

VIRGINIA BANKERS ASSOCIATION

VBA MANAGEMENT SERVICES, INC. BOARD

Agenda

VBA Management Services, Inc. Board Meeting
Wednesday September 14, 2022 10:30am
Via Zoom

- I.** Welcome & Introductions
- II.** Current Partner Presentation – Bankers Insurance
Alba Garcia, Business Development Officer
Zachery Kephart, CIC, CLCS – VP of Sales Strategy & Business Development
- III.** June MSI Board Minutes
- IV.** Current Financials
- V.** Reports
 - Education & Training
 - Title Agencies Report
 - VMBA Report
 - Products & Services
- VI.** Other Business
 - MSI Executive Committee
 - Election of Staff Officers
 - Conflict of Interest Policy
- VII.** Adjourn to Executive Session

Future Board Meeting Dates:

Thursday December 8th at 10am – VBA Office

Join Zoom Meeting

<https://us02web.zoom.us/j/82066315415?pwd=OUU4UUUwOFR2t4N0NaRXZYbkJ5V3VpQT09>

Meeting ID: 820 6631 5415

Passcode: 727322

Minutes of the
VBA Management Services, Inc. Board Meeting
Wednesday June 8, 2022 at 10:30
VBA Office

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

Staff & Guests: Amy Binns, Matt Bruning, DeMarion Johnston, Walt Lyons, Tracy Ottinger, Stacy Puckett, Kristen Reid, and Bruce Whitehurst; VBA Chairman Leton Harding, VBA Chairman-Elect Chris Bergstrom; Ciaran McMullan; Bernard Rogers and Chris Sterling with VCDC for their presentation; Adam Aspes, Matt Kelley and Ryan Zacharia with JAM FINTOP participated remotely for their presentation.

Welcome

Chairman Brough welcomed the Board. A quorum being present, he called the meeting to order. He welcomed the members of the VBA Executive Committee participating virtually.

JAM FINTOP Blockchain Fund Presentation

Chairman Brough introduced Mr. Aspes and Kelley with JAM FINTOP and explained how VBA connected with them. He also introduced Mr. McMullan and explained his banking background. Mr. Aspes and Kelley provided a history of the partnership and an overview the JAM FINTOP network. They explained the previous BankTech Fund offered and the impetus for the Blockchain Fund, which they plan to cap at \$200M. They currently have around 90 bank investors in the network. They explained the proof-of-concept approach of blockchain technology in payments, lending, and the exchange space and their involvement in the USDF consortium. They covered the strategic advisors to the Fund, investment period and fee structure. The Board discussed the views of the core providers, the interplay with FedNow, and the portfolio companies' anticipated reliance on cryptocurrencies.

After the presentation, Mr. Bruning discussed the background on connecting with JAM FINTOP and explained the similarities and differences between this potential investment and MSI's investment with Canapi Ventures. Mr. McMullan offered his perspective on digital assets and the potential considerations for the investment. The Board discussed the Blockchain Fund investment opportunity with JAM FINTOP and recommended that MSI not invest but continue to seek engagement with them and others in this space to educate the VBA membership.

VCDC Presentation

Chairman Brough welcomed Mr. Rogers and Sterling with VCDC and thanked them for their partnership with MSI. Mr. Rogers and Sterling explained the tax credit syndication model at VCDC, the impact of the LIHTC in projects financed, and the benefits to both the communities and investors. They discussed their knowledge of the process, industry and local issues as differentiators. They showed past fund performance and explained the current fund with a mix of geography, new and rehab units and senior projects.

Current Financials & Audit Report

Chairman Brough noted the MSI financials through April 30th were included in the materials sent in advance. He noted that information regarding the potential impact of the Infinex announcement merger on MSI's investment was communicated via email in advance and would be discussed further in Executive Session. On the motion of Mr. Bell, seconded by Mr. Hayth, the financials were unanimously accepted as presented.

Chairman Brough noted the VBA Audit Committee met with the VBA's independent audit firm, Keiter, earlier this month. He reported that all audit opinions were unqualified and there were no internal control deficiencies noted. Keiter was complimentary of management and staff. In addition, the IT audit results, conducted by SBS Cybersecurity, showed relatively low vulnerability.

