

VIRGINIA BANKERS ASSOCIATION

Virginia Bankers Association
Board of Directors Meeting
Friday, March 25, 2022 at 8:30 a.m.

<https://us02web.zoom.us/j/85695087249?pwd=N0t2Q0NISFpia0lZbEJLTnNjRIUvUT09>

AGENDA

- I. CBDC/Cryptocurrency Update
Rob Morgan, SVP of Innovation and Strategy, American Bankers Association
- II. Consent Agenda
 - a. Approval of Minutes
 - b. Financial Report
- III. 2022-2024 VBA Strategic Plan Update
- IV. Advocacy Updates
 - a. General Assembly
 - b. BankPAC
 - c. VACU Appeal
 - d. Washington Summit/Federal Issues
- V. [VBA Annual Convention](#) Meetings/Events
 - a. Board Meeting: Sunday, June 19th at 3:30 p.m. | Marriott Virginia Beach
 - b. Board & Spouses/Guests Reception: Sunday, June 19th at 5:00 p.m. | Marriott Virginia Beach
 - c. Brief Board meeting for returning board members: Tuesday, June 21st upon adjournment of morning business session | Marriott Virginia Beach
- VI. Other Business
- VII. Executive Session

Minutes of the
Virginia Bankers Association
Board of Directors Meeting
December 10, 2021 at 10:00am
4490 Cox Road, Glen Allen, VA 23060

In attendance: John Asbury, Chris Bergstrom, David Boyle, John Brough, Tom Cherry, Steven DeLuca, Dexter Gilliam, Leton Harding, Scott Harvard, Brandon Lorey, Dan O'Neill, Brad Schwartz, Rob Shuford, Linda Stanley, Joe Thomas, Janet Tope, Litz Van Dyke

Guest: Nancy Eberhardt, Pathwise Partners

Staff: Anne Atkinson, Matt Bruning, Courtney Fleming, DeMarion Johnston, Chandler Owdom, Laurie Milligan, Stacy Puckett, Bruce Whitehurst

Call to Order

Chairman Harding welcomed everyone in attendance and called the meeting to order. He asked all attendees and guests to introduce themselves at the start of the meeting.

Consent Agenda

The Board approved the consent agenda, which included the September 11 Board meeting minutes and Executive Committee November 30 meeting minutes as written.

VBA Strategic Plan for Board Approval

Nancy Eberhart from Pathwise Partners and Chandler Owdom presented an overview of the proposed Strategic Plan deliverables for 2022. Chandler reviewed the 2022 initiatives for the VBA Strategic Plan: *Attract and Develop, Advocate & Promote, Innovate & Collaborate and Enhance & Provide*. Nancy commended Board members, staff and member banks who were instrumental with their valuable input over the past 90 days. After brief discussion, the Board unanimously approved the 2022 VBA Strategic Plan framework, with the understanding that staff will present a more detailed plan at a later date.

VBA Benefits Corporation

Tom Cherry commented on the third quarter review for 2021 report VBA Benefits Corporation and subsidiaries' investment reserve accounts. He reported that the 2021 YTD Operational Initiatives include responding to a Department of Labor audit of the VBA Group Medical and Dental Trust. He also reported that due diligence is being conducted to see if the Benefits Corporation model plan can transition to Voya documents for the VBA Non-Qualified Deferred Compensation Plans.

VBA Management Services, Inc.

John Brough praised the VBA Education and Training team for their tremendous success and hard work planning 2021 events and sponsorships. Tracy Ottinger was also praised for her management of the VBA title companies. The MSI Board approved the 2022 budget, which included increased revenue for VBA Training and Education. Expenses are up slightly, and John recognized Stacy Puckett as an outstanding steward of the MSI financials. MSI is kicking off 2022 with a Financial Forecast on January 13, 2022. Other plans for 2022 include a Mastermind Session on Cryptocurrency, VMBA Day on the Hill in January, and a spring VMDA Loan Officer Summit.

