

NORTHWESTERN Banker

MAY
1987



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ON THE COVER

GIVING direction to the Independent Bankers Association of America during the 1987-88 association year will be these five officers, left to right: **Chmn.—Charles T. Doyle**, CEO, Gulf National Bank, Texas City, Tex.; **Pres.—Thomas H. Olson**, pres., Lisco State Bank, Lisco, Nebr.; **Pres.-Elect—J.R. Nunn**, pres., Citizens Bank, Tucumcari, N.M.; **Vice Pres.—O. Jay Tomson**, chmn., Citizens National Bank, Charles City, Ia., and **Exec. Vice Pres.—Kenneth A. Guenther**, head of the Washington, D.C., headquarters staff. Not pictured is **Merle L. Graser**, chairman/CEO, First National Bank, Venice, Fla., now serving a second year as IBAA treasurer. Story starts on page 16.

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Named Senior Vice President At Mosler Inc., Hamilton

R.F. Murphy, president, Mosler, Inc., Hamilton, Ohio, has announced the promotion of A.M. (Steve) Marzano to senior vice president. In this assignment, Mr. Marzano is responsible for sales of Mosler products to domestic financial institutions as well as installation and service for domestic financial institution systems and products, commercial systems and products and third party ventures including currency handling. In addition, during periods when Mr. Murphy is not available, Mr. Marzano will carry out all functions and responsibilities of the president's office. Prior to this promotion, Mr. Marzano was vice president, sales, installation and service for Mosler.



A.M. MARZANO

A 21-year Mosler veteran, Mr. Marzano has also served as vice president and general manager of the Mosler electronic systems division in Wayne, New Jersey and the vice president, business planning, marketing and international positions.

Chicago Fed Booklet Explains Currency Values

Consumers can learn more about what determines the value of the dollar in foreign exchange markets and, in today's more global economy, how the dollar's value affects their pocketbooks in a new publication from the Federal Reserve Bank of Chicago, titled "Strong Dollar, Weak Dollar."

The Chicago Fed booklet examines how the dollar's value relates to other countries' currencies, and how changes in the dollar's value affects foreign trade and the U.S. economy.

The publication also elaborates on the positive and negative aspects of both a stronger and a weaker dollar.

The 12-page booklet is available at no charge. To obtain a copy, call or write the Federal Reserve Bank of Chicago, Public Information Center, 230 S. LaSalle St., Chicago, IL 60690, (312) 322-5111.

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 BAI—Bank Administration Institute
 BMA—Bank Marketing Association
 CFP—College for Financial Planning
 IBAA—Independent Bankers Association of America
 NABW—National Association of Bank Women, Inc.
 RMA—Robert Morris Associates

National Conventions & Schools

1987

May 13-16—IBAA Seminar/Workshop on the One-Bank Holding Company, Opryland Hotel, Nashville, Tenn.
 May 21-22—IBAA Agricultural Lender I Workshop, Holiday Inn, Billings, Montana.
 May 24-29—BMA Advanced School of Bank Marketing, University of Colorado, Boulder.
 May 24-29—BMA School of Trust & Personal Financial Service Sales & Marketing, University of Colorado, Boulder.
 May 24-29—BMA Boulder Essentials of Bank Marketing School, University of Colorado, Boulder.
 May 24-June 5—BMA School of Bank Marketing, University of Colorado, Boulder.
 May 28-29—IBAA Bank Internal Auditing I Seminar, Hyatt at Chatham Center, Pittsburgh, Pa.
 May 31-June 3—ABA National Operations and Automation Conference, San Francisco.
 June 1-3—BAI Current Issues in Commercial Loan Operations, San Antonio.
 June 2-3—BAI Keys to Consumer Lending, Chicago.
 June 3-4—BAI Loan Review/Real Estate, Chicago.
 June 4-5—IBAA Agricultural Lender II Workshop, Westin-Tabor Center, Denver.
 June 5—RMA Loan Review Workshop, Copley Plaza Hotel, Boston.
 June 6-12—ABA School for Bank Investors and School for Financial & Funds Management, U. of Colorado, Boulder.
 June 7-11—ABA National Corporate Trust Workshop, Hyatt Regency Crystal City, Arlington, Va.
 June 8-10—BAI The Making of a Commercial Loan Officer, Milwaukee.
 June 9-10—IBAA Long Range Planning Seminar, Hospitality Center, Williamsburg, Va.
 June 11-12—IBAA Asset/Liability Management Workshop, Hospitality House, Williamsburg, Va.
 June 14-26—Stonier Graduate School of Banking, U. of Delaware, Newark.
 June 15-16—IBAA Bank Internal Auditing II Workshop, Drake Oakbrook, Chicago.
 June 21-26—KBA/NBA Schools of Banking—PDP Intermediate School—Session II, Holiday Inn, Manhattan, Kan.
 June 23-24—BAI Commercial Loan Documentation, Indianapolis.

