

## MINUTES OF BOARD OF TRUSTEES MEETING

Herbert V. Prochnow Educational Foundation  
Monday, May 1, 2023  
Online Meeting

### PRESENT

Lorrie Trogden, President and CEO, Arkansas Bankers Association, Little Rock, *CHAIR*  
Randy Hultgren, President and CEO, Illinois Bankers Association, Springfield, *VICE CHAIR*  
Michael J. Adelman, President and CEO, Ohio Bankers League, Columbus, *TREASURER*  
Kirby Davidson, *PRESIDENT AND CEO*  
Karl Adam, President, South Dakota Bankers Association, Pierre  
Richard Baier, President & CEO, Nebraska Bankers Association, Lincoln  
Adrian Beverage, President and CEO, Oklahoma Bankers Association, Oklahoma City  
Sue Black, Executive Vice President, The Bank of Elk River, Elk River, Minnesota  
Ballard W. Cassidy, Jr., President and CEO, Kentucky Bankers Association, Louisville  
Rick Clayburgh, President and CEO, North Dakota Bankers Association  
Betsy Johnson, President and CEO, Solutions Bank, Forresteron, Illinois  
Rose M. Oswald Poels, President and CEO, Wisconsin Bankers Association, Madison  
Rann Paynter, President and CEO, Michigan Bankers Association, Lansing  
John K. Sorensen, President and CEO, Iowa Bankers Association, Johnston  
Amber R. Van Til, President and CEO, Indiana Bankers Association, Indianapolis  
Jenifer Waller, President, Colorado Bankers Association, Denver  
Michael A. Wear, President, 39 Acres Corporation, Omaha, Nebraska  
Joe Witt, President and CEO, Minnesota Bankers Association, Edina

### ABSENT

Max Cook, President, Missouri Bankers Association, Jefferson City  
Vallabh "Samba" Sambamurthy, Albert O. Nicholas Dean, Wisconsin School of Business, University of Wisconsin-Madison  
Doug Wareham, President and CEO, Kansas Bankers Association, Topeka, *IMMEDIATE PAST CHAIR*

### OTHERS PRESENT

Jackson Hataway, President, Missouri Bankers Association, Jefferson City  
Kathy Berman, *VICE PRESIDENT, MARKETING & COMMUNICATIONS*  
Beth Doescher, *CFO*  
Becky Patterson, *VICE PRESIDENT, EDUCATION & PROFESSIONAL DEVELOPMENT*  
Alex Dati, Baker Tilly (Financial Review Report Only)  
Ryan Lay, Baker Tilly (Financial Review Report Only)

## **CALL TO ORDER**

Chair Trogden called the Meeting to order at 2:02 p.m.

## **APPROVAL TO COMBINE GSB and PEF BOARD MEETINGS**

It was moved, seconded and approved to combine the Foundation and School meetings and hold them simultaneously.

## **APPROVAL OF MINUTES**

Minutes of the Board of Trustees Meeting from November 15, 2022 were approved.

(November 15, 2022, minutes attached to official minutes as Exhibit I.)

## **FINANCE AND AUDIT COMMITTEE**

Treasurer Mike Adelman introduced Ryan Lay, CPA and Engagement Partner and Alex Dati, CPA and Manager, both from Baker Tilly. They presented the results of the full audit report conducted by their accounting firm of the FY2022 GSB & PEF financials. Mr. Lay highlighted the following items:

- Audit conducted as planned and previously communicated
- Cooperation was received from members of management
- Consolidated financial statements are fairly presented in accordance with GAAP
- All appropriate disclosures have been properly reflected in the consolidated financial statements and footnotes
- There were no unrecorded adjustments and Baker Tilly did not propose any journal entries as part of the audit process
- Baker Tilly is not aware of any material modifications that should be made to the consolidated financial statements

While it was a clean audit with no management letter included, the following suggestions were made during the audit presentation:

- Review best practices of journal entries
- Estimate the useful lives of laptops
- Review IT and Cybersecurity best practices

Mr. Lay next reviewed the summary of the FY2022 combined financial information of the Graduate School of Banking and the Prochnow Educational Foundation.

It was moved, seconded and approved to accept the FY2022 audit as presented.

(Baker Tilly Financial Review Presentation attached to official minutes as Exhibit II.)

Treasurer Adelman provided a current update on cash balances to the board:

- GSB checking is up \$206k overall from 2022
  - The most significant items included the ERC payment in July 2022, expenses for FiSim enhancements and payments for the new CRM/website development.