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VBA Education Foundation

Reporting on behalf of Foundation Chair Scott Harvard, Courtney Fleming reported that 29 bank and industry partners and 35 individuals contributed to the 2021 Foundation Annual Fund. A virtual Bank Day 2022 is scheduled for March. The Virginia Banking Fellows Program with Virginia's community college system was announced; the Foundation will sponsor six Fellows, one from each of the six VBA regions (\$60,000 total commitment) and six Virginia banks will sponsor a Fellow at a local community college (\$10,000 commitment per bank) for the 2022-2023 school year. The application period will open for students in March 2022. The Foundation contributed \$10,000 to the Virginia Foundation for Independent Colleges (VFIC) VBA Education Foundation Brighter Futures Scholarship Program. Ten students received a \$1,000 scholarship.

VBA Government Relations Committee

On behalf of GR Committee Chair Maria Tedesco, Matt Bruning reported on a successful 2021 BankPAC campaign which exceeded the projected goal. He thanked the Board for their participation in the IRS reporting grassroots efforts. Banker Day is scheduled for January 13 and the Washington Summit is March 7-9.

Work Group on Minority-Owned Small Businesses and Communities

Matt Bruning reported that the Work Group continues to meet and has included several outside participants, including representatives from the Virginia Small Business Financing Authority, Small Business Development Centers, and the Richmond Federal Reserve. There is growing consensus on the VBA's role as an aggregator of existing information and resources for banks to assist in serving minority-owned small businesses and identifying capital financing programs aimed for those businesses. Leton Harding, who serves as the Work Group Chair, noted the positive discussion within the Group and the desire for sustainable progress.

2022 General Assembly Outlook

Matt Bruning updated the VBA Board on political redistricting and recapped the November election results. He reviewed the list of potential legislation for the 2022 General Assembly, including tax policy, small business programs, and other proposals. The General Assembly session starts January 12 and will last sixty days.

Federal Issues Status Update

Bruce Whitehurst provided an update on federal issues, including the IRS reporting requirement and the withdrawn nomination of the Comptroller of the Currency nominee.

VACU Appeal

DeMarion Johnston gave an update regarding the VBA v. Virginia Credit Union (VACU) case challenging the expansion of VACU's field of membership to include the Medical Society of Virginia. The second hearing was held virtually by the State Corporation Commission over two days in late October. Much of the evidence and information from the prior hearing was entered into the record, along with additional testimony from two new economists. All parties in the case were ordered by the Hearing Examiner to

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file post-hearing briefs by December 21st. A ruling by the Hearing Examiner is expected in the first quarter of 2022.

Financial Report and 2022 VBA Budget

Stacy Puckett provided a summary of the 2023 VBA budget, which the board approved as presented. She reported that the past few months were challenging as they searched for a replacement staff member in the Accounting department. She praised her team for their dedication despite being down one team member.

There being no other business, the meeting adjourned for Executive Session.

Minutes prepared by:
Anne Atkinson

Virginia Bankers Association
Financial Report Summary
December 31, 2021

Balance Sheet:

	<u>2021</u>	<u>2020</u>
<i>Assets</i>		
Current Assets	\$ 968,834	\$ 1,140,045
Net Property and Equipment	56,504	38,311
Investment in Subsidiaries	10,614,619	9,210,270
Retirement Assets	1,144,248	937,076
Total Assets	<u>\$ 12,784,205</u>	<u>\$ 11,325,702</u>
<i>Liabilities</i>		
Payables/Unearned/Other	\$ 619,338	\$ 675,534
Pension/Retirement Liabilities	1,208,484	1,134,683
Total Liabilities	<u>1,827,822</u>	<u>1,810,217</u>
Total Owners Equity	<u>10,956,383</u>	<u>9,515,485</u>
Total Liabilities and Equity	<u>\$ 12,784,205</u>	<u>\$ 11,325,702</u>

Income & Expenses:

