

MINUTES OF BOARD OF TRUSTEES MEETING

Herbert V. Prochnow Educational Foundation
Tuesday, June 13, 2024
Virtual Meeting

PRESENT

Randy Hultgren, President and CEO, Illinois Bankers Association, Springfield, *CHAIR*
Karl Adam, President, South Dakota Bankers Association, Pierre, *VICE CHAIR*
Michael J. Adelman, President and CEO, Ohio Bankers League, Columbus, *TREASURER*
Ballard W. Cassady, Jr., President and CEO, Kentucky Bankers Association, Louisville
Kirby Davidson, *CEO*
Paul Katz, *PRESIDENT*
Richard Baier, President & CEO, Nebraska Bankers Association, Lincoln
Adrian Beverage, President and CEO, Oklahoma Bankers Association, Oklahoma City
Ballard W. Cassady, Jr., President and CEO, Kentucky Bankers Association, Louisville
Jackson Hataway, President, Missouri Bankers Association, Jefferson City
Betsy Johnson, President and CEO, Solutions Bank, Forrester, Illinois
Kevin Pernick, President and CEO, Bank Plus, Estherville, Iowa
Rose M. Oswald Poels, President and CEO, Wisconsin Bankers Association, Madison
Rann Paynter, President and CEO, Michigan Bankers Association, Lansing
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

Rick Clayburgh, President and CEO, North Dakota Bankers Association
Vallabh "Samba" Sambamurthy, Albert O. Nicholas Dean, Wisconsin School of Business, University of Wisconsin-Madison
John K. Sorensen, President and CEO, Iowa Bankers Association, Johnston
Lorrie Trogden, President and CEO, Arkansas Bankers Association, Little Rock, *IMMEDIATE PAST CHAIR*
Doug Wareham, President and CEO, Kansas Bankers Association, Topeka

OTHERS PRESENT

Kathy Berman, *VICE PRESIDENT, MARKETING & COMMUNICATIONS*
Katie Bolen-Irwin, *CONTROLLER*
Becky Patterson, *VICE PRESIDENT, EDUCATION & PROFESSIONAL DEVELOPMENT*

CALL TO ORDER

Chair Hultgren called the Meeting to order at 10:01 a.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.

INTRODUCTION

Paul Katz was introduced as GSB's new President. He will officially take over as the President and CEO on January 1, 2025, when Kirby Davidson retires.

APPROVAL OF MINUTES

Minutes of the Board of Trustees Meeting from April 1, 2024 were approved.

(April 1, 2024, minutes attached to official minutes as Exhibit I.)

PRESIDENT'S REPORT

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

- The Graduate School of Banking is preparing for its upcoming session in August
 - Enrollment for this year's school is mixed. There's been a lot of solid marketing done; however, the incoming first year class is below budget with 140 net students
 - The HR and Bank Technology Management specialty schools this spring both filled and had waiting lists
 - The virtual Digital Banking School fell short of budget
 - The fall Financial Managers School has already sold out and has a waiting list
 - The Bank Technology Security and Strategic Marketing Schools have a bit to go to hit budgeted enrollments; however, there are still a few months remaining until the deadlines close.
 - Interest in attending the graduate school session remains high but many are taking a "wait and see" approach for possibly starting in 2025.
- Kathy Berman detailed the marketing efforts to date for GSB:
 - There's been a proven marketing plan in place; however, she feels that bankers are waiting due to budgets and margin pressure
 - The services of a digital advertising firm were utilized this year. She is satisfied with the results and continues to work with the company to tweak things:
 - There were 269 visitors to our website that came from digital ads
 - Over 1,000 followers have been added to the GSB LinkedIn page
- Scholarships for GSB are still available and can be used this year or next
- Online seminar revenue is down, and numbers are back in line with previous years
- The relationship between GSB and the UW remains strong. There is a possible opportunity being discussed for GSB graduates to receive advanced placement into the UW Professional MBA (PMBA) program. GSB graduates could receive up to 2 of the 6 badges needed for their MBA. Currently in discussions with the PMBA Associate Dean at the UW School of Business.

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

EXECUTIVE COMMITTEE

Chair Hultgren reported the following from the Executive Committee meeting:

- The recommendations of the nominating committee have been approved
- It was approved that the President and/or CEO can allow an extension of time for a scholarship to be used when there are extenuating circumstances for a student
- All Trustees are asked to sign the GSB/PEF Policy Acknowledgement form and return it to CEO Davidson

NOMINATION AND ELECTION OF 2024-2025 GSB & PEF OFFICERS

Chair Hultgren, on behalf of the Chair of the GSB/PEF Nominating Committee, proposed the following slate of officers for 2024-2025:

Karl Adam	Chair
Adrian Beverage	Vice Chair
Mike Adelman	Treasurer
Randy Hultgren	Immediate Past Chair
Kirby Davidson	CEO (through December 31)
Paul Katz	President (through December 31)

The Executive Committee will also include Vallabh Sambamurthy as the University of Wisconsin School of Business representative.