Education & Training Report

Chairman Brough welcomed Ms. Reid to her first MSI Board meeting as the VP for Education and Training. Ms. Reid updated the Board on the School of Bank Management first year class structure and reminded the Board about the upcoming Mid-Atlantic Bank Executives Forum in September. She noted that nearly 400 are registered for the VBA Annual Convention. She sought feedback on potential commercial lending training and noted a focus group would provide additional input.

Consent Agenda

Chairman Brough noted the minutes from the April MSI Board and May MSI Executive Committee meetings along with several functional reports were contained in the consent agenda documents sent in advance. On the motion of Mr. James Black, seconded by Mr. Barton Black, the materials were approved as presented.

Other Business

Chairman Brough thanked the members of the MSI Nominating Committee and noted their report was included in the material. He recognized and thanked Mr. Hayth for his service on the Board, including as Chair. Chairman Brough thanked the Board for their support during his time as Chair. Mr. James Black presented a gift on behalf of the Board for Chairman Brough's service.

Chairman Brough noted the next meeting will be September 14th. There being no other business, the meeting adjourned to Executive Session.

Minutes prepared by:
Matt Bruning

VBA Management Services, Inc.
Balance Sheet
July 31, 2022

	<u>2022</u>	<u>2021</u>
Assets		
Cash and Cash Equivalents	1,242,284	936,256
Investments	1,921,159	1,489,818
Accounts Receivable and Other Assets	300,358	140,169
Accrued Interest Receivable	820	3,539
<i>Current Assets</i>	<u>3,464,621</u>	<u>2,569,782</u>
Furniture & Fixtures	240,745	238,604
Automobiles	70,816	70,816
Less: Accumulated Depreciation	(276,080)	(257,928)
<i>Current Value</i>	<u>35,481</u>	<u>51,492</u>
Other Assets	295,268	229,650
Investment in LLC	1,045,000	1,045,000
Investment in Alliance of Bankers Associations	500	500
Investment in Canapi Ventures Fund, LLC	104,453	47,623
Investment in Infinex Stock	50,000	50,000
Investment in Compliance Alliance Stock	15,900	15,900
Total Assets	<u><u>5,011,223</u></u>	<u><u>4,009,947</u></u>
Liabilities		
Accounts Payable	82,498	67,321
Tax Liability	294,232	181,048
Deferred Income	-	10,627
Retirement Liability	295,268	229,650
Accrued Pension Expense	-	59,360
VBA Leadership Division Fund	3,757	3,757
Garrett Scholarship Fund	5,158	5,158
<i>Total Liabilities</i>	<u>680,913</u>	<u>556,921</u>
Owners Equity		
Retained Earnings	3,632,395	2,757,158
Common Stock	10,000	10,000
Additional Paid in Capital	103,567	103,567
Current Year Earnings	584,348	582,301
<i>Total Owners Equity</i>	<u>4,330,310</u>	<u>3,453,026</u>
Total Liabilities & Owners Equity	<u><u>5,011,223</u></u>	<u><u>4,009,947</u></u>

VBA Management Services, Inc.
Income Statement
For the Seven Months Ending 7/31/2022

