

VIRGINIA BANKERS ASSOCIATION

VBA MANAGEMENT SERVICES, INC. BOARD

Agenda

VBA Management Services, Inc. Board Meeting
Thursday, December 8, 2022 10:00am
VBA Office

- I.** Welcome
- II.** Solar Tax Equity Fund Presentation – KeyState Renewables
Josh Miller, CEO
- III.** June MSI Board & November Executive Committee Minutes
- IV.** Current Financials & 2023 Proposed Budget
- V.** Reports
 - Education & Training
 - Title Agencies Report
 - VMBA Report
 - Products & Services
- VI.** Other Business
 - MSI Board Vacancy
 - Endorsement Pipeline Discussion
- VII.** Adjourn to Executive Session

Minutes of the
VBA Management Services, Inc. Board Meeting
Wednesday September 14, 2022 at 10:30
Via Zoom

In attendance: James Black, Frank Bell, Barton Black, Zirkle Blakey, John Brough Will Clements, Dennis Dysart, Patricia Ferrick, Todd Hall, Eddie Martin, Andy Peden, Sherri Sackett, Chris Snodgrass, and Julie Sturt.

Staff & Guests: Amy Binns, Matt Bruning, DeMarion Johnston, Walt Lyons, Tracy Ottinger, Stacy Puckett, Kristen Reid, and John Snead; Alba Garcia and Zak Kephart with Bankers Insurance participated for their presentation.

Welcome

Chairman Black called the meeting to order and welcomed new Board members Andy Peden and Zirkle Blakey who introduced themselves.

Bankers Insurance Presentation

Chairman Black introduced Ms. Garcia and Mr. Kephart from Bankers Insurance and reminded the Board their presentation is on the Board portal. Ms. Garcia outlined her role and reviewed the scope of BI, including 26 owner banks, 280 employees and 30 locations. She mentioned BI's new leadership and the increase of their footprint in North Carolina. She discussed market trends, including climate impact on catastrophic claims, inflation, and stability in the market of D&O coverage. She reviewed BI's three core business lines of insurance, employee benefits and personal insurance, noting their focus on the insurance needs of community banks. She also noted an upcoming webinar on captive insurance. The Board discussed trends in the coverage of cyber events.

June Board Minutes

Chairman Black pointed the Board to the minutes from the June Board meeting contained in the portal material. On the motion of Mr. Brough, seconded by Ms. Ferrick, the minutes were adopted as presented unanimously.

Current Financials

Chairman Black noted the MSI financials through July 31st were included in the materials sent in advance. He also noted the second quarter investment report from SageView was distributed in advance. Ms. Puckett informed the Board of a change in how unrealized gains and losses were reported separate from the operating figures on the income statement. She also provided an update on the financials year-to-date compared to the budget. On the motion of Mr. Barton Black, seconded by Mr. Hall, the financials were accepted as presented.

Reports

Ms. Reid provided a recap of recent events including the School of Bank Management and the Internship Program. She noted the DEI Summit co-hosted with ABA and Maryland Bankers is tomorrow. She reviewed the busy fall schedule, including Leadership Conference, Credit and

Lending Conference, Women in Banking and Bank Supervisor School, which includes a session on managing remote workers. She highlighted the Women's Mentorship Program beginning in November and the development of a Commercial Lending School for spring of 2023.

Ms. Ottinger covered the information on the dashboard included in the material for the title agencies. She noted challenges with housing inventory and rising interest rates, but that the agencies are still slightly above budget. She commented that conversations continue with potential agency owner banks and a continued focus on expense management.

Mr. Lyons reported that VMBA continues to focus on their Annual Convention next week with over 160 registrants. He covered plans for a spring golf tournament to support VAMPAC and scheduled mastermind sessions through the remainder of the year.

Ms. Binns highlighted engagement opportunities for associate members in 2023. She also recapped participation results for the compensation survey. She noted plans for a fall vendor showcase on payments that would focus on trends and an overview of the solutions by the presenters. She reviewed positive feedback on the "speed dating" portion of the CFO Conference for sponsors and noted sponsor opportunities for 2023 events will be forthcoming soon.