June 27-July 1—National AIB Conference, Westin Hotel, Seattle.
 June 28-July 3—ABA National School on Human Resources and Human Resources Graduate School, U. of Colorado, Boulder.
 July 8-10—Upper Midwest Agricultural Credit Council Conference, Big Sky Resort, Big Sky, Mont.

State Conventions & Schools

Colorado:

June 3-6—CBA Annual Convention, Colorado Springs.
 June 10-12—Independent Bankers of Colorado Annual Convention, Beaver Creek, Avon.

Illinois:

May 31-June 5—Illinois Bankers School, Carbondale.
 June 10-12—IBA Annual Convention, Pere Marquette, Peoria.
 June 14-16—IBA Ag Lending School, Normal.
 June 21-26—IBA Trust School, Normal.
 July 6-10—IBA Bank Marketing School, Oak Brook.
 July 14-16—IBA Loss Prevention School, Normal.
 July 19-24—IBA Consumer Lending School, Peoria.
 July 26-31—IBA Commercial Lending School, Peoria.
 Aug. 9-14—IBA Internal Auditing School, Chicago.
 Aug. 9-14—IBA Intermediate Internal Auditing School, Chicago.
 Aug. 16-21—IBA Bank Compliance School, Chicago.
 Aug. 24-28—Independent Community Banks of Illinois School for Bankers, Illinois Wesleyan University, Bloomington.
 Sept. 25-28—Independent Community Banks of Illinois Annual Convention Exposition, The Hamilton Hotel, Itasca.

Iowa:

May 18—IBA Group 5 Meeting, Council Bluffs.
 May 19—IBA Group 2 Meeting, Ft. Dodge.
 May 20—IBA Group 12 Meeting, Okoboji.
 May 20-22—Analyzing Financial Statements Workshop, Airport Hilton, Des Moines.
 May 21—IBA Group 3 Meeting, Clear Lake.
 June 5-6—Northwest Iowa Group NABW Convention, Village West, Okoboji.
 June 8-19—IBA Ag Credit School, Scheman Center, Ames.
 June 21-26—IBA Iowa School of Banking, University of Iowa, Iowa City.
 July 23-25—Iowa Independent Bankers Annual Convention, The New Inn, Lake Okoboji.
 Sept. 20-22—IBA 101st Annual Convention, Convention Center, Des Moines.
 Oct. 13-14—IBA Consumer Services Conference, University Park Holiday Inn, Des Moines.

Minnesota:

June 8-9—MBA 97th Annual Convention, Marriott City Center, Minneapolis.
 June 21-26—Minnesota School of Banking, St. Olaf College, Northfield.
 July 19-24—MBA Midwest Banking Institute, University of Minnesota, Morris.
 Aug. 6—Marquette Bank Minneapolis Correspondent/Investment Conference, Northstar Hotel, Minneapolis.
 Aug. 9-14—MBA Commercial Lending School, St. Olaf College, Northfield.

Montana:

June 1-2—MBA Commercial Bankers Conference, Grouse Mountain Lodge, Whitefish.
 June 11-12—MBA Real Estate Bankers Conference, Sheraton Hotel, Missoula.
 June 23-26—MBA 84th Annual Convention, Sun Valley, Idaho.

