

# South Dakota Banker

Your Premier Source to South Dakota's Financial Services Industry | June 2017

A man with short grey hair and glasses, wearing a dark pinstriped suit, white shirt, and a blue and white striped tie, stands in a bank lobby. He is smiling slightly. The lobby has several rows of brown leather chairs and large windows in the background.

## Flexible, Fair and Focused on Customer Service

Meet Craig Davis, First National Bank, Pierre

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meet the south dakota development corporation

# LOAN OFFICERS

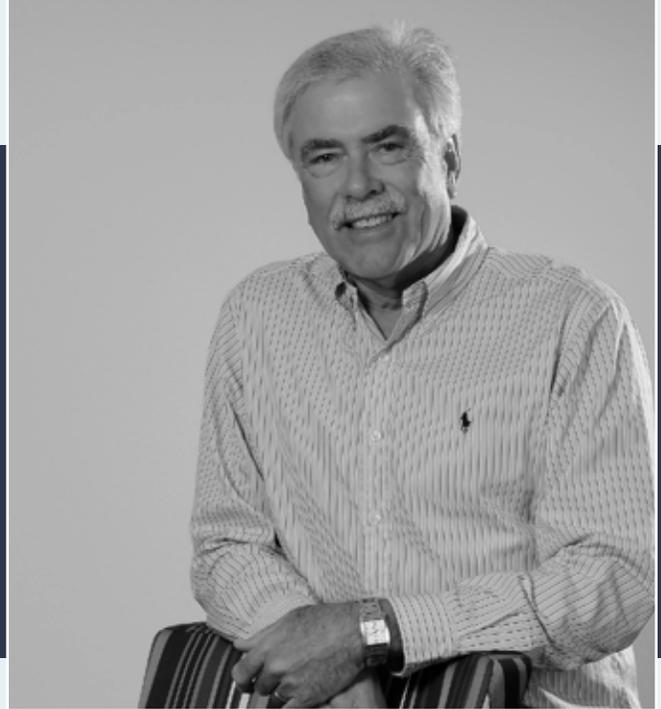
for your business financing needs



LaJena Gruis

**SBA 504**

[lajena.gruis@sdreadytowork.com](mailto:lajena.gruis@sdreadytowork.com)



Charlie Van Gerpen

**MICROLOAN**

[charlie.vangerpen@sdreadytowork.com](mailto:charlie.vangerpen@sdreadytowork.com)

## QUICK FACTS

- » Provides permanent fixed-rate financing for fixed assets
- » Available to for-profit businesses, including retail operations
- » Take-out financing
- » As a Certified Development Company (CDC), the South Dakota Development Corporation offers 504 loans statewide
- » Loan amounts: maximum of \$5 million; may increase to \$5.5 million if project meets national objectives
- » Subordinate lien position to bank
- » Up to 20 year term, fully amortized

South Dakota  
**Development Corporation**  
605-773-8373

## QUICK FACTS

- » Offers access to working capital for small enterprises; may also be used for fixed assets
- » Up to 10 year term
- » Maximum loan amount of \$100,000; minimum \$1,000; total project costs cannot exceed \$500,000. Application fee, due at the time of funding, is the greater of 1.5 percent of loan amount or \$50
- » 3 percent interest rate
- » 50 percent of total financing must be provided by a bank, credit union, or local regional revolving loan fund; balance from MicroLOAN and equity injection (if required by lender)
- » MicroLOAN may subordinate to lender involved
- » Take-out financing



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**SDBA OFFICERS**

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**Paul Domke**, Heartland State Bank, Redfield

**CHAIRMAN-ELECT**

**Dave Rozenboom**, First PREMIER Bank, Sioux Falls

**VICE CHAIRMAN**

**Karl Adam**, First Dakota National Bank, Pierre

**IMMEDIATE PAST CHAIRMAN**

**Rick Rylance**, Dacotah Bank, Aberdeen

**SDBA BOARD OF DIRECTORS**

**David Bangasser**, Dacotah Bank, Sioux Falls

**Steve Bumann**, BankWest, Pierre

**Craig Davis**, First National Bank, Pierre

**Jeff Davis**, Bryant State Bank, Bryant

**David D. Nelson**, First Fidelity Bank, Platte

**Shawn Rost**, First Interstate Bank, Rapid City

**Kristina Schaefer**, First Bank & Trust, Sioux Falls

**Brad Seaman**, First State Bank of Warner, Aberdeen

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**EDITORIAL:** Published monthly by the South Dakota Bankers Association, South Dakota Banker is dedicated to enhancing the state's banking profession by providing useful and timely information on important events and trends in the banking industry. Statements of fact and opinion are made on the responsibility of the authors alone and do not represent the opinion or endorsement of the SDBA. The magazine welcomes news from SDBA members. Articles may be reprinted with permission. Email ademers@sdba.com.

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# South Dakota Banker

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## message from the chairman

BY PAUL DOMKE | President/CEO/CCO | Heartland State Bank, Redfield

# Working in the Best Interest of the Industry



I want to say thanks for having the honor to serve as chairman this past year. While there have been no big advocacy wins yet, I think the table is set for our organization to use our stories to make it easier to better serve our customers and communities instead of dealing with red tape.

As I reflect on the past year and the years I was able to serve as an SDBA Board member, the best takeaway I have is that all who were on those boards developed a fellowship and desire to serve others. It didn't matter the size or complexity of one's bank or the business model they used. All sought to seek and understand the issues and make decisions for the best interest of all South Dakota banks and banking in general.

I began serving on the SDBA Board of Directors right after the financial crisis and have witnessed the onslaught of regulations and scrutiny of banks through my eyes. I can honestly say that the biggest advocates for smaller banks, like the one of which I am employed, have been the banks some refer to as "big banks." Coming from a small bank, I know regulations that some thought targeted the

big banks have led to many smaller banks being forced to merge or sell out. I hope this trend has hit a bottom, and we start to see a re-energized banking atmosphere and climate.

That will only happen if bankers work together to tell the stories of how our customers are affected by burdensome regulations that really are not helping our customers.

The staff we have at the SDBA is top notch by not only our observance but that of many people throughout our nation. We need people to be involved in not only the SDBA Board of Directors but all of the Association's committees and boards, so please take the plunge if you haven't. The rewards will come back to you in many ways.

Once again, I wish to thank those I served with and the whole staff of the SDBA. It has been my pleasure to enjoy this ride! ■

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Paul Domke is president/CEO/CCO of Heartland State Bank in Redfield. Domke can be reached at 605.475.5500 or pdomke@hsbsd.com.

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- Lake Properties
- Estates, Donations, & Trusts

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## New SDBA Associate Member

The SDBA Board of Directors has approved PNC Bank, NA as an associate member.

### PNC Bank, NA

**Contact:** Laura Palko, Relationship Manager

**Address:** 1600 Market Street, Philadelphia, PA 19103

**Email:** [laura.palko@pnc.com](mailto:laura.palko@pnc.com)

**Phone:** 215.585.4372

**Website:** [www.pnc.com/FIG](http://www.pnc.com/FIG)

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## President Recaps SDBA Activities of Past Year



**A**t this point in time, the 2016 election results are old news (or at least they should be). Unfortunately, some politicians and reporters are having a hard time accepting those results. I for one am tired of rehashing 2016. The election is over, so let's move on.

To the victors, both Republican and Democrat, I suggest that it is time to govern. To President Trump and the caucus leaders of both parties in Congress, my message is this: Leadership is hard, but it is a lot easier when you focus on finding public policy solutions that unite instead of divide.

But enough of that. Thankfully, the life and times of the SDBA are considerably less chaotic than the politics of our nation's capital city. Here is my report on some happenings over the past 12 months.

### State Government Relations

Nearly one third of the 105 elected members of the State House and Senate were brand new to the State Legislature. Not surprisingly, the overall number of bills introduced was a bit lower than prior sessions. That said, the SDBA's lobbyists still dealt with a host of bills of interest to our industry. What follows is a synopsis of some of those bills.