	YTD Actual	YTD Budget	Variance YTD	Prior Year YTD	Variance To Prior Year	2022 Annual Budget
Income						
Management Services						
Bankers Insurance Mgmt Fees	87,500	87,500	-	103,682	(16,182)	150,000
Title Management Fees	308,295	290,961	17,334	324,214	(15,919)	506,950
VMBA Management Fee	27,825	27,825	-	27,300	525	57,700
Consulting Services Income	10,000	10,000	-	15,000	(5,000)	20,000
Management Services	433,620	416,286	17,334	470,196	(36,576)	734,650
Education & Training						
Education & Conference	727,034	723,090	3,944	739,475	(12,441)	998,820
Sponsorships & Exhibitor Fees	414,961	462,670	(47,709)	304,833	110,128	559,575
E&T Products	12,435	17,500	(5,065)	19,519	(7,084)	30,000
ABA/AIB Products	3,048	4,375	(1,327)	4,565	(1,517)	7,500
Education & Training	1,157,478	1,207,635	(50,157)	1,068,392	89,086	1,595,895
Endorsements						
ABA Insurance Programs	3,771	5,500	(1,729)	3,119	652	18,500
Abrigo	-	5,000	(5,000)	5,000	(5,000)	5,000
Compliance Alliance	51,455	44,917	6,538	53,063	(1,608)	77,000
CRA Partners	-	250	(250)	-	-	500
Decision Dynamics	2,376	2,500	(124)	2,451	(75)	5,000
Banzai (formerly Everfi)	4,123	3,205	918	-	4,123	5,000
Genesys Technologies	-	2,500	(2,500)	-	-	5,000
Gradient Cyber (formerly @Risk Techn	-	500	(500)	-	-	1,000
Harland Clarke Check Program	38,488	30,000	8,488	11,746	26,742	60,000
Health Equity	-	500	(500)	-	-	1,000
Identity Theft Program	1,848	2,160	(312)	2,221	(373)	4,000
Infinex	35,000	35,000	-	35,000	-	60,000
KlariVis	6,452	7,500	(1,048)	-	6,452	7,500
Paycor	-	6,000	(6,000)	709	(709)	6,000
IntraFi Network (formerly Promontory)	-	1,500	(1,500)	-	-	5,000
PW Campbell	9,500	7,500	2,000	5,000	4,500	10,500
Q2 Software	-	200	(200)	-	-	800
ServisFirst	1,000	2,500	(1,500)	1,000	-	5,000
Shred-it	76	250	(174)	92	(16)	500
TBL Networks	-	500	(500)	-	-	1,000
Thomas Compliance	-	-	-	643	(643)	7,500
Global Payments (formerly TSYS)	73,175	68,833	4,342	66,898	6,277	118,000
UMB Bank	6,988	-	6,988	5,953	1,035	-
VCDC	-	-	-	-	-	4,000
WolfPac	-	-	-	3,988	(3,988)	-
Other Endorsement Income	-	2,917	(2,917)	-	-	5,000
Endorsements	234,252	229,732	4,520	196,883	37,369	412,800

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Income Statement
For the Seven Months Ending 7/31/2022

	YTD Actual	YTD Budget	Variance YTD	Prior Year YTD	Variance To Prior Year	2022 Annual Budget
Insurance Services						
Commission Income	36,471	17,500	18,971	26,351	10,120	30,000
Insurance Services	36,471	17,500	18,971	26,351	10,120	30,000
Publications & Products						
Records Retention Guide	1,310	990	320	618	692	990
Salary & Directors Survey Income	-	-	-	-	-	13,500
Thumbprint Signature	-	350	(350)	411	(411)	600
VBA Career Center	829	1,458	(629)	1,013	(184)	2,500
Virginia Banking Income	5,720	7,500	(1,780)	12,775	(7,055)	15,000
Publications & Products	7,859	10,298	(2,439)	14,817	(6,958)	32,590
Other Income/(Loss)						
Realized Gain/Loss on Investments	9,848	10,832	(984)	11,902	(2,054)	20,000
Non Operating Income/(Loss)	9,848	10,832	(984)	11,902	(2,054)	20,000
Total Income	1,879,528	1,892,283	(12,755)	1,788,541	90,987	2,825,935

VBA Management Services, Inc.
Income Statement
For the Seven Months Ending 7/31/2022

