

South Dakota Banker

Your Premier Source to South Dakota's Financial Services Industry | June 2016

Teamwork and Culture in Community Banking

Meet Jack and Lori Lynass,
Black Hills Community Bank,
Rapid City

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SOUTH DAKOTA
DEVELOPMENT CORPORATION

sba 504

LOAN PROGRAM



South Dakota Development Corporation's SBA 504 loan program offers long-term, fixed-rate financing to for-profit businesses for fixed-asset purchases.

- Long-term, fixed-rate financing
- Available to all for-profit businesses, including retail operations
- As a Certified Development Corporation (CDC), the SDDC offers 504 loans statewide
- Loan amounts: \$2 million; up to \$5 million under public policy; or, \$5.5 million for manufacturing or energy-related borrowers
- Subordinate lien position to bank
- Fixed asset purchases

For more information on the SBA 504 loan program, contact LaJena Gruis at lajena.gruis@state.sd.us or 605-773-3301.

WWW.SDREADYTOWORK.COM/FINANCE

SOUTH DAKOTA

GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT

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South Dakota Banker is a monthly magazine published by the South Dakota Bankers Association that is dedicated to enhancing the banking profession by providing useful and timely information on important events and trends in the banking industry. Members are invited to submit news and information.

The advertisements within this publication do not necessarily represent endorsed vendors of the SDBA. With the exception of official announcements, the SDBA disclaims responsibility for the opinions expressed and statements made. The editor reserves the right to refuse any advertisement or editorial copy. Advertising rates are available upon request.

Member banks, branches and associate members receive one complimentary subscription. Additional subscriptions are available to members at a rate of \$45 per year. The non-member rate is \$90 per year.

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South Dakota Bankers Association

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message from the chairman

BY RICK RYLANCE | Regional President | Dacotah Bank, Rapid City

The Banking Industry—A Changing Landscape



This is my last South Dakota Banker Magazine column. I will soon be past chair of the SDBA Board of Directors. It has truly been an honor and privilege to work with not only the SDBA staff and Board of Directors, but also bankers from across the state.

The SDBA has many things to offer and a great network among different state and national organizations to draw information from to help make our industry great. I have met and gleaned information from various state executives and state board officers from all over the United States. One example is when I was appointed to the South Dakota Elder Abuse Prevention Task Force. The state exec from the Texas Bankers Association introduced me to the individual who helped write Texas's program, who was able to send information so I was better informed before we started our meetings in South Dakota.

I recently attended an SDBA strategic planning session held in early May. A meeting such as this had not been held for the SDBA since 2006. As we all know, the banking industry has had significant change over the past

decade. Our landscape is ever-changing, and we must change with it or we will be left behind.

I believe the group, comprised of SDBA administration, SDBA Board of Directors, past chairman and two emerging leaders within the banking community, did an excellent job of putting aside individual biases and worked hard to figure out what will be best for the SDBA to help bankers into the future. As we progress further down this path, you will be informed as to what strategic initiatives will be forthcoming.

I would be remiss if I did not thank SDBA President Curt Everson and the SDBA staff for the great job they did during my year as chairman. It is easy to chair a board of directors when you have such a dedicated group of individuals to work with, and I thank them for their time and effort. I hope that I left the SDBA organization a little bit better than when I arrived as chair.

Thank you for your effort and support. ■

Rick Rylance is regional president for Dacotah Bank in Rapid City. Rylance can be reached at 605.394-9000 or rick.rylance@dacotahbank.com.

Thank You 2015-2016 SDBA Board of Directors

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Shawn Rost, First Interstate Bank, Sturgis

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Kevin Whitelock, Pioneer Bank & Trust, Spearfish

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Thank You 2015-2016 SDBIS Board of Directors

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President Recaps SDBA Activities of Past Year



In this presidential election year like no other, I struggle to separate precious nuggets of truth and principled policy from the masses of unrefined ore spewed by candidates and the daily spin issued by pundits, bloggers and the talking heads of the 24-hour news cycle. Thankfully, in contrast to the messy state of presidential politics, the priorities and business activities of the SDBA are straightforward, transparent and banker-driven. I am pleased to recap some of those activities in this report.

State Government Relations

● **Contracts Between Debtors and Creditors Valid in any Written Form (SB57):** While most of the activities of South Dakota's banking institutions are governed by Title 51A of South Dakota Codified Law, there is a section of our general debtor/creditor title that does impact a bank's loan contracts. In this era when an increasing number of loan agreements are executed online, we wanted to make sure that any written loan agreement, whether in physical or electronic form, is a valid, legally-binding contract. This SDBA bill passed during the 2016 State Legislature without a dissenting vote.

● **Bankers Join in the Fight Against Financial Exploitation of Elderly and Disabled Adults (SB54):** SDBA membership was at the table during the 2015 interim meetings of the South Dakota Legislature's Elder Abuse Prevention Task Force. SDBA Chairman Rick Rylance and 2014-2015 Legislative Chair Kristina Schaefer spent many hours in face-to-face meetings and conference calls, shaping the banking-related provisions of the Task Force's legislative work product. Beginning this July, bankers will be authorized to report suspected cases of financial exploitation of an elderly or disabled adult customer to state and local law enforcement officials. Banks filing such reports or cooperating with any resulting investigations will be granted civil and criminal immunity for taking any such actions.

● **Private Equity Firms Remain Subject to Money Lender Licensing and Taxation (HB1126):** Consistent with their name, private equity firms exist primarily as a source of equity capital to start ups or expanding businesses. But sometimes those financing packages also include loans. South Dakota's law dictates that companies in the business of lending (other than banks) must obtain a money lending license and pay bank franchise tax on the net income earned from those activities. The SDBA has consistently opposed bills that open the door for more unregulated, untaxed lending in South Dakota. This bill

ultimately was tabled at the sponsor's request.

● **Virtual Credit Cards Remain Viable Payment Option for Medical Care Providers (HB1122):** The South Dakota Medical Association brought forward a bill out of concern over interchange fees that medical providers pay if they choose to accept payment by means of a one-time virtual credit card transaction. SDBA opposed this legislation because it was mechanically unworkable and was bad for banks in South Dakota that have chosen to be innovators in the electronic payment space. The bill died in its first committee.

● **Banks Won't be Subject to Non-adjudicated Charges of Aiding or Abetting Terrorists (HB1225):** Created by a non-resident trial attorney, this bill proposed to create a private right of action for victims of terrorism against not only terrorists, but anyone who might be accused of providing aid to a terrorist. Our primary reason for opposing this bill was that it created the opportunity for an aggressive plaintiff's attorney to drag a bank into court simply because a bank's customer committed an act of terrorism. In the court of public opinion, a bank could effectively be put in the position of being guilty until proven innocent. This bill essentially created the prospect of reputation risk that no bank needs. SDBA joined with other banking, telecommunications and general merchant interests in successfully urging its defeat in Senate committee.

● **Felony Penalties Remain for Identity Theft by Unauthorized Use of a Credit Card (HB1166):** SDBA pushed back against a proposal to carve out an exception to the current law that categorizes the crime of identity theft by unauthorized use of a credit card as a class 6 felony. This bill proposed a lesser penalty if the unauthorized card user only committed a theft of \$1,000 or less. By expressing concern over the loophole that passage of this bill could create for professional identity thieves, and by reminding legislators that banks are on the hook for fraud losses associated with stolen card information, SDBA helped to defeat this troublesome bill.

National Government Relations

Banking industry officials were told on multiple occasions that if anything was going to happen on the regulatory relief front, it had to happen in 2015. The presidential election cycle meant Congress wouldn't have enough time on its 2016 calendar to debate much in the way of substantive legislation. Some important relief measures were tagged on to the "must-pass," multi-year highway transportation bill late in 2015 — modifying the

Continued on page 21

SD Bankers Insurance & Services Annual Report



Blue Cross Blue Shield—Best Provider of Health Insurance in South Dakota

This is the 12th year of enjoying the strength and ease of working with Blue Cross Blue Shield (BCBS) as endorsed health insurance carrier for our SDBA Health Plan. We are currently in our third year of being self-insured.