	<u>YEAR TO DATE DECEMBER, 2021</u>			<u>2020</u>	<u>2021 Annual</u>
	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>ACTUAL YTD</u>	<u>BUDGET</u>
Dues income	\$ 1,125,018	\$ 1,110,000	\$ 15,018	\$ 1,022,357	\$ 1,110,000
Investment return	15,679	14,000	1,679	16,596	14,000
Miscellaneous	22,562	-	22,562	-	-
Total income	1,163,259	1,124,000	39,259	1,038,953	1,124,000
Total expenses	1,094,186	1,123,000	28,814	1,024,382	1,123,000
Income before nonrecurring items	69,073	1,000	68,073	14,571	1,000
Credit Union Appeal	108,993	-	(108,993)	129,747	-
Net income before subsidiary income	<u>\$ (39,920)</u>	<u>\$ 1,000</u>	<u>\$ (40,920)</u>	<u>\$ (115,176)</u>	<u>\$ 1,000</u>
Net Income from subsidiaries	1,404,350	(6,635)	1,410,985	459,085	(6,635)
Excess of revenues over expenses	<u>\$ 1,364,430</u>	<u>\$ (5,635)</u>	<u>\$ 1,370,065</u>	<u>\$ 343,909</u>	<u>\$ (5,635)</u>

Virginia Bankers Association
Balance Sheet
December 31, 2021

	<u>12/31/21</u>	<u>12/31/20</u>
Assets		
Checking & petty cash	\$ 517,738	302,536
Investments	373,062	801,700
Accounts Receivable & Other Assets	70,952	34,405
Accrued Interest Receivable	7,082	1,404
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Current Assets	968,834	1,140,045
Furniture & Equipment	270,695	271,389
Automobiles	96,948	95,178
Less: Accumulated Depreciation	(311,139)	(328,256)
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Net Value	56,504	38,311
Investment in Subsidiaries	10,614,619	9,210,270
Other assets	1,144,248	937,076
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Total Assets	<u>\$ 12,784,205</u>	<u>\$ 11,325,702</u>
 Liabilities		
Accounts Payable	\$ 63,896	\$ 56,900
Unearned Dues	555,442	618,634
Accrued Pension Liability	29,792	157,697
Accrued post retirement health benefits	164,219	164,219
Retirement liability	1,014,473	812,767
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Total Liabilities	1,827,822	1,810,217
 Owners Equity		
Retained Earnings	9,591,953	9,171,576
Current Year Earnings	1,364,430	343,909
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Total Owners Equity	10,956,383	9,515,485
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Total Liabilities & Equity	<u>\$ 12,784,205</u>	<u>\$ 11,325,702</u>

Virginia Bankers Association
Income Statement
For the Twelve Months Ending December 31, 2021

	Actual	Budget	Variance	Prior	Variance	Annual
	Year to Date	Year to Date	Year to Date	Year to Date	to Prior Year	Budget
Income:						
Dues income - active	921,268	920,000	1,268	843,757	77,511	920,000
Dues income - associate	203,750	190,000	13,750	178,600	25,150	190,000
Investment Return	15,679	14,000	1,679	16,596	(917)	14,000
Gain on Disposal of Assets	22,000	-	22,000	-	22,000	-
Miscellaneous Income	562	-	562	-	562	-
Total Income	1,163,259	1,124,000	39,259	1,038,953	124,306	1,124,000
Expenses:						
Salaries and Benefits	911,295	925,000	13,705	847,559	(63,736)	925,000
Audit & tax fees	14,500	14,850	350	14,360	(140)	14,850
Consulting/Technology & Prof Fees	16,171	15,000	(1,171)	14,522	(1,649)	15,000
Depreciation Expense	28,428	28,000	(428)	33,820	5,392	28,000
Equipment Maintenance & Rental	25,994	28,700	2,706	24,072	(1,922)	28,700
Insurance	11,467	11,900	433	11,010	(457)	11,900
Meeting Expense	3,946	10,400	6,454	4,023	77	10,400
Memberships/Subscriptions	23,225	24,000	775	23,445	220	24,000
Occupancy Expense	20,260	20,260	-	20,000	(260)	20,260
Office Supplies & Printing	4,383	3,940	(443)	2,627	(1,756)	3,940
Postage	300	800	500	528	228	800
Prop Taxes & Business License	2,891	3,100	209	2,757	(134)	3,100
Telephone	6,579	7,800	1,221	5,481	(1,098)	7,800
Travel/Education	19,809	25,000	5,191	15,014	(4,795)	25,000
Miscellaneous Expenses	4,938	4,250	(688)	5,164	226	4,250
Total Expenses	1,094,186	1,123,000	28,814	1,024,382	(69,804)	1,123,000
Income before non - recurring items	69,073	1,000	68,073	14,571	54,502	1,000
Credit Union Appeal	108,993	-	(108,993)	129,747	20,754	-
Net income before income from subsidiaries	(39,920)	1,000	(40,920)	(115,176)	75,256	1,000
Net Income from subsidiaries	1,404,350	(6,635)	1,410,985	459,085	945,265	(6,635)
Net income	\$ 1,364,430	\$ (5,635)	\$ 1,370,065	\$ 343,909	\$ 1,020,521	\$ (5,635)