- **Gifts to Public Officials (HB1073):** First among newly-elected legislators' duties was to take their oath of office wherein they pledge to uphold the provisions of the constitutions of the United States of America and the State of South Dakota. Early in December of 2016, a circuit judge held that parts of Initiated Measure #22, dubbed by its supporters as the Anti-Government Corruption Act, were in fact, unconstitutional. Rather than trying to extricate the troublesome components of IM#22 from the rest of the measure, the Legislature decided to repeal the entire measure and subsequently enact key components of IM#22 via a series of separate bills.

The SDBA had two concerns with IM#22. The first concern was whether costs associated with our annual State Legislative Day reception and dinner would violate IM#22's ban on gifts to public officials. The second concern was whether South Dakota Bankers Foundation-sponsored scholarships could be granted to sons or daughters of elected or appointed state officials.

The SDBA worked with legislative leaders in both parties on language such that HB1073's restrictions on gifts do not include the value of any food, entertainment or beverage provided for immediate consumption. Nor would any scholarship awarded to the son or daughter of a state official either directly by the South Dakota Bankers Foundation or any scholarship awarded by a member

bank that is funded in part with money provided by the SD Bankers Foundation be classified as a gift.

- **Rules of the Road for Occasional Business Lenders (HB1179):** Some businesses or individuals in South Dakota occasionally make non-residential mortgage loans or provide business capital in some fashion. The leadership of the SDBA and the SD Division of Banking have long taken the position that organizations in the business of lending should be required to get a state license. Long-standing state laws require the remittance of bank franchise tax on net income earned from that lending activity.

Brought at the request of a Black Hills-based business that has a history of making loans ranging from a few thousand to several million dollars, HB1179 sought a blanket exemption from state licensing requirements. The SDBA worked with numerous stakeholders on compromise language that grants a licensing exemption for lenders that make five or fewer loans in a 12-month period with an aggregate total that does not exceed \$4 million. However, those lenders are required to report their lending activity annually to the Division of Banking, and the net income earned from those lending activities will be subject to the state bank franchise tax.

- **Securities as Unclaimed Property (SB34):** Banks and other businesses acting as holders of assets belonging to others are required to abide by state laws governing unclaimed property. The Daugaard administration brought forward SB34 proposing to shorten the allowable time frame between the receipt of stocks, bonds and other negotiable instruments by the state's unclaimed property administrator and the mandatory liquidation of those instruments. While banks as holders and remitters of those instruments held in dormant accounts are not impacted by the provisions of SB34, they would have been without pre-session intervention by the SDBA.

During his annual budget address, Gov. Daugaard stated his intent to submit legislation requiring holders of those types of financial instruments in dormant accounts to liquidate securities prior to submission to the unclaimed property administrator. We communicated bankers' fiduciary and legal concerns, and the Governor agreed to remove those provisions from the legislative proposal. Current concerns about the impacts of SB34 being expressed by some in the investment community reinforces that communicating those concerns early in the process served SDBA member interests well.

- **Improving Banking Processes (HB1047 and HB1059):** SDBA supported a bill brought by the SD Division of Banking to streamline and better sync South Dakota's notification and publication requirements for

*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 13th year of enjoying the strength and ease of working with Blue Cross Blue Shield (BCBS) as the endorsed health insurance carrier for our SDBA Health Plan. We

are currently in our fourth year of being self-insured.

The total number of banks on the group health plan is 41, and our number of covered lives continues to increase from an average of 2,220 lives last year to an average of 2,472 this year. Our premium has grown to \$13,553,000. For 2017, we had a 9 percent increase in premium compared to other South Dakota large groups at 10 percent and above. We are always welcoming new banks and look forward to bringing more on this year.

We continue to grow our reserves, and during the last 12 months we have done well on claims which has allowed us to build reserves at a faster rate. The SDBA Health Plan currently has \$3,959,000 in reserves. Our Board of Trustees will meet in June 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 renewal rate for next year.

We have had some changes to the Board of Trustees with the resignations of Hugh Bartels and Steve Hayes, and in turn the Board has voted to add George Kenzy, president/CEO of First Fidelity Bank, and Joseph Anglin, SVP/CFO of Pioneer Bank & Trust, as their replacements. I look forward to having them on the Board of Trustees.

As a result of our meeting with the South Dakota Division of Insurance last year, we have implemented a GANTT chart which outlines all reporting requirements on the state and federal levels.

## 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 Scott Daugherty, president and general counsel, at 888.353.3933 or [scott@compliancealliance.com](mailto:scott@compliancealliance.com).

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

It has been 13 years since the SDBIS Board made Central States of Omaha (CSO) our only endorsed provider of credit life and disability insurance. 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](mailto:trowen@csco.com).

## EMC National Life Insurance Company

In 2017, we made the move from Dearborn Life to EMC National Life Insurance Company. I have garnered a 40 percent reduction in rates for the employee term life along with now offering a guaranteed issue amount of \$30,000 for voluntary employee coverage (employee paid) and \$10,000 for spouse and children. We were also able to lower our short-term/long-term disability rates along with securing a two-year rate guarantee. Contact me or Michelle Guthmiller so we can offer this excellent guarantee life product to all your employees.

*Continued on page 8*

# SDBA/SDBIS Consolidated Financial Reports

## Statement of Financial Condition - December 31, 2016 (Unaudited)

<b>ASSETS</b>	SDBA	SDBIS	Eliminations	Consolidated
Cash and CDs	\$ 1,165,008	\$ 444,411	\$ -	\$ 1,609,419
Prepaid Expense	21,029	9,409	-	30,438
Accounts Receivable	29,881	11,786	(9,793)	31,874
Investments	1,355,681	11,950	(437,861)	929,770
Federal Income Taxes Recoverable	-	14,171	-	14,171
Land and Building	609,580	-	-	609,580
Property/Equipment	38,476	10,792	-	49,268
<b>TOTAL ASSETS</b>	<b>\$ 3,219,655</b>	<b>\$ 502,519</b>	<b>\$ (447,654)</b>	<b>\$ 3,274,520</b>
<b>LIABILITIES</b>				
Accounts Payable	34,225	22,421	(9,793)	46,853
Deferred Revenue	70,744	38,604	-	109,348
Deferred Tax Liabilities	-	3,633	-	3,633
<b>TOTAL LIABILITIES</b>	<b>\$ 104,969</b>	<b>\$ 64,658</b>	<b>\$ (9,793)</b>	<b>\$ 159,834</b>
<b>EQUITY</b>				
Common Stock	-	375,000	(375,000)	-
Additional Paid-In Capital	-	48,801	(48,801)	-
Members' Equity	3,114,686	14,060	(14,060)	3,114,686
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$ 3,219,655</b>	<b>\$ 502,519</b>	<b>\$ (447,654)</b>	<b>\$ 3,274,520</b>

## Statement of Revenue - Year Ended December 31, 2016 (Unaudited)

<b>REVENUE</b>	SDBA	SDBIS	Eliminations	Consolidated
Memberships Dues	\$ 447,375	\$ -	\$ -	\$ 447,375
Educational Programs	202,863	-	-	202,863
Convention/Conferences	157,597	-	-	157,597
Commissions/Service Income	-	717,692	-	717,692
Interest Income, loans	26,250	-	-	26,250
Investment Income	37,257	3,247	-	40,504
Advertising Income	53,830	-	-	53,830
Insurance Administrative Fee	83,000	-	(83,000)	-
Other Income	134,926	-	(110,891)	24,035
<b>TOTAL REVENUE</b>	<b>1,143,098</b>	<b>720,939</b>	<b>(193,891)</b>	<b>1,670,146</b>
<b>EXPENSES</b>				
Administrative and Operating	921,876	565,442	(83,000)	1,404,318
Outstate Conferences	23,084	-	-	23,084
Educational Programs	108,194	-	-	108,194
Committees	3,995	-	-	3,995
Federal Income Taxes	-	44,606	-	44,606
Instate Convention/Conferences	86,624	-	-	86,624
<b>TOTAL EXPENSES</b>	<b>1,143,773</b>	<b>610,048</b>	<b>(83,000)</b>	<b>1,670,821</b>
<b>TOTAL REVENUE OVER EXP.</b>	<b>\$ (675)</b>	<b>\$ 110,891</b>	<b>\$ (110,891)</b>	<b>\$ (675)</b>

# South Dakota Bankers Foundation Annual Report

BY HALLEY LEE | Executive Director | South Dakota Bankers Foundation



**A**s I write my inaugural South Dakota Bankers Foundation annual report, I'd like to begin by sincerely thanking Foundation Board members for all they have done to not only make me feel welcome, but to help me step into my new role as executive director.