- The combined GSB and PEF balance of cash and investments is down \$316k since last March, mainly due to the market changes that have impacted the investment portfolio. However, combined assets are up \$2.6 million from 3/31/20.

Next, CFO Beth Doescher reviewed the three-year projections for the School and the Foundation that were created last year.

- GSB projections are still suitable, except for the timing of outstanding ERC payments
  - FY2022 came in about \$100k ahead of expectations. At that level, GSB should be able to resume contributions of around \$200k to the Foundation in spring 2024 - about a year earlier than originally projected
- Consolidated financials show FY22 with a new operating loss of \$419k due to significant market losses of about \$500k in the PEF portfolio. FY23-FY25 consolidated net income is expected to average around \$225k per year in net operating revenue.

(The Statement of Cash Balances is attached to official minutes as Exhibit III. The 3-Year Financial Projections is attached to official minutes as Exhibit IV.)

### **INVESTMENT COMMITTEE**

Chair Joe Witt reported that the PEF Investment Committee met with representatives from DCM on April 24. While there are unrealized losses in the portfolio, the dividends and interest investment strategy of 65% stocks and 35% bonds is working well. The current portfolio balance as of 3/31/23 was \$8.9 million. GSB staff and the Investment Committee continue to meet with DCM regularly to review foundation assets and portfolio performance. Representatives from DCM will be joining us for the next in-person board meeting in July.

### **PRESIDENT'S REPORT**

President Davidson highlighted and reviewed the following items in his report:

- The 2023 Graduate School of Banking registration got off to a good start, but has slowed recently
  - Some banks are opting to delay sending students due to the economic forecast
  - Current Freshmen enrollment is at 128 with a budget of 190
  - Other graduate banking schools have had good enrollment so far this year
- Spring specialty school enrollments did well
  - The HR Management and Bank Technology Management Schools had enrollments of over 50 students each
  - The virtual Digital Banking School had a sold-out enrollment of 43 banks
- Fall specialty school enrollment is on pace with budgets for the fall
  - The Financial Managers School is nearing its enrollment capacity of 65 students (budget is 45) several months head of the enrollment deadline
  - The Bank Technology Security and Sales & Marketing Schools have under 20 students each; however, there are several months yet until the enrollment deadline
- Online seminar revenue has increased 24% from last year
- The GSB office is now officially located in the Wisconsin Bankers Association office. The move went well and the new space at the WBA is perfect for GSB's hybrid environment. Davidson expressed his appreciation to Trustee Rose Oswald Poels, WBA President & CEO, and her staff for creating a very welcoming environment to GSB
- GSB is still working through technology transitions; the next and final phase is implementing a new accounting platform this summer/fall.

- FiSim 2.0 is now in the final phase of development and will be released at the 2023 GSB Session
  - The program will now include an ag product line
  - FiSim can be run on almost any device
  - There is an M&A analysis template that is now embedded into FiSim and auto populated with real-time data
- Once FiSim 2.0 has been launched, the developers will turn their attention to the final development of FiSim Lite
  - The goal is to have a demo of FiSim Lite for the Education Directors during their meeting in August
  - Targeted completion of version 1 of FiSim Lite is 12/31/23
  - FiSim Lite will be tested next spring with Jim Johannes in UW-Madison classes
- Kathy Berman, Vice President of Marketing & Communications, is working on an article that will be distributed jointly by all graduate banking schools, on the mutual efforts in the DEI curriculum and outreach within in each school.

(The President’s Report is attached to official minutes as Exhibit V. Enrollment reports are attached to official minutes as Exhibit V.)

### **FY2024 SCHOLARSHIPS**

Education Committee Chair, Amber Van Til, brought the following committee recommendation to the board for FY2024:

- GSB scholarship amounts will remain unchanged at \$1,500/year for three years
- HR scholarship amount will remain unchanged at \$700 for the one-week program
- Each sponsoring state bankers association will be able to award one Association Scholarship
- The Banker Advisory Board will have a pool of 10 scholarships to award
- The Harris Scholarship will remain unchanged at 50% of tuition to GSB. This is a scholarship for the Texas Bankers Association only in memory of former GSB/PEF Trustee and TBA President & CEO, Bob Harris.

It was moved, seconded and unanimously approved to approve the proposed scholarship amounts and number of awards for the 2023-2024 fiscal year.

### **SCHEDULE OF FUTURE BOARD MEETINGS**

Becky Patterson informed the Board that the schedule of subsequent meetings was indicated on the agenda.

### **ADJOURNMENT**

There being no further business to come before the Board, the meeting was adjourned at 3:02 p.m.

Prepared by: Kirby Davidson, President & CEO