The total number of banks insured has remained at 43 banks. The number of banks has stayed level, however the number of covered lives continues to increase. Our premium has grown to just more than \$10,456,000 in premium with more than 2,220 covered lives.

For 2015, we did have a 10 percent increase in premium, and compared to the industry standard of more than 18 percent, we fared quite well. We are always welcoming new banks and look forward to bringing more on this year.

One of the reasons for the 10 percent increase last year was to continue to grow our reserves, and we accomplished that goal. During the last 12 months, we have done very well on claims that has allowed us to build reserves at a faster rate. The SDBA Health Plan currently has \$3,930,000 in reserves, which is a \$1.1 million-dollar increase over the last year.

There are a number of reasons for self-insuring; eliminating a number of Obamacare taxes is a big one. We have saved \$1.45 million over the last two years. Our Board of Directors will meet in July to review last year's results and vote on recommendations for the upcoming year. If this year continues the same trend, we will be looking at a favorable renew rate. A special thank you to the Board of Directors, who are listed on page 4.

The first quarter of 2016, we went through another extensive audit of the multiple employer trust (MET), utilizing Deloitte Consulting from Des Moines, Iowa. We also had our actuary, Carl Harris FSA, write an opinion document for the SD Division of Insurance on the disposition of the MET viability. Nadine Kepford, our business manager, and I met with the SD Division of Insurance and discussed a timeline for reporting required to continue running the MET. This was a productive meeting, and we now have a chart that outlines all reporting requirements for the state and federal demands.

Compliance Alliance—Bank Compliance Made Easy

Compliance Alliance is an excellent resource for any bank. Four attorneys and a number of staff are waiting for your phone call to discuss compliance issues. Texas Bankers Association developed Compliance Alliance and

has 22 state associations on board providing support to community banks. Membership benefits include:

- Access to an extensive collection of resources from industry experts.
- A hotline for compliance-related concerns.
- Reviews of company advertising or marketing campaigns, policies, procedures, disclosures and new products.

Compliance Alliance is the only all-inclusive compliance resource in the market today. All of its products and services are included in an annual membership fee and offer unlimited access to all employees of member banks. For more information contact Sam Desmond, membership development, at 888.353.3933 or sam@compliancealliance.com.

Central States—Best provider of Credit Life and Disability Insurance for Banks

We are now celebrating our 12th year since the SDBIS Board made Central States of Omaha (CSO) our only endorsed provider of credit life and disability insurance for all member banks. There have been many changes in the credit business, and to answer the demands of the market, CSO is on the cutting edge as it protects your customer and your bank.

- Features, exclusions, forms and fees can be set by the lender. Because this is a lender's program, only one addendum and one set of fees is required regardless of the number of states in which the financial institution is operating.
- Debt cancellation products are not subject to state credit insurance rate and commission regulation. Fees can be adjusted upward or downward, and reasonable compensation rates can be set by the financial institution.

Many banks have moved to Central States because of the excellent service, reporting capabilities, local service, fast claims payment and its vast product portfolio including onsite banker training.

SDBIS/SDBA want to thank all the banks that have shown their support in selling CSO credit life products. There is very little effort on the bank's part to start selling or transitioning to CSO. We only need the name of your bank processing software (Bankers Systems, etc.), a copy of your credit insurance license for each banker, and a copy of your corporate license (tax ID).

Tyge Rowen from CSO will train your bankers on how to sell this important product, and you only need an appointment certificate to write credit life coverage. For more information contact me or Tyge Rowen, assistant VP, at 800.826.6587 ext. 6617 or trowen@csco.com.

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SDBA/SDBIS Consolidated Financial Reports

Statement of Financial Condition - December 31, 2015 (Unaudited)

ASSETS	SDBA	SDBIS	Eliminations	Consolidated
Cash and CDs	\$ 893,453	\$ 462,575	\$ -	\$ 1,356,028
Prepaid Expense	7,146	12,528	-	19,674
Accounts Receivable	77,726	47,433	(29,171)	95,988
Notes Receivable	700,000	-	-	700,000
Investments	852,799	11,950	(457,275)	407,474
Land and Building	625,858	-	-	625,858
Property/Equipment	50,338	7,690	-	58,028
TOTAL ASSETS	\$ 3,207,320	\$ 542,176	\$ (486,446)	\$ 3,263,050
LIABILITIES				
Accounts Payable	46,720	59,802	(29,171)	77,351
Federal Income Taxes Payable	-	22,593	-	22,593
Deferred Revenue	45,239	-	-	45,239
Deferred Tax Liabilities	-	2,506	-	2,506
TOTAL LIABILITIES	\$ 91,959	\$ 84,901	\$ (29,171)	\$ 147,689
EQUITY				
Common Stock	-	375,000	(375,000)	-
Additional Paid-In Capital	-	48,801	(48,801)	-
Members' Equity	3,115,361	33,474	(33,474)	3,115,361
TOTAL LIABILITIES & EQUITY	\$ 3,207,320	\$ 542,176	\$ (486,446)	\$ 3,263,050

Statement of Revenue - Year Ended December 31, 2015 (Unaudited)

REVENUE	SDBA	SDBIS	Eliminations	Consolidated
Memberships Dues	\$ 410,023	\$ -	\$ -	\$ 410,023
Educational Programs	166,620	-	-	166,620
Convention/Conferences	338,651	-	-	338,651
Commissions/Servicing Income	-	676,726	-	676,726
Interest Income, loans	35,000	-	-	35,000
Investment Income	(9,948)	3,193	-	(6,755)
Advertising Income	43,676	-	-	43,676
Insurance Administrative Fee	81,653	-	(81,653)	-
Other Income	195,040	106,367	(162,881)	138,526
TOTAL REVENUE	1,260,715	786,286	(244,534)	1,802,467
EXPENSES				
Administrative and Operating	821,100	545,356	(81,653)	1,284,803
Outstate Conferences	28,399	-	-	28,399
Educational Programs	76,846	-	-	76,846
Committees	4,741	-	-	4,741
Federal Income Taxes	-	78,049	-	78,049
Instate Convention/Conferences	277,873	-	-	277,873
TOTAL EXPENSES	1,208,959	623,405	(81,653)	1,750,711
TOTAL REVENUE OVER EXP.	\$ 51,756	\$ 162,881	\$ (162,881)	\$ 51,756

South Dakota Bankers Foundation Annual Report

BY DEB GATES | Executive Director | South Dakota Bankers Foundation



The South Dakota Bankers Foundation (SDBF) continues to focus on its goal “Shaping the Future.” Recognizing that our youth are the most important resource of our state, SDBF’s mission is to create public awareness through education of the economy and free enterprise, the importance of community service, personal financial responsibility and the role of banking in our society.

SDBF’s quasi-endowment fund and banking chair endowment fund investment portfolio are separate accounts managed by the University of South Dakota Foundation (USDF). Fiscal year for USDF’s co-mingled trust is June 30, which is in transition to a fiscal year/calendar year ending Dec. 31 beginning in 2016.

The fund has experienced considerable volatility over the past several years, in tandem with the market, but conservative payouts from 4.6 percent in 2014 to the current 4.2 percent that will be available in July 2016, have preserved the principal endowment and contributed to stability in earnings payouts for financial support of consumer programming. The payout is computed monthly, based on one-twelfth of the disclosed percentage times the rolling market average of the past 36 months.

Contributed value of the quasi-endowment fund is \$1.383 million with a market value of \$2.153 million as of Feb. 29, 2016, compared to a market value of \$2.471 million as of Feb. 28, 2015. Earnings from the quasi-endowment continue to support consumer education programming.