Virginia Bankers Association & Subsidiaries
Consolidated Financial Report Summary
December 31, 2021

Balance Sheet:

						Consolidated	
	VBA General Fund	VBA Benefits Corp	VBA Management Services, Inc	VBA Properties, LLC	Eliminations	2021	2020
<i>Assets</i>							
Current Assets	\$ 968,834	\$ 4,840,748	\$ 3,043,227	\$ 238,836	\$ -	\$ 9,091,645	\$ 7,910,381
Net Property and Equipment	56,504	14,794	46,230	2,298,356	(200)	2,415,684	2,445,572
Deferred Tax Assets	-	58,499	-	-	-	58,499	58,499
Investment in Subsidiaries	10,614,619	835,995	835,995	-	(12,286,609)	-	-
Other Investments			128,384			128,384	112,018
Retirement Assets	1,144,248	-	295,268	-	-	1,439,516	1,166,726
Total Assets	\$ 12,784,205	\$ 5,750,036	\$ 4,349,104	\$ 2,537,192	\$ (12,286,809)	\$ 13,133,728	\$ 11,693,196
<i>Liabilities</i>							
Payables/Unearned/Other	\$ 619,338	\$ 250,549	\$ 344,217	\$ 22,990	\$ -	\$ 1,237,094	\$ 1,272,501
Pension/Retirement Liabilities	1,208,484	(26,441)	258,154	6,048	-	1,446,245	1,610,303
Total Liabilities	1,827,822	224,108	602,371	29,038	-	2,683,339	2,882,804
Total Owners Equity	10,956,383	5,525,928	3,746,733	2,508,154	(12,286,809)	10,450,389	8,810,392
Total Liabilities and Equity	\$ 12,784,205	\$ 5,750,036	\$ 4,349,104	\$ 2,537,192	\$ (12,286,809)	\$ 13,133,728	\$ 11,693,196
	-	-	-	-	-	-	-

Income & Expenses:

	12/31/21 YTD Actual	12/31/21 YTD Budget	Variance to Budget	12/31/20 YTD Actual	Variance to Prior Year	2021 Annual Budget
Defined Benefit & Contribution fees	\$ 1,048,232	\$ 893,000	\$ 155,232	\$ 1,183,845	\$ (135,613)	\$ 893,000
Education/Conference revenues	1,560,854	1,463,590	97,264	977,217	583,637	1,463,590
Health & Welfare Administrative fees	2,018,120	2,046,650	(28,530)	2,005,273	12,847	2,046,650
Investment return	587,509	56,900	530,609	140,155	447,354	56,900
Management fees	898,830	699,360	199,470	813,275	85,555	699,360
Membership dues	1,125,018	1,110,000	15,018	1,022,357	102,661	1,110,000
Products & Services income	508,154	451,290	56,864	458,982	49,172	451,290
Rental Income	255,860	254,512	1,348	229,354	26,506	254,512
Other revenues	27,586	2,700	24,886	2,643	24,943	2,700
Total income	8,030,163	6,978,002	1,052,161	6,833,101	1,197,062	6,978,002
Total expenses	6,556,740	6,983,637	426,897	6,359,445	(197,295)	6,983,637
Income before nonrecurring items	\$ 1,473,423	\$ (5,635)	\$ 1,479,058	\$ 473,656	\$ 999,767	\$ (5,635)
Credit Union Appeal	108,993	-	(108,993)	129,747	20,754	-
Excess of Revenues over expenses	\$ 1,364,430	\$ (5,635)	\$ 1,370,065	\$ 343,909	\$ 1,020,521	\$ (5,635)
	-	-	-	-	-	-

