

January 2023  
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# Banknotes

## Community Banks and

## ENERGY

## INNOVATIONS



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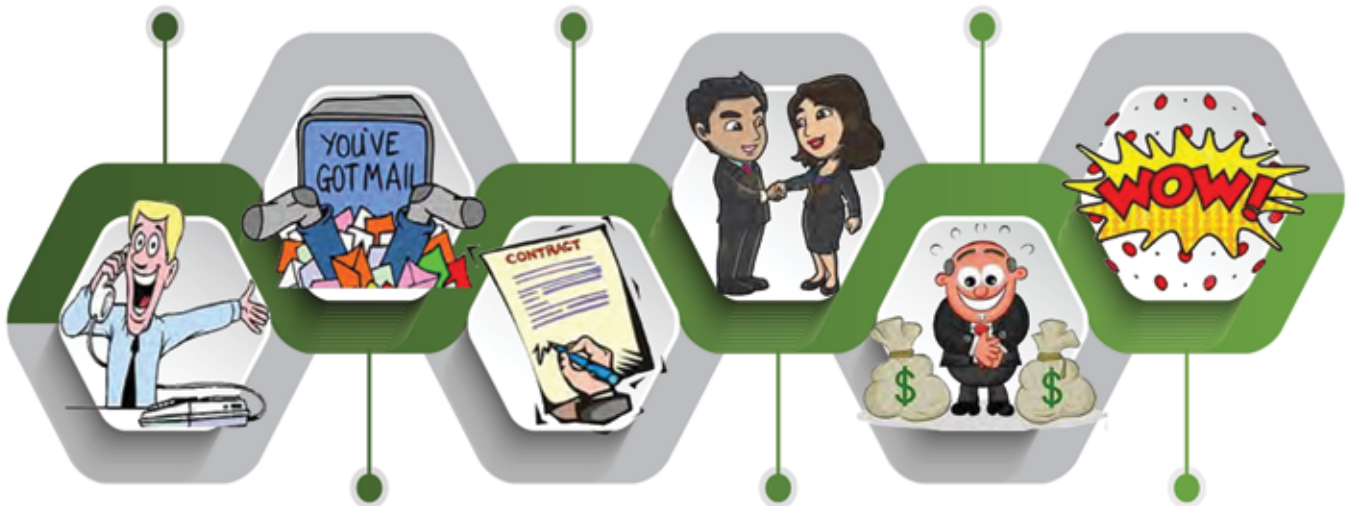
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< ablack@p-s-b.com >
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< cmartin@goodfieldstatebank.com >
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< dgraham@fbandtbank.com >
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Havana National Bank  
< jeff.bonnett@havanabank.com >
- + **CBAI President** — Kraig Lounsberry  
< kraigl@cbai.com >

**GROUP DIRECTORS**

- + David Loundy, Devon Bank, Chicago  
< david@devonbank.com >
- + Amy Thiede, Prairie Community Bank, Marengo  
< athiede@prairiecommunitybank.com >
- + Colleen Henkel, First National Bank in Amboy  
< cth@fnbamboy.com >
- + Alan Stremelau, Illini State Bank, Tonica  
< astremelau@illinistatebank.com >
- + Kim McKee, North Central Bank, Hennepin  
< kmckee@northcentralbank.com >
- + Rick Klinedinst,  
MidAmerica National Bank, Canton  
< rklinedinst@midnatbank.com >
- + Neal Stimpert, The Atlanta National Bank  
< neals@theatlantanationalbank.com >
- + Carol Jo Fritts,  
First Neighbor Bank, N.A., Toledo  
< cjfritts12@gmail.com >
- + Matthew Beavers, First National Bank of Pana  
< mbeavers@fnbpana.com >
- + Kevin Day, State Bank, Waterloo  
< kday@sbw.bank >
- + Chuck Deters, Dieterich Bank  
< cdeters@dieterichbank.com >
- + Travis Clem, SouthernTrust Bank, Marion  
< tclem@southerntrustbank.com >

**CBAI PAST CHAIRMEN**

- + Jeff Bonnett, Havana National Bank  
< jeff.bonnett@havanabank.com >
- + Shawn Davis, CNB Bank & Trust, N.A., Carlinville  
< sdavis@cnbil.com >
- + Gregg Roegge, Rushville State Bank  
< groegge@rushvillestatebank.com >
- + Tom Marantz, Bank of Springfield  
< tmarantz@bankwithbos.com >

**ICBA STATE DELEGATES**

- + Shawn Davis, CNB Bank & Trust, N.A., Carlinville  
< sdavis@cnbil.com >
- + Kim McKee, North Central Bank, Hennepin  
< kmckee@northcentralbank.com >

**AT-LARGE DIRECTORS**

- + Mary Jo Homan, First National Bank in Pinckneyville  
< mhoman@fnbpville.com >
- + Dianna Torman, OSB Community Bank, Ottawa  
< dtorman@nyosb.bank >

**CDD CHAIRMAN (EX OFFICIO)**

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First Community Bank & Trust, Beecher  
< cohendorf@firstcbt.com >

**CBAI EXECUTIVE STAFF**

- + Kraig Lounsberry, President  
< kraigl@cbai.com >
- + Jerry Cavanaugh, General Counsel  
< jerryc@cbai.com >
- + Levette Shade, Paralegal  
< levettes@cbai.com >
- + Patrick Beveridge, CFO  
< patrickb@cbai.com >
- + Jenny Dial, Senior Vice President Operations  
< jennyd@cbai.com >
- + Valerie Johnston, Senior Vice President  
Communications (*Banknotes* Editor)  
< valeriej@cbai.com >
- + Stacy Workman,  
Vice President Operations and Communications  
< stacyw@cbai.com >
- + Jerry Peck,  
Senior Vice President Governmental Relations  
< jerry@cbai.com >
- + Megan Peck,  
Vice President Governmental Relations  
< meganp@cbai.com >
- + David Schroeder, Senior Vice President of  
Federal Governmental Relations  
< davids@cbai.com >
- + Tracy Z. McQuinn, Senior Vice President  
Education and Special Events  
< tracym@cbai.com >
- + Melinda McClelland, Vice President  
Education and Special Events  
< melindam@cbai.com >
- + Jennifer Nika, Vice President  
Education and Special Events  
< jennifem@cbai.com >
- + Terry Griffin, Vice President Chicago Area  
< terryg@cbai.com >

**LEGISLATIVE CONSULTANT**

- + David Manning  
< dvdmanning3@gmail.com >

**CBSC EXECUTIVE STAFF**

- + Mike Kelley, President  
< mikek@cbai.com >
- + Mike Duke, Vice President Services  
< miked@cbai.com >
- + Lesa Black, Vice President  
Member Services, Northern Illinois  
< lesab@cbai.com >
- + Jeff Rabenort, Vice President  
Member Services, Downstate Illinois  
< jeffr@cbai.com >

**HEADQUARTERS**

901 Community Drive, Springfield, IL 62703-5184  
 P: 217/529-2265 | TF: 800/736-2224  
 Fax for CBAI (except for Departments below): 217/529-9484  
 Fax for Departments of Communications, Education,  
 and Special Events: 217/585-8738  
 Fax for CBSC: 217/585-8735  
 www.cbai.com | Hours of Operation: 8 a.m.–5 p.m.

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 Association of Illinois**  
 901 Community Drive  
 Springfield, IL 62703-5184  
 P: 217/529-2265  
 P: 800/736-2224  
 www.cbai.com

**EDITOR**  
 Valerie Johnston

**MANAGERS**  
 Caleb Tindal  
 Kayla Grams

**LAYOUT & DESIGN**  
 April Orloff

**COPY EDITOR(S)**  
 Troy Del Favero  
 Victoria Luing

To submit editorial or  
 request information —  
 email cbaicom@cbai.com  
 P: 217/529-2265

For information regarding  
 advertising, please contact us at  
 advertising@eandmsales.com or  
 800/572-0011 x8005.



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**QUOTE**

“Most class A solar panels come with a guarantee to either be **80%** efficient **30 years** from now or **85%** efficient **25 years** from now.”

# Solar Investments Pay Dividends for **Community Banks**

When the State Bank of Toulon was planning to remodel its main facility in 2018, they saw an opportunity. “Going green was very much in our minds at the time,” said President Doug Parrott. It created a challenge. “None of our officers/staff nor the board of directors knew anything about solar and how it all worked. At the time, when we purchased and installed it at our bank locations, there weren’t as many companies doing solar as there are now.”

Thankfully, as a community banker, Parrott didn’t have to look far for resources. “We first spoke to a corporate customer of ours about the advantages and disadvantages, if any, of going solar. We were given the name of an early solar company founder and initiated conversations about how the program works. There were several aspects of the program besides going green, including federal tax deductions, state solar credits and just the actual savings on your power bill.”

North Central Bank President Kim McKee is currently leading her bank through a solar conversion. “Being rurally located and constantly looking for ways to cut expenses and be environmentally friendly, we started investigating our solar/energy saving options. We soon recognized that

there are a lot of farms, small businesses, schools and local homeowners that were making the move to solar.”