Market value of the banking chair endowment, funded with a contribution of \$254,750 from the sale of the old First National Bank of South Dakota building in Vermillion, currently stands at \$400,276 as of Feb. 29, 2016, down at this same time one year ago when the fund stood at \$411,703. The payout from the banking chair endowment provides funding for special banking research programs and a portion of the salary and benefits for Dr. Leon Korte, professor of the Institute for the Study of Rural Banking. Dr. Korte is currently working with Dr. Joe Santos at South Dakota State University on a research project on competition from the Farm Credit System, credit union expansion/competition and favored tax exemption for both.

Due to market volatility, independent consultant Jeffrey Slocum is meeting with the USDF Investment Committee on a quarterly basis, rather than annually as has been done in less volatile times. The committee’s reactions to the market since late 2013 have been consistent with other analysts in that equities are overpriced, bonds are not a good option and cash is “safe.” Long-term performance indicates cyclical changes

are to be expected, with a willingness to ride them out. The 2008 downturn took just under three years to recover, with historical drops taking up to 10 years to recover. USDF had a 3.1 percent return for the fourth quarter to end the calendar year basically flat (+0.1 percent for 2015).

The asset allocation of the portfolio ending Dec. 31, 2015, is 68 percent equity, 24 percent fixed income and 8 percent cash. After the January loss in the equity markets, the gap has largely been closed in terms of fair value, and equities are now closer to historical averages.

USDF’s quarter return ending March 31, 2016, was -.5 percent. Remaining above recession levels, March saw an improvement in global growth following two months of slowdown. For the asset allocation of USDF, the projected long-term performance is about 6 percent, understanding there will be annual fluctuations.

Earnings from the quasi-endowment support post-secondary scholarships in colleges, universities and vocational technical schools; the High School Scholarship Program for graduating seniors; and the High School Business Plan Competition, with awards and cash gifts presented during the SDBA State Legislative Day.

The SDBF Board took action last fall to increase the high school scholarship fund and maintain the \$1,500 and \$3,000 levels for all post-secondary scholarships. The majority of quasi-endowment earnings are paid out to support these scholarship programs. More than 92 percent of quasi-endowment earnings were awarded to South Dakota high school graduates who are entering their freshman year of study within institutions of higher learning in South Dakota. Those earnings are also matched by South Dakota banks who participate in the program.

The \$15,000 increase in the 2015-2016 High School Scholarship Program from \$75,000 to \$90,000, coupled with matching funds from participating banks, provided \$180,000 in high school scholarships this spring. Due to the generosity of banks in South Dakota, demand always exceeds available funding, and it continues to be our hope that one day all requests can be honored.

In an effort to “spend down” accumulated reserves in the consumer education program budget, an additional \$24,000 of the \$137,000 in reserves was earmarked for scholarship funding to students attending post-secondary institutions in South Dakota. Seven of these post-secondary scholarships are awarded by individual institutions in the amount of \$1,500 each.

In addition, a committee of SDBF Board members select the recipients of four special scholarships that recognize four South Dakotans for their extraordinary work on behalf of the Foundation and youth in this state. See the story on the 2016 recipients on page 10.

The South Dakota Bankers Foundation is a 501(c)

(3) charitable organization, and your contributions are tax-deductible. Consider contributing to the future of our youth with a gift to the SDBF when planning your estate.

I'd like to express my appreciation for the volunteer efforts of SDBF's Board members. ■

Deb Gates is executive director of the South Dakota Bankers Foundation. Gates can be reached at 605.224.1653 or debgates@sdba.com.

Thank You 2015-2016 SD Bankers Foundation Board of Directors

Chair Steve Harding, SD Department of the Military, Pierre

Dana Dykhouse, First PREMIER Bank, Sioux Falls

Steve Hayes, Dakota Prairie Bank, Fort Pierre

Denise LaRue, Retired Banker, Sturgis

Todd Muehler, Northern State University, Aberdeen

Grant Seaman, First State Bank, Warner

A.R. "Venky" Venkatachalam, University of South Dakota, Vermillion

Curt Everson, SDBA, Pierre

Deb Gates, CAE, Foundation Executive Director, SDBA, Pierre

SDBIS Annual Report...

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Full Access to All Providers for Liability, Property, Bond, D&O and E&O coverage

SDBIS has always offered bond and D&O policies, and this is our fifth year of controlling the entire process of choosing companies and securing the best coverages for our member banks. Roger Larson is in his second year and has provided excellent service along with Michelle Guthmiller and Robin Feimer, who are always there to take your questions and provide answers.

We are now utilizing a number of insurance companies to provide member banks with a truly customized solution to all their risks. We will continue to grow this very important block of business. Insurance is a complex business, and the providers we have selected to market to our banks have strong financial standings. ■

Mike Feimer is president of the South Dakota Bankers Insurance & Services (SDBIS), Inc. Feimer can be reached at 605.660.2341 or mfeimer@sdba.com.

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Bankers Foundation Awards Four College Scholarships

Alan M. Graff Scholarship



Bruce Biegler, a finance major at the University of South Dakota in Vermillion (USD), was named the recipient of a \$4,000 Alan M. Graff Scholarship endowed by First PREMIER Bank, PREMIER Bankcard and its employees through the South Dakota Bankers Foundation. The Graff Scholarship was created in honor of banker

Alan M. Graff who was diagnosed with cancer in 2011 and passed away that same year. Those closest to him saw him briefly battle cancer with the same passion as he approached living life. To honor Graff's legacy for his service to the PREMIER organizations, the South Dakota banking industry, and the communities he cared so deeply about, established an endowed scholarship with the South Dakota Bankers Foundation.

A native of Timber Lake, Biegler plans to pursue working in the investment banking industry upon his graduation. Biegler has served in various leadership positions at USD and has been active in Coyote Capital Management, where he currently serves as vice president and senior analyst and sector leader. He also serves as president of Pi Sigma Epsilon and has been active in various community projects.

David S. Birkeland Scholarship



Petru Enache, a South Dakota State University student, was named the 2016 winner of the \$3,000 David S. Birkeland Scholarship offered annually by the South Dakota Bankers Foundation. Enache is a business administration major with a minor in accounting and banking and finance. He has been active in various leadership

positions on campus, as well as volunteering in many community service activities, all while attending SDSU full time and working during the school year. Enache is a native of Moldova, a country in Eastern Europe, and has studied in the United States since he was provided the opportunity to live with an American host family while attending high school in America.

The David S. Birkeland Scholarship is a \$3,000 annual scholarship created in memory of banker David S. Birkeland, past president of the South Dakota Bankers Association and president of First Bank of South Dakota in Sioux Falls. Birkeland was killed in a plane crash with Governor George S. Mickelson and six others in April 1993, while serving his community and state.

Herman Lerdal Scholarship



Taylor Beutler, a student at Northern State University in Aberdeen, was named the 2016 winner of the \$3,000 Herman Lerdal Scholarship offered annually by the South Dakota Bankers Foundation. The Herman Lerdal Scholarship is an annual scholarship created in honor of banker Herman Lerdal for his service to the banking industry

and to the South Dakota Bankers Foundation.

Beutler is pursuing a degree in banking and finance with a minor in accounting and plans to enter the banking field, with a focus on the agricultural side, when he graduates in December. Beutler's employment with two local community banks in South Dakota confirmed that the banking world is where he wants to be. Beutler has served in leadership roles during high school and college and continues to be an active volunteer in his local community.

Joyce Hazeltine Scholarship



Elizabeth Williams, a student at Black Hills State University in Spearfish, was named the 2016 winner of the \$3,000 Joyce Hazeltine Scholarship offered annually by the South Dakota Bankers Foundation. Williams, who is from Miles City, Mont., is majoring in economics and finance. She discovered her love of banking while working for

the Stockman Bank in Montana. She plans to search for a job working in the banking industry in the Black Hills of South Dakota when she graduates in December 2016.

