

Intelligence

News from Drake Bank

Where Small Business is Big!



Money, Banking and the Making of Goose Bumps

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It would be incorrect to say that most people are indifferent to money. Actually, the typical relationship with money is filled with emotion. Financial expert Suze Orman believes that fear, shame and anger are the most common emotions surrounding money. Money is often discussed among consumers with terms such as “the filthy rich” and “the root of all evil.”

Small business owners are not immune to these thoughts. They, too, may wish that money was not important to their personal and business lives. But it is. And that is why Drake Bank is working to develop a “brand” based upon sensitive and caring support to our customers. We look for ways to make good things happen. No customer is a number, and no loan request is ever set aside because it “doesn’t fit a formula,” is “too complex,” or is “too small or too large.” Our orientation is positive, and our goal is to overwhelm with service.

On those occasions where a customer is so moved by our personal approach to banking that they send a letter, I read it to our team at staff meetings. I call these stories from pleased customers “Goose Bump Moments.” When I hear from customers that our employees are providing the superior service that defines our mission, it actually gives me goose bumps. I have several recent “moments” that have done just that!

As most of you know, Dave Mennen passed away last July. Dave was an extraordinary banker and a personal friend to us at Drake Bank and to so many customers. Among the many cards and verbal expressions of sadness about his passing were two letters from business people who benefited from Dave’s eagerness to listen and his expertise in finding ways to help.

Pam and Paul Burke, owners of Business Acceleration, a firm that specializes in helping businesses reach their full potential, sent a letter that passionately described their relationship to Dave and to Drake Bank. What follows is their letter, paraphrased and abbreviated with their approval:

Although we knew Dave from across the desk at Drake Bank, we want those who loved him to know how important he was to us.

We purchased a construction services company in 2007 and thought we were smart, experienced people. But, the recession was devastating. Even the bank we were using was purchased by a larger bank. We went to at least a dozen banks trying to refinance our business to stay afloat. As we no longer fit the “box” we were turned down every time.

Dave Mennen was the first banker who looked as us, truly listened to our story and helped us find a solution. That loan from Drake Bank meant we could keep our doors open and keep our commitment to our customers and employees... all because Dave Mennen took a chance! In 2014 we sold our company and paid back the loan to Drake Bank. Then Dave helped us start our new company, Business Acceleration, LLC.

We will truly miss Dave Mennen... a great man, personable, professional and authentic. His title may have been “Banker,” but for us he was a “Life Saver!” Pam and Paul Burke

In early October I received a letter from Lawrence Koland, President of Inver Grove Storage, LLC. Here it is, edited with Mr. Lawrence’s approval:

Our relationship began with Dave Mennen when he helped us purchase real estate along South Concord in 2005. Since then we have financed additional commercial properties. Dave was instrumental in our largest acquisition. His passing came as a shock.

We couldn’t be happier that Bill Leshar has been assigned as our lender. He had already secured better rates on two of our loans plus revisited our SBA-backed loans for possible improvements.

We are excited to continue our business growth with Drake Bank and Mr. Leshar! Lawrence Koland

We want you to know that we appreciate how important money is to every business and to understand that we share the emotions that are attached to every customer request. We enjoy the goose bumps that come with your success and the knowledge that we have done our very, very best for you!



Dave Mennen
1958 - 2015



The New “Chip” Cards

What, Why & How

EMV stands for Europay, MasterCard and Visa, a global standard for cards equipped with computer chips (the technology used to authenticate chip-card transactions). U.S. card issuers are migrating to this new technology to protect consumers and reduce the costs of fraud.

For merchants and financial institutions, the switch to EMV means adding new in-store technology and internal processing systems, and complying with new liability rules. For consumers, it means activating new cards and learning new payment processes. Most of all, it means greater protection against fraud.

Drake Bank will begin issuing the new chip cards, and we want our merchants and customers to be as comfortable with the change as possible. Here are the answers to a few questions that are likely to arise:

1. Why are EMV cards more secure than traditional cards?

You will see a small metallic square on the new cards. This chip will communicate with the card issuer and create a unique code for each transaction. With current strip technology, data on a magnetic strip is never changed. Once obtained by counterfeiters, magnetic strip data can be replicated and used over and over again. However, if a hacker steals the chip information from one specific point of sale, card duplication would never work because the stolen transaction number wouldn't be usable again and the card would just get denied.