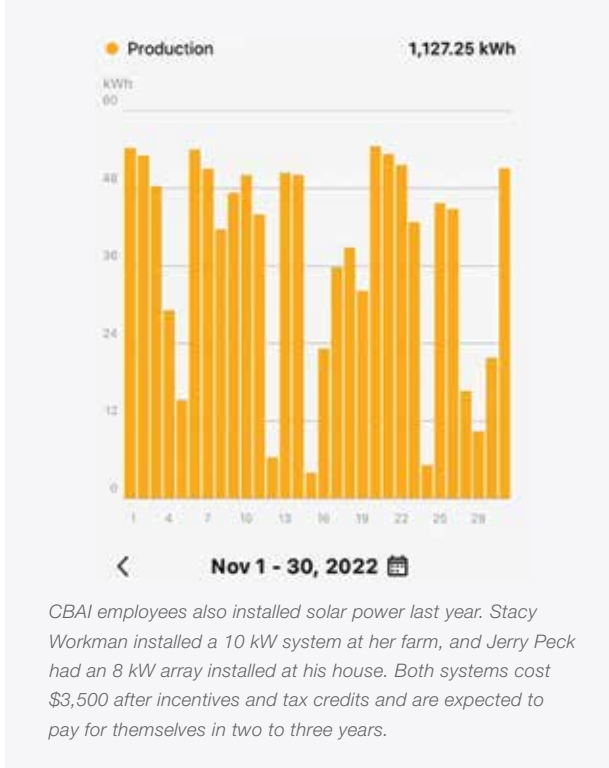
McKee is preparing for a solar installation at two locations. “The board was open to the change and very supportive of the efficiencies that solar would bring. The staff is intrigued and looking forward to seeing how solar will impact our bank. They are very glad to work for a business that is being progressive and working to improve the environment and reduce costs to the bank.”

Community State Bank was an early adopter of solar technology. When the state of Illinois passed a net metering law, holding company Chairman Kevin Yepsen saw it as an opportunity. “I decided to build a model to see what the breakeven would be for the bank to install a distributive solar project (behind the meter) at the bank.” The numbers looked promising, and the board decided to move forward with the project.

When the project was started in 2016, there weren’t a lot of solar resources in Illinois. Yepsen reached out to Dan Marsch, an environmental engineer with the Illinois Sustainable Technology Center, which is part of the Prairie Research Institute at the University of Illinois, Champaign-Urbana. “He helped me vet the solar model that I had built and put the bank in touch



Stacy Workman, CBAI



with a contractor that could help the bank through the application and construction process,” said Yepsen. “The bank’s solar projects in Kewanee and Galva went live in April of 2017, and I was told by Ameren that the bank was the first two solar installs in Ameren territory.”

### Before We Get to the Numbers

All three banks have been kind enough to share numbers but before we get to those, let’s review some solar-policy vocabulary:

**NET METERING:** Under Illinois law, Commonwealth Edison, Ameren Illinois and Mid-American Energy must offer customers credits on their electric bill for electricity produced by renewable systems. Generators under 40 kilowatts (kW) will receive a 1-1 credit. Excess energy produced will result in a credit that will offset the cost of power used from the grid at other times.

**ILLINOIS SREC:** The Solar Renewable Energy Credit is a state incentive that provides credit for power generated within the first 15 years after installation. For larger projects, it is paid out over six years. For projects under 25 kW, it is paid out in one year.

**FEDERAL SOLAR TAX CREDIT:** This is a credit that offsets federal tax liability for costs associated with installing a solar system. The credit is 30% of project cost for projects between 2022–2032 and will decrease to 26% in 2033 and 22% in 2034.

### Now for the Numbers

Community State Bank has solar arrays at five facilities and is awaiting regulatory approval for a sixth. They range from 10 kW to 60 kW systems. State Bank of Toulon has installed solar at three facilities ranging from 36 kW to 70 kW. North Central Bank is awaiting the installation of 50 kW and 30 kW systems at separate facilities. The price of solar projects can vary widely but generally include the cost of permitting, equipment and installation. The cost can range from \$2,500 per kW to as high as \$4,500 per kW. All three bankers recommend you shop around and look for an Illinois-based solar company.

#### Example Project #1

##### North Central Bank (in progress)

- 7,000-square-foot, one-story commercial building
- Peak monthly electric bill before solar: \$970
- Upfront cost to install a 53 kW system: \$127,000
- Illinois SREC: \$51,000
- Federal tax credit: \$70,296
- Estimated time frame to recover cost: 4.7 years

#### Example Project #2

##### North Central Bank (in progress)

- 5,000-square-foot, one-story commercial building
- Peak monthly electric bill before solar: \$850
- Upfront cost to install a 33 kW system: \$88,000
- Illinois SREC: \$37,000
- Federal tax credit: \$48,000
- Time frame to recover cost: one year

#### Example Project #3

##### State Bank of Toulon

- 10,000-square-foot main bank building with two floors and 24 employees
- Peak monthly electric bill before solar: \$1,500
- Upfront cost to install a 70 kW system: \$130,032
- Illinois SREC: \$13,237 per year for five years
- Federal tax credit: \$39,000
- Depreciation: \$44,210
- Time frame to recover cost: 2.47 years

#### Example Project #4

##### Community State Bank, Galva Office

- 8,000-square-foot main bank building
- Peak monthly electric bill before solar: \$785
- Upfront cost to install a 50 kW system: \$105,525
- Illinois SREC: \$10,571 per year for five years
- Federal tax credit: \$31,657
- Depreciation: \$30,496
- Time frame to recover cost: 2.5 years



*“Reach out to other banks that have solar systems, and make sure that it is the right solution for you.”*

While the break-even periods for the examples are similar, they can vary depending on the project. Larger projects can take up to three years to recover costs while some small projects may break even in under a year. A few years ago, you could expect the installation process to be completed in three months. Today, with supply chain issues and labor demand, those same projects could take up to nine months. Physical panel and inverter installation typically take less than a week.

Solar panels can be installed flat on a roof, on the contour of a south-facing roof, or on a separate, stand-alone frame if space is available. Most class A solar panels come with a guarantee to either be 80% efficient 30 years from now or 85% efficient 25 years from now. Most inverters carry a 10-year warranty. Insurance and service/maintenance costs should also be considered.

#### **Benefits Spread Beyond the Bank**

“I’m very satisfied,” said Parrott. “So much so that I just installed it at my residence. The reaction from customers has been good. Most understand our wish to ‘go green.’ We have had an influx of customers go the solar way and many have used the same company as the bank.”

Yepsen and Community State Bank have been involved in close to 300 solar projects to date. Most have been distributive solar systems for businesses and farms, but they’ve also helped 32 schools with power purchase agreements along with municipal governments. “It’s been a great experience. Most of our large commercial customers at the bank have all added solar projects. The schools bring in kids for field trips.” The bank’s officers and employees have bought in as well. “All of the outside board members but one have installed solar on their business/farm, and I think we have seven employees who have put solar on their home or business/farm. I think it has all been positive.”

McKee expects her projects to be completed in the next six months depending on weather and permitting. “We have not shared this project with the general public, but we are excited to do so once it is up and functioning. We can’t wait to be an even better partner for our environment. Keep going green!” McKee offers one final piece of advice for bankers considering solar. “Reach out to other banks that have solar systems and make sure that it is the right solution for you.” ■



Jerry Peck, CBAI



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# COMMUNITY BANK STEPS UP TO KEEP TOWN RELEVANT THROUGH ENERGY INNOVATION

“That’s what community banks do,” Andy Tinberg, senior executive vice president and chief banking officer at CNB Bank & Trust, N.A., Carlinville (Oak Forest), stated simply. “We tackle what others can’t take on.” CNB strives to be on the cutting edge of innovation, not only for the benefit of the bank but for its customers and the communities it serves. Tinberg, who serves as chair of CBSC’s Innovation Committee, has been instrumental in identifying innovative fintech solutions for his bank and for community banks statewide. But with the bank’s latest venture, Tinberg and his team wanted to take it a step further, making a commitment to not only better its community through innovation, but through energy innovation. CNB recognized a commonality among several of their branch communities and set out to fill a void.

Decades ago, the addition of interstates directed car traffic away from rural communities, which was extremely detrimental to their local economies. Similarly, the bank realized that the same fate could eventually plague communities that lacked a critical infrastructure.

Electric vehicles (EVs) and the associated infrastructure are a top priority for governments around the world as the global economy looks to significantly reduce carbon emissions. With cringe-worthy gas prices holding steady, electric cars are looking more attractive than ever to consumers. In fact, it took eight years to sell 1 million EVs and fewer than three years to sell the next million. The Edison Electric Institute (EEI) projects annual sales of EVs will reach nearly 5.6 million in 2030, accounting for more than 30% of annual light-duty vehicle sales.

So, CNB made a decision to be ahead of the curve and began plans to install a charging station at one of its Jacksonville branch locations, making it the first public charging station in the town. “All the legacy car manufacturers have committed to changing inventory over time to all-electric. Installing charging stations keeps our communities relevant. We feel it is important to be in on the process as early as possible, so we are on board the train before it leaves the proverbial station,” said Tinberg.

According to the U.S. Department of Energy, there are currently 49,567 electric charging stations registered in the United States that are available for public use. Illinois currently has 1,013 public electric charging stations with most of those stations located in and around Chicago and the Metro East area. The limited availability of charging stations outside of larger metropolitan areas is a major reason that the EV market share remains low compared to conventional gas-powered vehicles.



Andy Tinberg, CNB Bank & Trust, N.A., Carlinville (Oak Forest)

### Electronic Vehicle Types

There are currently three primary types of EV's which include hybrid vehicles (HEVs), battery electric vehicles (BEVs) and plug-in hybrid-electric vehicles (PHEVs). In terms of vehicle adoption, HEVs are the most common type of EV on the road today, currently have the highest market share of EV vehicles and adoption rates are growing at the fastest pace. HEVs use a combination of a gas engine and an electric motor that is powered by a battery and recharged through regenerative braking. HEVs do not use plug-in charging technology, and therefore, will not utilize the proposed EV charging station.

Both BEVs and PHEVs utilize plug-in charging technology, and owners of these vehicles will be the target market for the recommended EV charging station deployment. BEVs are fully electric vehicles that must be plugged in to recharge the battery. PHEVs are configured to recharge the battery through both plug-in charging and regenerative braking. Collectively, BEVs and PHEVs are referred to as plug-in EVs (PEVs).