Other Business

Chairman Black informed the Board that the 2022-2023 MSI Executive Committee will be James Black, John Brough, Dennis Dysart and Sherri Sackett. He also presented the slate of 2022-2023 MSI Staff Officers as indicated in the material. On the motion of Mr. Hall, seconded by Ms. Sackett, the slate of officers was approved unanimously as presented. Finally, he reminded the Board to complete and send in the MSI Conflict of Interest forms.

Chairman Black noted the next meeting will be Thursday December 8th at the VBA office. There being no other business, the meeting adjourned to Executive Session.

Minutes prepared by:
Matt Bruning

Minutes of the
VBA Management Services, Inc. Executive Committee Meeting
Wednesday November 30, 2022 at 2:00PM
Via Zoom

In attendance: James Black, John Brough Dennis Dysart, and Sherri Sackett

Staff & Guests: Matt Bruning, Stacy Puckett, and Bruce Whitehurst

Welcome

Chairman Black called the meeting to order and welcomed new Committee member Dennis Dysart.

Financials and Proposed 2023 Budget

Chairman Black noted the MSI financials through September 30th and the proposed 2023 MSI budget were included in the materials distributed in advance. Mr. Bruning provided an update on the current financial position of MSI and the forecasted projects for year-end. Chairman Black recommended moving the investment returns to after the pretax income so directors could differentiate between operating income and total net income.

Mr. Bruning provided an overview of the proposed 2023 MSI budget, including key drivers on the revenue and expense side. The Committee discussed potential event registration fee increases and the impact of inflation. On the motion of Mr. Brough, seconded by Ms. Sackett, the Committee recommended approval of the budget as presented to the MSI Board.

Investment Proceeds

Mr. Whitehurst provided an overview of the process the VBA has undertaken to develop strategies regarding the proceeds from the Infinex investment, including consulting with tax professionals. He outlined the proposed actions to be taken by year-end and covered proposed future decisions on remaining investment proceeds. The Committee discussed the details of individual proposed actions and suggested explanation of the investment process for the full MSI Board. On the motion of Ms. Sackett, seconded by Mr. Brough, the Committee unanimously endorsed the proposed actions for recommendation to the MSI Board.

Board Vacancy

Chairman Black noted that Vernon Towler has resigned from the MSI Board and thanked Mr. Towler for his service. Pursuant the MSI By-Laws, the Chairman recommends appointing Joe Collum with Burke & Herbert Bank to fill the unexpired term. On the motion of Mr. Dysart, seconded by Ms. Sackett, the Committee recommended approval of the appointment to the MSI Board.

Board Meeting Preview

Mr. Bruning provided a preview of the December 8th MSI Board meeting agenda. He noted that KeyState will present on their proposed Solar Tax Credit Equity Fund and noted a summary

document was in the Committee's materials for review. He also discussed items to be included in the Board's Executive Session related to staffing and investments.

There being no other business, the meeting adjourned.

Minutes prepared by:
Matt Bruning

Summary: Proposed 2023 MSI Budget

2022 Current Financials

- Net difference in projected Education & Conference and Sponsorship revenue over expenses is positive \$108,655, driven primarily by the lack of expenses for the 2022 Financial Forecast and other early-in-the-year programming turning virtual as well as ongoing expense management.
- Investment returns include the \$2.48 million in proceeds from the sale of Infinex.
- Absent the Infinex proceeds, the forecast of pretax net income remains positive to the budget at \$263,044.