2. How do I use an EMV card to make a purchase?

Just like magnetic strip cards, EMV cards are processed for payment in two steps: card reading and transaction verification. However, chip cards are read in a different way. Instead of going to a register and swiping your card, you are going to do what is called “card dipping” which means inserting your card into a terminal slot and waiting for it to process.

3. Will I still have to sign or enter a PIN for my card transaction?

As the new technology advances in the U.S., entering a PIN will probably be required. At this stage, however, only a signature will be necessary.

4. If fraud occurs with EMV cards who is liable for the costs?

Today, if an in-store transaction is conducted using a counterfeit, stolen or otherwise compromised card, consumer losses from that transaction fall back on the payment processor or issuing bank, depending on the card's terms and conditions. After October 1, 2015 the liability for card-present fraud shifted to whichever party is the least EMV-compliant in a fraudulent transaction. That will be the issuing bank or the merchant.

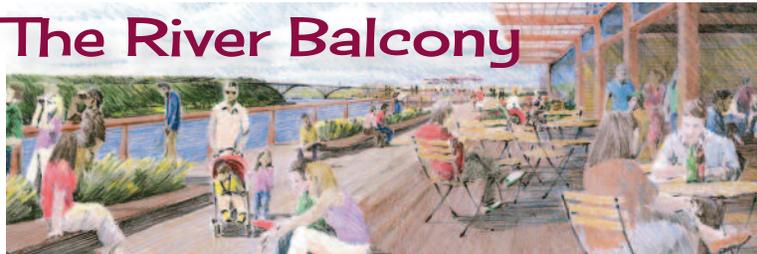
5. If I want to use my chip-card at a retailer that doesn't support EMV technology yet, will it work?

Yes. The first round of EMV cards, including the ones issued by Drake Bank, will be equipped with both chip and magnetic strip functions so consumer spending is not disrupted and merchants can have time to adjust.

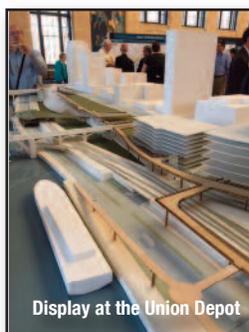
If you find yourself at a point-of-sale terminal and are not sure whether to dip or swipe your card, have no fear. The terminal will walk you through the process.

Possible Major Attraction for St. Paul:

The River Balcony



The Mississippi riverfront in downtown St. Paul has been targeted for an exciting development. On September 24th St. Paul City planners unveiled an ambitious project called the St. Paul River Balcony. If developed as envisioned, the “balcony” would extend along the bluff from the Science Museum/RiverCentre parking ramp to the new Custom House (the old post office), weaving in and around new developments along the route. It would incorporate the Kellogg Mall Park between Robert and Wabasha streets.



According to Lucy Thompson, Principal City Planner, verbal feedback has been largely positive. “I am still reviewing the individual written comments that were left by people who attended our presentation at the Union Depot,” she said, “but it is obvious that there is a lot of excitement about this possible development.”

The River Balcony project is a very large and complex undertaking. Ms. Thompson said there are 20 to 25 individual projects that comprise the entire concept, and much detail has to be worked out. The final design for Phase One that runs from Robert Street to the Union Depot is likely to be completed in 2016, however, and partners in the development are coming forward, including Exeter Group that is converting the old post office to market-rate apartments. The new Custom House will open in Spring 2016.

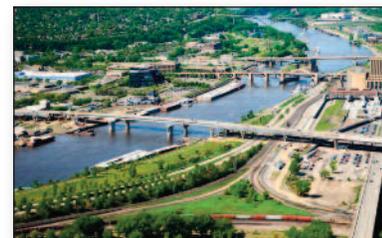
A significant goal of Phase One is connecting downtown to the lower landing where the Viking River cruise ships are expected to dock. Viking has ordered six ships and expects to begin river cruises from New Orleans in 2017. St. Paul will be the northern-most destination.

There is much design work to be done, but Ms. Thompson said, “our attention must now turn to funding. To make this concept real we must finalize our master plan so that we can get cost estimates. Funding for the River Balcony will likely come from a combination of city, state, federal and private sources. Municipal and state bonds, tax increment financing and private investments will all probably be involved.”

As a local community bank with a business focus, Drake Bank will follow this development very closely.

Over the River and Out of the Woods!

The new Lafayette Bridge across the Mississippi River is now complete. With three lanes in each direction, the bridge is making commuting faster for everyone and access to Drake Bank easier than ever for customers coming from north of the Mississippi!



Some ramp work and clean-up remains on the north side, but will be completed this year.