Initial conversations around EV charging station deployment began seemingly simultaneously with the Community BancService Corporation's Innovations Committee and with a local nonprofit organization in Jacksonville known as Jacksonville Main Street. CBSC's Innovations Committee has undertaken an effort to encourage community banks to offer EV charging stations in rural communities as a revenue-neutral way to serve the community. This sustainable initiative offers an environmental, social and governance (ESG) element that should be attractive to the community, regulators and shareholders.

"As the number of EVs continue to grow, it will become increasingly important that rural communities are able to provide public EV charging stations as a necessary infrastructure for their business communities," said Tinberg. Just like towns that were bypassed by the interstate, communities lacking this essential infrastructure could eventually start to disappear off the map. Having access to charging stations encourage visitors to the area instead of causing them to shy away.

After some discussion and consideration, CNB determined that their West Morton Avenue facility in Jacksonville would be the best fit for an EV charging site. The location is in the heart of the business district and has adequate space within its multiple parking lots to accommodate a charging station. The recommended location would also provide access to EV charging along an underserved rural corridor in the state of Illinois to both CNB customers and non-customers alike.

The Jacksonville Convention & Visitors Bureau and the entire business community are very excited about this venture, and rightfully so. Making Jacksonville a viable destination for EV drivers will benefit businesses and drive commerce. "Hotels, restaurants, retailers and other small businesses will benefit from the increased traffic that will come from EV owners who have the confidence that they can charge their vehicles in town," said Tinberg. "And business owners now have the peace of mind that they won't be left out."

CNB committed to installing a Level 2 charging station at its Jacksonville branch. Level 2 EV chargers utilize a 240 V power supply and will fully charge an EV battery in about half the time of a Level 1 charger. Additionally, Level 2 chargers can charge more than one EV at a time, and they are ideal for residential installation for people who travel frequently and for commercial fleets. Ameren Corporation is installing the necessary transformer at no cost, and the charging station is expected to be operational by the first quarter of 2023. CNB contracted with ChargePoint, a well-known EV infrastructure provider that has been in business for 14 years and is publicly traded on the NYSE. According to their investor relations website, ChargePoint has over 5,000 commercial and fleet customers worldwide, and they have a 70% market share of Level 2 charging stations in North America. ChargePoint infrastructure can be purchased outright, but it is generally deployed in a subscription model to remove the burden of maintenance and monitoring from the charging station owner.

Projected costs include an equipment lease and maintenance agreement from ChargePoint, site preparation for the installation of the charging station equipment, and the increase in power consumption at the site associated with the charging station.

The ChargePoint CT4000 can charge two vehicles simultaneously at a 7.2 kilowatts per hour (kWh) charge rate per vehicle. Each charging port will have a standard J1772 connector, and any non-standard vehicle connector will require the vehicle owner to supply a connection adapter, accordingly.

The station is configured to accept in-person payments via a card reader or payments via a ChargePoint mobile application account. The annual subscription cost to deploy the charging station is \$2,600. CNB plans to offer competitive charging rates to the public, with significant discounts for CNB customers.

Although Jacksonville is a jumping-off point, it is CNB's intent to continue expanding this venture to

*“As the number of EVs continues to grow, it will become increasingly important that rural communities are able to provide public EV charging stations as a necessary infrastructure for their business communities.”*

other communities the bank serves. “We hope to take what we learn with this in Jacksonville and reach out to other communities to see if it would be helpful to them as well,” said Tinberg. By tackling what others couldn’t, CNB is once again making a real difference for the communities it serves. Because that, as Tinberg so perfectly articulated, is what community banks do. ■

**EV Sales Trends**

EV market share has grown significantly over the past 10 to 12 years, and it is projected to continue to grow at a rapid pace. Over the past five years, plug-in electric vehicle (PEV) sales have averaged an annual growth rate of nearly 32% with sales volume doubling from 2020 to 2021. Moreover, PEV market share as a percentage of light-duty vehicle sales increased from 0.90% in 2016 to 4.3% in 2021. According to the U.S. Energy Information Administration’s projections, EVs will reach a 31% market share of the total global fleet of light-duty vehicles by 2050.

The Edison Electric Institute (EEI) released an update to its Electric Vehicle Sales and the Charging Infrastructure Required Through 2030 report. This consensus forecast is based on four independent forecasts done by Boston Consulting Group, Deloitte, Guidehouse and Wood Mackenzie, as well as analysis from the National Renewable Energy Lab. According to its findings:

- The number of EVs on U.S. roads is projected to reach 26.4 million in 2030.
- The projected 26.4 million EVs will make up nearly 10% of the 259 million light-duty vehicles (cars and light trucks) expected to be on U.S. roads in 2030.
- Nearly 12.9 million charge ports will be needed to support the projected 26.4 million EVs that will be on U.S. roads in 2030.

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## Energy Efficiency:

# It Can Be as Easy as Changing a Light Bulb

*Justin Cheger, Vice President of Operations/Intelligence, The Stone River Group*

**M**any of us have replaced old light bulbs in our homes with energy-efficient, light-emitting diode (LED) bulbs. But what about your community bank? In some cases, the initial cost of facilitating this switchover process may be a deterrent. But what if the cost wasn't an issue? What bankers may not realize is there are programs out there that will pay for the switch from fluorescent bulbs to LEDs. The increase in energy efficiency will also generate additional savings for the bank.

As authorized by the Public Utilities Act, the Illinois Commerce Commission recently required Ameren and Com-Ed to set up an energy efficiency fund. This program is funded by all Ameren and Com-Ed customers through a line item found on each bill. Although the line item is a very small amount (approximately 50 cents for a bill of \$100), a fund was created in which these monies are allocated to pay for projects that focus on energy efficiency. This not only includes fluorescent replacements, but certain controller boxes, disconnects and electrical equipment can be updated as well.

For example, one of The Stone River Group's customers, a furniture store, recently replaced its fluorescent bulbs with energy-efficient LED bulbs. With most standard fluorescents, as in the case of the furniture store, the switch from the old bulbs to LEDs can take place using the same fixtures. The ballasts in the fluorescent bulbs can be bypassed completely as opposed to removing them. Because of the simplicity of this process, the store was able to handle the installation.

Through the Ameren incentive, LED light bulbs were provided to the furniture store customer at no cost. The cost savings

for the bulbs alone were more than \$2,000, plus its energy bill decreased by more than \$600 annually. This resulted in savings of approximately \$8,000 over a 10-year period, not considering the cost the store would have incurred with replacement fluorescents during that time frame. In comparison, exchanging the bulbs in the multiple buildings and branches of your bank over a 10-year span would generate a valid savings, in addition to going green and staying relevant.

Another project Stone River is currently working on is with a warehouse facility that was utilizing sodium lights, also known as high-bay lighting. Exchanging these outdated lights alone created an energy savings of 50%! The \$50,000 cost of the project was solely paid for by Ameren incentives, including labor. The customer incurred no cost and it resulted in an estimated annual savings of \$23,000 on their electric bill!

Although high-bay lighting is rarely present in banks, it is common in warehouses and auditoriums, which provides banks an opportunity to advise certain commercial customers of this prospect.

This annual program is available on a first-come, first-served basis. When the money is depleted for the year, interested customers will have to wait until funds are replenished the following year.

### How can you get started?

If your community bank is interested in becoming more energy efficient by utilizing this program, The Stone River Group, is happy to help. Your next step is to contact me, Justin Cheger, to examine your options. Our program partner will then come out to do an initial assessment and help



you file the necessary paperwork to apply for the efficiency fund. Working with Ameren, all possible energy-saving options are investigated.

Although these examples focus on energy efficiency through lighting, the program also covers smart thermostats, heat pumps, HVAC, specialty equipment, air compressors and more. (Banks can typically replace their thermostats for free depending on the one they select.)

These programs are available to Ameren and Com-Ed customers, which supply energy to approximately 80% of the banks in Illinois. (Homefield Energy customers receive their energy through Ameren as well.) Banks using City, Water, Light & Power (CWLP) or local co-ops would have to work directly with their suppliers to see what options are available.

The Stone River Group can also consult with your community bank on solar panel and EV charging station installations. We can facilitate the entire solar job, from design to installation and hook-up, using Illinois-based installers. Our customers are seeing a 95% payback of job costs in the first 12 months. Also, with the new legislation in August 2022, not-for-profits can now obtain a 30% direct pay credit on solar systems. We can also provide and install EV charging stations, from a single plug to fleet charging.

With valuable opportunities available for energy efficiency and reducing carbon emissions, now is the perfect time to prioritize energy efficiency at your community bank! ■

*Justin Cheger is vice president of operations/intelligence at The Stone River Group. He can be reached at [justincheger@thestonerivergroup.com](mailto:justincheger@thestonerivergroup.com).*

According to the Consumer Energy Alliance, LED bulbs are designed to be a more energy-efficient light source by using a semiconductor to convert electricity into light. LED lights use their energy much more efficiently than other types of bulbs — producing light up to 90% more efficiently than incandescent light bulbs and 80% more efficiently than compact fluorescent lights (CFLs). LED bulbs require less wattage than incandescent or CFL bulbs. According to the Solar Electric Power Company, fluorescent lights waste 95% of their energy as heat and only use 5% to generate light. LEDs are the complete opposite — using an incredible 95% of their energy to emit light! There are many benefits including increased energy efficiency, lower electric bills, a longer bulb life and a better, safer light source overall.



# CBAI Leadership

FOR 2022-23



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On page four of *Banknotes*, the names of bankers who serve on the CBAI Board of Directors appear. Here is a listing of the members of the affiliated boards of directors and CBAI standing committees for 2022–23. Their time, consideration and thoughtful participation are most appreciated.