Nebraska:

May 14-17—NBA 90th Annual Convention, Lincoln Cornhusker Hotel.
 June 7-9—NBA Washington Legislative Visit, Washington, D.C.
 June 11—NBA Bank President's Golf Tournament, Lochland Country Club, Hastings.

North Dakota:

May 31-June 5—NDBA School of Banking, University of North Dakota, Grand Forks.
 June 14-16—NDBA Annual Convention, International Inn, Minot.
 Aug. 10-21—Graduate School of Banking, Wisconsin.
 Sept. 21—NDBA Northeast Group Meeting, Park River.
 Sept. 22—NDBA Northwest Group Meeting.
 Sept. 23—NDBA Southwest Group Meeting, Elks Lodge, Dickinson.
 Sept. 24—NDBA Southeast Group Meeting.

South Dakota:

Sept. 14—SDBA Group V Meeting, Howard Johnsons, Rapid City.
 Sept. 15—SDBA Group IV Meeting, Wrangler Motor Inn, Mobridge.
 Sept. 16—SDBA Group II Meeting, Guest House, Watertown.
 Sept. 17—SDBA Group III Meeting, Holiday Inn, Mitchell.
 Sept. 18—SDBA Group I Meeting, Airport Holiday Inn, Sioux Falls.
 Oct. 8-9—SDBA Installment/Retail/Mortgage Loan Conference, Ramkota Inn, Rapid City.
 Oct. 21-22—SDBA Economics Seminar for Young Adults, Holiday Inn, Mitchell.

Wisconsin:

May 17-19—WBA Legislative/Regulatory Conference, L'Enfant Plaza, Washington, D.C.
 May 31-June 5—WBA General Banking School, St. Norbert College, De Pere.
 June 7-13—WBA Commercial Lending School, St. Norbert College, De Pere.
 June 15-17—WBA Annual Convention, Embassy Suites Hotel Regency Conference Center, Green Bay.
 Aug. 2-8—WBA Consumer Credit School, St. Norbert College, De Pere.
 Aug. 9-14—Basic Banking School, St. Norbert College, De Pere.

Wyoming:

June 14-16—WBA Annual Convention, Jackson Lake Lodge, Moran.



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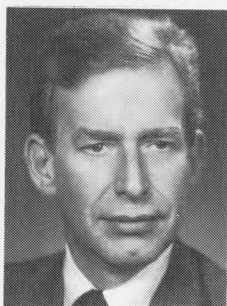
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Written especially for
THE NORTHWESTERN BANKER
By DR. DOUGLAS V. AUSTIN
President and CEO
Douglas Austin &
Associates, Inc.
Toledo, Ohio

THIS is the first in a series of monthly columns which both the NORTHWESTERN BANKER and I hope will be educational, informative and entertaining to you as bank directors and senior management of commercial banking organizations throughout the territory served by the NORTHWESTERN BANKER.

As president of a consulting firm for over 20 years, a regular faculty member in the accredited College of Business Administration (The University of Toledo), an attorney, and a student of the banking industry, hopefully some ideas that I will expose over the next months will be of interest to you in your capacities as management and directors of commercial banks throughout the United States.

These columns are not going to have a legal or academic orientation but will strive to inform you in "bankereze" on subjects of pertinent interest to you in your capacities at your organizations. If legal issues are raised and you have questions, please consult your bank's legal counsel for the pertinent statutes, regulations or results of litigation. Keep in mind that the focus on these columns will be to assist you in performing your managerial and/or directorial functions more efficiently, effectively, and prudently - all of which should definitely limit your potential liabilities in your capacity as a director or officer.

I can start these columns by reiterating director's and officer's liabilities and believe me, over the next year, I will certainly talk about that issue. On the other hand, I believe there is a more fundamental issue that you should be concerned with and I am spending the space in this initial column to cover the area of strategic planning. You may have been told that strategic planning is simply a "buzz word," that it does not real-

ly mean much, and that you can really just continue to operate or direct your bank and/or bank holding company in the same fashion you have for the past 10 to 20 years. Nothing could be more wrong. Today, you must know where your banking organization is going, and what you must do in order for it to achieve the success you desire the bank to achieve.