The Joyce Hazeltine Scholarship is a \$3,000 annual scholarship created in honor of Hazeltine's fundraising efforts as campaign chair for the High School Scholarship Program. Hazeltine served eight years as a Foundation board member and as chair and volunteered to spearhead a major fundraising campaign to raise money for the High School Scholarship Program. Hazeltine is passionate about South Dakota's young people, and it was through her hard work and the generosity of South Dakota's banks that almost \$900,000 was raised.

To be eligible, a student must be an undergraduate in his/her junior year enrolled at any South Dakota institution of higher learning, have a cumulative GPA of 3.0 or higher, express an interest in a career in banking, business or finance, and have demonstrated leadership qualities. For more information, visit www.sdba.com. ■

Trust Experts Deliver Thought-Provoking Sessions

Nearly 120 people gathered for the Tri-State Trust Conference hosted by the NDBA April 25-27 at the Hilton Garden Inn in Fargo, N.D. Trust officers from North Dakota, South Dakota and Minnesota, along with representatives from 36 exhibiting and sponsoring companies, enjoyed learning and networking.

The conference kicked off Monday evening with Tim David's presentation on "Body Language and Magic Words for Managers." Named top mentalist in North America, he wowed attendees as he showed that real magic is about words and the way they influence minds.

Tuesday morning, David Richman of the Eaton Vance Advisor Institute shared the disciplines of the intentional advisor and how such advisors become the first call whenever money and life intersect. Next, estate planning expert Jonathan Blattmachr reviewed grantor trusts, charitable deductions for estates and trusts, and life insurance as an estate and financial planning tool. After lunch, Stifel chief fixed income strategist Jim DeMasi gave a macro outlook for economic growth and interest rates. Patrick Alyward of CCH Trust US provided an update on the IRS 2 percent trustee fee regulation.

Wednesday morning, Sharon Carson shared highlights from the J.P. Morgan Guide to Retirement while



From left are American Bank & Trust employees Kristy Hepper, Pierre, and Debbi Holmes, Huron.

focusing on healthcare costs in retirement. Next, Tim Murray of T. Rowe Price provided ideas for navigating a volatile market environment. The conference closed with FBI Special Agent Jeff Lanza (retired), who spoke on leadership ethics and contributing factors to lost integrity.

Thanks to all who participated in this year's event. ■

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Teamwork and Culture in Community Banking

Meet Jack and Lori Lynass

Black Hills Community Bank, Rapid City

By Alisa DeMers, Editor

Jack and Lori Lynass have both worked for a number of banks in the Black Hills area during their more than 30 years in the industry. Jack helped develop several de novo branches and a de novo bank, while Lori helped establish mortgage departments for several banks.

Over time their career paths merged, and Jack and Lori began working together as a team at the same bank.

Their most recent collaboration has been with Black Hills Community Bank (BHCN) in Rapid City, where Jack is president/CEO

and Lori is manager of the mortgage department.

It's All About Culture

"Our culture at Black Hills Community Bank promotes teamwork—whether it be commercial working with mortgage, operations working with our Spearfish bank, commercial in Rapid City working with commercial in Spearfish, or underwriting," Jack said. "This is a total team effort, and I am very proud of them."

The bank's founding cultural principle is to hire honest, caring,

self-motivating people with positive attitudes and strong work ethics. BHCN expects its 43 employees to treat customers and co-workers with respect and communicates openly with staff, asking the same in return.

"Our biggest strength is our people, who appreciate our community banking culture," Jack explained. "We actually define culture, share it with every employee during the hiring process and only hire those that fit. The top four of our core values are what we call PRTR—professionalism, respect, teamwork and responsiveness."

Strength in Numbers

The youngest of seven children, Jack Lynass was born in Winner, where his father, Jack Sr., worked for the family's ranch. When Jack was five years old, the family moved to Miller. His father worked for the Farmers Home Administration and was a partner in the Miller Livestock Auction Co.

The family next moved to Sioux Falls for a couple of years, where Jack graduated from O'Gorman High School in 1980. Following graduation, the family moved to Pierre when Jack Sr. took a job with BankWest, where he worked for 22 years, became executive vice president and served on the board of directors.

Growing up, Jack and his siblings played all kinds of sports. He enjoyed anything outside and played the trumpet. In the summers, Jack worked for a rancher hauling bails, picking rocks and painting fences.

"I look at Mom as being the most amazing person trying to balance the needs of seven kids and keeping us on time," Jack reflected. "We were never late for anything, especially church every Sunday at 8 a.m."

Following high school, Jack studied business at the University of South Dakota in Vermillion and met and married his wife, Lori Kaiser. The couple moved to Spearfish,

where Jack attended Black Hills State University (BHSU), and Lori worked at First Federal Savings Bank.

While studying business at BHSU, Jack completed a management training program at First National Bank's Miners and Merchants Branch in Lead. He also worked full time selling cars at Queen City Motors in Spearfish. Jack developed a close relationship with the owners, and they made him an offer to become a 25 percent partner/owner plus provide the financing.

"It was really a simple decision," Jack reflected. "I was all in, as it was an incredible opportunity."

Around that same time, Todd Douglas with First National Bank in Pierre called Jack and said the branch president in Lead resigned, and his name came up as a replacement. The two were good friends who met when Jack's family moved to Pierre. Todd's aunt sold Jack's family its house, and she paid Todd \$20 to meet the new kid and get ice cream.

Faced with two career options at the age of 25, Jack called his dad for advice, who said he had always enjoyed his career in banking, which provided well for his family. But, his dad also said the car business looked promising and was a good opportunity.

"I think I wanted him to make

my decision for me," Jack joked. "But his advice was simple. He said, 'You decide, and you will make it right whatever you decide.' I chose banking and followed in his footsteps."

A Career in Banking

Jack worked for First National Bank for seven years. When he accepted the branch manager position in Lead, Jack said he didn't know the first thing about banking.

"First National Bank had an incredible training program. They (Brent Dykstra, Gene Hawk, Bill Fuchs and Todd Douglas) took me under their wings, and they put me on Performance Bankers Inc.'s review team, an external compliance and loan review group that examined all of Frank Farrar's banks," Jack explained. "They put me on the fast track to learn banking."

Jack's goal while with First National Bank was to open a branch in Spearfish, but he said the timing wasn't right. Jack was approached by John Brewer, a friend who was president of Rushmore Bank & Trust in Rapid City (now Great Western Bank), about starting a de novo branch in Spearfish.

Jack decided to leave First National Bank and join Brewer. They purchased the old First Federal



Black Hills Community Bank's 1952 Ward LaFrance fire truck outside of its Rapid City headquarters at 840 Mount Rushmore Road.



The executive team at Black Hills Community Bank, Rapid City: (from left) Compliance Officer John Brewer, CFO Paul Enos, President/CEO Jack Lynass, CCO David Ahlrichs and VP Operations Melissa Hood.

Building on Main Street of Spearfish and opened a branch of Rushmore Bank & Trust in 1994. A few years later, they renovated and moved the bank into the Historic Post Office.

"Starting the bank in Spearfish was exciting and scary," Jack said. "I remember the first day we opened for business—zero loans, zero deposits, zero income. But with a great team of bankers, we kept it fun and became profitable in the first nine months."

Lori's Career in Banking

Lori Lynass began working at BankWest in Pierre the summer before her senior year in high school. Her position at the bank continued as part of a school program, and she worked at the bank half days learning different aspects of the industry. It was during this time that Lori decided to continue her career in banking.

After BankWest, Lori joined First Federal Savings Bank in Spearfish in 1983. Through promotions, she eventually became a mortgage loan originator and office manager.