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## Municipal Credit Update:

# Inflation Effects on Municipal Finances

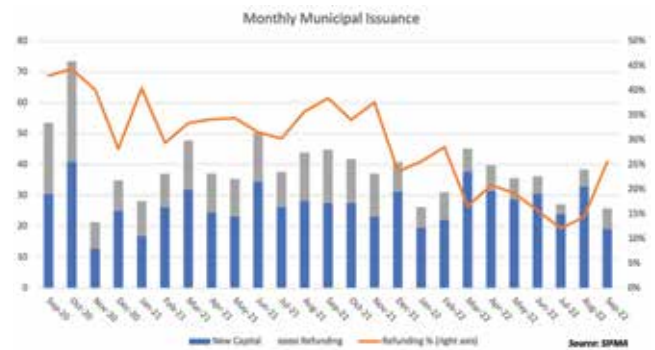
Dana Sparkman, CFA, Senior Vice President/Municipal Analyst, The Baker Group

In early 2020, municipal credit concerns were abundant, and tax revenue plunged due to pandemic shutdowns. Since then, average state and local tax revenue has not only recovered from those declines but has grown significantly. Total state and local tax revenue reported by the U.S. Census Bureau was up 13.9% in the first half of 2022 when compared to the first half of 2021, and by over 30% when compared to the first half of 2019. Federal stimulus funds, coupled with prudent expense management, also helped to improve municipal finances, all of which led to record budget surpluses and large increases in reserves in many cases. However, current high inflation and increasing interest rates could impact municipal finances in several ways.

First, the cost of supplies and labor is increasing rapidly with some cases at an even higher rate than the overall inflation rate. Consequently, operating expenses and the cost of capital projects are climbing. Issuers that are highly reliant on skilled labor for operating activities, such as hospitals and other healthcare-related entities, are vulnerable to a tight labor market. Moody's reports that personnel costs account for over 50% of expenses for the hospitals they rate. Some issuers had to pay over eight times as much in 2022 as they did in 2019 for agency labor. Rural hospitals are particularly susceptible as they generally have a hard time with adequate staffing under normal circumstances.

Second, not only are capital projects more expensive than what was estimated for current budgets, but borrowing rates have also been rising. This could result in delayed or canceled projects, or it may lead to higher debt levels and increased interest expense if municipalities choose to go ahead with planned projects. According to SIFMA, September issuance data shows that new money issuance dropped dramatically in September. As rates continue to rise,

issuers will have to balance their capital needs with how much interest they can afford to pay.



Third, inflation and higher interest rates can affect pension liabilities and associated expenses. Pension liabilities are computed using assumptions for wage growth and expected inflation. If those assumptions increase or are too low, pension liabilities will increase. Some pension plans have cost of living adjustments based on inflation. Those plans will have an increase in current payouts in addition to an increase in the future liability. Further, pension assets will likely suffer from poor investment returns this year. The trend of movement toward riskier asset classes led to favorable outcomes in 2021 when many plans had record investment gains. However, the opposite may be true in this volatile environment where equities and bonds have both been declining in value. Moody's and S&P both project that all the investment gains pension plans enjoyed last year will be, or already have been, reversed. Assets decreasing while liabilities are increasing means that unfunded liabilities will rise, and so will required contributions from employers. This may cause budget pressure for some municipalities.



On a more positive note, higher inflation and/or interest rates could increase the discount rate used to determine the present value of pension liabilities. A higher discount rate means a lower estimate of pension liabilities, with all else equal. Also, inflation could lead to increases in revenue, particularly for those municipalities that rely heavily on income tax revenue or sales tax revenue derived from the sale of non-discretionary items. Discretionary spending is threatened by a potential recession as well as higher interest rates. Property tax revenue should increase as well since home prices have been increasing significantly. Higher home prices will lead to higher assessed valuations if home values do not depreciate back down to last year's level or lower. Whether or not revenues rise by more than expenses will vary from issuer to issuer.

Many issuers have well-positioned reserves right now to help cope with increasing costs and a potential recession in the short-term. However, unfunded pension liabilities and growing leverage will continue to be a concern for some local governments. Many health care issuers, especially senior living facilities and special development entities, have experienced credit deterioration during the pandemic. They remain particularly vulnerable to further budgetary pressure and credit impairment due to current economic conditions. ■



*Dana Sparkman, CFA, is senior vice president/municipal analyst in The Baker Group's Financial Strategies Group. She manages a municipal credit database that covers more than 150,000 municipal bonds, providing clients with specific credit metrics essential in assessing municipal credit. Sparkman earned a bachelor's degree in finance from the University of Central Oklahoma, Edmond, as well as the Chartered Financial Analyst designation. Contact: 405/415-72263 (verify phone number), dana@gobaker.com.*

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# 10

## Top 10 Ways to Avoid Employment-Related Problems

Ryan Hillestad, FI Specialist, Community BancInsurance Services,  
A Gallagher Company, Springfield, IL

Employment-related lawsuits are difficult to deal with as emotions run high with personal issues often brought into play. Even when claims are meritless, defense costs can be substantial. The impact on morale and reputation can also be significant. The following tips may help reduce employment-related issues in your business and strengthen your defense if an action is brought.

### 1. Invest in an Employee Handbook Which Includes Employment-at-Will, Harassment and Discrimination Provisions

Every employer should invest in an employee handbook. While this may seem like an unnecessary expense, having policies in place that address termination of employment, discrimination and harassment can reduce potential exposure in employment-related matters. At a minimum, a handbook should include an employment-at-will statement and a zero-tolerance policy toward discrimination and harassment. While sample policies are available, employers should ensure that all policies are compliant with applicable state and federal laws. Ideally, an employment attorney should draft and/or review the handbook.

**Example:** The COO maintained only one copy of a very old, out-of-date handbook that was no longer compliant with state or federal laws and kept it in her office. The employees knew it was in the COO's office and were not comfortable accessing it. When an employee filed a lawsuit, the handbook's provisions were not enforced because they were in conflict with the current law and because it had not been disseminated to employees.

### 2. Ensure Consistency with a Uniform Review of All Adverse Employment Decisions

Consistency is essential in decisions involving adverse employment actions. A neutral party within your organization should review all such decisions to ensure that the emotional component is minimized, and that consequences of poor performance or misbehavior are being consistently evaluated.

**Example:** Two supervisors each had the ability to hire and fire employees on their respective teams. One strictly enforced attendance rules and terminated two employees who were late to work on three occasions. The other supervisor was more lax, allowing her team to arrive at work late or leave early. The terminated employees, who were both over the age of 40, filed suit alleging age discrimination, pointing out that many employees under 40 years old had also been tardy on several occasions, yet had not been terminated.

### 3. Train Employees on Employment-Related Issues

All employees should receive basic training on employment-related issues. Training options are available online and in person, or you can opt for an attorney to perform training at your organization.

#### Train supervisors to:

- Take every complaint seriously
- Immediately refer every complaint to HR or the designated employee, and investigate in a timely, thorough manner
- Be fair and consistent
- Document performance issues and be honest on performance evaluations
- Be vigilant to stop conduct that could draw allegations of discrimination or harassment

**Train non-supervisory employees to understand:**

- The process to file a harassment or discrimination complaint
- What types of behavior are unacceptable in the workplace
- The employer's handbook and/or policies and procedures

**Example:** Every day, after the business closed, employees would stay to complete standard end-of-business day duties. This hour was typically filled with sexual banter among the employees. The manager was present, but never took steps to stop these conversations. A new employee was hired and terminated after only a few months when it became clear that she was not meeting the required service standards. She filed a discrimination charge, claiming sexual harassment because of the sexual environment.

**4. Document Everything**

Employment claims often come down to one's word against another's. When an employer maintains detailed documentation created close in time to the incidents in question, it's a much stronger defense in any subsequent claims. Documentation should be clear, concise, free from emotion or unnecessary commentary and include performance issues and the resulting consequences. Ideally, the employee should sign the documentation to acknowledge that issues were brought to his/her attention. Performance evaluations of all employees should be done and done honestly. While it may be easier to simply give average or above-average evaluations, it's then difficult to defend any action by an employee where performance is relevant.

**Example:** A woman complained to the president that she was being sexually harassed by her supervisor. The president met with the supervisor who promised to stop. The president did not document the conversation. The behavior continued. Months later, the woman was terminated for performance issues. She alleged that she was fired in retaliation for complaining about sexual harassment. She had kept detailed notes and was able to establish that she had complained to the president. She alleged that he did nothing as a result and conspired with her supervisor to get rid of her. Since the president had no documentation of his meetings with the woman or her supervisor, her version of events was much more believable.

**5. Watch Workplace Jokes and Banter**

Most adults spend a huge chunk of their waking hours on the job and want to be able to enjoy relationships with their co-workers. While a collegial atmosphere is to be encouraged, it can quickly cross the line into actionable behavior. Consider the following comments: "Pregnant again? How many kids do you have?"; "You're 50? Over the hill!"; "As an African American, what do you think of



Obama?"; "How was your vacation? Wish I could have seen you in a bikini!"; "We need to figure out how to attract Gen-X employees." All were intended as harmless banter; however, they were used as evidence against an employer in a lawsuit brought by a former employee. Be vigilant in ensuring that employee interactions are professional and appropriate.

**Example:** A supervisor planned a 50<sup>th</sup> birthday party for an employee, including an "over the hill" banner, a black cake decorated with a tombstone and numerous age-related gag gifts. Shortly after the party, the employee was fired. He sued, alleging age discrimination, using the events at his birthday party as evidence of his supervisor's discriminatory intent.

**6. Recognize Pitfalls in Pre- and Post-Employment Time Frames**

The interview process can be challenging as an employer attempts to gain information about prospective employees to determine whether they are suitable for a job. However, it is prohibited to ask about certain topics, like disability, age, children, marital status, etc., and illegal to make hiring decisions based on such information. Interviewers should focus on asking only work-appropriate questions. Once an employment relationship has ended, care must still be taken. Final paychecks and payment for accrued vacation time must be made in a timely manner based on state law. Calls for references should be handled by one person and dealt with in a consistent manner. No specifics regarding a termination should be discussed with other employees or customers.