	YTD Actual	YTD Budget	Variance YTD	Prior Year YTD	Variance To Prior Year	2022 Annual Budget
Expenses:						
Salaries and Benefits	763,195	865,045	101,850	797,377	34,182	1,455,000
Professional Fees	20,624	20,680	56	16,875	(3,749)	20,680
Board & Committee Expenses	4,873	3,350	(1,523)	174	(4,699)	6,500
Consulting	13,694	14,225	531	13,245	(449)	21,450
Contributions	9,303	7,755	(1,548)	-	(9,303)	11,500
Depreciation	9,968	12,039	2,071	11,639	1,671	20,640
Education & Conference	307,073	389,570	82,497	253,161	(53,912)	1,060,250
Equipment Maintenance	37,711	46,317	8,606	43,948	6,237	63,500
Insurance	12,947	13,452	505	12,273	(674)	14,845
Marketing	-	-	-	31	31	-
Memberships/Subscriptions	7,492	7,836	344	7,720	228	11,500
Occupancy Expense	34,600	34,603	3	32,858	(1,742)	59,320
Office Supplies	4,308	4,433	125	3,847	(461)	7,600
Postage	203	583	380	87	(116)	1,000
Property Tax	2,019	2,350	331	1,768	(251)	2,500
Records Retention Guide	790	-	(790)	365	(425)	-
RFI Annual Fee	1,500	1,500	-	1,500	-	1,500
Telephone	8,784	11,346	2,562	8,100	(684)	19,450
Thumbprint Expense	-	500	500	211	211	500
Education/Training	3,423	7,080	3,657	3,530	107	10,500
Travel	13,795	15,248	1,453	1,536	(12,259)	26,600
Virginia Banking	1,853	2,000	147	3,924	2,071	7,100
Miscellaneous Expenses	1,987	1,750	(237)	1,576	(411)	3,000
Total Expenses	1,260,142	1,461,662	201,520	1,215,745	(44,397)	2,824,935
Income / (Loss) before investments	619,386	430,621	188,765	572,796	46,590	1,000
Unrealized Gain/(Loss) on Investment:	(35,038)	-	(35,038)	9,505	(44,543)	-
Income Tax Expense	-	-	-	-	-	-
Net Income / (Loss)	584,348	430,621	153,727	582,301	2,047	1,000

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Income Statement Summary
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Income						
Management Services	433,620	416,286	17,334	470,196	(36,576)	734,650
Education & Conference	1,157,478	1,207,635	(50,157)	1,068,392	89,086	1,595,895
Endorsements	234,252	229,732	4,520	196,883	37,369	412,800
Insurance Services	36,471	17,500	18,971	26,351	10,120	30,000
Publications & Products	7,859	10,298	(2,439)	14,817	(6,958)	32,590
Non Operating Income/(Loss)	9,848	10,832	(984)	11,902	(2,054)	20,000
Total Revenues	1,879,528	1,892,283	(12,755)	1,788,541	90,987	2,825,935
Expenses						
Salaries and Benefits	763,195	865,045	101,850	797,377	34,182	1,455,000
Professional Fees	20,624	20,680	56	16,875	(3,749)	20,680
Board & Committee Expenses	4,873	3,350	(1,523)	174	(4,699)	6,500
Consulting	13,694	14,225	531	13,245	(449)	21,450
Depreciation Expense	9,968	12,039	2,071	11,639	1,671	20,640
Education & Conference	307,073	389,570	82,497	253,161	(53,912)	1,060,250
Office Insurance	12,947	13,452	505	12,273	(674)	14,845
Marketing	-	-	-	31	31	-
Occupancy Expense	34,600	34,603	3	32,858	(1,742)	59,320
Office Expenses	51,006	62,679	11,673	55,982	4,976	91,550
Publications & Products	4,143	4,000	(143)	6,000	1,857	9,100
Travel and Education	17,218	22,328	5,110	5,066	(12,152)	37,100
Miscellaneous Expense	20,801	19,691	(1,110)	11,064	(9,737)	28,500
Total Expenses	1,260,142	1,461,662	201,520	1,215,745	(44,397)	2,824,935
Pretax Income / (Loss) before investments	619,386	430,621	188,765	572,796	46,590	1,000
Unrealized Gain/(Loss) on Inv	(35,038)	-	(35,038)	9,505	(44,543)	-
Income Tax Expense	-	-	-	-	-	-
Net Income	584,348	430,621	153,727	582,301	2,047	1,000

VIRGINIA BANKERS ASSOCIATION

EDUCATION & TRAINING

Summer 2022 Recap ←

- **VBA Annual Convention**
 - Held at the Marriott Virginia Beach Oceanfront, a first-time location for this event and hosted more than 360 attendees
- **Virginia Bankers School of Bank Management**
 - Returned to Darden for the first time since 2019
 - 197 students (90 1st year students, 63 2nd year students, 44 3rd year students)
- **VBA Internship Program**
 - 34 interns from 11 banks
 - Two in-person sessions and six virtual sessions
 - 11 interns attended Bank School Shadow Day
- **2022 CFO Conference**
 - 130 total registrants
 - NEW in 2022 - Virtual add-on option with monthly sessions from September-November on investment portfolio strategy, cybercrime and insurance, DEI and the December VBA|YHB Accounting Peer Group