The South Dakota Bankers Foundation continues to work towards its mission of ensuring the future of banking in our great state. The goal of the Foundation is to build and sustain a robust banking workforce through efforts directed towards working with students.

## Quasi-Endowment Fund

Previously, the investment portfolio of the South Dakota Bankers Foundation (SDBF) quasi-endowment fund and banking chair endowment fund was managed by the University of South Dakota Foundation. At the November 2015 Board meeting, the decision was made to seek out new management for the quasi-endowment funds. In response to this decision, an RFP was released in August of 2016. Twelve bank trust departments responded to the RFP. After careful consideration, the Board made the decision to transition to First Bank & Trust in Brookings as the new custodian for these funds.

Earnings from the quasi-endowment continue to support the High School Scholarship Program for graduating seniors, the High School Business Plan Competition and post-secondary scholarships.

Contributed value of the quasi-endowment fund is \$1.383 million with a market value of \$2.285 million as of Dec. 31, 2016, compared to a market value of \$2.429 million in 2015. The asset allocation of the portfolio ending June 30, 2016, is approximately 68 percent equity, 23 percent fixed income and 8 percent cash.

The High School Scholarship Program continues to be popular among South Dakota banks. There were 192 applications for scholarships for the 2017 program, with 180 awards being made. These \$1,000 scholarships were

awarded to South Dakota high school seniors.

Notice of the 27th annual Business Plan Competition was sent to South Dakota high schools last fall, resulting in the submission of 49 business plans. The finalists, their parents and advisors were invited to attend the SDBA's State Legislative Day on Feb. 8, 2017, in Pierre to receive awards from Gov. Dennis Daugaard. First-place winner Sierra Ward, a Belle Fourche High School student, submitted a plan to offer clients an experienced trainer as well as a safe place to board horses. The goal of Ward's Horse Training and Boarding is to satisfy customers with a professionally-trained, happy horse which makes for a happy rider. Ward received an iPad and \$1,000.

Seven post-secondary scholarships continue to be awarded by individual South Dakota institutions. Each of these scholarships is valued at \$1,500. The institutions in this partnership are Black Hills State University, Dakota State University, Lake Area Technical Institute, Northern State University, South Dakota State University, Southeast Technical Institute and University of South Dakota

In addition to these seven scholarships, the Foundation annually awards four scholarships to students at South Dakota colleges and universities. To be eligible for these scholarships, students must be an undergraduate in his/her junior year and have expressed an interest in a career in banking, business or finance.

## Banking Chair Endowment Fund

Market value of the banking chair endowment currently stands at \$371,464 as of Dec. 31, 2016—down at this same time one year prior when the fund stood at \$400,276. The payout from the banking chair endowment provides funding for special banking research programs and a portion of the salary and benefits for the professor of the Institute for the Study of Rural Banking.

The SD Bankers Foundation is a 501(c)(3) charitable organization, and your contributions are tax-deductible. We encourage you to consider contributing to the future of South Dakota's youth with a generous gift to the South Dakota Bankers Foundation when planning your estate. ■

## SDBIS Annual Report...continued from page 6

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

SDBIS has always offered bond and D&O policies, as well as policies on the commercial side, and this is our sixth year of controlling the entire process of choosing companies and securing the best coverages for our member banks. Roger Larson is in his third 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 now utilize a number of insurance carriers to provide member banks with a truly customized solution to all their risks, and we continue to grow this very important block of business. Insurance is a complex business, and the carriers that we have selected to market to our banks have strong financial standings. ■

# South Dakota Bankers Foundation Awards Four College Scholarships

The South Dakota Bankers Foundation annually awards four scholarships to students at South Dakota colleges and universities. To be eligible for these scholarships, students must be an undergraduate in his/her junior year and have expressed an interest in a career in banking, business or finance.



Tyler Beck

## David S. Birkeland Scholarship

Tyler Beck, an Augustana University student, was named the 2017 winner of the \$3,000 David S. Birkeland Scholarship. Beck, who is from Sioux Falls, is pursuing degrees in economics, accounting and business administration with a finance emphasis. He has been actively involved in various leadership and volunteer positions both on campus and in his community.

The David S. Birkeland Scholarship is an 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 Gov. George S. Mickelson and six others in April of 1993, while serving his community and state.



Conrad Adam

## Alan M. Grath Scholarship

Conrad Adam, a finance major at the University of South Dakota in Vermillion, was named the 2017 recipient of the \$4,000 Alan M. Graff Scholarship. The Graff Scholarship was endowed to the Bankers Foundation through generous contributions from First PREMIER Bank, PREMIER Bankcard and employees of First PREMIER Bank.

A native of Pierre, Adam plans to pursue a career in financial services upon completing his post-secondary education. He has served in various leadership positions including Student Regent for the South Dakota Board of Regents and the Dean's Ambassador for the Beacom School of Business.



Timothy Palmer

## Herman Lerdal Scholarship

Timothy Palmer, a student at Black Hills State University in Spearfish, was named the 2017 winner of the \$3,000 Herman Lerdal Scholarship. 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.

Palmer is currently pursuing a degree in business administration with an emphasis in economics and finance. Palmer's roots include farming and ranching, and he wishes to pursue a career in the agricultural department of a South Dakota bank. Palmer has served in leadership roles during his tenure at BHSU including choir, student technology fellow and serving as a member of the School of Business Student Advisory Board.



Ashlynn Blenner

## Joyce Hazeltine Scholarship

Ashlynn Blenner, a student at the University of South Dakota, Vermillion, was named the 2017 winner of the \$3,000 Joyce Hazeltine Scholarship. Blenner is from Holstein, Iowa, and is majoring in finance. Her extracurricular activities have ranged from intramural athletics to Ida County

Extension 4-H goat co-superintendent to secretary of the USD Financial Management Association.

The Joyce Hazeltine Scholarship is an 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 the organization's chair and spearheaded a major fundraising campaign for the High School Scholarship Program. Hazeltine was 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. ■

# Bank Directors Attend Training in Sioux Falls

By Halley Lee, SDBA Administrative Vice President

The FDIC, in partnership with the South Dakota Division of Banking, Independent Community Bankers of South Dakota and South Dakota Bankers Association, held the 2017 Bank Directors' College on May 2 in Sioux Falls. This one-day educational seminar was designed with outside directors in mind, but the presentations included up-to-date information on various emerging issues relevant to all bank directors. The presentations were delivered by a group of experienced FDIC speakers and subject matter experts.

The day began with a general opening session which provided an overview of the board's compliance responsibilities, highlighted recent compliance regulatory changes, discussed national and regional data on concentrations, and included a review of the current agriculture economic environment and its impact on agricultural loan portfolios.

Following the general session, several breakout sessions were offered including:

- **Compliance:** During this break-out session, the speakers addressed major compliance concerns facing institutions today. Topics included recent and upcoming regulatory changes, third-party relationships and what they mean to compliance, and common areas where examiners have witnessed unfair or deceptive acts or practices.

