit was named SVP/chief credit officer. Hoscheit joined Citizens in 1986 as an agricultural loan officer and was promoted to vice president in 1991. Hoscheit was promoted to senior vice president in 2015. He is a graduate of Western Wisconsin Technical College, LaCrosse, with an associate degree in finance. He is also a graduate of the Graduate School of Banking at Colorado, Boulder. In his new role, Hoscheit will be responsible for the review of the bank's loan portfolio on a continuing basis while providing support, direction, credit information, and loan policies and procedures to ensure its overall quality.



Mark Denn
Executive Vice President
Citizens Bank Minnesota

John Rieser was named SVP/chief financial officer. Rieser joined Citizens in 2010 as an assistant vice president, credit analyst and was promoted to assistant vice president, financial officer in 2017. He is a graduate of Wartburg College in Waverly, Iowa, with a Bachelor of Arts degree in accounting. Rieser is currently attending the Graduate School of Banking at the University of Wisconsin-Madison and will graduate later this year. In his new role, Rieser will be responsible for all accounting and financial analysis for the bank, including budgeting, asset/liability management, financial reporting and tax planning.

Scott Tauer was named VP/branch manager at the bank's La Salle office. Tauer joined Citizens in La Salle in 2010 as an assistant vice president, lending, and was promoted to vice president, lending, in 2015. He is a graduate of Minnesota State University, Mankato, with a Bachelor of Science degree in business management and a minor in economics. Tauer has more than 15 years of lending experience and specializes in agricultural lending and crop insurance. He is also a 2018 graduate of the

Graduate School of Banking at the University of Wisconsin-Madison.

Pat Brennan was promoted to senior vice president. Brennan joined Citizens in 1990 as a commercial and agricultural lender and was promoted to vice president in 1991. He is a graduate of Minnesota State University, Mankato, with a business degree. Brennan has 41 years of agricultural lending experience including crop insurance sales. He is a graduate of the Minnesota Bankers Association's commercial lending and agricultural lending schools, as well as a graduate of the Graduate School of Banking at the University of Wisconsin-Madison.

Shirley Laraway was promoted to senior vice president. Laraway joined Citizens in 1996 as a vice president, mortgage loan officer. She is a graduate of University of Northern Iowa, Cedar Falls, with a Bachelor of Arts degree in finance and management. Laraway has 30-plus years of lending experience and specializes in mortgage lending.

Kevin Yager was promoted to senior vice president. Yager joined Citizens Bank's Lafayette branch in 1992 as

(CONTINUED ON NEXT PAGE)



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news & notes (CONTINUED)

a vice president, agricultural lender. Yager has 43 years of agricultural lending experience including crop insurance sales. He is a graduate of the University of Minnesota, Twin Cities, with a Bachelor of Arts degree in ag business and economics. He also is a graduate of the Graduate School of Banking at Colorado, Boulder.

Brant Drill was promoted to vice president. Drill joined Citizens in 2004 as a consumer loan officer and was promoted to assistant vice president, lending, in 2005. He has a Bachelor of Science degree in agricultural business from South Dakota State University, Brookings. He is also a 2013 graduate of the Graduate School of Banking at the University of Wisconsin-Madison.

Jenn Wendorff was promoted to assistant cashier/assistant director of client services. Wendorff joined Citizens in 2003 as receptionist. In 2005, she became a client service representative and was promoted to senior client service representative in 2012. Wendorff was promoted to personal banker in 2018. She has an associates degree in business management from Rasmussen College.

Citizens Bank Minnesota operates in New Ulm, Lafayette, Lakeville and La Salle. ■

ICBM also recognizes:

- Gary and Nancy Geiger, Heritage Bank, Willmar, for being recognized by the Southwest Initiative Foundation for all the support they've given to their community.
- Frandsen Bank & Trust on its acquisition of a Duluth branch from Alerus Financial.
- Village Bank on hiring Agata Dittfurth as its new vice president of commercial deposits - market leader in St. Francis and Ramsey.
- Jeffrey L. Weldon, SVP and CFO at Crown Bank, Edina, and Denise Bunbury, SVP for Bell Bank, Fargo, for joining the board of the Bank Holding Company Association.
- Sean Finley, who joined Janesville State Bank as AVP and CFO.
- Brian Nelson, who was promoted to AVP of commercial lending at BankVista, Sartell.
- Chad Anderson on his promotion to vice president and business banking manager at WNB Financial, Winona.
- Andy Schornack, CEO of Flagship Bank in Wayzata, on his new role as president of Security Bank & Trust Co., Glencoe. ■



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Second-generation banker commits to community banking



Aleesha Webb
President/Vice Chair
Village Bank, Saint Francis

It's an exciting time to be a community banker. By coming home and joining my dad, Village Bank was able to make the commitment to stay.