Determine Corporate Mission

Initially, as directors and officers of your banking organization, it is paramount that you determine your corporate mission. If you have a corporate mission in written form, congratulations. If you do not, develop one so you and your fellow directors and officers have a game plan covering your customer base, the products and services you plan to have, all geographical territories you plan to serve, and the types of customers you plan to cultivate.

A corporate mission allows you to tell your shareholders what type of institution you are, what type of institution you plan to evolve into and, more importantly, whether you plan to remain independent, package yourself for sale or, as a holding company operation, how you plan to operate - decentralized or centralized, and how you plan to relate to your own shareholders. Furthermore, it is impossible for you to operate as a banking organization without a corporate mission, just as it is impossible for a sailboat to steer a straight course without a rudder.

Without sounding like a commercial, if you are interested in establishing a corporate mission and a strategic plan for your banking organization, you might be interested in a book published by Bankers Publishing Company, Boston, Mass., entitled *A Bankers Handbook for Strategic Planning*, which is aimed at the community bank banking organization, and was co-authored in October 1985 by Dr. Douglas V. Austin and Mark S. Mandula. This book outlines how to develop a corporate mission, a strategic plan, and how to implement same, review and modify such plans, and hold the management accountable for the implementation of the planning and operational functions.

Strategic Plan Is Next Step

Assuming that you have now determined what your corporate mission is to be, at least for the next 5 to 10 years, you must develop a strategic plan, which is

nothing other than a series of stops along the road map to the goals and objectives that you have set. If you do not have a written strategic plan at this point in time, you had better start one, not only because you absolutely need it - which you do - but also because the regulatory authorities, whether state or federal in nature, are going to demand a strategic plan from you within one or two years.

Strategic planning is nothing other than the process of determining how to get to the goals and objectives that you have set within the corporate mission. Strategic plans are not monumental tasks. A commercial banking organization under \$100 million does not need a 100 page strategic plan. Your strategic plan should address the elements that you desire to cover explicitly in order to reach your goals and objectives.

Furthermore, if you are a director of your banking organization, you are not the every day manager of your organization, and you should not meddle in the everyday operations. On the other hand, you, as a director, are responsible to the shareholders, creditors, depositors, employees and the community in general, for the safe and solvent operation of your banking institution as well as its long-term survivability - if that is your goal. Therefore, it is necessary for you, as a director, to develop and implement a strategic plan that will permit the management and staff of your organization to meet the goals and objectives that you and your fellow directors have set forth.

In addition, this strategic plan then permits you to make decisions as to whether to use internal computers, outside data services, merger and acquisitions opportunities, branching and nonbanking subsidiary affiliate locations, management succession and staffing questions, and all other pertinent decisions that you have to make as directors. These choices are almost impossible to make without a framework upon which to hang all important decisions that are faced by the board of directors.

Developing the Strategic Plan

How do you develop a strategic plan? There are two simple ways to accomplish a strategic plan:

1. Have it developed internally by the management of your institution and present it to the board of directors for their review, modification, and approval.
2. Retain outside professional consultation assistance to help in the drafting of the initial strategic plan on behalf of the management and then have it reviewed, modified and approved by the board of directors.

■ **ABOUT THE AUTHOR**—In addition to heading his own financial management consulting firm for the past 20 years, Dr. Douglas V. Austin is chairman and professor of the Department of Finance at The University of Toledo. Dr. Austin received a joint Ph.D. in Economics and Business in June, 1964, from the Indiana University Department of Economics Graduate School, and his law degree in June, 1978, from the University of Toledo College of Law. He is a widely known author and speaker on directors' duties and responsibilities, asset and liability management, capital formation programs, strategic planning, stock valuations, regulatory liaison, bank holding company formation, mergers and acquisitions and problem bank consulting. His topics in this series will deal primarily with directors' duties, responsibilities and opportunities, as well as key management concerns.