Summary by Company

Net income before income taxes and subsidiary income

	VBA General Fund	VBA Benefits Corp	VBA Management Services, Inc	VBA Properties, LLC	Consolidated
YTD December 2021 Actual	\$ (39,920)	\$ 442,077	\$ 990,728	\$ (28,455)	\$ 1,364,430
YTD December 2021 Budget	1,000	50,000	1,000	(57,635)	(5,635)
YTD December 2021 Variance	\$ (40,920)	\$ 392,077	\$ 989,728	\$ 29,180	\$ 1,370,065

2022- 2024

VBA Strategic Plan

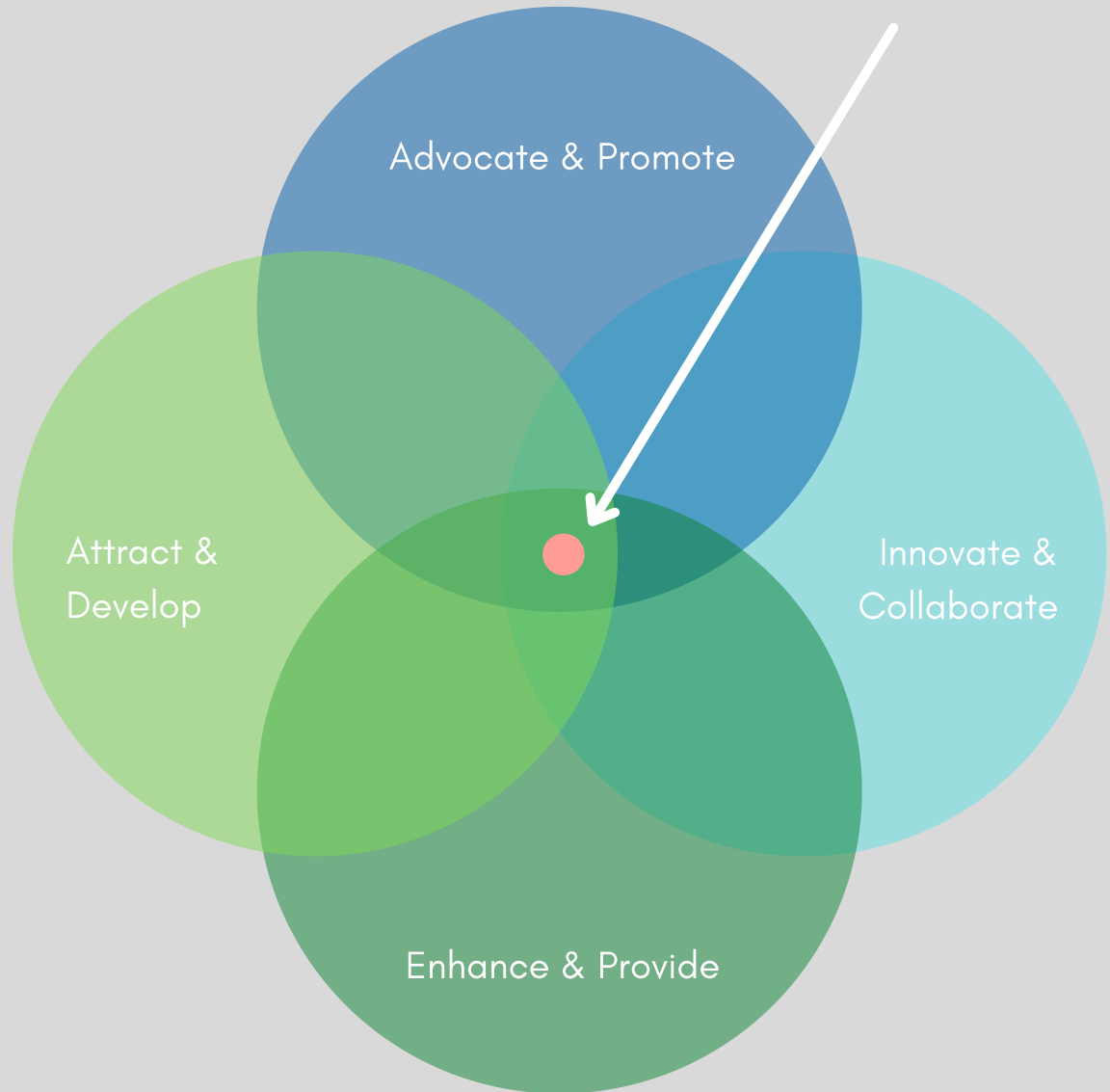
VBA's 2022-2024 Strategic Plan builds on the successful implementation of the 2019-2021 plan.