A pivotal moment in Aleesha Webb's decision to return to the family-run Village Bank was the realization that other family banks were selling and big banks were moving in. Having recently become a parent herself, Webb felt a responsibility to the institution founded by her father Don Kveton. Returning was more than a filial decision, though. Webb's true desire was to ensure a future for Village Bank, which operates four locations in the Twin Cities' northern suburbs.

Webb, who is president and vice chair, has big plans for the bank, including the addition of about 15 employees during 2019, split between governance and growth. Webb has also vowed to build an infrastructure equally capable of weathering any possible recession by building the bank's commercial loans and deposits. The plan was put in motion earlier this year when a new vice president of commercial deposits-market leader for the St. Francis and Ramsey branches was hired.

For Webb, everyone touched by Village Bank is part of its network—employee, customer or wider community member—and centering the bank's "village" is a key piece of its path forward. "I'm a small part of why we're going to stick around," Webb said, "but I definitely need everyone in the village so we can become a \$1 billion Twin Cities community bank."

On that uphill climb, Webb is brimming with enthusiasm for improving the now \$300 million Village Bank and ensuring it's

well-positioned for the future, whatever that might hold. "Just like any other business, we need to continue to reinvent ourselves," she said.

Technology has shifted the needs of the branch, with 60 percent of the bank's transactions now happening online, but many customers still want a physical presence. Webb compared it to the increasingly popular Buy Local movement: Customers want to know who's making the decisions, and that businesses and their customers have a shared stake in the success of the local economy and community.

M&A activity has shrunk the number of bank charters; Old National's recently completed acquisition of KleinBank is one example. Webb took note of the trend: "We've decided to take a different route. We've decided to say we're committed to community banking."

Webb started her career at Village Bank, which was founded in 1993 by a group led by Kveton, when Minnesota boasted more than 600 banks. She spent eight years in various positions, from teller to vice president, before striking out to get a taste for banking on the outside and prove she could make it in the industry on her own. She credits the 14 years she spent at other Twin Cities institutions—as a vice president with Minnesota Bank & Trust, Edina, where she focused on large commercial deposits and treasury management, and then as senior vice president and

(CONTINUED ON NEXT PAGE)

business banker with St. Paul-based Sunrise Banks—for teaching her valuable lessons about the industry and her own character. “You start to think to yourself, why am I not doing this for my own community and why am I not doing this for my own village? And that’s really what brought me back home,” Webb said.

Working with mentors taught her the value of balancing natural confidence and eagerness with the power of reflection. Experience taught her to temper her eagerness and give herself the time to be the leader her team and community needs.

That blend of abilities complements her father’s strengths as a founder and entrepreneur, Webb

said. Kveton brings an eye for the deal and strategic management; Webb balances that with drive. The partnership between Webb and her father, who serves as the bank’s CEO and chair, is a close one. Having spent time away from Village Bank and her role as “Don’s daughter,” Webb has proven she is more than capable of holding her own at the bank’s helm.

Now, Webb is shepherding Village Bank into the next epoch of its existence, working to build a team with buy-in on a cohesive mission and set of values.

“That’s why we are trying to create a common language at Village Bank around who’s the Village or what do they value, what do they want to build,” she said. “I

don’t have the time nor the skillset to do everything on my own. And I need strong people on the team; I need strong villagers on the team; I hope that that is the sentiment I’m bringing back to the village.”

That team refresh isn’t just about new hires, but about making sure current employees are doing the work for which they’re best suited. Responsibilities and roles have shifted, and Webb is ready to lead the newly reorganized Village into its next quarter century of success.

“It’s an exciting time to be a community banker,” she said. “By coming home and joining my dad, Village Bank was able to make the commitment to stay.” ■



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Hard work pays off in DIF credit for community banks

Community bankers know that hard work pays off, but sometimes not right away. For instance, take a recent bit of good news for community banks that has been years in the making.