In 1990, Lori was hired by Bruce Byrum at First Western Bank (now First Interstate Bank) to develop a real estate processing center from the ground up in Spearfish. Her position was to develop and set up the software, obtain investors and train processors, closers and originators in mortgage lending and compliance. She became an FHA, VA, Rural Development and conventional underwriter. The bank's eight branches sent their

loans to the center for processing, underwriting and selling of the loans to the secondary market.

Working at the Same Bank

"Rushmore Bank & Trust was growing very fast, but I was competing with Lori now in mortgages," Jack said. "I am out hustling commercial loans and inviting prospects to our house for dinner, and they would say, 'Jack, we would like to do business with you, but I think we are going to do our mortgage with your wife.' I couldn't blame them."

In 2001, Lori joined Jack at Rushmore Bank & Trust as an originator and underwriter to develop a mortgage department in Spearfish.

After Rushmore Bank & Trust merged with F&M Bank in Watertown and formed Great Western Bank, Jack decided to leave the bank in 2002 as it didn't fit his career path. He joined BankWest and opened a de novo branch in Rapid City in 2003.

After taking an 18-month break to stay home with their children, Lori joined Jack at BankWest in 2005 as a mortgage banker to develop a mortgage department for the bank in Rapid City.

Jack was regional president for BankWest when in 2009, he was approached by a group of investors, which had chartered a de novo bank in Rapid City in 2007. They offered Jack the opportunity to be president/CEO of the new bank—Black Hills Community Bank.

"It wasn't an easy decision to leave BankWest, but the Board of BHCBC offered me the opportunity of bank ownership, which ultimately became the deciding factor," Jack said. "Lori was also hired to start another mortgage department, which she hoped would be her last."

A New Rapid City Bank

Black Hills Community Bank opened Nov. 27, 2007, across the street from its current location at 840 Mount Rushmore Road.

"We had relationships at the time with two other banks, and they were great partners in purchasing loans that we generated," Jack said. "They liked our underwriting, and they liked the area, which has helped the bank maintain double-digit asset growth every year."

As president/CEO of Black Hills Community Bank, Jack views his role as leader of the team, culture, hiring, community involvement and strategic planning. The bank provides all types of banking services, but its niche is commercial real estate and mortgage loans.

As the bank's mortgage manager, Lori oversees six employees. She originates and oversees the process of the mortgage loans for timely and efficient processing, closing and selling. Her department provides all types of residential lending, including government and conventional products. The bank also offers in-house first and second mortgage loans, as well as selling residential mortgage loans to secondary market investors.

"We are passionate in the mortgage department about getting to the closing table on time," Lori explained. "We try to make the customer feel at ease and make the transaction appear seamless to the Realtors and the customers."

"What sets us apart is that we are locally owned," Jack said. "We have engaged board members that know the area. All the decisions are made locally, which makes a solid platform to build on."

When he joined the bank, Jack still had business relationships from the Spearfish area that followed him throughout his career. An expansion to Spearfish was part of BHC's strategic plan for a number of years. The dream came to light when Jack convinced Bruce Byrum, a long-time Spearfish bank president, to join BHC. Bruce selected his team and opened doors at the new Spearfish location in April 2015.

"Bruce and his team fit our culture perfectly," Jack said. "It comes to no surprise that they are doing well in Spearfish."

Caring for the Community

As part of its Pass it on Program, the bank every year gives each employee \$1,000 to decide how to donate in the community. Jack said this often leads employees to become involved in the causes or organizations to which they donate the money.

"We canvass the community so much better with more than forty employees looking for the needs that are important to them," he said. "We are able to leverage their time and effort because they become involved."

The bank tracks its employees' volunteer hours, who each average 100 volunteer hours per year.

The bank has a Board Community Involvement Committee that includes staff, management and board members. Jack said the committee looks for ways to make a difference, not just with the bank's capital and volunteer hours, but also leveraging that with the bank's board members, their businesses, their families and community.

One example of the committee's



BHC has a second location at 215 E. Jackson Boulevard in Spearfish.

work is the bank's annual diaper drive, now in its fifth year, collecting diapers for families with children who desperately need them. In Rapid City, the bank has partnered with the Cornerstone Rescue Mission's Dear Ones Daycare to acquire 30,000 diapers this June. In Spearfish, the bank has partnered with Artemis House, a victims of violence intervention program, with the goal of raising 1,500 diapers in June.

One way BHC raises funds for community causes is by auctioning its restored 1952 Ward LaFrance fire truck for birthday parties with the local fire department, including fire truck rides and cake and ice cream.

Life at Home

Jack and Lori have been married for 33 years and have two grown children: Lana and JC.

Lana is married to Michael Paulson, and both are graduates of Montana State University. The couple has two sons and live in San Jose, Calif., where Michael is a senior programming engineer for Netflix.

JC is a graduate of BHSU and works for Granite Automotive in Rapid City.

When not working, Jack and Lori enjoy family trips, skiing at Terry Peak and boating at Pactola Lake in the Black Hills. Jack said they miss his dad deeply, who passed away in a car accident in 2006, but feel blessed that his mom lives nearby and Lori's parents both live in Pierre.

Jack and Lori have been involved in numerous community organizations over the years, and one

of Jack's current focuses is Special Olympics. He is president of Rapid City Flame (for the younger Special Olympics athletes) and also serves on Special Olympics' state board. Jack first became involved when he was asked to help reorganize Rapid City's group seven years ago.

"There is so much you can learn from these athletes and the difficulties that they go through every day of their lives. And it is not just them, but also their families," he said. "They are the happiest kids that I have ever met in my life. It goes without saying I truly get more out of my relationship with Special Olympics than I can ever give to it."

Jack also helped create and raise funding for Rapid City Special Olympics' Letter Jacket Fund. When athletes earn their high school sports letter, they now also receive a letter jacket presented to them during a special event.

Jack is president-elect of the Rapid City Regional Hospital Board, a member of the South Dakota Parks and Wildlife Foundation Board and a member of Rural America Initiatives' steering committee to raise \$6.2 million to construct a new Head Start facility to serve at-risk Native American families in Rapid City.

"There is no better place to live, raise a family and manage banks than in the Black Hills of South Dakota," said Jack. "Community banking is all about people. South Dakotans are honest, hardworking and caring people that if provided the appropriate training and support can accomplish almost anything." ■

ASSESS YOUR EXAMINATION PROCESS: Tell Us the Good, Bad and Ugly!

By Scott Polakoff, executive vice president, and Stephen Brown Klinger, director, FinPro Inc.

Bankers operate in a highly-regulated environment, and regulatory examinations are a necessary ingredient for maintaining a safe and sound financial system. As we all know, though, examinations can often go awry for a myriad of reasons, and recent observations suggest that we are at risk of veering away from the collaborative approach to much more of a regulatory “gotcha” mentality.

As you may be aware, the Regulatory Feedback Initiative (RFI) consists of an anonymous electronic survey for bankers to provide an assessment of their most recent examination or visitation. The information is aggregated and analyzed on a national level to improve the regulatory examination process for banks through two fronts:

1. Survey results are communicated to bank regulators on a routine basis when unique examination trends are discovered.
2. Custom bank reports are available to banks to aid them in preparing for an upcoming exam by identifying trending areas of focus or criticism.

Created by The Coalition of Bankers Associations in 2011, banks have provided feedback on more than 3,000 examinations. In 2015, FinPro joined this important effort to assist with analyzing the data generated by RFI and provide suggestions for improving the survey.

The Coalition’s leadership, working closely with FinPro’s advanced analytic group and staff of former senior regulators, has streamlined the survey process



and improved the relevance of questions. The enhanced survey that rolled out in May 2016 has cut the number of questions by almost 50 percent, which is projected to reduce the average survey completion time from 27 minutes to less than 15 minutes.

While this new platform is very exciting, its usefulness is determined by banker involvement. The survey results truly make a difference, and we want to share some examples of how the RFI survey provides actionable feedback.