- **Current Expected Credit Loss [CECL] and Other Accounting Issues:** This session addressed the latest information on CECL, the new loan and debt security impairment model, and how it could affect both portfolios going forward. The session also included updates on troubled debt restructurings, loans previously on nonaccrual returning as an earning asset, and loan participations.

- **Cybersecurity:** FDIC information technology experts provided an overview of today's cyber threat environment and discussed director responsibilities in establishing cyber risk reduction strategies for the bank. Topics included the primary types of cyber attacks impacting community banks, tools to assist in evaluating and addressing risks, and how management of those risks fits into the current examination process.

- **Interest Rate Risk and Liquidity:** This presentation highlighted interest rate and liquidity trends and focused on the impacts that changes in market interest rates could have on a bank's liquidity risk profile. It provided a refresher on interest rate risk models, laid out the elements of an effective liquidity risk management program, and highlighted the key components of a comprehensive liquidity contingency funding plan.



L-R: Paul Domke, Heartland State Bank, Redfield, and Cameron Becker, Farmers State Bank, Marion.

- **Succession and Strategic Planning:** The subject matter in this session was a high-level overview of the importance for all banks to have comprehensive plans in place, regardless of the bank's size or complexity. The presentation included a discussion of the key elements and best practices related to written plans.

The day concluded with a regulatory panel where representatives addressed current hot topics and audience questions. ■

An advertisement for the South Dakota Housing Development Authority. The background is a light blue grid pattern. At the top, it says "HELPING FIRST TIME (&amp; NOW REPEAT) BUYERS' DREAMS COME TRUE SINCE 1973." in white and blue text. To the right is a large image of a set of keys. Below the main text, it says "FIRST-TIME &amp; REPEAT HOMEBUYER PROGRAMS:" followed by three bullet points: "Downpayment &amp; Closing Cost Assistance", "Competitive Rates", and "Tax Credit - Mortgage Credit Certificate (MCC)". At the bottom, there is the South Dakota Housing Development Authority logo, which includes the text "SOUTH DAKOTA HOUSING DEVELOPMENT AUTHORITY" and a stylized house icon. Below the logo, it provides the phone number "605-773-3181" and the website "www.sdhda.org". There is also a small house icon in the bottom right corner of the ad.



L-R: Gene Uher, Bell Bank, Sioux Falls; Cameron Becker, Farmers State Bank, Marion, and presenter Dan Holmgren, FDIC.



L-R: Heartland State Bank directors Paul Gillette, Redfield; Jan Busse, Highmore; Scott Domke, Redfield; and Naomi Reinhardt, Huron.

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## *Flexible, Fair and Focused on Customer Service*

# Meet Craig Davis, First National Bank, Pierre

By Alisa DeMers, Editor

**A**t First National Bank in Pierre, customer service is a culture that starts at the front door.

The bank talks a lot about customer service with its employees—customer service minimum standards and customer service excellence standards.

Craig Davis, First National Bank's president and CEO, doesn't want his bank's customers to get transferred from department to department. Customers don't care about departments; customers care about their needs.

"If you focus on the front door and take care of that customer from

the moment they walk in, everything else will take care of itself," Davis explained.

"My personality profile would say that I am a fairly extroverted, informal person, and I think that a lot of customers like that kind of relationship where it is not a formal, stingy, old banker. It is flexibility, being fair and taking care of our customers, and they will be loyal to you until the end."

Davis, who has worked at First National Bank for 26 years, was recently elected to his first term on the SDBA Board of Directors representing banks in the Large Community Bank Category.

### **The New Kid in School**

Davis grew up mostly in Pierre and moved with his family to North Platte, Neb., in high school.

"I moved to North Platte my junior year in high school, which builds character. That is what I always tell people," Davis joked. "In hindsight, it is probably the best thing that ever happened to me. You move into a new community where you don't know anyone and a school where you are the new kid.

"And if it is not bad enough to have to move when you are a junior, in September of my first year of high school in North Platte I broke my leg in football practice. That is not the

way the new kid wants to start out on the football team.”

Davis later became good friends with the teammate who broke his leg, and he went on to play football his senior year. He also took part in a variety of other sports during high school such as baseball, basketball, track, competition water skiing and motorcycle racing. Davis received his first motorcycle when he was five years old.

“I spent most of my spring and summer evenings after whatever sports practice I had riding all around,” he said. “It taught me to be really mechanically inclined because you had to take care of your motorcycle and trailer.”

After graduating from high school in 1987, Davis attended the University of Nebraska-Lincoln. Originally, he considered attending Colorado State University. His high school sweetheart Beth, who he later married in 1993, planned to follow in her family’s footsteps to Iowa State University.

The couple compromised and

decided to stay in Nebraska. Davis said the University of Nebraska had a good business school, and he also liked its Greek system.

Davis earned a business administration degree with an emphasis in finance in 1991. He contemplated continuing on to graduate school, but decided he was tired of being broke.

Davis returned to Pierre in May of 1991 and worked for Petersen Motors, a Harley-Davidson and Honda dealership where he had worked as a kid washing motorcycles and doing odd jobs.

A fraternity brother approached Davis about working for ITI (now Fiserv), a large banking software company. Davis returned to Lincoln in August and began working for ITI as an installation specialist.

In November of 1991, Davis received a call from Brent Dykstra, CEO of First National Bank in Pierre, asking if he had an interest in returning to Pierre.

“He knew that I had gotten my degree in banking, and at that point

I didn’t know if I wanted to be a banker, if I wanted to get my MBA or if I wanted to stay in the software side,” Davis recalled “He said he had a position in loan review as a credit analyst spreading financial statements, gathering financial statements and doing loan review.

“I thought I could go back to Pierre where I was born and raised and take this loan review job. It would be a good resume builder, and I would be out of there in four years. Twenty-six years later, here we are. I have been steadily challenged.”

## A Career in Banking

Davis worked in loan review at First National Bank for three years, which involved quarterly travel to the bank’s branches. He was then promoted to a junior loan officer, where he handled small business lending and consumer lending.

After two years, Davis was promoted to commercial lending officer, where he spent the next four years as the main commercial loan officer for the bank’s Pierre branch.



First National Bank’s headquarters in Pierre is located at 125 West Sioux Ave. The bank was chartered in 1934.

He was next named president of the Pierre branch—a position which he held for 12 years.

“I actually hired a lot of the staff that is here today. I really enjoyed that role,” Davis recalled. “I wasn’t the CEO, so I didn’t have all of the headaches of running the entire bank.”

“I just had to run my branch, and we did it well, and we grew tremendously in those twelve years developing relationships. I still served as the senior commercial lender, but I was also the branch president.”

When Davis first joined First National Bank, the bank was focused in central South Dakota with branches in Lead, Murdo, Midland and McLaughlin. Since then, Davis has been involved in several bank mergers and the opening of a de novo branch in Rapid City.

The bank acquired a branch in Centennial, Colo., 10 years ago. While the acquisition has at times been a geographic challenge, Davis said it has become the bank’s largest branch.

“We have positioned ourselves well there, and we have heavy emphasis on commercial real estate lending in Denver, which is where the primary growth has come from,” he said. “It has been a good purchase for us.”

The bank currently has branches in 12 communities, including Fort Pierre, Huron, Lake Preston, Newell and Sturgis.

In 2008, Davis was promoted to eastern division president overseeing Pierre and five other branches. Davis served in that position until he was named president and CEO of First National Bank in 2010.

## Operating an Efficient Bank

Davis’ office is located at First National Bank’s main location in Pierre at 125 W. Sioux Ave.

“We like our presence in downtown Pierre,” Davis said. “We think small business is an important part of Pierre’s continued success, and we do everything that we can to partner with small business so we



*A statue of Frank L. Farrar, South Dakota's 24th governor, is located alongside First National Bank in Pierre. Farrar owns Performance Bankers Inc., First National Bank's management company. He served as governor from 1969 to 1971.*

can continue to have a strong, vibrant main street and local economy.”