## DID YOU KNOW?

The Fair Labor Standards Act is a United States labor law that creates the right to a minimum wage and “time-and-a-half” overtime pay when people work over 40 hours a week. To view more information about the Act, visit [www.dol.gov/agencies/whd/flsa](http://www.dol.gov/agencies/whd/flsa).

**Example:** After an employee had been terminated for dishonest conduct, the employer received a reference call on the employee. The employer provided a detailed and extremely negative reference that resulted in a defamation lawsuit.

### 7. Regulate Internet and Email Use.

In most workplaces, employees have email and Internet access. Be vigilant that these tools are used in an appropriate manner. Have a policy prohibiting employees from accessing pornographic or inappropriate websites and consider software that blocks inappropriate websites. Employees should be warned that emails are never truly deleted and that all email communication should be conducted in a professional manner.

**Example:** The CFO was engaged in a consensual affair with an employee, communicating multiple times a day via corporate email. When the employee broke off the affair, the CFO continued to email her constantly, begging her to come back. Months later, the employee applied for a promotion and did not get it. She quit and filed a lawsuit alleging sexual harassment and retaliation. Their thousands of emails figured prominently in the case.

### 8. Be Aware of Workplace Violence Issues

Unfortunately, workplace violence continues to occur. An employer must be vigilant and safety conscious, understanding

that they have an obligation to provide a safe workplace and to take reasonable steps to ensure employee safety while on the job, especially in the event of a termination or other event that may cause anger on the part of an employee or even a customer. It may involve hiring security for the day or simply handling a termination privately with respect for the employee’s emotions.

**Example:** An employee who was a “cutter” would bring razor blades to work and, when stressed, would go into the bathroom to cut her skin. She told several co-workers, who informed management. Concerned with her bringing sharp objects to work which could be used as weapons, management warned her not to bring them to work and encouraged her to seek counseling. Days later, she was seen with a knife in the bathroom and terminated. She later filed suit for disability discrimination.

### 9. Review FLSA Status of Employees

The Fair Labor Standards Act requires that employees be properly categorized as exempt (paid a salary and not eligible for overtime pay) or nonexempt (paid by the hour and entitled to overtime pay if work is in excess of a certain number of hours per day or week). Failure to properly categorize jobs can lead to an employer being required to reimburse an employee or class of employees for unpaid overtime allegedly earned over a period of time.

**Example:** A group of employees filed a lawsuit alleging that they had regularly worked in excess of 40 hours per week and were owed overtime pay.

### 10. Open Door Policy

A simple way to avoid employment-related problems is open and honest communication. Employees should feel comfortable approaching their employer to discuss employment-related issues. If managers truly have “open doors” to employees, many potential issues can be identified early and rectified before a true problem develops.

**Example:** A manager with a volatile personality rarely interacted with his staff. He instructed them to only interact with him by email and not to interrupt him in person with problems. An employee diagnosed with cancer needed accommodations to go to chemotherapy and doctor appointments. Uncomfortable with speaking with her manager, she didn’t inform him of her situation and missed many days of work. He terminated her and she sued for disability discrimination. ■

*For more on this subject, please contact Ryan Hillestad, FI specialist, Community BancInsurance Services, A Gallagher Company, the exclusively-endorsed insurance representative of CBAI/CBSC, at 217/891-3445 or [ryan\\_hillestad@ajg.com](mailto:ryan_hillestad@ajg.com).*

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# THREE

## Financial Technology Trends Community Banks Should Consider for 2023

*Tina Giorgio, President/CEO, ICBA Bancard*

**W**hen I attended FinovateFall in September, I was struck by its palpable energy. Not only was it the most well-attended Finovate to date with roughly 1,800 attendees and 64 participating companies, it was a widely collaborative conference, converting what had once felt like a competitive environment into one of enablement.

What I witnessed was a growing pool of early-stage startups and mid-stage scale-ups looking to support community bank needs, and that bodes well for how community banks approach innovation. Ultimately, such partnerships must support the regulatory environment under which community banks operate.

That's why ICBA continues to advocate for a legal and regulatory framework, coupled with a supervisory process, that fosters innovative financial services while creating balanced and flexible policies and regulations that are universally applied to banks, fintechs and third-party providers.

As an onslaught of new companies enter the market, community banks will need to cut through the noise to determine those that can best support them, and at the same time, think differently about how these partnerships will impact strategy, product planning, staffing and compliance considerations. In short, as they develop and finalize 2023 plans, community banks will need to take the following trends into account:

*“As we round out the year and look ahead, proactively integrating these new developments into plans will help ensure that community banks are able to take full advantage of the opportunities that await.”*

1. Increasingly, fintech offerings are being designed to speak directly to community bank pain points. In fact, two of the six “Best in Show” winners at FinovateFall were ICBA ThinkTECH Accelerator alumni: LemonadeLXP, a digital growth platform that helps community banks and fintechs create training and support tools to grow their digital banking business and support digital banking customers, and Quilo, a digital lending platform for personal loans, earned top votes from the audience to garner the award.

This news gives way to two important community bank considerations: 1. There's a significant demand for solutions that serve community banks; and 2. As this interest increases, funding will go toward these solutions, launching even more start-ups.



### ICBA Accepting Applications for ThinkTECH Accelerator 2023

The application period for the 2023 ICBA ThinkTECH Accelerator program is now open. Selected companies will participate in an intensive boot camp and receive critical feedback to help tailor their solutions to the unique needs of community banks and their customers.

Launched in 2018 and named Finovate's 2020 Best Fintech Accelerator, ThinkTECH has connected innovative fintech companies with more than 1,000 community bankers and industry leaders. Apply or nominate a fintech for consideration at [www.research.net/r/ysx6htr](http://www.research.net/r/ysx6htr).

While having more options will create choice, narrowing the field to those most relevant to community bank needs will come with some challenges. Thankfully, programs like the ICBA ThinkTECH Accelerator and offerings like our soon-to-be-relaunched Solutions Directory will serve as great starting points.

**2.** New products — for example, FedNow — will require some support from fintech offerings. If we take our cues from core providers, fintechs will factor more prominently into future solutions. With an emphasis on open application programming interfaces or APIs and integration, core providers are sending a message that their philosophy has shifted from acquire to partner. The Fed seems to be speaking in the same tone, emphasizing the importance of providers through its service provider showcase and other offerings.

“I think fintechs are uniquely positioned to work with the financial industry to bring forward the best customer experience through technology, and there’s a lot of opportunity in instant payments,” said Bernadette Ksepka, assistant vice president and deputy head of product development, FedNow Service, at the Federal Reserve System.

**3.** The community bank/fintech relationship is evolving from a customer/vendor dynamic into a collaborate and co-create partnership. As we’ve

learned from the Accelerator experience, fintechs operate with an agile approach, one that lets them evolve and develop their offerings to respond to specific needs. That methodology itself means that community banks need to come into the relationship with a different mindset.

No longer are they being tasked with accepting an out-of-the-box standard solution; they can shape the offering by partnering with the provider in a more inventive, collaborative way. While this is a huge win for community banks, it also has the potential to require more time from staff and perhaps a different skill set for those managing the fintech relationship.

Clearly, FinovateFall 2022 introduced a number of strategic insights and applicable lessons, and I expect these trends to gain momentum in the coming months. Proactively integrating these new developments into plans will help ensure that community banks are able to take full advantage of the opportunities that await. ■



*Tina Giorgio is ICBA Bancard president and CEO. She can be reached at [tina.giorgio@icba.org](mailto:tina.giorgio@icba.org).*



**SAVE THE DATE!**  
 CDD Spring Meeting  
 March 27–28, 2023  
 Chicago Marriott, Oak Brook



Bob Stachowski (L) receives the Banker of the Year award from Ashworth

# CDD Fall Meeting

Nearly 50 members gathered for the 2022 Annual Fall Meeting of CBAI's Career Development Division (CDD) on October 18 at the Par-A-Dice Hotel in East Peoria, Illinois. The evening before the meeting, CDD members participated in a fun dueling piano show. Members agreed it was a very enjoyable event.



This year's Fall Meeting began with **Chris Claffy** and **Troy Bienash** from the Federal Home Loan Bank of Chicago on the topic "Process Optimization & Operational Excellence Strategies." **Jody Holland**, with Jody Holland Consulting, presented "Face Reading," "Bold Culture" and "The Four Roles of a Leader" as general sessions for the remainder of the day.

During the Annual Business Meeting Luncheon, **Katie Ashworth**, CDD chairman and **Group 9** director with **CNB Bank & Trust, N.A., Carlinville**, conducted the election of odd-numbered group directors. Members were then updated on the status of CDD regarding membership and finances. Ashworth reported that dues from the 175-

plus members remain the largest source of income; however, the Fall and Spring Meeting make a significant financial contribution. **Cameron Ohlendorf**, **First Community Bank & Trust, Beecher**, was elected as CDD chairman with **Bob Stachowski**, **The First National Bank of Sandoval**, as the CDD secretary/treasurer.

During the luncheon, **Bob Stachowski** received the prestigious **CDD Career Banker of the Year** award.

The CDD members once again participated in a "dress down" day, where members wore jeans for a \$5 donation, which raised \$135 and benefited CBAI's Foundation for Community Banking. ■



(Facing camera) Charles Potts and Marcie Bomberg-Montoya

## 2022 CBAI Innovations Conference

CBAI’s inaugural Innovations Conference, held November 16, was created to help connect the pioneers and early adopters at the forefront of innovation to better communicate their knowledge and expertise to other community bankers in this collaborative and engaging one-day event. At this conference, community bankers heard stories from their own peers on the challenges of innovation, along with the rewards, and how to effectively navigate the landscape. The on-demand recorded session is still available for purchase and allows your bank to train your staff on their own time with unlimited views from unlimited computers for up to six months. Please contact Melinda at CBAI 800/736-2224 or via email at [melindam@cbaicom](mailto:melindam@cbaicom) for more details.