2023 Proposed Budget

- In Management Services, Bankers Insurance revenue reflects the ending of that management relationship. Title Agency Management reflects the change to direct IT service payments by the agencies and a lower variable fee than 2022 projected revenue, consistent with adopted budgets at individual agencies.
- Education & Conferences includes increased revenue from new programs such as the Commercial Lending School, higher participation in programs such as enrollment at the School of Bank Management and Annual Convention attendance, and from the Executive Leadership Institute which was not offered in 2022. Net budgeted Education & Conference and Sponsorship revenues over expenses increase in the proposed 2023 budget over the 2022 budget.
- Endorsement income reflects terminations with Gradient, Paycor and Q2, and a reduction in revenue share on the Vericast check program pursuant to an endorsement contract renewal. Gains are budgeted in expansion of partnerships with ABA Insurance, Compliance Alliance and several other providers.
- Products & Services revenue reflects revised salary survey agreement and lower advertising sales income as buyers shift back to sponsorship support at live events post-pandemic.
- Expense drivers include a projected 3% average salary increase, the addition of an HR position, the decision to use a third-party IT vendor instead of hiring a FTE, and higher venue costs at offsite Education events. The proposed budget eliminates rental payments under occupancy expense as third-party leave income and solid reserves in VBA Properties allows VBA entities to eliminate those payments.

VBA Management Services Inc.

	Actual YTD 10/31/2022	Projected 2022	2022 Budget	2022 Forecast VS 2022 Budget	2023 Budget	2023 Budget vs 2022 Proj
Income						
Management Services						
Bankers Insurance Management Fees	125,000	150,000	150,000	-	-	(150,000)
Title Agency Management Fees	420,756	529,844	506,950	22,894	476,065	(53,779)
VMBA Management Fee	39,750	47,700	57,700	(10,000)	60,000	12,300
Consulting Services Income	20,000	20,000	20,000	-	20,000	-
Management Services	605,506	747,544	734,650	12,894	556,065	(191,479)
Education & Training						
Education & Conference	945,474	982,736	998,820	(30,276)	1,225,595	242,859
Sponsorships & Exhibitor Fees	518,816	533,264	559,575	(12,201)	609,705	76,441
E&T Products	20,318	24,136	30,000	(5,864)	30,000	5,864
ABA/AIB Products	4,653	5,885	7,500	(1,615)	7,500	1,615
Education & Training	1,489,261	1,546,021	1,595,895	(49,956)	1,872,800	326,779
Endorsements						
ABA Insurance Programs	17,891	33,245	18,500	14,745	35,000	1,755
Gradient Cyber	-	-	1,000	(1,000)	-	-
Abrigo	-	-	5,000	(5,000)	5,000	5,000
Compliance Alliance	62,005	77,000	77,000	-	80,000	3,000
CRA Partners	-	-	500	(500)	1,000	1,000
DDI Technology	3,446	3,746	5,000	(1,254)	4,500	754
Discover Debit	-	-	-	-	1,000	1,000
Banzai	5,950	6,151	5,000	1,151	5,000	(1,151)
Genysis Technologies	-	-	5,000	(5,000)	5,000	5,000
Vericast	57,195	75,695	60,000	15,695	58,000	(17,695)
Health Equity	792	843	1,000	(157)	2,000	1,157
Identity Theft Program	2,754	3,300	4,000	(700)	3,500	200
Infinex	50,000	60,000	60,000	-	60,000	-
KlariVis	6,452	6,452	7,500	(1,048)	7,500	1,048
Paycor	-	-	6,000	(6,000)	-	-
IntraFi Network	-	5,000	5,000	-	5,000	-
Q2 Software	-	400	800	(400)	-	(400)
PW Campbell	9,500	12,000	10,500	1,500	12,000	-
ServisFirst	1,000	1,000	5,000	(4,000)	5,000	4,000
Shred-It	125	125	500	(375)	500	375
TBL Networks	-	-	1,000	(1,000)	1,000	1,000
Thomas Compliance	-	1,494	7,500	(6,006)	8,500	7,006
Global Payments (formerly TSYS)	105,673	125,800	118,000	7,800	120,000	(5,800)
UMB Bank	10,678	12,899	-	12,899	-	(12,899)
VCDC	-	4,000	4,000	-	4,000	-
Other Endorsement Income	-	-	5,000	(5,000)	10,000	10,000
Endorsements	333,461	429,150	412,800	16,350	433,500	4,350

VBA Management Services Inc.