The 2022-2024 Strategic Plan priorities are based on the staff, key banker, and industry partners' input and are new or represent areas where additional focus or resources are needed to drive growth and/or efficacy.

A crucial fourth circle, "Enhance & Provide," was added to our plan diagram to represent the foundational work we will be completing internally as a team.

VIRGINIA BANKERS
ASSOCIATION

VBA is the Essential Partner
in the Evolution of Banking



www.vabankers.org

Strategic Priorities

Attract & Develop

Grow the Potential Banking Workforce by:

Being a facilitator, connector and curator for DEI advances and adaptations to workplace changes for member banks.

Partnering with member banks to attract more candidates to the banking industry and grow awareness on the wide range of career paths within banking.



Advocate & Promote

Facilitate opportunities for member banks to connect with programs in the areas of affordable housing, community development, minority small business and all small business financing.

Maximize policy influence through virtual, digital, in-person and hybrid platforms and technologies.



Innovate & Collaborate

Increase engagement with neighboring state associations and other local, regional and national groups for expanded opportunities.

Elevate peer networking opportunities for bankers.

Provide thought leadership, information and training on key emerging trends.

Explore new revenue generating opportunities to provide value and resources to members.



Enhance & Provide

Examine revenue sources to determine changes for long-term organizational financial stability.

Focus on organizational engagement, succession, DEI and development.

Develop a data utilization strategy to enhance operational efficiencies and drive member outreach.





Attract & Develop: Goals & Tactics

<i>Strategy:</i>	<p><i>Grow the Potential Banking Workforce by:</i></p> <p>Being a facilitator, connector and curator for DEI advances and adaptations to workplace changes for member banks.</p>	<p><i>Grow the Potential Banking Workforce by:</i></p> <p>Partnering with member banks to attract more candidates to the banking industry and grow awareness on the wide range of career paths within banking.</p>
<i>Goal:</i>	VBA Is a primary resource for DEI support.	Identify and engage students not typically targeted for banking jobs.
<i>Tactics:</i>	<p>Develop training partnership(s) with DEI-focused organizations.</p> <p>Measure and increase diversity on VBA boards and committees.</p> <p>Continue to evolve the DEI Council with new strategies, goals, and tactics.</p> <p>Evaluate current VBA Benefits Corporation offerings to promote and enhance existing, and develop new, benefits programs related to DEI initiatives.</p>	<p>Ensure connectivity with banks through VBA Fellows Program.</p> <p>Through VBA Internship Program, compile ways for banks to broaden student outreach beyond traditional recruiting channels.</p> <p>Ensure that careers in banking presentation and/or education is a core component of the VBA Bank Day Scholarship Program.</p>



Advocate & Promote: Goals & Tactics

<u>Strategy:</u>	<i>Facilitate opportunities for member banks to connect with programs in the areas of affordable housing, community development, minority small business and all small business financing.</i>	<i>Maximize policy influence through virtual, digital, in-person and hybrid platforms and technologies.</i>
Goal:	Create a menu of partners/programs for our members to select from.	Broader and deeper banker interaction with policymakers.
Tactics:	<p>Identify potential partners.</p> <p>Connect with those partners and define relationship(s).</p> <p>If feasible, develop programs with partners for banks to step into or create plan for banks to develop their own.</p>	<p>Create strategic advocacy issue communications kits.</p> <p>Prepare plan for emerging issue outreach.</p> <p>Evaluate and implement virtual/hybrid approaches for interactions.</p> <p>Evaluate emerging tech platforms to leverage.</p>