Eric Sprink



(L to R) Charles Potts and Andy Tinberg

**Charles Potts**, executive vice president and chief innovation officer, ICBA, served as an “emcee” throughout the event and offered guidance during the day on the hottest topics in innovation. Other topics included: “How to Use Fintech to Solve Strategic Initiatives” with **Greg Ohlendorf**, president and CEO, First Community Bank & Trust, Beecher; “Pioneers in Innovation — A Conversation” with **Eric Sprink**, president/CEO, Coastal Community Bank, Everett, WA, **Andy Tinberg**, chief banking officer, CNB Bank & Trust, N.A., Carlinville (Oak Forest), and **Charles Potts**, ICBA; “What a Difference Two Years Makes — A Look at the Significant Changes in Banking and Economic Conditions” by **Allen North**, vice president of the Banking Supervision Division,

**Federal Reserve Bank of St. Louis**; and “Three Main Avenues for Working with Fintech (Investment, Partnership, and BaaS)” and “How to Operationalize Innovation” with **Marcie Bomberg-Montoya**, OCI/OEI, principal, Wipfli LLP. ■

### DID YOU KNOW?

In 2018, approximately 70% of senior banking executives said that collaborating with fintechs and bigtechs to create a new service was an important opportunity for banks.

Source: Statista



# CBAI's Women in Community Banking Conference – Attendees Discover “*The Magic of Connecting*”

**O**n November 9, CBAI held its 15<sup>th</sup> **Women in Community Banking Conference** at the Crowne Plaza Hotel in Springfield. Participants from all areas of banking throughout Illinois benefited from expert speakers, pertinent and informative topics and peer networking. This one-day conference, sponsored by the **Federal Home Loan Bank of Chicago**, was developed by a committee of female community bank professionals who shaped the agenda to address concerns facing women professionals, as well as pertinent banking issues for community banks.

“I really enjoyed the conference. It gave me new perspectives on myself along with team-building strategies. Everything was great!” said **Fallon Wells, vice president of banking operations and accounting, GN Bank, Chicago.**

This year, the conference began with a breakfast buffet and an opening networking session where attendees had the opportunity to meet and speak with their colleagues throughout the state before the education sessions.





**Desi Payne, keynote speaker and author**, kicked off the first session with her presentation entitled “The Magic of Connecting.” Payne’s message on being a good leader, cultivating relationships, being a good listener and being a good communicator was the perfect motivation to start the day.

“Desi was such a fun speaker with engaging and relevant takeaways! The laughter was an absolute gift!” said **Amber Floersen, vice president of retail banking, Prairie Community Bank, Marengo**.

Next on the agenda were the community-banking roundtable discussions, where attendees had the chance to share ideas, issues and concerns regarding “hot topics” that keep them up at night. One of several networking opportunities, the roundtables are always a valuable benefit to attendees.

**Marcie Bomberg-Montoya, Wipfli, LLP**, finished out the morning session with a presentation on blockchain technology and how it is currently being leveraged, as well as an introduction to cryptocurrency.

The luncheon speaker, **Doug Parrott, CBAI chairman and president/CEO of State Bank of Toulon**, provided an association update and shared a little about his background in banking.

**Payne** filled the afternoon with two very interactive sessions entitled “**Team Building with Humor to Empower Your Team**” and “**Give Me Some Chocolate ... I’m Stressed.**” Attendees worked in teams during this very interactive workshop. The creativity, problem-solving and team spirit filled the room along with loads of laughter. They also learned effective ways to destress, both personally and professionally, to be more productive.

“Thank you for putting this conference together. It is really nice to see old faces and new ones. I love that this conference is about getting educated and having the opportunity to discuss common topics with women from different banks,” said **Marcy Doyle, Apple River State Bank, Lake Forest**.

## 2022 Women in Community Banking Subcommittee

**Chairperson Beth Cotner,**  
Scott State Bank, Bethany

**Gwen Alexander,**  
MidAmerica National Bank, Canton

**Bethany Dunham,**  
Farmers National Bank of Griggsville

**Lori Pieper,**  
Community State Bank, Galva

**Valerie Stocks,**  
Apple River State Bank

**Amy Thiede,**  
Prairie Community Bank, Marengo

**Brenda Vohland,**  
Farmers State Bank of Elmwood

**Nichole Weber,**  
The Frederick Community Bank, Paxton

An evening social activity was offered the night before the conference. Held at Blue Margaritas Mexican Bar & Grill, participants enjoyed a taco bar, mini bundt cakes and delicious drinks. The relaxing, casual event not only provided participants with opportunities to network with their peers from across the state but proved to be a fun girls' night out!

This year, attendees once again were invited to "dress down" for the conference for a minimum \$5 donation to the Susan G. Komen for the Cure Breast Cancer Foundation. The event also included a basket raffle with items donated by CBAI's Women in Community Banking Sub-Committee. As in previous years, banks were invited to participate in fundraisers during the month of October and bring their totals to the conference to donate together. **Total funds raised from the "dress down" opportunity, basket raffle and community banks during the month of October resulted in \$1,759 donated to Susan G. Komen for the Cure. ■**



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# 4 Four Solutions

## to Help Achieve CIS Controls

*Brittany Demendi, Corporate Communications Manager, Adlumin*

The banking industry has been disproportionately affected by cybersecurity attacks, experiencing 260 breaches in 2021. Comparitech reports that this has been the biggest year for financial data breaches so far. It is no surprise banks are popular targets, mainly because cybercriminals see various profit paths if their attacks are successful, which include fraud, theft, ideological impact and multichannel extortion.

To protect data and maintain strict regulations and compliance, banks must have a robust and proactive cybersecurity strategy. Enforcing the framework established by the Center for Internet Security (CIS) Controls is a great place to start. Despite budget and resource limitations, CIS Controls help build a strong cybersecurity posture.

CIS provides various controls — 18 to be exact — for banks to safeguard their customers' data and mitigate cyberattacks against their systems and networks. As each control is necessary, some banks struggle to build the resources needed to get started. Many turn to a managed detection and response (MDR) platform plus extended risk management and security services as a cost-effective solution. Investing in an MDR platform helps accelerate a bank's journey to align with the CIS Controls framework.

Many offerings from an MDR platform help banks reach their goals for multiple controls. To skim the surface, here are four solutions an MDR provider can assist with on your journey:

### 1. Continuous Vulnerability Management (CVM)

- CVM covers one of the 18 controls by closing the gaps between security assessments and significantly reducing risk. Understanding and managing vulnerabilities is a continuous activity requiring the focus of time, attention and resources. CVM assesses and tracks vulnerabilities on all enterprise assets within the enterprise infrastructure to minimize and remediate the window of opportunity for cybercriminals.

### 2. Audit Log Management

- Banks consistently need to stay up to date with their compliance regulations to maintain credibility and trustworthiness. Compliance regulations require logs to be kept for a certain amount of time. Making sure banks collect, review, retain and alert audit logs of events helps recover from an attack quicker.

### 3. Proactive Defense Program

- Employees are every organization's first line of defense. It is critical to arm them with the proper knowledge and skills to be able to identify and report any suspicious activity properly. A Proactive Defense Program, or security awareness training, empowers employees with the needed expertise. Security software can only defend for so long until someone clicks a malicious link — take the proactive approach.

### 4. Penetration Testing

- Penetration testing or "ethical hacking" provides real-world penetration scenarios that cover industry-specific threat assessments while offering rapid results with actionable recommendations. A test evaluates the security of a system by attempting to breach confidentiality, accessibility or integrity.

The CIS Control provides first-step guidelines that are actionable and cost-effective ways to incorporate a more robust security plan for your bank. Cybersecurity goes beyond your IT department, as it needs to be included within every person in your organization. Looking for third-party experts with knowledge and expertise specific to the banking industry is advised. Don't let your IT team get caught in the dark. Instead, help lead the way to illuminate cyber threats, eliminate digital risks, and command authority within your bank. ■

*Adlumin wants to be your guide to equipping your IT landscape with the necessary tools. If you are ready to get started, or looking for more information about our MDR platform, visit [www.adlumin.com](http://www.adlumin.com).*

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## CDD SPOTLIGHT


**QUESTIONNAIRE**

**Susan Baldwin**

*Vice President of Retail & Marketing and Executive Officer  
MidAmerica National Bank, Canton*

**What do you find the most challenging about your job?**

The most challenging aspect of my job is having enough time each day to focus on everything I need and want to accomplish. As community bankers, we “wear many hats” and do whatever it takes to keep our customers happy and the bank moving forward. Customers are always a top priority, but so is coaching and mentoring our employees, and finding that perfect balance is always a challenge.

**What do you find the most rewarding about your job?**

The most rewarding aspect of my job is building relationships with customers, employees and people within the community. I enjoy assisting customers with their banking needs and by building a relationship with them, I can provide a more personalized service that fits their needs best. Cultivating relationships with employees

is important to me in developing a great bond for teamwork and friendship. And networking with people in our communities provides an opportunity to support each other and make impactful connections.

**What quote most inspires you and why?**

A quote by Tony Robbins that inspires me is, “The only impossible journey is the one you never begin.” In life, we tend to gravitate toward comfort and ease rather than facing those challenging things that could help us grow and be better or stronger. Fear of failure can hold us back from trying new things, and when we do, we are limiting ourselves in a million different ways. I try to focus on living my life more intentionally and less out of habit, which can be challenging. I believe you can do great things but only if you take a chance and go for it!