The FDIC recently alerted community banks with assets under \$10 billion of their share in approximately \$750 million in deposit insurance assessment credits because the Deposit Insurance Fund reserve ratio surpassed 1.35 percent. These banks are eligible for credits due to a 2016 agency rule implementing an ICBA-advocated provision dating all the way back to the Dodd-Frank Act of 2010.

That law requires the FDIC to offset the cost of increasing the reserve ratio from 1.15 percent to 1.35 percent on institutions with less than \$10 billion in assets. Under the agency's final rule, these community banks can redeem their credits once the DIF reserve ratio reaches 1.38 percent, hence the messages from the FDIC to community bankers across the nation last month on their share.

This is certainly welcome news for qualifying community banks across the country, and it's due exclusively to our industry's grassroots outreach. We were the only ones who advocated the change as part of long-sought deposit-insurance reforms, and we did so with the long term in mind.

At the time of the original debate, the DIF was in negative territory amid the fallout of the Wall Street financial crisis. Looking at the big picture, ICBA and community banks fought hard to ensure Main Street institutions wouldn't be stuck footing

the cost of the higher reserve ratio. It's been years in the making, but the industry is finally reaping the benefits of that success.

This is nothing new for community bankers—we are used to years-long fights for policy gains. Consider many of the provisions of last year's S.2155 reg relief law, such as relief from qualified mortgage, Home Mortgage Disclosure Act and appraisal requirements, which played out over multiple Congresses. Our campaigns to simplify the call report and regulatory capital rules remain unfinished.

With many advocacy initiatives ahead of us in 2019, we will all need to keep engaged and work hard to wage these battles with the knowledge that we can ultimately achieve success. We are faced with new challenges and threats to our franchises almost daily. I appreciate your service and dedication, and I look forward to working with you to ensure a bright future for community banks! ■

Did you know?

After reaching a low of negative \$20.9 billion in the third quarter of 2009, the Deposit Insurance Fund balance now stands at \$100.2 billion.

Editor's note: This article originally appeared in the February 2019

What crop insurance strategy should farmers use in 2019?

By Kent Thiesse



Farmers will soon be finalizing their crop insurance decisions for 2019. The decision, due March 15, is especially critical as profit margins remain very tight. Producers have several crop insurance policy options to choose from, including yield protection policies and revenue protection policies. There are also decisions about whether to use enterprise units versus optional units, and whether or not to take advantage of the trend-adjusted actual production history yields for 2019.

Yield protection insurance policies provide protection based on historic actual production history yields on a given farm, with prices based on average Chicago Board of Trade prices for December corn futures and November soybean futures during February. It is similar to revenue insurance products. Producers can purchase yield production insurance coverage from 50 to 85 percent, and losses are paid if actual corn or soybean yields on a farm unit fall below the yield guarantees.

Revenue protection (and revenue protection with harvest price exclusion) insurance policies provide a guaranteed minimum of gross revenue per acre. This minimum guarantee is based on actual production history and average CBOT prices for December corn futures and November soybean futures during February. Both insurance policies function essentially in the same manner, except that guarantees on revenue price exclusion policies do not increase if harvest prices exceed the base price. The revenue guarantee for revenue protection policies is increased if average October CBOT prices are

higher than February CBOT prices.

Crop insurance provides from 50 to 85 percent coverage, and losses are paid if the final crop revenue falls below the guarantee. The final crop revenue is the actual yield times the CBOT December corn futures price and November soybean futures price during October. As of February 1, estimated crop insurance base prices in the Upper Midwest were \$4.02 per bushel for corn and \$9.57 per bushel for soybeans. The estimates are slightly higher for corn and about 60 cents per bushel lower for soybeans compared to 2018. They will be finalized on March 1.

Most corn and soybean producers have chosen revenue production policies in recent years, but protection plus exclusion policies offer similar protection at a lower premium. If the harvest price (average October CBOT price) is lower than the base price (average February CBOT price), exclusion policies will likely result in higher net indemnity payments at similar insurance coverage levels. This changes, however, if the final harvest price exceeds the base price when a yield loss exceeds the insurance coverage level, such as during the 2012 drought. This scenario could result in significantly lower insurance indemnity payments with exclusion policies, and could add significantly more risk.