Looking Ahead →

- **ABA|VBA|MBA Diversity, Equity and Inclusion Summit**
 - Currently, more than 360 registrants
- **Women's Mentorship Program**
 - New cohort will meet and kick off the program on November 30
 - Increased and enhanced connection points scheduled for 2022-2023 program
- **2022-2023 Management Development Program**
 - 39 participants will kick off the program on September 28th
- **NEW in 2023 - Commercial Credit School**
 - Tentatively scheduled for spring 2023
 - Potential partnership with Bank School faculty members and University of Richmond to develop a qualitative and quantitative program to include virtual and in-person sessions
- **130th VBA Annual Convention**
 - **SAVE THE DATE** - June 25-28, 2023 at The Breakers in Palm Beach, FL

Upcoming Events

ABA|VBA|MBA Diversity, Equity and Inclusion Summit
September 15 | Virtual

Women's Mentorship Program Closing Session
September 21 | Richmond

Lending & Credit Conference
October 24-25 | Charlottesville

Leadership Conference
October 27-28 | Richmond

Women's Mentorship Program Kick-Off
November 30 | Richmond

Women in Banking Conference
December 1 | Manakin-Sabot

VBA Banker Day & Financial Forecast
January 12, 2023 | Richmond

Executive Leadership Institute
January 2023 | Richmond

Commercial Lending School
February 7-8, 2023 | Virtual

Advanced Commercial Lending School
February 15, 2023 | Virtual

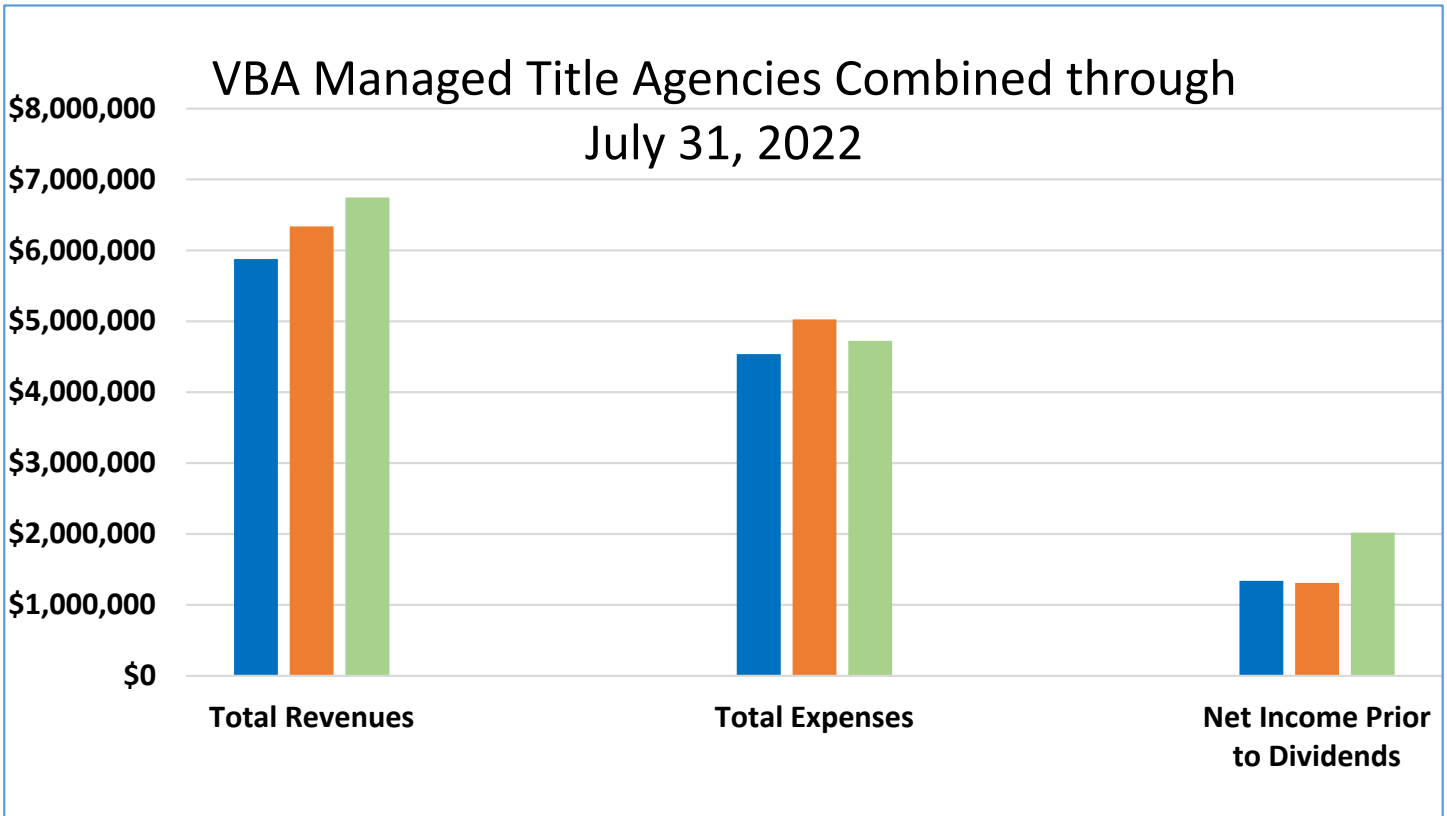
VBA Connect|Protect Experience
March 13-15, 2023 | Williamsburg