When Davis started at First National Bank, it was an \$80-million bank. Davis said the bank is today approaching a billion dollars.

“We pride ourselves on being one of the most efficient banks in the state, so our people are driven,” Davis explained. “You rarely are going to find a moment where our employees find themselves with a lack of something to do, because we do run extremely efficient.”

“With some of our smaller branches in our smaller communities, we run them with two people and close at lunch. Which is about as efficient as you can run a bank.”

“At some of our larger banks, obviously we have to run them differently. We pride ourselves on being flexible and adaptable to the needs of the community, while still balancing bank efficiency.”

First National Bank has built a new branch location in northeast Pierre. The building will also house Performance Bankers Inc., which is First National Bank’s management company, and Performance Data Center.

Frank Farrar, a former South

Dakota governor, established Performance Bankers in the 1980s. In addition to First National Bank, the management company also oversees charters for First Savings Bank in Beresford, First American State Bank in Oldham and First National Bank in Fulda, Minn.

Performance Bankers also oversees CAPITAL Services, a credit card servicing division in Sioux Falls.

As president and CEO of First National Bank, Davis continues to be heavily involved with the bank’s credit and credit administration, as well as asset liability management, helping steer operations and personnel. The bank employs 125 FTEs.

“My favorite area of the bank definitely revolves around relationships—and that includes deep relationships that I have developed with customers and also relationships with my employees,” Davis said. “I hope our employees all feel that they are challenged, driven, well compensated and happy.”

“We have an exorbitant amount of home-grown talent at each of our branches. This downtown Pierre building is full of Pierre natives. And I would also say that the tenure that

we have at each of our branches is quite above the ordinary.”

The bank offers a full line of banking services, with a focus on business and ag lending, but also has a strong residential real estate lending department and the ability to finance any other retail transaction.

The bank’s Rapid City branch houses its residential real estate lending center. First National Bank started the department 10 years ago, which has now grown to closing around 25 loans a month. Originators are located at the bank’s branches, and the processing, underwriting and management is handled at the Rapid City location.

## A Servant of His Community

First National Bank has a strong focus on community involvement in boards and volunteer efforts in its communities — not only from a community servitude perspective but also from a networking perspective.

“We consider ourselves servants of our community,” said Davis. “All of our branch presidents and bank staff are heavily involved in their communities.

“That is how you meet people in the community — the business leaders and the young entrepreneurs.”

Davis is past president of the Pierre Chamber of Commerce and a past board member of the Pierre Economic Development Corporation, the Boys and Girls Club, Junior Achievement and the United Way.

Davis decided to run for a seat on the SDBA’s Board of Directors because he thinks changes in Washington, D.C., affords the state an excellent opportunity to evoke change and hopefully some deregulation in the banking sector.

“Sen. Rounds’ position on the banking committee is a good opportunity to try to have a little bit of a grassroots pull with the banking culture in South Dakota,” he said. “The other part is the downturn in ag. I think it is important that South Dakota has a voice in Washington, because we all revolve around the current economic ag condition.”



*Craig and Beth Davis and their children Caden and Avery.*

In addition, Davis is a seven-year board member of the Oahe Hockey Association and is director of league play/scheduling. Davis’ son plays hockey year round, and his daughter plays soccer year round. Davis and his wife spend most weekends on the road for their kids’ sporting events.

“We really enjoy being involved in our kids’ lives,” said Davis. “We think it is important for them to be involved. It keeps them out of trouble, and it keeps them driven. I think it is an overall important aspect of a person’s development to be part of a team.”

Their son, Caden, is 16, and their daughter, Avery, is 14.

Davis has coached baseball, YMCA football and both of his kids in soccer. He is a huge cyclist and does a lot of road riding. He also enjoys golf, boating and snow skiing with his family.

Davis’ wife, Beth, operates Healthology Works LLC and is a private contractor for the South Dakota Department of Health.

## Having Fun at the Bank

Davis said he tries to surround himself with people smarter than him and let them lead. He does not micro manage the bank’s employees and puts a lot of trust in people after

they have earned it.

Davis’ mentors have included Brent Dykstra, who hired him at the bank, and Todd Douglas, who taught him the bank’s relationship banking model.

Another mentor was Bert Neiber, a long-time Pierre businessman who served on the bank’s board and later worked for the bank as a business development officer after he sold his shoe store.

“He knew more people in the community than anybody I knew,” Davis said. “He is the one who probably taught me the most about customer service, because he was in retail for forty years selling shoes.”

Davis remembers the lessons he has learned from his mentors.

“One of the things that I always tell all of the people at the bank is to be kind and be fair to everyone, have fun and don’t take yourself too seriously,” said Davis. “Humor is a very important aspect of our daily life at the bank. We have a good time with each other, which I think is important.

“You need to wake up every morning and be excited to go to work, and a big part of that is your relationship with your coworkers. And I think that starts at the top.” ■

## A Do-Something Washington



Partisanship in Washington in recent years has led some to believe that Congress doesn't "do" collaboration anymore. One party's gain is seen as the other's loss, making deals hard to come by.

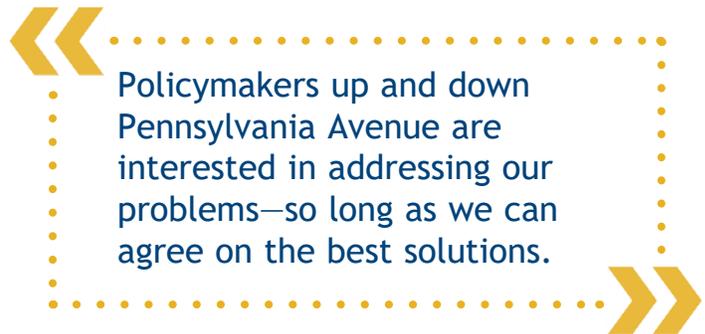
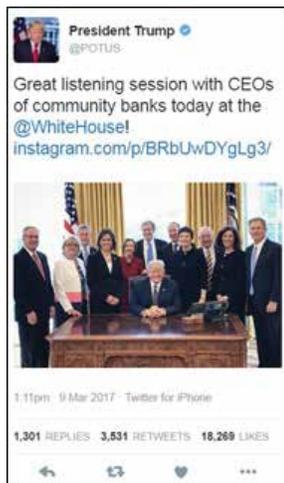
But many bankers who came to Washington in March for the ABA's Government Relations Summit and other meetings got a slightly different vibe from the policymakers they met with. Yes, some members of Congress predictably held firm against significant changes to the Dodd-Frank Act. Yet others, informed – and perhaps worn down – by bankers' true stories of how over-the-top rules were harming their customers were positive about the possibility of finally doing something for community banks.

There's a similar realistic yet optimistic attitude behind an effort by the two leaders of the Senate Banking Committee – Chairman Mike Crapo (R-Idaho) and Ranking Member Sherrod Brown (D-Ohio) – to identify legislative changes that could help spur economic growth. They won't pursue changes they don't believe in, of course, but both see an opportunity to find and pursue common ground.

These encouraging signs are made all the more hopeful by administration officials who have proactively reached out to community banks to learn what rules are acting as roadblocks to growth. In March, President Trump invited nine community bankers to the White House for a roundtable discussion of the industry's regulatory challenges.

Though the bankers represented institutions with different business models, operated in different parts of the country and were affiliated with different national trade associations (six were part of ABA's delegation; three were with the Independent Community Bankers of America), there was remarkable alignment in our policy positions and priorities.

The same can be said for the follow-up meeting that Treasury Secretary Steven Mnuchin held with 16 community bankers in April. That's where the secretary



made clear how serious the administration was about helping banks perform their critical role in promoting economic growth. And it's where we dug into the specifics of issues related to mortgage, agricultural and commercial lending, as well as Consumer Financial Protection Bureau rules that are ill-tailored for community banks. There again, ABA and ICBA members were side-by-side, advocating practical solutions.