Many producers in the Upper Midwest significantly enhanced their protection in recent years with the trend-adjusted yield endorsement, with only slightly higher premium costs. The actual production history yield exclusion option allows specific years with low production to be ex-

cluded from yield guarantee calculations. Several counties in central and northern Minnesota are eligible for yield exclusion for corn and soybeans in some of the past ten years. The USDA's Risk Management Association offers a list of eligible counties, crops and years.

Given tight profit margins in 2019, some producers may be tempted to reduce crop insurance coverage to save on premium costs. However, a producer must first ask the question: "How much financial risk can I handle if there are greatly reduced crop yields due to potential weather problems in 2019 and/or lower than expected crop prices?" Many producers in southern Minnesota and northern Iowa with greatly reduced yields in 2018 found out the importance of having solid crop insurance coverage.

Revenue protection crop insurance is an excellent risk management tool for these situations because it not only provides yield protection regardless of price changes, but also protection for declines during the growing season.

At current spring price levels, many producers will be able to guarantee near \$550 to \$700 per acre for corn, and \$375 to \$475 per acre for soybeans at 85 percent coverage, especially with trend-adjusted actual production history. Many private crop insurance companies also offer buy-up options to enhance coverage.

A reputable crop insurance agent is the best source of information, and farmers should discuss

their options with their ag lender before finalizing decisions. I have written an information sheet to help ag lenders with 2019 crop insurance decisions. If you'd like a copy send me an email. ■

Kent Thiesse is Farm Management Analyst and Senior Vice President at MinnStar Bank, Lake Crystal. Contact him at kent.thiesse@minnstarbank.com.



Membership Pays

By Greg McCurry

I've reported before that our membership saves an aggregate \$1.7 million annually from our Multiple Employer Retirement Plan and endorsed health insurance service.

Now, I'd like to share another way that our members add to their bottom lines. ICBM Insurance customers will receive \$35,447 in dividends for participation in the ICBA/Travelers insurance program in 2017.

ICBM Insurance customers join the nearly 1,300 community banks across the country that will receive nearly \$4 million in dividends from their participation in the program, the Independent Community Bankers of America announced earlier this month. This is the 17th consecutive dividend for ICBA members.

Helping community banks manage risk and protect their investment remains our top priority at ICBM Insurance. Through our relationship with ICBA and Travelers, community banks have a safety net to help cover their losses and are rewarded for effectively managing their workplace insurance exposure.

Travelers has partnered with ICBA for over 35 years, delivering more than \$60 million in dividend payouts since the program's inception. I am very proud of the valuable benefits the program has provided to community banks and to ICBM members.

If you'd like to learn more about the ICBA/Travelers Insurance program, visit our website or contact Kevin Christians at (651) 687-9080 or kchristians@icbm.org. ICBM Insurance provides commercial insurance to community banks in Minnesota, Wisconsin, Iowa, and the Dakotas.



Greg McCurry
SVP
Chief Development Officer
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UBB and North American Banking Company to launch P2P payment app for community banks

United Bankers' Bank, Bloomington, and North American Banking Company, Roseville, have received approval from the Federal Reserve to form ExcheQ LLC, a joint venture to offer a white-label version of North American Banking Company's ExcheQ person-to-person (P2P) payment app. The deal provides the P2P app inroads to more than 2,000 community banks in UBB's service territory, which extends from the Great Lakes to the Pacific Northwest.

"ExcheQ will use same-day ACH payment-processing, enabling community bank customers

to quickly and securely send money to family, friends and coworkers," says Michael Bilski, North American Banking Company's CEO. Bilski is also a former member of the Federal Reserve's Faster Payments Task Force charged with identifying and assessing alternative approaches for implementing safe, faster payment capabilities by 2020.

"UBB has been working with North American Banking Company and Design Center Inc., for the past several years to develop this product at a reasonable price and to provide community banks a secure and affordable alternative to the

larger P2P service providers," said William Rosacker, UBB president and CEO. "UBB's mission is to provide community banks with the resources and solutions they need to remain competitive in the markets they serve, and the addition of ExcheQ will be a great complement to our mix of products and services, one that will ultimately assist community banks in leveling the playing field with larger institutions."

Banks that offer the app will receive access to professionally designed and customizable marketing materials along with live, personal, technical support. Learn more at www.excheq.com. ■

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