Below are three items that, based on the responses generated by banks in the survey, the regulatory agencies should start, stop and continue:

Start: Create an appeals process that eliminates any concerns of regulatory retaliation.

The Riegle Community Development and Regulatory Improvement Act of 1994 required that all regulatory agencies construct an appeals process that attempts to remedy contested filings. RFI data shows a high correlation where banks reported being “unsatisfied” or “extremely unsatisfied” with their examination to whether or not the “examination resolved issues and recommended corrective action in a fair and reasonable manner.” Bankers’ comments yearn for a healthy appeals



process that is standardized across agencies and void of regulatory retaliation.

From an article published in the American Banker on April 8, 2015, titled “Fear of Retaliation Stifles Banks’ Appeals to Regulators,” FinPro’s suggestions for improvement are simple and easy to implement. First, examination standards and findings should be the same regardless of an FDIC, OCC or FRB examination team. Second, appeals should be reviewed and resolved by an interagency group of senior executives. Third, appeals should have all names and identifiable information redacted before submission to the interagency group. Decisions should be made based on the facts of the case.

Stop: Only 25 percent of the banks responding to the RFI agreed that “examiners applied ‘guidance,’ as opposed to enforceable regulation, appropriately” during their examination.

The most common divergences in expectations historically surrounded the application of Appraisal and Evaluation Guidelines (FIL-82-2010), but most recently disagreements regarding the Guidance for Managing Third-Party Risk (FIL-44-2008) have emerged as a trend. Not surprisingly, 51 percent of the bankers who disagreed with the above statement reported their examiner-in-charge had been supervising bank examinations for less than five years. Augmenting the experience of examiners is only one part of the solution though.

Some FILs, such as 44-2008, contain language stating the guidance “should not be considered as a set of required procedures.” However, others contain language that is more ambiguous. For example, 82-2010 states that “the Guidelines enhance the requirements for collateral valuation methods...” The mention of requirements is understandably confusing. Changes in staffing must be combined with a more clear communication of expectations from the agencies to banks.

Continue: The most bi-polar results from the current RFI survey data surround exam preparation.

Overall, institutions had positive feedback pertaining to the examination staff being “knowledgeable about important issues and regulatory requirements” and “knowledgeable about your institution.” This indicates an adequate level of preparation by staff prior to the examination.

However, there have been a significant number of comments pertaining to banks being given short notice to prepare themselves for the examination. Examiners should continue to be vigilant in preparing for the examination and be just as pro-active in communicating information about the schedule and timing of the

examination as early as possible

In combination with providing examiners feedback, the improved survey and greater bank participation allows for better reports to aid bankers in upcoming examinations. Past comments from the survey included the desires to know such items as:

- That BSA and IT were growing hot topics.
- There is a new focus on detailed policies.
- The examiner was going to spend 75 percent of their time on interest rate risk.
- Application of UDAAP specifically to their bank.
- When the goal posts moved.

We hear you, and the reports from the new survey will greatly improve your bank’s ability to stay aware of hot topics in preparation for examinations. While it is always incumbent on senior managers and directors to stay educated on current industry issues and regulations, below are the areas of greatest criticism in examinations conducted over the last two years.

Safety and Soundness Examination

Exam Area	% of Institutions Receiving Criticism
Interest rate risk management approaches	24%
Credit administration practices	23%
Adversely classified asset levels	21%
Real estate appraisal and evaluation processes	20%
Business Continually Planning	17%

Compliance Examination

Exam Area	% of Institutions Receiving Criticism
Real Estate Settlement Procedures Act	24%
Regulation Z (Truth in Lending Act)	23%
Re HMDA/Regulation C	23%
Flood Disaster Protection Act	18%
Regulation B (Equal Credit Opportunity Act)	16%

Bank participation is paramount to the success of the RFI. We encourage all institutions to visit www.allbankers.org to share anonymous information about their last examination. ■

For more information on FinPro’s strategic planning, capital planning, regulatory advisory, new director orientation and board retreat facilitation services, contact them at 908.234.9398 or finpro@finpro.us.



Putting Customers in Homes—Despite Washington



Bankers are a resilient bunch. I know this from the years I have spent working for what I consider to be the most important industry on the planet during what was the most challenging time for banking in a generation.

And I know it from the conversations I have been having on the road these past few months, hearing bankers express both frustration with current banking policy but also resolve to do what it takes to serve their customers.

In fact, these twin sentiments are documented in the results of ABA's latest real estate lending survey. The survey of 159 banks, 68 percent with less than \$1 billion in assets, turned up seemingly contradictory findings. It found, for instance, that 72 percent think the ability-to-repay/qualified mortgage (QM) rule will continue to restrict credit availability, and 75 percent say regulation is having a negative impact on their business.

But it also found that more banks—74 percent last year, compared to 67 percent in 2014—are willing to extend some non-QM loans, even if on a highly-targeted basis. It also found that banks made the highest percentage of loans to first-time homebuyers—15 percent—in the survey's 23-year history.

These latter findings are far from a vindication of Washington's approach to mortgage rulemaking. Instead, they should be seen as a testament to banks' resiliency and customer focus.

Few would call the current mortgage lending environment particularly appealing. Between the dramatic increase in prescriptive mortgage regulations and the persistent low interest rate environment, there's not much to recommend the line of business. But customers still want to buy homes. And bankers know better than

anyone that communities need vested homeowners to truly thrive. That's why bankers are finding a way to deliver what customers want and need, Washington be damned.

While this is a positive, it shouldn't let policymakers off the hook. Yes, there are banks that are making loans happen. But there are still 26 percent too concerned with liability to make a non-QM loan. And more than a third in the survey report that they have lost customers due to the increased time and paperwork it takes to approve a loan. Where did these customers go—to a less-regulated lender?

Increased costs to the banks are a given. More than eight out of 10 bankers said their compliance costs have climbed thanks to increased personnel, added technology costs and a loss of efficiency. Ninety two percent cite increased time allocation.

Of course, members of Congress don't care what regulation costs banks. But they do care what it costs their customers. So let me suggest that every time you lose a customer due to regulatory rules—whether because they couldn't stand the hassles and dropped out of the process, or because their debt-to-income ratio didn't make the QM cut—drop a line to your elected representatives. Tell them one less loan was made today because Washington has tied your hands.

Let lawmakers experience the same steady drip of frustration that you have experienced these last few years as one Dodd-Frank rule after another has made an obstacle course of mortgage lending. Your stories can help persuade Congress to take action—giving lawmakers the chance to demonstrate that they are as committed to their constituents and communities as banks are theirs. ■

Rob Nichols is president and CEO of the American Bankers Association (ABA). You can reach Nichols at nichols@aba.com.

SDBA Encourages Bankers to Take Lawmakers to Work

Registration is now open for ABA's Take Your Lawmaker to Work program, and the SDBA encourages all South Dakota banks to participate.

Participating banks invite local elected officials to visit their institution in August to experience a "day in the life" of a banker. Through the Take Your Lawmaker to Work program, lawmakers get a firsthand look at how banks operate, meet the customers the bank serves and experience the value banks bring to their communities.

"Face-to-face time with local legislators can be powerful, and is particularly important this year with every seat in the House of Representatives and a third

of the seats in the Senate up for election in November," said SDBA President Curt Everson. "We believe just one day at a local bank will help lawmakers understand how regulations can hinder banks' abilities to serve their customers effectively and stimulate their local economies."

The program runs the entire month of August—when representatives are home for August recess—allowing time to arrange a visit. Bankers can register for Take Your Lawmaker to Work online at www.aba.com/LawmakersAtWork. Once registered, ABA will provide materials including invitation templates, resources to prep staff and tips for following up with a lawmaker. ■

ask the appraiser

BY SHERRY BREN | Executive Director | South Dakota Appraiser Certification Program

Ethics Rule—Confidentiality

“Verifying” Completion of an Appraisal



Question: I have received inquiries from various companies regarding appraisals I have completed for others. Typically, I receive a letter that includes the address of a property I previously appraised, along with the effective date of my appraisal, and my appraised value. The letter asks me to confirm

that my appraisal was performed without violating any appraiser independence requirements. Since the company requesting the information was not my client, does USPAP allow me to comply with such requests for information?