AML/BSA School
March 28-29 | Richmond

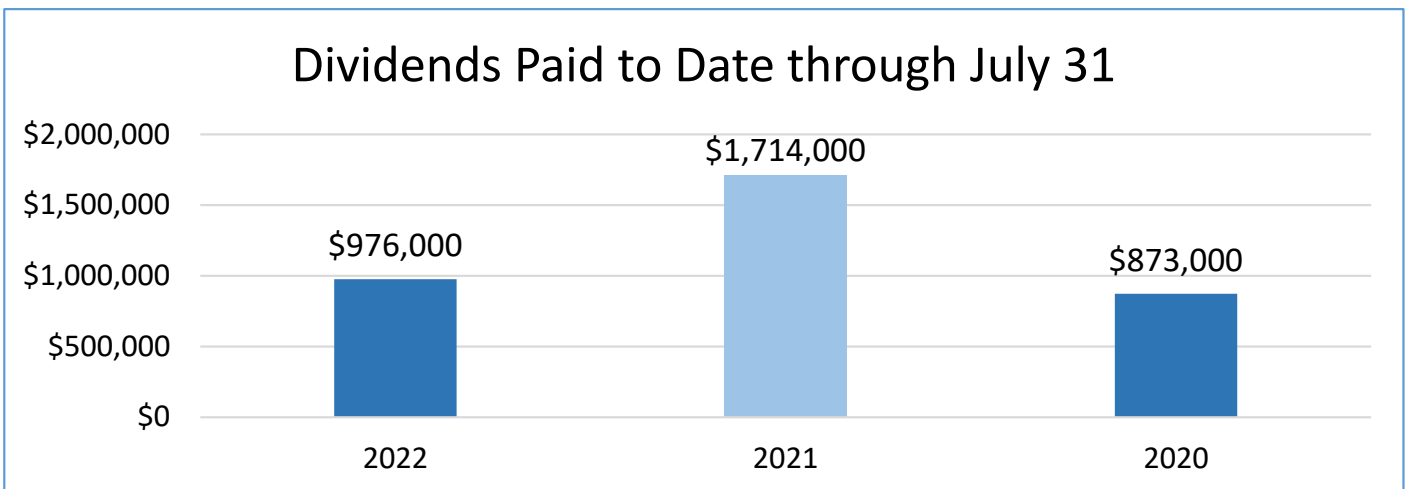
VBA/NCBA Compliance School
May 2023 | Virtual

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

VBA – Managed Title Agencies Dashboard





	Total Revenue	Total Expenses	Net Income Prior to Dividends
actual	\$5,879,334	\$4,538,865	\$1,340,469
budget	\$6,337,248	\$5,027,337	\$1,309,911
prior year	\$6,745,242	\$4,726,336	\$2,018,906





VIRGINIA MORTGAGE BANKERS ASSOCIATION

VMBA Report for MSI Board Meeting – September 15, 2022

Legislative & Advocacy	Education
<ul style="list-style-type: none"> Total VAMPAC Funds Raised in 2022 - \$8,060 A silent auction to benefit VAMPAC will take place at the VMBA Annual Convention on September 22, 2022. The 2023 VMBA Golf Tournament to benefit VAMPAC and the VMBA’s is scheduled for May 16, 2023 at Independence Golf Club. 	<ul style="list-style-type: none"> The next VMBA Virtual Mastermind will take place on November 15, 2022 and feature mortgage industry expert Barry Habib. Another session will take place in December featuring an update on the state of cryptocurrency from Dan Habib. 