	Actual YTD 10/31/2022	Projected 2022	2022 Budget	2022 Forecast VS 2022 Budget	2023 Budget	2023 Budget vs 2022 Proj
Insurance Services						
Commission Income	40,665	40,773	30,000	10,773	40,000	(773)
Insurance Services	40,665	40,773	30,000	10,773	40,000	(773)
Publications & Products						
Records Retention Guide	6,788	6,791	990	5,801	1,755	(5,036)
Referral Trak		-	-	-	-	-
Salary & Directors Survey Income		-	13,500	(13,500)	2,500	2,500
Thumbprint Signature		-	600	(600)	225	225
VBA Career Center	3,005	3,574	2,500	1,074	3,000	(574)
Virginia Banking Income	7,220	7,220	15,000	(7,780)	7,200	(20)
Publications & Products	17,013	17,585	32,590	(15,005)	14,680	(2,905)
Other Income/(Loss)						
Investment Return	17,101	26,702	20,000	6,702	67,500	40,798
Total Income	2,503,007	2,807,775	2,825,935	(18,242)	2,984,545	176,770

VBA Management Services Inc.

	Actual YTD 10/31/2022	Projected 2022	2022 Budget	2022 Forecast VS 2022 Budget	2023 Budget	2023 Budget vs 2022 Proj
Expenses:						
Salaries and Benefits	1,097,509	1,338,450	1,455,000	116,550	1,470,000	131,550
Professional Fees	21,598	24,200	20,680	(3,520)	21,800	(2,400)
Board & Committee Expenses	8,202	9,135	6,500	(2,635)	6,500	(2,635)
Consulting	16,936	19,755	21,450	1,695	30,000	10,245
Contributions	12,450	12,652	11,500	(1,152)	6,500	(6,152)
Depreciation	14,149	17,032	20,640	3,608	16,900	(132)
Education & Conference	699,408	901,446	1,060,250	143,199	1,263,390	361,944
Equipment Maintenance	50,890	56,340	63,500	7,160	60,000	3,660
Insurance	13,784	14,340	14,845	505	17,400	3,060
Memberships/Subscriptions	10,847	12,250	11,500	(750)	11,000	(1,250)
Occupancy Expense	49,429	59,315	59,320	5	-	(59,315)
Office Supplies	6,609	8,520	7,600	(920)	8,000	(520)
Postage	504	600	1,000	400	750	150
Property Tax	2,155	2,155	2,500	345	2,205	50
Records Retention Guide	1,356	1,356	-	(1,356)	-	(1,356)
RFI Annual Fee	1,500	1,500	1,500	-	-	(1,500)
Telephone	12,771	18,700	19,450	750	20,500	1,800
Thumbprint Expense	211	211	500	289	500	289
Education/Training	3,552	5,000	10,500	5,500	8,500	3,500
Travel	24,137	32,353	26,600	(5,753)	30,000	(2,353)
Virginia Banking	7,254	7,254	7,100	(154)	7,100	(154)
Miscellaneous Expenses	1,581	2,167	3,000	833	2,500	333
Total Expenses	2,056,832	2,544,731	2,824,935	264,599	2,983,545	438,814
Pretax Income / (Loss)	446,175	263,044	1,000	246,357	1,000	(262,044)
Realized Gain/(Loss) on Sale of investment	2,432,470	2,432,470		2,432,470		(2,432,470)
Unrealized Gain/(Loss) Schwab	(60,266)	(60,266)		(60,266)	-	60,266
Net Income	2,818,379	2,635,248	1,000	2,618,561	1,000	(2,634,248)

VIRGINIA BANKERS ASSOCIATION

EDUCATION & TRAINING

Fall 2022 Highlights

- **Highest Attendance Numbers to Date for:**
 - ABA|VBA|MBA Diversity, Equity and Inclusion Summit - 575 registrants
 - Leadership Conference - 84 registrants
 - 2022-2023 Women's Mentorship Program - 18 pairs from 10 organizations
- **Returning to Pre-Pandemic Attendance Numbers for Several Other Offerings**
 - Lending & Credit Conference - 93 bankers (highest since 2015)
 - Bank Supervisor School - 35 bankers
 - Women in Banking Conference - 90 bankers