Innovate & Collaborate: Goals & Tactics

<u>Strategy:</u>	<i>Increase engagement with neighboring state associations and other local, regional and national groups for expanded opportunities.</i>	<i>Elevate peer networking opportunities for bankers.</i>
Goal:	<p>Sustained partnerships with neighboring state bankers associations and other organizations.</p> <p>One or more mergers accomplished, given the opportunity to do so.</p>	Enhanced networking opportunities for bankers.
Tactics:	<p>Evaluate all existing partnerships to determine any needed changes or improvements.</p> <p>Create list of additional possible partnerships and specific strategies to pursue each one, including intentional peer relationship development.</p>	<p>Evaluate current offerings and enhance as appropriate.</p> <p>Highlight VBA networking opportunities on an ongoing basis.</p> <p>Seek member input on ways VBA can support additional peer networking.</p>



Innovate & Collaborate Continued: Goals & Tactics

<u>Strategy:</u>	<i>Provide thought leadership, information and training on key emerging trends.</i>	<i>Explore new revenue generating opportunities to provide value and resources to members.</i>
Goal:	Have a process for identifying emerging trends, thought leaders to serve as resources for VBA members, and channels for distribution of trends information.	Identify potential viable and meaningful revenue streams for the association.
Tactics:	<p>Develop process for identifying emerging trends.</p> <p>Create resource websites for key topics.</p> <p>Host virtual or in-person sessions for hot topics.</p> <p>Identify the thought leader(s) and form partnerships.</p> <p>Plan for ongoing information distribution after initial launch.</p>	<p>Review Strategic Plan survey results for ideas.</p> <p>Create an outreach plan to other state associations for ideas on focus areas.</p> <p>Review surveys from other associations and notes from peer group meetings for ideas. Identify those ideas that might be most viable and advantageous to VBA.</p> <p>Vet applicable partners who might be essential to our success.</p> <p>Develop plan timelines and process steps to complete due diligence for recommendations to proceed.</p>



Enhance and Provide: Goals & Tactics

<i>Strategy:</i>	<i>Examine revenue sources to determine changes for long-term organizational financial stability.</i>	<i>Focus on organizational engagement, succession, DEI and development.</i>	<i>Develop a data utilization strategy to enhance operational efficiencies and drive member outreach.</i>
Goal:	Set strategies for ongoing financial success.	Develop a process to measure staff engagement and staff growth in capabilities.	Clear strategy on data and systems that enhance operational efficiency while driving strategic member outreach and engagement.
Tactics:	<p>Analyze current revenue sources with fully loaded expenses (cost center).</p> <p>Do a SWOT analysis to determine where to best use our resources to optimize VBA's efficiency and financial strength.</p>	<p>Assess staffing structure.</p> <p>Focus on employee skill-building with an eye toward organization depth and succession.</p> <p>Identify and/or create new training and development opportunities for staff.</p> <p>Create internal VBA DEI strategy.</p> <p>Increase staff engagement, as analyzed year over year through engagement survey.</p>	<p>Perform a comprehensive database review of current platform.</p> <p>Inventory other existing systems used and evaluate whether to make a change.</p> <p>Explore and implement data tracking solutions.</p> <p>Structure strategic member outreach based on data (ID gaps and opportunities).</p> <p>Integrate data analytics into targeted communications planning and delivery.</p>

VIRGINIA BANKERS ASSOCIATION

**Virginia Bankers Association
Board of Directors Meeting
Friday, March 25, 2022 at 8:30 a.m.**

General Assembly and BankPAC Talking Points

1. General Assembly
 - a. Overview of the 2022 session and general updates.
 - b. Legislative updates.
 - c. Special session and budget.
2. BankPAC
 - a. The 2022 campaign is now underway and kickoff letters have been sent out.
 - b. Our contribution goal for the year is \$400,000 with a stretch goal of \$425,000.
 - c. New online forms and online credit card contribution option.
 - d. Ask Board members to return their completed pledge worksheets.