Spotlight on



heart
&core



In 2008, Jen Swendseid and Lara Severson were helping their mother, Bonita, buy the best bra possible. Bonita had been through breast cancer surgery a few years back and her daughters were looking for a sports bra that would be both supportive and comfortable. They came to the conclusion that what they were looking for did not exist, and the seed for a new company was planted.

Incredibly, the next year they launched their first sports wear line including a sports bra for women that did not have any uncomfortable underwire. After being introduced to the medical market in 2012, they found a great need for surgical bras and designed the Bonita Post-Surgical Bra for women healing from breast, heart or lung surgery. The Bonita Bra offered the proper comfort and support needed for women in recovery, and also included drain-management capabilities.



Jen Swendseid

Lara Severson

Jen, CEO of heart&core, said one of the biggest difficulties is the manufacturing. Due to the complexity of the bras design it has been a challenging process to get it produced correctly. The Bonita Bra, which is based on band and cup size, requires over 30 steps in its production, compared with 12 steps typically required to produce an average bra.

Jen and Lara requested and received help with funding the start-up company, including a \$10,000 loan from WomenVenture. In addition, their banker at Drake Bank suggested they look into government contracts to help build revenue for the company. They were awarded a contract from the military to manufacture a basic style sports bra. Jen said, "that move helped the young company grow in funding, experience, and confidence."

Lara is CMO of heart&core and is responsible for marketing and communications. She has a style of writing in her web and print communication that lightens the tone about a very scary and intimidating subject: dealing with special post-surgery clothing needs. Lara designed their logo and assisted in the web site development, to make it almost a bit whimsical, with cartoon drawings, pastel colors and chains of pink hearts. Jen contributes with a blog that has shared her "hatred" of cancer and her wish that cancer would simply "die and be gone forever."

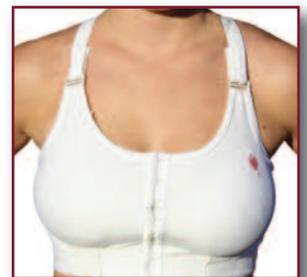
Heart&core has now completely focused their efforts on serving the needs of women after surgery. A new model called the Elisabeth Post-Surgical Bra is a design that will receive the most promotional attention. The bra is manufactured in the United States in smaller lots, giving heart&core more flexibility in production, shorter turn-around, and greater control of production standards. The new Elisabeth Bra is generically sized, making it easier for clinics and hospitals to stock. Like the Bonita Bra, it is designed to comfortably allow for drain management after surgery. The target for their promotion will be hospitals and clinics. The key to success is getting more and more nurses familiar with the product so they can either have it on hand for their patients or distribute product sheets for them to purchase online or at a local shop.

Heart&core core does not get involved with insurance coverage. Currently, only breast cancer surgery patients can get insurance coverage for their bras; insurance coverage is not available for women who are having heart or lung surgery.

When asked about their relationship to Drake Bank, Jen said, "Drake Bank held our hand as we developed our plans and built this company. We would not be here today without their understanding, their ideas, and their financial support. They have trusted and believed in us and we are grateful for that. I know most everyone there and they are always willing to help-it's great to be working with them!"

This November, Jen will receive the 2015 WomenVenture Nothing Ventured, Nothing Gained: Social Entrepreneur Award from WomenVenture, on behalf of heart&core.

For more information about heart&core go to their web site at www.heartandcore.com.



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New to Drake Bank!

We are pleased to announce the addition of two bankers to our staff! Kathie Leary has joined us a part-time teller. Kathie has worked for us before and is very experienced in banking. She has worked in the industry for over 30 years, including serving as vice president responsible for electronic banking management at a local community bank. Kathie loves reading, traveling and making customers feel welcome.



Kathie Leary, Teller

Alivia Bavier has joined Drake Bank as a credit analyst. Alivia also has experience in financial service, having served as a representative for an investment and insurance firm. She is a graduate of St. Catherine's University with a degree in Financial Economics. When not at the Bank she like likes riding her Harley and coaching dance and tumbling in Hugo.



Alivia Bavier, Credit Analyst

We are so pleased that Kathie and Alivia have joined our team!

Business Success Seminars a big success themselves!



The second in a series of Business Success Seminars was held on September 24th at Tom Reid's Hockey City Pub. Bill Mills, President of Executive Group, presented specific ideas in a session entitled "How to Manufacture Customers."

Please watch for our announcement of the next session. The seminars are free and include lunch. Thanks to everyone who attended!