Such alignment is critical to success in Washington. I've said before that Washington has enough challenges without trying to legislate issues on which an industry is divided. Policymakers up and down Pennsylvania Avenue are interested in addressing our problems – so long as we can agree on the best solutions.

And I am confident that the solutions we have proposed – as detailed in white papers ABA shared with Secretary Mnuchin following the meeting – are what's right for America's banks and the communities they serve. The white papers (which can be found at [www.aba.com/executive-orders](http://www.aba.com/executive-orders)) articulate how regulation in areas like capital, liquidity, fair lending and stress testing can be improved. They were informed by the deliberations in recent years of bankers who serve on our many councils and working groups and who represent banks of different business models and asset sizes. Solutions born of such diverse perspectives are always stronger by ensuring that they make sense for all banks.

Given how intent this administration is about using banks to spur growth, and given the interest Congress has shown in providing some community bank regulatory relief, having strong solutions with unified industry backing could just make something happen in Washington again. ■

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

## ask the appraiser

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

# Appraisal Reporting—Use and Format Issues



## Fannie Mae/Freddie Mac Appraisal Report Forms and USPAP Compliance

**N**umerous questions and comments have been presented to the Appraisal Standards Board (ASB) regarding the Fannie Mae/Freddie Mac appraisal report forms that have a revision date of November 2005.

Many of the questions, which are summarized and presented below, are related to Item #23 in the appraiser's certification on report Fannie Mae Form 1004/Freddie Mac Form 70, which is titled, the Uniform Residential Appraisal Report (URAR). (The statement in item #23 on Form 1004/Form 70 also appears in the other Fannie Mae/Freddie Mac forms.) The first question is included because the answer is central to the issue raised about appraiser's certification item #23.

**Question:** What is meant by the term intended user in USPAP?

**Response:** *Intended user is defined in USPAP as: the client and any other party as identified, by name or type, as users of the appraisal, or appraisal review report by the appraiser on the basis of communication with the client at the time of the assignment.*

Although the client provides information to the appraiser regarding the intended users, it is the appraiser who is responsible for specifying the parties he or she is identifying as intended users.

Knowing the intended users is important because USPAP requires that reports contain sufficient information to allow intended users to understand the report. Without clear knowledge of the intended users in an assignment, an appraiser cannot be certain that the report content is appropriate. Some intended users will require more information than others in order to facilitate understanding.

Furthermore, identification of the intended users is important in understanding the intended use or uses of the appraisal; different intended users may have different intended uses for the appraisal.

**Question:** I have studied the Fannie Mae Form 1004/Freddie Mac Form 70. On that form, the lender/client is identified as the intended user. However, item #23 in the appraiser's certification states:

"The borrower, another lender at the request of the

borrower, the mortgagee or its successors and assigns, mortgage insurers, government sponsored enterprises, and other secondary market participants may rely on this appraisal report as part of any mortgage finance transaction that involves any one or more of these parties."

I am concerned that item #23 is not clear, and I wonder if the parties listed in item #23 could interpret it to mean that they are also intended users. To be in compliance with USPAP, what should I do about this item in the appraiser's certification?

**Response:** USPAP requires that each written appraisal report must:

*...clearly and accurately set forth the appraisal in a manner that will not be misleading.*

Part of satisfying this requirement is clarifying which parties are intended users. USPAP requires the appraiser to identify the intended user(s) and to state in the report who the intended users are. (See the definition of intended user, Standards Rule 1-2(a), and Standards Rule 2-2(a)(i).)

The revised Fannie Mae Form 1004/Freddie Mac Form 70 clearly states that the lender/client is the intended user. However, the language in the appraiser's certification item #23 confuses the matter.

Therefore, in order to clearly and accurately set forth the appraisal in a manner that is not misleading, the revised Fannie Mae Form 1004/Freddie Mac Form 70, and other Fannie Mae/Freddie Mac forms for other real property categories, require supplementation to clarify which parties the appraiser is identifying as intended users. As stated in USPAP:

*An appraiser must supplement a report form, when necessary, to ensure that any intended user of the appraisal is not misled...*

Part of not misleading the intended users is ensuring that they know who they are.

**Note:** South Dakota does not allow an appraisal management company to prohibit an appraiser from reporting the fee paid to the appraiser in the body of the appraisal report. Violation of ARSD 20:77:07:03 is grounds for disciplinary action against the appraisal management company. ■

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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](mailto:Sherry.Bren@state.sd.us).

## bank notes

### Governor Recognizes Rod Fouberg

Gov. Dennis Daugaard has recognized Rod Fouberg, Dacotah Bank, Aberdeen, with the Governor's Excellence in Economic Development Award. The prestigious honor was bestowed upon Fouberg during the Governor's Office of Economic Development (GOED) annual conference held in Sioux Falls.



L-R: Rod Fouberg and Gov. Dennis Daugaard

Daugaard introduced Fouberg as one who has been instrumental in affordable housing development, local primary job creation, downtown revitalization, philanthropy, primary and secondary education, higher education, transportation and healthcare.

"Rod has been so helpful to so many by offering assistance to those working on complex financing issues. His style is inclusive of others with an encouraging approach," Gov. Daugaard said.

He praised Fouberg for being so inviting and collaborative that when other (community leaders) learn he is involved with something, they jump right in too.

Fouberg said, "This is the best place to live because of all the opportunities to work together, and you all make that very easy to do."

The Governor's Excellence in Economic Development Award was established in 1993 to honor the dedication and commitment of eight South Dakotans who lost their lives returning home from an economic development trip: Gov. George Mickelson, Roland Dolly, Ron Reed, Angus Anson, David Birkeland, Roger Hainje, and pilots Dave Hanson and Ron Becker.

According to a statement from GOED, the award recognizes one South Dakotan who has committed his or her time and energy to make South Dakota a better place to work and live.

A graduate of South Dakota State University, Fouberg has served as a county extension agent and later joined what now is Dacotah Bank as a loan officer; eventually becoming its chief executive officer and chairman of the board. While officially retired from the company, he remains active on its Board of Directors and with numerous other organizations and initiatives. He and his wife, Glenna, continue to reside in Aberdeen. ■

### McMahon Joins Dacotah Insurance

Julie McMahon has joined Dacotah Insurance as the firm's insurance sales manager. McMahon's office is at Dacotah Bank on Phillips Avenue in downtown Sioux Falls.



Julie McMahon

The Estherville, Iowa, native has a rich background in the insurance field.

"Julie's 15 years of experience as an account manager, agency marketing director and successful producer will complement Dacotah Insurance's growth and client services plan very well," said Aaron McCardle, senior vice president of insurance services.

McMahon and her husband John, live in his hometown of Hartford. They have four children.

"I have always been active as a volunteer for school and athletics while raising children," she says, "and I'm looking forward to being involved in our market on behalf of Dacotah Insurance." ■

### Kleven Joins Dacotah Insurance



Jeff Kleven

Jeff Kleven has joined Dacotah Insurance as director of insurance services. Kleven's office is at Dacotah Bank on Main Street in downtown Aberdeen.

Kleven brings more than 35 years of insurance experience to Dacotah Insurance. His main responsibility as director of insurance services is to help increase sales by working with producers and account managers.

"I believe our goal of doubling the agency's revenue in the next five years is attainable through organic growth and agency acquisitions," says Aaron McCardle, senior vice president of insurance services. "By working with our bank, mortgage and trust partners, we will build a strong portfolio of full-service customers within Dacotah Bank Territory."

Kleven is a 1982 graduate of the business management program at North Dakota State College of Science. In 2011, he attended the American Insurance Marketing and Sales School. Kleven became a certified professional insurance agent (CPIA) and in 2016 attended the International Risk Management Institute and became an agribusiness and farm insurance specialist (AFIS).