Annual Convention

- The **2022 VMBA Annual Convention** will take place September 21-23, 2022 at the Hilton Norfolk The Main. The theme for the 2022 event will be “Back to the Basics” and feature an agenda packed with sales training and hot topics. General sessions will include Marina Walsh, Dr. Bruce Lund, Van Rose, Sue Woodard and a top producer panel. A silent auction will be held to benefit VAMPAC with entertainment from the ultimate 80s tribute band – The DeLorean’s. As of 9/9, there are 152 registered attendees for the event.



Membership Update

- 105 total members (66 regular members, 27 associate members, 12 individual members).
- 15 new members so far in 2022

VBA PRODUCTS & SERVICES UPDATE

MSI Board Meeting | September 14, 2022

VBA Associate Member Events for 2023



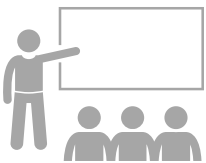
- New Associate Member Orientation Lunch - spring
- All VBA Associate Members Appreciation Day - fall

2022 VBA Banking Compensation Survey



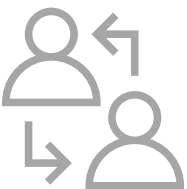
- Compensation Survey completed end of June
- Results published mid-August
- 45 VBA member banks participated
- Purchase Rates:
 - Participant - \$595
 - Non-Participant - \$1,375

VBA Vendor Payments Showcase - mid-October (final date TBD)

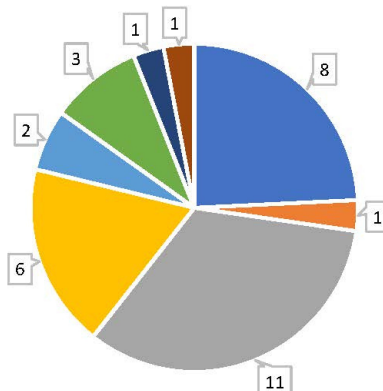


- Vendors participating:
 - Discover Debit, Global Payments, ServisFirst Bank
- Session is free for bankers
- 30 minutes for each vendor to discuss their solutions and provide insight into what trends they are seeing in the marketplace

VBA Endorsed Provider Engagement Year-to-Date



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



VBA Endorsed Provider Usage

Banks With Highest Usage of VBA Endorsed Providers

Touchstone Bank
Chesapeake Bank
Farmers & Merchants Bank
C&F Bank
First Bank & Trust Company
Bank of Botetourt
First Bank, Virginia
Farmers Bank
Carter Bank & Trust
The Bank of Southside Virginia
Powell Valley National Bank
Blue Ridge Bank, N.A.
Atlantic Union Bank
American National Bank & Trust Company
Virginia National Bank
Village Bank
The Farmers Bank of Appomattox
Primis Bank
John Marshall Bank
Bank of Clarke County
TruPoint Bank
Skyline National Bank
First Community Bank
Pioneer Bank
Lee Bank and Trust Company
First National Bank

Top Endorsed Providers Being Used By Banks

IntraFi Network
Compensation Survey
Vericast
S&P Global
Title Insurance
Bankers Insurance
Compliance Alliance
DDI Technology
Infinex

Top Endorsed Providers By Revenue Generation (endorsement & sponsorships)

Global Payments (formerly TSYS)
Bankers Insurance
Vericast
Investors Title
Compliance Alliance
Infinex
PWCampbell
DDI Technology
KlariVis
TBL Networks
Genesys

2022-2023 MSI Executive Committee

James Black, Chairman

John Brough

Dennis Dysart

Sherri Sackett

2022-2023 MSI Staff Officers

Bruce Whitehurst, President & CEO

Matthew Bruning, EVP

DeMarion Johnston, General Counsel & Secretary

Tracy Ottinger, SVP

Stacy Puckett, CFO & Treasurer

Kristen Reid, VP