Response: No. Unless you have received permission from your client, you may not communicate assignment results or confidential information (both, as defined in USPAP) to this third party (or any other entity that your client did not authorize).

Acknowledging the fact that you performed an appraisal on a property is not prohibited by USPAP. However, in this instance, acknowledging assignment results or confidential information without permission from the client is prohibited.

There are also instances where appraisers contractually agree with some clients to not disclose the fact that an appraisal was performed; in such cases the appraiser's contractual obligation would preclude the appraiser from disclosing even the fact that an appraisal was performed.

Appraisal Report Received by Others

Question: I was recently contacted by a lender regarding an appraisal I had performed for another client. The lender had somehow obtained a copy of my appraisal report and had some questions they wanted me to answer. However, this lender was not my original client and was not named as an intended user. Are there

any USPAP prohibitions against discussing my appraisal with this lender?

Response: Yes. USPAP prohibits the appraiser from communicating *assignment results or confidential information* (as defined in USPAP) to anyone other than the client and parties specifically authorized by the client (with the exception of those authorized by due process of law, state appraiser regulatory agencies, and a duly authorized professional peer review committee under certain conditions). Even if the lender who had contacted the appraiser was identified as an intended user in the original appraisal report, that lender is not part of the appraiser-client relationship. Therefore, authorization from the client would be needed if the lender wanted to discuss *assignment results or confidential information*.

Barring an agreement between the appraiser and the original client prohibiting disclosure of any information pertaining to the assignment, the appraiser may confirm that he or she performed an appraisal on the subject property, and may communicate anything other than *assignment results* (which include the appraiser's opinions and conclusions, in addition to the value conclusion) or *confidential information* (as defined in USPAP).

Notice: Public information regarding disciplinary action taken against an appraiser is available upon written request to the South Dakota Department of Labor and Regulation's Appraiser Certification Program at the address or email below. Include in the request for information the name of the appraiser and the appraiser's city and state of residence. (Disciplinary action may include denial, suspension, censure, reprimand or revocation of a certificate by the department.) ■

If you have an appraisal related question that you would like to have answered in the “Ask the Appraiser” column, submit it to Sherry Bren, executive director of the Appraiser Certification Program, 308 S. Pierre St., Pierre, SD 57501, fax 605.773.5405 or by email at Sherry.Bren@state.sd.us.

Learn Warning Signs of Possible Elder Exploitation

There are many “red flags” which can be potential signs of elder exploitation.

The South Dakota State Bar Elder Law Committee, whose goal is to educate people about elder exploitation, has created a list of warnings signs of possible elder exploitation. The list can be shared with bank employees and customers or posted at the bank.

If a bank employee suspects wrongdoing, he or she should report it to his or her supervisor. If that person is the supervisor, he or she should report it to local law enforcement.

The list is posted on the SDBA's website as part of its Safe Banking for Seniors Campaign. Visit www.sdba.com/safe-banking-for-seniors. ■

Dacotah Insurance Recognized for Exceptional Performance

Dacotah Insurance, a service of Dacotah Bank, was recently named the recipient of North Star Mutual Insurance Company's Star Award.

According to Cody Fruin, assistant manager of North Star's agency support services, the agency received the award for being a leader in sales production. The award was recently presented

to Dacotah Insurance's senior vice president of insurance services, Aaron McCardle.

"Our producers, account managers and support team have been working hard to ensure each client receives the best value for their insurance investment," McCardle said. "This recognition validates their efforts and acknowledges that they have been successful!"

North Star Mutual Insurance Company is a Midwest property-casualty insurance company which writes \$380 million in premium annually and is rated A+ Superior for financial stability by A.M. Best. Dacotah Insurance is an independent Trusted Choice® agency with 14 offices at Dacotah Bank locations in South Dakota, North Dakota and Minnesota. ■

Agricultural/Commercial Loan Officer, Citizens State Bank, Arlington, S.D.

Citizens State Bank, with offices in Arlington, Sinai and Castlewood, is seeking a seasoned loan officer with experience in agricultural and business lending for its Arlington location. A bachelor's degree and three to five years of prior banking and/or business experience is preferred. The successful candidate will assume responsibility for managing and growing a well performing, existing loan portfolio. This position has the potential for future advancement and management possibilities. Strong analytical, oral and written communication skills are required. We offer an excellent benefits package, a competitive salary and an enjoyable work environment. For more information contact John Rice, Citizens State Bank, PO Box 378, Arlington, SD 57212 or email john.rice@csbarlington.com. Citizens State Bank is an Equal Opportunity Employer. ■

Business Analyst, Fishback Financial Corporation, Sioux Falls, S.D.

Fishback Financial Corporation is looking for an individual to fill a business analyst position. This person should have a bachelor's degree and two years in a related field, or the equivalent. This position's responsibility includes: conceptualizing, designing, planning, implementing and maintaining automated and customized data retrieval, analysis and publication. Work includes

designing, maintaining and automating reports; testing results; assisting in the testing of data warehouse file structures; assisting other employees in the development and use of automated business intelligence tools and technology. This person is expected to manage and bring to conclusion multiple projects, including development of departmental operating procedures, and instruction and mentoring of our internal customers, BI analyst associate, or department intern. For more information and to apply, please visit our website at www.bankeasy.com. ■

Financial Advisor, CorTrust Bank, Sioux Falls, S.D.

CorTrust Bank has an exciting opportunity for an experienced, highly-skilled, motivated, and team-oriented financial advisor in Sioux Falls, S.D. CorTrust Bank offers an excellent compensation and benefits package, some of which include health and dental insurance, ESOP, 401K, and paid time off. This position is responsible for directing and coordinating retail non-deposit investment sales and brokerage activities for the wealth management division (brokerage group) and bank. This person will use a values and needs-based planning approach for direct sales and service to current and prospective high-net-worth clients/customers. This position will also assist with training and motivating bank employees to cross-sell retail non-deposit/brokerage products and to coordinate referrals to the other wealth management division partners. Must have a bachelor's degree from a

college or university. Must hold NASD Series 7 and 66 licenses and life insurance license. Prefer a minimum of three to five years of experience in investment/brokerage sales or management. CFA or CFP certification or an MBA degree is preferred, but not required. Must have excellent writing, analytical and interpersonal communication skills. Must have strong people/communication skills. Must have the ability to work independently. Must have a strong work ethic and the ability to work extra hours and under stress to meet deadlines. Must have a thorough understanding of securities and insurance products and the NASD/SEC rules and regulations. For more information, call John Heisler at 605.444.4024. To fill out an application visit www.cortrustbank.com. ■

Universal Banking Officer, Fishback Financial Corporation, Sioux Falls, S.D.

Fishback Financial Corporation is looking for an individual to fill a universal banking officer position. This person should have a bachelor's degree and two years in sales and/or retail activities, or the equivalent. This position's responsibility includes: developing new customer relationships, maintaining existing relationships, perform general teller functions, follow loan policy and guidelines, and receive and verify domestic wire instructions from customers and transmit that information to the accounting department. For more information and to apply, please visit our website at www.bankeasy.com. ■

If you have a job opening at your bank or something to sell, send your classified listing via email to ademers@sdba.com and we will post it on the SDBA website, print it in one issue of the South Dakota Banker Magazine and include it in the SDBA eNews. This service is free to member banks and associate members (200 word limit). The fee is \$50 for nonmembers. Questions, contact Alisa DeMers at 800.726.7322.