Looking Ahead to 2023

- **2022-2023 Management Development Program**
 - Final session and graduation ceremony on January 11th at the Richmond Marriott
- **2023 VBA | VA Chamber Financial Forecast - January 12th**
 - **Economic Update** Tom Barkin, President & CEO | Federal Reserve Bank of Richmond
 - **Innovation & Technology Advances in Virginia** Robert Stolle, President & CEO | Virginia Innovation and Partnership Corporation
- **2023 Executive Leadership Institute Session One - January 17-18**
 - 15 applicants (as of 11-29-2022)
- **NEW in 2023 - Commercial Banking School:** This school is designed to provide comprehensive training, allowing banks the opportunity to build bench strength within their commercial banking division.
 - May 15-19, 2023
 - Tuition: \$1,595
 - Class size will be limited to 25 (*the VBA may add a second session in the fall, based on demand*).
 - A minimum of two years of commercial banking experience required.
- **Bank School 2023:** Transitioning from ABA's BankExec simulation to the simulation used at the SW Graduate School of Banking.

Upcoming Events

Banker Day & Financial Forecast
January 12, 2023 | Richmond

Executive Leadership Institute
January - May, 2023 | Richmond

Commercial Lending School
February 7-8, 2023 | Virtual

Advanced Commercial Lending School
February 15, 2023 | Virtual

Connect|Protect Experience
March 13-15, 2023 | Williamsburg

AML/BSA School
March 28-29 | Richmond

Bank Supervisor School
May 2-3, 2023 | Richmond

VBA/NCBA Compliance School
May 2023 | Virtual

NEW - Commercial Banking School
May 15-19, 2023 | Richmond

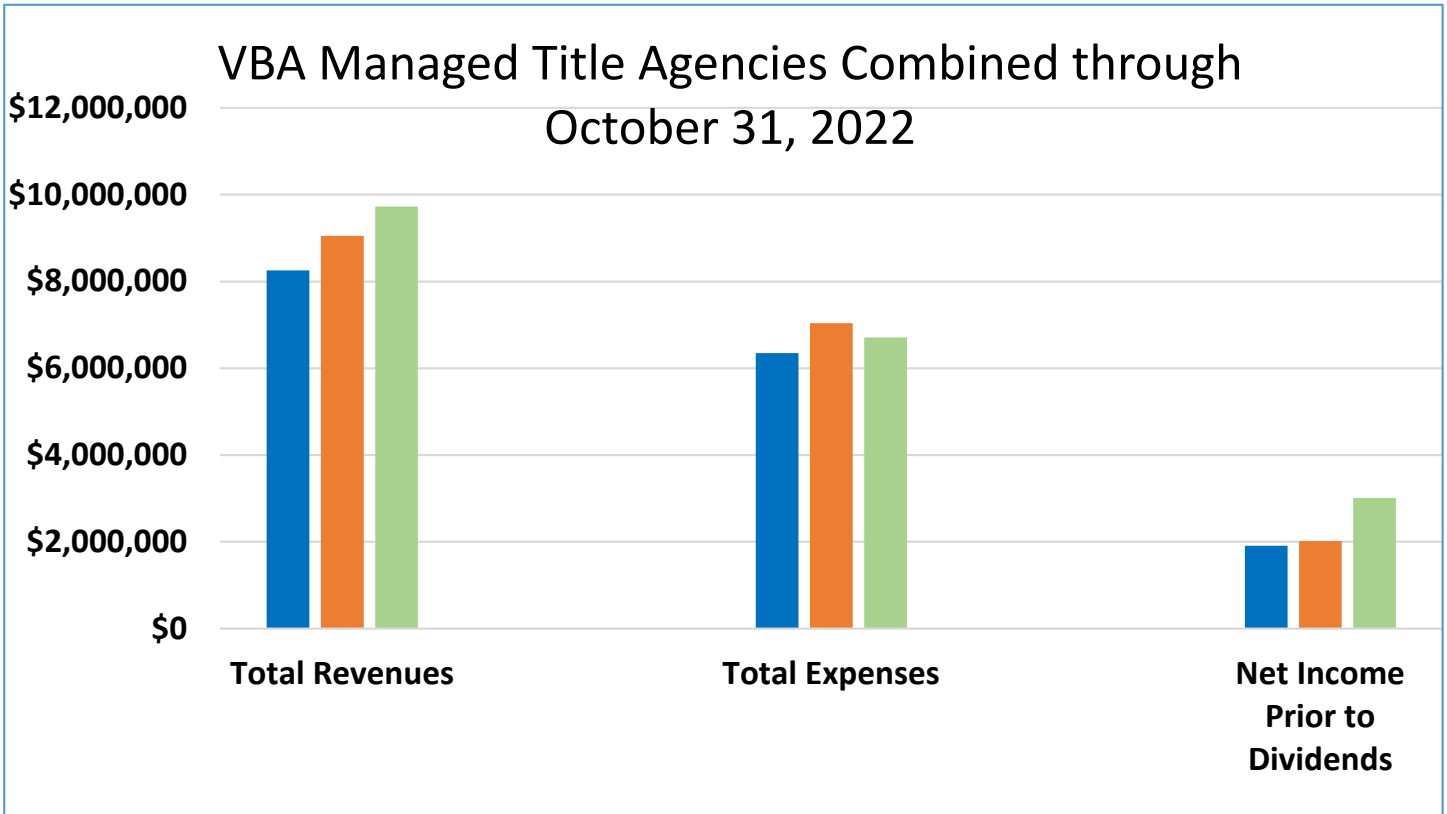
Annual Convention
June 25-28, 2023 | Palm Beach, FL