Kleven and his wife Jodi, live in Aberdeen. They have three daughters and one grandson. ■

## bank notes

### SD SBA District Office Announces 2016 Lender Award Winners

The South Dakota Small Business Administration (SBA) District Office announced its 2016 Lender Award and 2016 Asset Builder Award recipients in recognition of the performance, commitment and support provided to small businesses in South Dakota.

Wells Fargo Bank, NA is the recipient of the District Director's Leadership Award. This award is presented to the number one volume SBA 7(a) lender in South Dakota. With its head office in Sioux Falls and branch offices in 32 communities across the state, Wells Fargo Bank, NA originated 40 loans totaling more than \$11.5 million in fiscal year 2016.

Black Hills Federal Credit Union and Great Western Bank were selected by SBA for the Leadership Circle for 2016. These lenders represent the top tier of SBA lenders in South Dakota. Black Hills Federal Credit Union issued 16 loans for \$5.4 million, and Great Western Bank originated 13 loans for \$4.4 million.

Dakota BUSINESS Finance, Sioux Falls, is the recipient of both of SBA's 2016 Asset Builder Awards (#1 Loan Volume Certified Development Company and #1 Dollar Volume Certified Development Company). These awards recognize the certified development company (CDC) with the largest total loan volume and largest total dollars approved in fiscal year 2016. Dakota BUSINESS Finance had the largest approved loan volume, originating 21 loans, and also had the largest dollar amount approved totaling more than \$12.2 million during the year.

"We applaud these winners and all our lending partners in the state for the great work they do to support entrepreneurship," said John L. Brown, district director of the South Dakota District Office. ■

### SD Bankers Foundation Scholarship Awarded at Lake Area Tech



Brianna Jurrens

Brianna Jurrens, Toronto, S.D., was selected to receive a \$1,500 scholarship from the South Dakota Bankers Foundation.

Jurrens is attending Lake Area Technical Institute online in its financial services program for agricultural and business accounting. While taking classes online, she also works full-time at the Brookings Auto Mall, where she is able to build up and expand her skills as service coordinator. After graduation, Jurrens hopes to begin a career in agricultural accounting near Toronto. ■

## Thank You to Our 2016-2017 Board Members

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- **Chairman-Elect Dave Rozenboom**, First PREMIER Bank, Sioux Falls
- **Vice Chairman Karl Adam**, First Dakota National Bank, Pierre
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- **Shawn Rost**, First Interstate Bank, Rapid City
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- **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 of Warner
- **A.R. "Venky" Venkatachalam**, University of South Dakota, Vermillion

## classifieds

### **Branch Coordinator, Plains Commerce Bank, Sioux Falls, S.D.**

Plains Commerce Bank is looking for an experienced, energetic, self-motivated person to fill a full-time branch coordinator position in our Sioux Falls, S.D., location. Qualities of the successful candidate include possessing a detailed knowledge of banking rules and regulations with the ability to lead and supervise people, computer knowledge and the capacity to learn and use various computer software programs, must have an understanding of group dynamics and be capable of developing productive and cooperative teamwork among subordinates and peers while being flexible and adaptable to a changing environment. Candidate will be responsible for processing a variety of customer transactions accurately and efficiently, opening and performing account maintenance on CDs, consumer and business accounts, assisting with courtesy calls as needed, proactively seeking ways to develop and expand customer relationships through marketing displays, call programs, and other prospecting techniques, and keep up to date with changes in the banking industry and constantly be aware of the bank's competition (i.e. rates, services, new products, etc.). Visit <http://www.plainscommerce.com/about/careers> to apply. Member FDIC. Equal Housing Lender ■

### **Business Banker, Plains Commerce Bank, Mitchell, S.D.**

Plains Commerce Bank is looking for an experienced, energetic, self-motivated person to fill a full-time business banker position in our Mitchell, S.D., location. Qualities of the successful candidate include an agricultural background with a minimum three years of prior ag lending experience, strong relationship management and interpersonal skills, commitment and enthusiasm for community banking, general computer skills with the ability to learn new programs, and a team player who is able to work under pressure. Candidate will be responsible for identifying, pursuing and developing potential loan customers, preparing and presenting potential loan requests, performing inspections,

cash flows, business plans, maintaining loan files and documentation, and representing and promoting a positive image of the bank through involvement and/or participation in the community, charitable organizations and agencies. Some travel will be required. Visit <http://www.plainscommerce.com/about/careers> to apply. Member FDIC. Equal Housing Lender. ■

### **Controller, CAPITAL Services, Sioux Falls, S.D.**

Our client, CAPITAL Services, Inc. located in Sioux Falls, S.D., has a career opportunity for a highly-motivated individual as their controller. This position is responsible for managing the organization's accounting functions to include preparation of financial statements and adherence to GAAP. This role is an opportunity for someone who engenders trust, demonstrates a sense of urgency and assures achievement of quality standards. You will join a team of accounting, finance and data analysts working to achieve tactical objectives and make decisions based on detailed profitability components. Qualifications include a CPA designation with a history of increasing responsibility. The ideal candidate will have at least five years of applicable experience along with the ability to work on multiple projects and meet deadlines. Strong analytical and technical skills along with proven supervisory experience are essential to this position. Knowledge of the financial institutions industry preferred. This position offers a competitive compensation and benefits package and a stable work environment. EOE. To apply, please visit [www.eidebailly.com/careers/positions-with-clients](http://www.eidebailly.com/careers/positions-with-clients). ■

### **Loan Officer Trainee, Farmers & Merchants State Bank, White Lake, S.D.**

Farmers & Merchants State Bank is looking to hire a loan officer trainee at our White Lake, S.D., branch. This is a great opportunity for the right individual to learn many aspects of banking and become a full-time loan officer of the bank. We are a family-owned bank and offer great benefits. Contact Charlie Christensen at 605.249.2221 or [cchristensen@fmsbonline.com](mailto:cchristensen@fmsbonline.com). ■

### **Senior Credit Analyst, Security State Bank, Chancellor, S.D.**

Security State Bank, Chancellor Branch, is looking for an experienced, analytical individual to analyze and spread financial statements and prepare credit presentation packets for loan officers and/or loan committee. A successful candidate must have a bachelor's degree in ag business, finance or related area, and have experience in spreading and analyzing financial statements. Ag background knowledge is a must. Responsibilities include (but are not limited to) the ability to analyze and evaluate financial statements, risk rate select loans, monitor the time frame of loan renewals and other financial information pertinent to the credit, review credit presentations for loan committee accurately and work with examiners and auditors. One must also possess strong and effective written and verbal communication skills, the ability to multi-task, organize and prioritize. Proficiency with Microsoft Word, Excel and Outlook are a must. Preference will be given to individuals with experience on Web Equity (spreading/presentation software). This person must maintain discretion and confidentiality, be analytical and detail oriented, with a high level of accuracy, focus and timeliness; be a team player and perform duties according to policy, procedures and process. Security State Bank offers competitive compensation and benefit package and is an Equal Opportunity Employer for Women/Minorities/Veterans/Disabilities. To apply: contact John Baumiller at [johnbaumiller@banksecuritystate.com](mailto:johnbaumiller@banksecuritystate.com). Member FDIC ■

*If you have a job opening at your bank or something to sell, send your classified listing via email to [ademers@sdba.com](mailto:ademers@sdba.com) and we will post it on the SDBA website, print it in one issue of South Dakota Banker 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, call 605.224.1653.*

# President Recaps SDBA Activities...continued from page 5

various types of banking applications with those of the federal banking regulators (HB1047). We also supported a bill brought by retired banker Rep. Hugh Bartels to clean up the process for properly noting creditor liens on duplicate motor vehicle titles (HB1059).