Upon recommendation of the Nominating Committee, a motion was made, seconded, and the proposed slate of officers was elected for 2024-2025.

FINANCE AND AUDIT COMMITTEE

Treasurer Mike Adelman presented the financial report. The May 31, 2024, financials were shown for each organization and in the consolidated financials format.

- Total combined assets for the School and Foundation are \$11.5 million.
- The PEF investment portfolio is up \$776k over last May
- Scholarship commitments are currently \$237k
- Revenue:
 - Strong enrollments in HR, FMS and ITM are mitigating lower than projected GSB enrollment due to a low enrollment in the freshman class. With the current freshman enrollment down about 30 students that reduces revenue by about \$170k.
 - Other revenue is up almost \$14k due to an increase in forfeitures and increased program sponsorships for the Distinguished Speaker Series at the August session.
 - Because of these factors, gross program revenue is down almost \$131K from 2023.
 - Total consolidated income is up \$820k from 2023.
 - Factoring in PEF net investment income, total consolidated income is up \$108k from May 2023.
 - Keep in mind that student fee income is already reflected in the financials, but most GSB expenses have not yet been incurred until the primary graduate banking school session is held in August. So, the surplus will decrease as the fiscal year continues.
- Program Expenses:

- Program wages and benefits are down while Admin is up due to a new allocation for FY2024. Overall wages and benefits and Program expenses are up 7.5%. This is due to approved wage increases and increased cost of benefits for 2024.
- Total honorariums are lower as online seminars registrations are down in attendance compared to last year.
- Program facilities are higher due to an increase in cost over 2023.
- Scholarship expenses are down from 2023. At this point in the year, this only reflects HR scholarships that were used.
- Rebates and referral fees are currently zero as we adjusted paying referral fees to only twice a year. Rebates are lower as students now must request these in order to receive.
- Administrative Expenses:
 - Most administrative expenses are at or below what they were at this time last year. A few exceptions include:
 - Professional expenses are higher this year due to one-time costs for the CEO search
 - Occupancy is down due to the move to WBA from the old office
 - Depreciation and amortization is up from last year because new software and hardware was purchased in 2023 and 2024.
- Overall Net Income is up about \$774k year to date. The net income will decrease as program expenses are incurred throughout the last half of the year.
- Accounts receivable balances are up \$203k. This is due to FMS invoices being recorded but not yet paid and outstanding balances owed for the GSB Session. A/R still includes \$90k due from the IRS for ERC from amended 941s
- Net fixed assets are decreasing as the FiSim costs are amortized
- Scholarship commitments are currently \$237K.

(GSB Financial Report as of 5/31/2023 is attached to official minutes as Exhibit IV.)

It was recommended that of the \$325k GSB CD coming due in July, \$225k of it should be contributed to the Prochnow Educational Foundation and the balance will remain in GSB cash for year-end expenses. A motion was made, seconded and carried, approving the contribution.

CEO Davidson and Controller Katie Bolen-Irwin reviewed the financial history of GSB and PEF next:

- The 2025 and 2026 projections were reviewed. FiSim Lite was not taken into account on these projections
- Freshmen enrollment was projected to increase in 2025

(GSB Financial History Report is attached to official minutes as Exhibit V.)

INVESTMENT COMMITTEE

Chair Joe Witt presented his report to the board:

- The portfolio has a current market value of \$9.6 million and is steadily climbing
- The strategy of receiving income from stock dividends and bond payments, with no buying and selling, is continuing to work well
- Estimated annual income from the portfolio is \$306k

(The PEF Portfolio prepared by Donaldson is attached to the official minutes as Exhibit VI.)

FISIM AND FISIM LITE UPDATE

CEO Davidson and President Katz provided an update:

- The FiSim Faculty met in May to play the newest version of the game and prepare for the upcoming GSB Session.
- The meeting went very well; many fixes and enhancements are being rolled out for the 2024 Session
- FiSim has the flexibility to customize reports for FiSim Lite
- The M&A portion of the game was enhanced even further and is now built right into the model. At any point, students can view the M&A tab and compare bank M&A opportunities within their community.
- The FiSim Lite build is done to specs for state level-use based on prior conversations with BAB, developers, FiSim faculty and staff. BAB will test FiSim Lite in August; Abrigo will also do a separate test. It's anticipated that FiSim Lite will be ready for market at the end of 2024.

Mr. Katz shared some additional thoughts:

- FiSim Lite has limited market research. It's anticipated that colleges, SBAs, FinTech selling to banks are all potential customers.
- The next step is to determine how FiSim Lite is labeled and positioned in the market
- The infrastructure of the faculty along with training and development providers/users also needs to be taken into consideration

SCHEDULE OF FUTURE BOARD MEETINGS

Ms. 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 11:45 a.m.

Prepared by Kirby Davidson, CEO