Virginia Bankers School of Bank Management
July 16-21, 2023 | Charlottesville

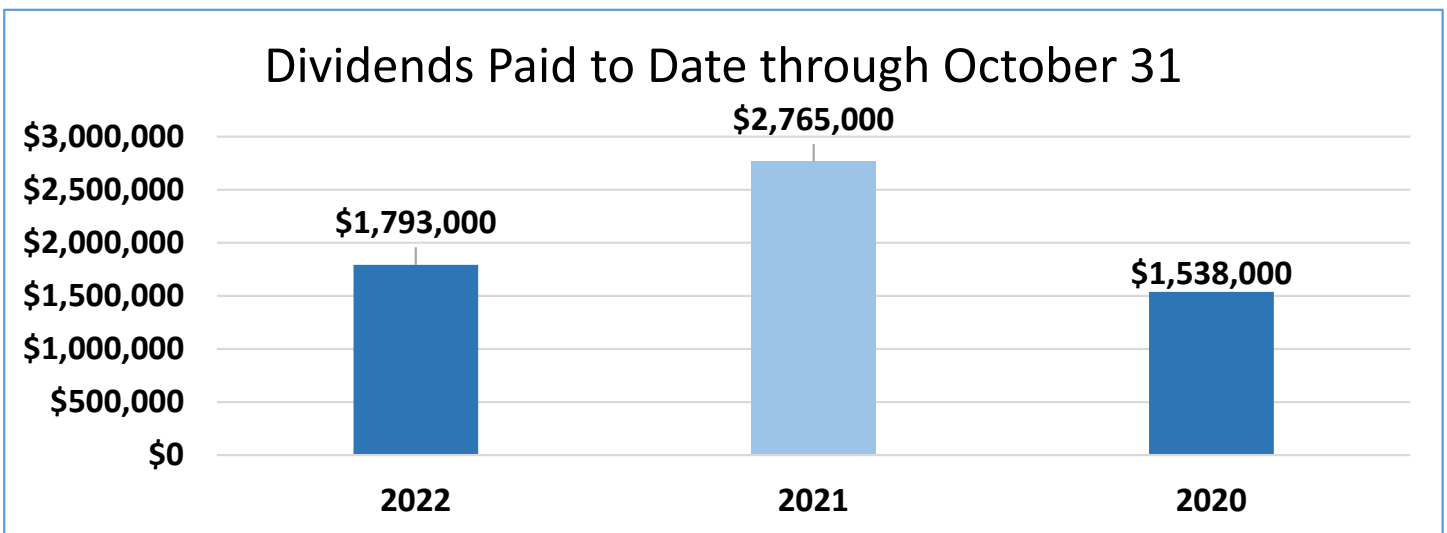
CFO Conference
August 21-23, 2023 | Roanoke