**How did you get involved with CBAI?**

When starting my banking career in 2014, I had a lot to learn about banking in general. CBAI offered a variety of seminars and conferences that helped me learn how to become a banker. I was fortunate to have the opportunity to attend the Community Bankers School from 2015–2016. While I was there, I gained a broad perspective of banking as a whole and built an outstanding network with peer bankers, many of whom I have great relationships with today. After completing the school, I remained active with CBAI through the Career Development Division (CDD) and enjoy the educational and networking opportunities CDD provides to help me continue to grow as a banker.

**What is something most people don’t know about you?**

Many people think I’m an extrovert who enjoys being social and meeting new people when, in reality, I describe myself as an introvert who forces myself to be an extrovert (at least as best I can).

**What are the biggest challenges your community bank faces today and what are you doing to combat these challenges?**

One of the biggest challenges we face today is the increased amount of competition we encounter as a community bank. With the onset of thousands of fintech companies, we are not only competing for business with other community banks, larger banks and credit unions in our markets, but we are also competing with giant technology companies from all around the world who have bigger budgets and more resources. While fintechs do serve as competitors, we have also found positive opportunities to partner with some of these companies that allowed us to offer more advanced technology to enhance our customers’ core banking products. But, we find it very frustrating when fintech and other companies jump into the market by offering core banking products with less regulatory requirements and oversight.

**What is your favorite initiative that your bank has implemented to support your community?**

One of the things I’m most proud of as an employee of MidAmerica National Bank is the amount of support we provide in our communities. Since we are so community-focused, it’s hard for me to choose just one initiative as my favorite because each one is important in its own unique way. Some worth mentioning include sponsoring the construction of a new all-purpose gymnasium for our local community college,

*“I try to focus on living my life more intentionally and less out of habit, which can be challenging. I believe you can do great things but only if you take a chance and go for it!”*

organizing an annual community cook-out to raise funds so our city can provide a nice fireworks displays on the 4<sup>th</sup> of July, adopting a section of streets that our employees keep clean through our local chamber of commerce’s Adopt-a-Street program and providing nearly \$10,000 annually to local and national nonprofit organizations through our “Casual for a Cause” initiative. We understand the importance of each initiative in our communities and support as many as we can. It’s great to see our company logo listed as a sponsor with so many activities and organizations throughout each of the communities we serve.

**If you weren’t in banking, what would you be doing, and why?**

If I weren’t in banking, I would devote my time and attention to growing a new nonprofit organization I started in my community in 2022 called empowHerU. I have a true passion for helping women build confidence, set and reach goals and become stronger personally and professionally. empowHerU was formed to provide a strong network of like-minded women who want to support and lift each other up to be as successful as we can be. Being able to devote more time and energy to empowHerU and the remarkable women who are a part of it would be awesome! ■



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# Remembering *Arthur R. Murray*



**Arthur “Art” R. Murray**, 91, chairman of the board of **Citizens State Bank of Milford** and **Dewey Bank**, passed away on Thursday, October 20, 2022, at his home in Milford. Art was a founding member and the first chairman of the Independent Community Banks in Illinois (ICBI),

now known as the Community Bankers Association of Illinois (CBAI).

Art was born on September 16, 1931, in Pierce City, Missouri, and was the son of Arthur R. and Rebecca (Hadley) Murray. He married Phyllis Hagebusch in Pierce City, Missouri, on September 16, 1951.

He served as a fighter pilot in the United States Air Force during the Korean Conflict. Upon returning home, he took over the management of the family’s Studebaker Automobile Agency but ultimately opted to return to school, receiving his master’s degree at the University of Missouri. His master’s thesis examining the effect of Federal Reserve actions on interest rates piqued his interest in the banking industry. Toward the end of his 10-year tenure at IBM that followed earning his degree, Art made the decision to acquire a bank and eventually purchased Citizens State Bank in Milford in 1969. It was here that Art truly found his place, and the wheels were set in motion not only for a more than 50-year career as a community banker but for a leadership role in Illinois community banking that helped spearhead the creation of CBAI.

“Until 1972, Illinois community banks were well represented by the Illinois Bankers Association (IBA) and its Bankers Against Monopoly Banking (BAMB) Committee. In late 1972, however, the IBA leadership, to be more accommodating to its largest and more monopolistic-minded members, started down the divisive path of supporting the

liberalization of Illinois branch banking laws,” said Art in the prologue to CBAI’s 30<sup>th</sup> anniversary book.

In May 1973, BAMB members organized under the name Independent Community Banks in Illinois (ICBI), now known as the Community Bankers Association of Illinois (CBAI). They elected Alan Meyer of Decatur as chairman and Arthur Murray of Milford as vice-chairman. When Meyer moved to another state later that year, Art succeeded as chairman.

In February 1974, Art, as the first chairman of the association, was among five ICBI Committee members who signed incorporation papers with the Secretary of State for the not-for-profit ICBI. Art encouraged the ICBI Steering Committee to solicit additional members for the new organization. “The overriding significance of protecting independent banking in Illinois,” he wrote, “should convince them that this is the only route open to them if they believe in independence versus monopolistic banking.”

In January 1975, Art convened the first ICBI statewide meeting in Springfield. Approximately 80 ICBI bankers in attendance (of 260 ICBI members) approved a special assessment to establish a strong Springfield presence by hiring a lobbying coordinator, voting to affiliate with the Independent Bankers Association of America (ICBA), and enacting measures to become a “permanent and viable force within the banking industry and Illinois.”



Art was invaluable in the early days of the association, investing enormous time and effort to support the new association. He essentially worked two jobs, one as bank president and one as association chairman. Thanks to Art's able leadership and the dedication of many other community bankers, during his term of office, the association hired staff and legislative consultants, opened a Springfield headquarters, organized a grassroots lobbying campaign among community bankers and initiated public relations and membership development programs. He also drafted the association's constitution with the help of ICBI's attorney.

Bob Wingert, CBAI's first president who was hired by Art Murray in 1975, said, "CBAI was blessed to have someone of Art's caliber and character at the helm during that formative period. An articulate communicator, Art applied common sense, logic and creativity when addressing a challenge or objective. As my mentor, Art imparted guidance, motivation and confidence to do well."

Current CBAI Chairman Doug Parrott, State Bank of Toulon, added, "Art Murray was a community banking icon and someone I respected and admired. CBAI will be forever grateful for his years of leadership, passion and commitment to the community banking profession."

Since purchasing Citizens State Bank in 1969, Art remained actively involved and continued to run it with his family, serving as chairman of the board for Citizens State Bank and Dewey Bank until his passing. He recently celebrated his 53<sup>rd</sup> year in community banking and would still come into the bank on a daily basis, a perfect testament to the man he was. His inspiring passion for community banking was unparalleled, and he will be deeply missed by our entire community banking family.

In addition to his wife, Phyllis Murray of Milford, Art is survived by two sons, Rob (Janice) Murray of Milford and Chris (Lisa) Murray of Ballwin, MO; two daughters, Lori Murray of Villa Grove, IL, and Carol Murray of Kittanning, PA; 11 grandchildren, Erin Koehn, Megan (Esteban) Rosas, Molly (James) Roth, Kathleen (Claude) Wilson, Amanda Murray, Rowdy (Bailey) Murray, Robin Murray, Alissa Murray, Kaitlan Murray, Colin Murray, and Ryan Murray; nine great-grandchildren, Lucas, Nathan, Landon, and Sean Koehn, Benito Rosas, Divya, Riyadh, and Isaac Wilson, Annalise Miller; and three more great-grandchildren coming soon; and one sister, Ruth Etta Buchner of Eagle Rock, Missouri. Art was preceded in passing by both of his parents. ■

"The goal of community bankers is to allow maximum banking choices for all Illinois citizens. This is in contrast to the insatiable appetites of monopolistic-minded bankers who have both the will and the power to influence the laws of our state and our nation. The success of our association has been remarkable, but not total. Our task is not complete — in truth, it will never be complete. We must be eternally vigilant and aggressive in protecting the rights of citizens to have maximum choices in their banking partners.

We must turn our eyes and energies to the future. I would suggest there is no greater tribute that we can pay the CBAI leaders and members who have preceded us than to rekindle their spirit and commit ourselves, at this time and place, to continue to encourage the development of our communities and our community banks. These efforts will provide maximum banking choices as well as economic growth and employment opportunities, for our organization and membership as well as for all citizens of Illinois."

- *Arthur R. Murray*

Publisher's Commentary: Industry Insights

# INQUIRIES ON CRYPTO

By Emily DeNio, E&M Consulting, Inc.

**M**ost community banks are not prone to using cryptocurrency. Cryptocurrency exists online; it has no paper bills and is not backed by the government.<sup>1</sup> People use cryptocurrency to protect their identity and avoid fees. Some people invest, trade or mine crypto. However, crypto is risky, as its value can change frequently and dramatically.<sup>2</sup>

Some community banks are taking steps for that faster, cheaper and more efficient method for their customers to make payments, and are starting to adopt decentralized intermediary options.<sup>3</sup> If you are getting questions about crypto, advise customers to get to know cryptocurrency before investing — in order to avoid scams. Because cryptocurrency is not insured by the government, if you are hacked, they are not obligated to help get your money back.<sup>4</sup>

A few of tips to offer:

- 1. Cryptocurrency payments are not legally protected and are usually non-refundable.<sup>5</sup>**
- 2. Scammers will try to impersonate known companies or government agencies and offer fake tokens.**
- 3. Keep your traditional bank account out of any investments related to crypto.<sup>6</sup>**

Let them know, if they are going to invest in crypto, it is wise to be financially stable and to research the different platforms to decide which is best for their situation. ■

1, 4. <https://consumer.ftc.gov/articles/what-know-about-cryptocurrency-and-scams>

2, 6. [www.forbes.com/advisor/investing/cryptocurrency/top-crypto-scams](http://www.forbes.com/advisor/investing/cryptocurrency/top-crypto-scams)

3. <https://bankbeat.biz/how-should-community-banks-coexist-with-cryptocurrencies>

5. <https://portal.ct.gov/DOB/Consumer/Consumer-Education/Cryptocurrency-Risks>



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The collage features various covers of Banknotes magazine, including:
 

- Cover 1: "Banknotes" with a "Bankers Helping Bankers" logo.
- Cover 2: "Celebrating 30 years" with a laurel wreath.
- Cover 3: "CBAI'S 47TH ANNUAL CONVENTION & EXPO" with a hand holding a globe.
- Cover 4: "IZALE FINANCIAL GROUP" with a seal.
- Cover 5: "INNOVATION EDITION" with a blue ribbon.
- Cover 6: "Talks Center Stage" with a woman on stage.
- Cover 7: "Helping Tomorrow's Community Bank Leaders" with a lightbulb.