● **Standing up for Rural Community Bank Interests in County Government Deposits (SB86):** While fully aware that a competition market for bank deposits is good business, SDBA appeared as the only opponent to legislation introduced to allow county governments to shop county deposits with any institution operating in South Dakota. The crux of my argument against SB86 was that local government money should be held on deposit in local banks to support local lending. In about a dozen counties where the primary or exclusive providers of banking services are locally-owned community banks, those local government deposits increase in importance. Despite my best efforts, I was unable to overcome the fundamental fairness argument posed by county government officials that they should have the same flexibility as cities and schools to shop their deposits.

● **No Payments to Funeral Directors by Affidavit (HB1102):** While the SDBA believes people should pay the bill for goods or services rendered, we opposed this bill to allow a funeral director to demand payment from a customer's bank account simply upon presentation of an affidavit showing money owed. We convinced legislators that bank tellers or other front-line staff should not be put in the middle of a dispute between a deceased customer and the local funeral director.

## National Government Relations

For the first time in eight years, prospects for consideration of some measure of regulatory relief for the banking industry are improving. Our new president personally met with groups of bankers on two occasions during the first 100 days of his administration. As a direct result of those meetings and follow-up conversations with bankers and banking trade association staff, the U.S. Treasury Department will soon release its first report outlining its recommendations for improving the financial regulatory system. I am encouraged by the fact that leaders in the new administration are willing to listen to our industry's concerns and by their stated desire to work with Congress to craft and enact common sense regulatory reform measures. Ah, but there's the rub... Congress.

We at the SDBA, along with our sister trade associations across the country and in Washington D.C., are committed to carrying the message of the need for substantive regulatory reform to members of both political parties. In our view, a sound and manageable regulatory framework based on banks' business models and practices should have nothing to do with politics. Effective regulation should work to encourage the efficient and cost-effective flow of capital to support business expansion and job growth in businesses large and small,

located in large cities and small towns alike. Robust economic growth translates into job growth, wage growth and higher household incomes. What could be more pro-consumer than that?

The number of bank charters in this country has dropped below 6,000—the lowest point since the 1890s. Since 2006, 1,500 banks have either failed, been acquired or merged. During that same period, only four new bank charters have been granted. While perhaps well intended, Dodd Frank-driven regulations are driving banks out of business to the detriment of their customers. According to the ABA's Dodd Frank tracker, there have been 10,885 DFA-related regulatory proposal pages and 14,741 DFA-related final regs and guidance pages as of April 26, 2017.

The number of finalized regulations and guidance is up 1,097 pages since last year. An additional 1,429 pages of proposed regulations are in the works. I find it difficult to understand an ever-diminishing supply of community bank charters is good for the future of main street economies or the people who depend on the local bank to serve their financial needs. It is time for people in both political parties to step up and change the post Dodd-Frank regulatory paradigm. I look forward to the challenge of supporting that change on behalf of SDBA member banks and bankers.

## Banker Education and Training

The previous numbers help explain why 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 these regulations is also why the SDBA joined with 24 other state banking associations in support of the development and ongoing operation of the Compliance Alliance organization 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 \$145,000 in 2016, compared to \$119,000 in 2015 and \$142,000 in 2014. After nearly 40 years of service to SDBA members, Deb Gates retired at the end of 2016. Our new administrative vice president, Halley Lee, has been on board for six months and is actively working to gather banker input on SDBA's broad array of continuing education offerings for bankers. Please communicate your ideas on banker education to Halley via phone or email.

## Wrap-up

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

# Seminars/Conferences/Webinars/Schools

## SDBA Events

### 2017 Quad States Convention

June 4-6, 2017: Rushmore Plaza Civic Center, Rapid City

### Dakota School of Banking

June 18-23, 2017: University of Jamestown, Jamestown, N.D.

### 2017 National School for Beginning Ag Lenders

June 19-22, 2017: Black Hills State University, Spearfish, S.D.

### SDBA 2017 IRA School

Sept. 6-8, 2017: Clubhouse Hotel & Suites, Sioux Falls

### SDBA 2017 Bank Technology Conference

Sept. 19-20, 2017: Ramkota Inn, Sioux Falls

### Bank Security Management Training

Oct. 5, 2017: Sheraton Sioux Falls, 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](http://www.sdba.com/webinars).

- June 12, 2017: Introduction to Consumer Lending
- June 13, 2017: Call Center Representative Training
- June 14, 2017: Protecting Your Salaried-Exempt Status
- June 14, 2017: ACH Risk Management & Compliance Part 1
- June 16, 2017: ACH Risk Management & Compliance Part 2
- June 19, 2017: Excel Explained: Pivot Tables Part 1
- June 20, 2017: Marketing & Advertising Compliance
- June 20, 2017: W-9, W-8BEN and W-8BENE New Updated Forms and Info
- June 21, 2017: Regulations X and Z – Revised Servicing Rules
- June 21, 2017: Critical E-Sign Implementation Issues for Lending
- June 22, 2017: Legal Issues of Checks
- June 22, 2017: Compliance Perspectives
- June 23, 2017: FinTech Trends
- June 26, 2017: Excel Explained: Pivot Tables Part 2
- June 27, 2017: HMDA Data Collection & Reporting Requirements for 2018

- June 27, 2017: CRE Lending: Property Types, Lease Structures and Other Non-Financial Risks
- June 28, 2017: Handling Accounts, Checks and IRS Reporting at Death
- June 29, 2017: Accounting Essentials for Banks
- June 29, 2017: Auditing Your Bank Secrecy Act Program
- July 10, 2017: Loan Structure, Documentation and Compliance
- July 11, 2017: Dealing with Subpoenas, Summonses, Garnishments, Tax Levies, Etc.
- July 11, 2017: New 2018 Residential Loan Application
- July 12, 2017: Annual Compliance Training for Commercial Lenders
- July 12, 2017: Opening Minor Accounts
- July 13, 2017: Small Creditor Revisions, ATR & QM Requirements
- July 13, 2017: Corporate Account Takeover – Latest Cases
- July 14, 2017: Vital Check and Deposit Issues – Questions Answered

## Banking Schools

### 2017 National School for Beginning Ag Lenders

June 19-22, 2017: Black Hills State University, Spearfish, S.D.

### Graduate School of Banking at Colorado

July 16-28, 2017: University of Colorado-Boulder

### Graduate School of Banking at Wisconsin

July 30-Aug. 11, 2017: University of Wisconsin-Madison

### SDBA 2017 IRA School

Sept. 6-8, 2017: Clubhouse Hotel & Suites, Sioux Falls

### GSB Financial Managers School

Sept. 10-15, 2017: University of Wisconsin-Madison

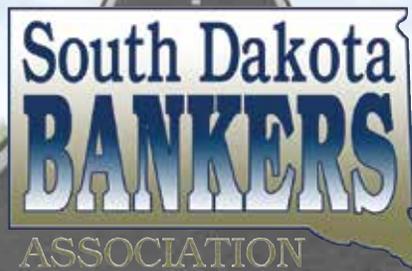
### GSB Bank Technology Security School

Oct. 15-20, 2017: Dallas, Texas

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For more details and to register for a training, visit the SDBA's online event calendar at [www.sdba.com](http://www.sdba.com).

# What will the new Congress bring to IRAs?



## **SDBA 2017 IRA School**

September 6-8, 2017

Clubhouse Hotel & Suites | Sioux Falls, South Dakota  
Register at [www.sdba.com](http://www.sdba.com)

- New: 60 Rollover Exception Self-Certification
- Update on Fiduciary Responsibility Regulations
- Beneficiary/Death Distribution/Reporting
- Transfers Versus Direct Rollovers
- Direct Rollover of Qualified Plan Money
- Review of 2015 IRA Rollover Rule
- 1099-R and 5498 Updates/Changes
- Health Savings Accounts
- SEPS and SIMPLEs

Traditional IRA | Roth IRA | SEP-IRA | SIMPLE-IRA | HSA

**How can you improve bank exams?**

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**ACCOUNTABILITY.**  
**PREDICTABILITY.**

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\*RFI = Regulatory Feedback Initiative