President Recaps SDBA Activities of Past Year...continued from page 5

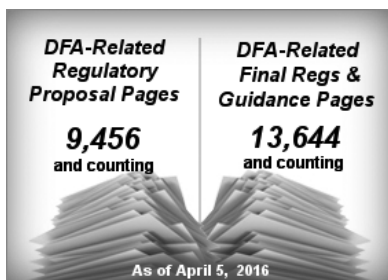
CFPB's definition of rural for small creditors, allowing balloon payment features within qualified mortgages in rural and underserved areas, providing exemptions from escrow requirements for certain higher-priced mortgage loans, and creating an application process to designate certain areas as rural. In return, Fed member banks more than \$10 billion got to help pay for the "DRIVE" Act through cuts in dividend payments due and owed to them from the Federal Reserve system.

What Congress failed to do was to enact any broader, much-needed changes to Dodd-Frank and the complex set of regulatory standards it has created for all banks. Industry trade associations at the national and state levels and banking industry leaders pressed hard for action within the banking committees. But in the end, partisan politics stood squarely in the way of advancing changes in the bank regulatory framework that would have been good for banks and their customers.

While Congress' continued lack of willingness to prioritize reasonable regulatory relief measures for banks is discouraging, we must remain positive and proactive in our advocacy efforts in Washington, D.C. The SDBA and other industry trade associations are currently rethinking our public policy strategies and tactics. Through entities like our federal PAC, Friends of Traditional Banking and the ABA's Fund for Economic Growth; through improvements in the framework supporting grassroots involvement by bankers; and through the development of strategic alliances with other groups with pro-business interests, we will work to significantly increase the strength of the banking industry's voice in Washington.

Banker Education and Training

Each July, the CFPB and its congressional supporters celebrate another birthday of the Dodd-Frank Act. This year is number six, and the following graphic taken from the American Bankers Association's Dodd-Frank tracker website, says it all:



As daunting as that graphic is, it helps explain why the experienced staff at the SDBA strives every day to offer content-rich, timely training opportunities at competitive prices that our member banks can afford. The complexity of administering more than 20,000 pages of Dodd-Frank-related regulations is also why the SDBA joined with 24 other state banking associations in support of the development and ongoing operation of Compliance Alliance with its all-access hotline, document review

services, full library of downloadable compliance tools, and easy-to-access summaries of new regulations.

Driven by banker participation in our core education and conference events, I am pleased to report that those offerings delivered a solid return above direct expenses totaling \$117,000 in 2015, compared to \$142,000 in 2014 and \$127,000 in 2013. Deb Gates and the rest of the staff at the SDBA work diligently to keep bankers informed of webinars, in-person seminars and specialized conferences of interest to the full spectrum of banking professionals. In an effort to control our operating costs, we disseminate that information through targeted emails directly to bankers. Just in case we miss you, I encourage member bankers to check our website regularly for new offerings.

Wrapup

I look forward to engaging with South Dakota's banking industry leaders at the SDBA's annual business meeting on June 14 as our friends from North Dakota host the 2016 Annual Convention in Bismarck. I am also anxious to work with the SDBA's newly-elected slate of officers and the entire Board of Directors to implement a focused set of strategic priorities developed during a planning retreat in May. While I will touch on this in more detail in future editions of South Dakota Banker Magazine, I will tell you that succession planning emerged as priority one.

Though I can't fully understand how it has happened, all three senior managers working under the SDBA/SDBIS umbrella are north of 60 years of age (some further north than others). SDBA's volunteer leaders decided it is high time to start planning for new leadership.

After more than 39 years of exemplary service to the education, convention and conferencing needs of SDBA's members and through her service as the executive director of the South Dakota Bankers Foundation, Administrative Vice President Deb Gates is planning to retire at the end of the year. **CONGRATULATIONS** Deb and thanks for a job very well done!

While it is impossible to replace that level of industry experience, plans have been made for hiring a new AVP. Even though exit dates for Mike Feimer and me are still several years down the road, succession plans for the president positions at SDBA and SDBIS will be developed in close consultation with the members of the respective Boards of Directors.

In closing, I simply want to say thank you to all of the staff at both SDBA and SDBIS for your steadfast commitment to the organization and to the superior support and service to our members and to you the SDBA members for your unwavering support of the SDBA and commitment to work on behalf of the best interests of the industry as a whole. ■

Curt Everson is president of the South Dakota Bankers Association. Everson can be reached at 605.224.1653 or ceverson@sdba.com.

Seminars and Conferences

2016 NDBA/SDBA Annual Convention

June 12-14, 2016: Ramkota Hotel, Bismarck, N.D.

2016 National School for Experienced Ag Lenders

June 20-23, 2016: Black Hills State University, Spearfish, S.D.

2016 SDBA IRA School

Sept. 7-9, 2016: Clubhouse Hotel & Suites, Sioux Falls

2016 SDBA Bank Technology Conference

Sept. 20-21, 2016: Sioux Falls

2017 SDBA State Legislative Day

Feb. 8, 2017: Ramkota Conference Center, Pierre

2017 SDBA Agricultural Credit Conference

April 12-14, 2017: Ramkota Conference Center, Pierre

2017 FDIC Directors' College

May 2, 2017: Sioux Falls Convention Center, Sioux Falls

Webinars

The following are available as live webinars and/or recorded seminars. For more information and additional webinars, visit www.sdba.com/webinars.

- June 8, 2016: Excel Explained: Pivot Tables
- June 8, 2016: Regulation CC—Check Holds
- June 9, 2016: Dealing with Subpoenas, Summonses, Garnishments, Tax Levies, Etc.
- June 9, 2016: Alert! New Federal Rules Protect Students and Help Borrowers
- June 14, 2016: How to Analyze the Purchase of an Existing Business
- June 16, 2016: Seven Habits of Effective Credit Administration in Commercial Banks
- June 16, 2016: SSNs, EINs and ITINs: Understanding Your Job as a Withholding Agent
- June 21, 2016: Checks and Deposits—Vital Issues
- June 21, 2016: TILA-RESPA Integrated Disclosure (TRID) Rule
- June 22, 2016: Cyber Security and FFIEC Regulatory Expectations
- June 23, 2016: Lending to Local Government Units
- June 23, 2016: Compliance Perspectives

- June 28, 2016: HMDA: A Summary of the New Final Rules
- June 28, 2016: Handling Social Security Representative Payee Accounts
- July 6, 2016: Federal Benefit Payments Garnishment Requirements
- July 7, 2016: Entering the World of Consumer Lending—Part 1 (three-part series, part 1)
- July 12, 2016: Alert! Implementing New Customer Due Diligence Rules—Legal Entity Customers (three-part series, part 1)
- July 12, 2016: Call Center Representative Training
- July 13, 2016: Email Security—Oops, You Clicked; Now What?
- July 13, 2016: Developing a Star Teller
- July 14, 2016: Entering the World of Consumer Lending—Part 2 (three-part series, part 2)

Banking Schools

2016 Dakota School of Banking

June 19-24, 2016: University of Jamestown, N.D.

2016 National School for Experienced Ag Lenders

June 20-23, 2016, Black Hills State University, Spearfish, S.D.

Graduate School of Banking at Colorado

July 17-29, 2016: University of Colorado in Boulder

Graduate School of Banking at Wisconsin

July 31-Aug. 12, 2016: University of Wisconsin-Madison

2016 SDBA IRA School

Sept. 7-9, 2016: Clubhouse Hotel & Suites, Sioux Falls

GSB Financial Managers School

Sept. 18-23, 2016: University of Wisconsin-Madison

GSB Bank Technology Security School

Oct. 23-28, 2016: University of Wisconsin-Madison

GSB Advanced IT Forum

Oct. 24-26, 2016: University of Wisconsin-Madison

Program and registration information is available six to eight weeks before each conference. For complete registration information, visit www.sdba.com.



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Register at aba.com/LawmakersAtWork



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