## JANUARY 2023

- 13 **CEO Forum Group VII** — Chicago Marriott, Naperville
- 18–19 **Compliance Institute: Operations** — Shazam Education Center, Springfield
- 24 **Branch Managers for New Leaders** — Shazam Education Center, Springfield
- 25 **Branch Manager Group A** — Shazam Education Center, Springfield
- 26 **HR Group D** — Drury Hotel, Mt. Vernon
- 27 **HR Group B** — Shazam Education Center, Springfield
- 31–1 **2<sup>nd</sup> Quarterly CBC Meeting** — E-Classroom Seminar via Zoom

## FEBRUARY 2023

- 1 **CBAI's Ag Lenders Conference** — Crowne Plaza, Springfield
- 2 **CEO Forum Group IV** — Grizzly Jack's Grand Bear Resort, Utica
- 2 **HR Group A** — Shazam Education Center, Springfield
- 2 **CEO Forum Group II** — Drury Hotel, Mt. Vernon
- 3 **CEO Forum Group V** — Chicago Marriott, Naperville
- 3 **HR Group C** — Grizzly Jack's Grand Bear Resort, Utica
- 3 **Branch Manager Group B** — Grizzly Jack's Grand Bear Resort, Utica
- 7 **CEO Forum Group I** — Shazam Education Center: CBAI Headquarters, Springfield
- 7 **Detecting & Dealing with Problem Loans & Bankruptcies** — CBAI West Conference Room, Springfield
- 13 **Senior Lender Group V** — Chicago Marriott, Naperville
- 14 **Senior Lender Group II** — Shazam Education Center, Springfield

- 15 **Senior Lender Group I** — Shazam Education Center, Springfield
- 16 **Senior Lender Group III** — Shazam Education Center, Springfield
- 17 **Senior Lender Group IV** — Shazam Education Center, Springfield
- 17 **CEO Forum Group VI** — CBAI West Conference Room, Springfield
- 22 **The "C" Conference** — Crowne Plaza Hotel, Springfield
- 23 **CBAI & CBSC Board Meetings** — Shazam Education Center, Springfield
- 23 **CFO Forum Group I** — Shazam Education Center, Springfield
- 27 **CFO Forum Group II** — Shazam Education Center, Springfield

## MARCH 2023

- 5 **HR Group B** — Shazam Education Center, Springfield
- 7–9 **Commercial Lending Institute** — Shazam Education Center, Springfield
- 7 **Marketing Group A** — Live Meeting via Zoom
- 8 **Marketing Group B** — Live Meeting via Zoom
- 9 **Marketing Group C** — Live Meeting via Zoom
- 12–16 **ICBA Live** — Hilton Hawaiian Village
- 14 **Call Report Seminar** — Shazam Education Center, Springfield
- 23 **Asset/Liability Management: Investments, Liquidity & Interest-Rate Risk** — Shazam Education Center, Springfield
- 27–28 **CDD Spring Meeting** — Chicago Marriott, Oak Brook
- 28–29 **Lender's Comprehensive Guide to Mortgage Loan Compliance** — Shazam Education Center, Springfield
- 30 **Bank Operations Boot Camp** — Shazam Education Center, Springfield

## Foundation Report

State Street Bank & Trust Company, Quincy, made a \$250 donation to the Foundation.

Better Banks, Peoria, donated \$250 to the Foundation.

Chad Martin, Goodfield State Bank, made a donation to the Foundation.

Board and committee members of the CBAI corporate family donating travel expenses to the Foundation are **Dan Graham, Flora Bank and Trust; Mary Jo Homan, First National Bank**

in Pinckneyville; David Loundy, Devon Bank, Chicago; Michael Radliff, FNB Community Bank, Vandalia; Ken Scott, Preferred Bank, Casey; Alan Stremlau, Illini State Bank, Tonica; Amy Thiede, Prairie Community Bank, Marengo; and Jim Weast, Warren-Boynton State Bank, New Berlin.

The Foundation received \$140 from CBSC and CBAI board members as a result of the "dress down" board meeting in October.

Career Development Division (CDD) members participated in a "dress down" day where members wore jeans to the CDD Fall Meeting for a \$5 donation, which raised \$135 for CBAI's Foundation for Community Banking. ■

## Staff News



(L to R) Wilder and Lounsberry



(L to R) Duke and Lounsberry



(L to R) Peck and Lounsberry

Three CBAI corporate family staff members recently celebrated their anniversary. In November, **Tina Wilder**, administrative assistant, celebrated five years of service with the association. Later in the month, **Mike Duke**, vice president, was recognized for his 25<sup>th</sup> anniversary with the association. **Jerry Peck**, senior vice president of governmental relations, celebrated five years with the association in December. All three were presented with recognition pins from **CBAI President Kraig Lounsberry**.

**Jennifer Nika**, vice president of education and special events, welcomed her fourth grandchild on November 14, 2022. Emmett Donald is the son of Donnie and Megan Rhoades.

**Philip C. Carlson, Granville National Bank**, recently celebrated 50 years in the banking industry. His golden anniversary was commemorated with an award from CBAI. Carlson is the Granville National Bank's Board chairman as well as president of the Bank's holding company, Granville Bancshares, Inc.



Philip C. Carlson

**BankORION** is pleased to announce the addition of **Melinda M. Alatorre** as the AVP, Director of Retail. Alatorre joins BankORION with many years of leadership, management and community bank experience.

**Jeanne Reckmann** recently retired from **Bank of Hillsboro** after 25 years of service.

**Sauk Valley Bank** recently welcomed several new team members, including **Beckham Marquez**, universal banker; **Robin Woodard**, universal banker; **Ashley Jones**, solutions center specialist; **Felicia Bates**, credit analyst; and **Vanessa Wessels**, retail market manager.

**Bill Kauffman** retired as president and CEO on November 30, 2022, from **Bank of Pontiac** after 34 years of service.

**BankORION** recently held a ground-breaking ceremony for its new Cambridge branch.

**Bradford National Bank** announced that **Alison J. (Joy) Lunsford** was recently elected to serve on the bank's board of directors. She has been a licensed Certified Public Accountant (CPA) for 20 years. She currently works for Watson CPA specializing in individual income taxation.

**Security Bank, s.b., Springfield**, recently welcomed **Darren Jones** as the executive vice president, chief lending officer. Jones was the market president at First Bankers Trust and brings 23 years of experience to Security Bank.

**Preston Smith, Washington Savings Bank**, recently celebrated the 50 years in community banking milestone! Smith was honored with an award from CBAI and a resolution from the Illinois House of Representatives recognizing his tremendous accomplishment. ■

## Member News



James Lampe II

CBAI is pleased to announce a new addition to the CBSC Board of Directors. **James Lampe, II** serves as COO and chairman of **Germantown Trust & Savings Bank**, Clinton County. He has served on the CBAI Special Events Committee and is a long-time board member of SHAZAM-ITS (Illinois Transfer System). He has been a first responder for 27 years and counting for the Germantown Rural Fire Protection District and is a founding member and treasurer of the Clinton County CEO program. He has served on many of his community organizations' boards and has coached various sports at many levels. He has an undergraduate degree from the University of Notre Dame, South Bend, Indiana, with a Bachelor of Science in mechanical engineering. While working as a product engineer, he received his MBA with a concentration in finance from Saint Louis University. He has worked at Germantown Trust & Savings Bank for 30 years, not including lawn mowing and coin rolling at the bank as a child. Lampe resides in Germantown with his wife, Dr. Mary Lampe. They have four children who all have or are working on a math/business degree.



L to R: Mike Kelley, CBSC; David Doedtmann, Washington Savings Bank; Preston Smith, Washington Saving Bank; Jerry Peck, CBAI; Kraig Lounsberry, CBAI; Jeff Rabenort, CBAI



## The Baker Group Remembers

# Jim Wolfe

The Baker Group mourns the passing of long-time partner and director, Jim Wolfe, who we lost the week before Thanksgiving. Jim was dearly loved by all who knew him. His colleagues remember him as a mentor and role model, friend and teacher. Those with whom he worked remember his wisdom as well as his sense of humor, his honesty and his wit.

In addition to his leadership role at Baker, Jim was an active advocate for community bankers around the country. His advocacy was especially recognized in Illinois, where he had a great many friends and clients, as well as in Texas and his home state of Oklahoma.

Prior to joining Baker, Jim was vice president and director of government relations for the Oklahoma Bankers Association. He was raised in Davidson, Oklahoma, and received his Bachelor of Science in education from Southwestern Oklahoma State University, Weatherford. Jim loved his dove hunts and fishing trips.

A devoted husband, father and grandfather, Jim and his wife, Cindy, who survives him, were married for over 52 years. He is also survived by his son, Mike, daughter-in-law, Meredith, and twin grandchildren, James and Georgia.

Jim will be greatly missed and fondly remembered. ■

## Welcome Members

### NEW ASSOCIATE MEMBERS

#### **Hometown Bank Creative, LLC**

JT Primack, Co-founder  
1862 East Belvidere Road, Suite #128  
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