ABA|VBA|MBA Diversity, Equity & Inclusion Summit
September 14, 2023 | Virtual

VBA – Managed Title Agencies Dashboard





	Total Revenue	Total Expenses	Net Income Prior to Dividends
actual	\$8,257,459	\$6,350,448	\$1,907,011
budget	\$9,053,211	\$7,038,272	\$2,014,939
prior year	\$9,723,696	\$6,710,326	\$3,013,370





VIRGINIA MORTGAGE BANKERS ASSOCIATION

VMBA Report for MSI Board Meeting – December 8, 2022

Legislative & Advocacy	Education
<ul style="list-style-type: none"> Total VAMPAC Funds Raised YTD: \$19,387 2023 VMBA Day on the Hill scheduled for January 25, 2023 with breakfast and legislative briefing at Williams Mullen before legislator visits. The 2023 VMBA Golf Tournament to benefit VAMPAC and the VMBA’s lobbying efforts is scheduled for May 16, 2023 at Independence Golf Club. 	<ul style="list-style-type: none"> The 2023 VMBA Loan Officer Summit is scheduled for March 22, 2023 at the Virginia Housing Center in Innsbrook. The next VMBA Virtual Mastermind will take place on January 17, 2023 at 11:00 am and feature Dave Savage, the CEO of Mortgage Coach. 

Annual Convention

- The **2022 VMBA Annual Convention** took place September 21-23, 2022 at the Hilton Norfolk The Main. There were 196 registered attendees for the event – an increase over the previous year – and the silent auction raised over \$8,300 for VAMPAC.
- The **2023 VMBA Annual Convention** will take place September 13-15, 2023 at the Virginia Beach Marriott Oceanfront – save the date!



Other Items of Note

- Bruce Whitehurst, Matt Bruning, and Walt Lyons met with members of the VMBA executive committee this fall for a “State of the Union” discussion focused on the VMBA-MSI relationship. The meeting went well and the executive committee has approved a new 2-year management agreement which will be presented to the VMBA board for approval at their 12/1/22 board meeting.

VBA PRODUCTS & SERVICES UPDATE

MSI Board Meeting | December 8, 2022

Products & Services Highlights



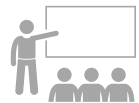
- 2023 Directors Compensation Survey launching early January with report publishing in May
- 2023 Salary Survey launching in early April with report publishing in August
- Digital Record Retention Quick Notes Guide - uptick in sales in 2022 with new digital format that includes two bank-wide and two multi-branch accesses sold
- BankTalentHQ - 4th quarter promotion running until 12/31/22 - \$100 off a 60-day job posting; visit www.banktalenthq.com/specialoffer.

Associate Member Updates



- End of Year Associate Council meeting to be held December 15th
- New Associate Member Orientation Lunch - following spring MSI Board meeting
- All VBA Associate Members Appreciation Day - following fall MSI Board meeting

VBA Vendor Payments Showcase - moved to Spring 2023



- Moved showcase from fall 2022 to February 2023
 - Participating vendors: Discover Debit, Global Payments, ServisFirst Bank

VBA Endorsed Provider Engagement Year-to-Date



- Annual Convention
- Bank Directors' Symposium
- CFO Conference
- Connect & Protect Experience
- Leadership Conference
- Lending & Credit Conference
- Mid-Atlantic Bank Execs Forum
- Women's Programs