You, as directors of your institution, have to know how much time is available for the management to develop a strategic plan and, in most cases, it has been my experience that the management is so busy today, since you have the organization understaffed, that you had probably better retain outside assistance. On the other hand, there are probably even better reasons for utilizing someone from outside - the objectivity and the lack of political and livelihood justification that an outside financial consulting firm, management service division of a C.P.A. firm, or other professional group can bring to the strategic planning process. Furthermore, if you retain outside strategic planning assistance, the group you retain will have done a countless number of strategic plans, and can deliver the plan faster, more efficiently and, believe it or not, less costly in terms of total time and resources than your internal management could do.

Let's face it, if your internal management could provide you with an outstanding strategic plan, then the real question is why they have not done so thus far, and why you have not asked them to do so! Shop around and find an outside professional firm that can assist you in the strategic planning process, and don't believe that the strategic planning process is going to cost you an arm and a leg - it will only cost you a hand and a finger.

What Strategic Plan Encompasses

What should your strategic plan encompass? Realistically, *your* strategic plan should cover whatever is important to you as directors and officers of your banking organization. No two strategic plans should be the same since they reflect differing goals and objectives of each of the 14,000+ commercial banking organizations. *Your* strategic plan, based on the past performance, and the future forecasted performance of *your* commercial banking organization should be adopted to reflect *your* local market area, *your* wishes and desires, *your* constraints and restraints, and *your* ability to survive in the banking marketplace.

However, certain elements are consistent throughout strategic plans, whether your bank be \$20 million in size with only one office, or \$250 million with 10 offices, or \$5 billion operating over several states, and whether you are a commercial bank without a holding company or a multi-bank holding company. These elements generally are as follows:

1. Projected and desired rates of return on assets, net worth, and other financial performance standards.
2. Capital adequacy levels reflecting safety and solvency of your banking institution.
3. Desired levels of past-due loans, nonaccrual loans, other real estate loans, and other loan portfolio standards.
4. Management succession plans - keep in mind that your president will not live forever, and if you don't pay him enough, he won't last another year.
5. Staffing requirements of your officers and staff.
6. Educational requirements for the upgrading of the talent of your banking institution.
7. Future products and services to be offered by your banking institutions, whether in bank or holding company form, in order to meet the changing and increasing demands of the marketplace within your local market.

“If you do not review the strategic plan, all the planning you have done will be meaningless.”

8. Analysis of the current strengths and weaknesses of your own organization in order to improve your ability to survive over the next 5 to 10 years, and then specific action programs to direct the deficiencies and meet the goals and objectives that you have set.

9. Branch locations, if applicable, or new merger and acquisition opportunities available to your organization throughout your state or interstate region.

10. Whatever else is important to your organization which will permit it to meet its goals and objectives, whether sales or survivability.

Your strategic plan should be considered as a fluid guide to your performance over the next 5 to 10 years. Five years is about the maximum time frame you will be able to cover without missing the ballpark. If you just reflect back to 1978, look how far the industry has changed in just 10 years. If you had to try to anticipate how much more the industry would change in the next 10 years, they would probably lock you up in your local funny farm. On the other hand, you can certainly forecast 3 to 5 years into the future and you can determine your goals and objectives for the next 3 to 5 years without too much strain, and then implement your plan.

Timing Is Crucial

One thing that is absolutely crucial in the strategic planning process for your organization is the timing necessary to achieve such a strategic plan. Too often, commercial banking organizations take years to develop a strategic plan. Set a timing schedule which is no longer than six months in duration (I recommend three months) and accomplish the task within the time schedule you have set. Your banking organization is a corporation run for profit and should be run as efficiently as possible. While you are determining your goals and objectives, your corporate mission, and then attempting to draft a strategic plan to meet such goals and objectives, you will have a tendency to lose momentum and lie wallowing in the waters of indecision. Therefore, it is important for you to be able to eliminate the wallowing as much as possible. This can be done only through setting a specific timetable for the drafting, review, modification and approval of your strategic plan.

Do not be scared that the strategic plan may be incorrect. As planners, you have to learn to crawl before you can walk and then run a marathon. Your first strategic plan will be general, probably incorrect in certain areas, and extremely naive after you have had a chance to reflect upon it for several years. On the other hand, the strategic planning process for your banking organization is not a one-time planning process. It is an ongoing planning process which should be reviewed on at least a six-month to one-year time-frame, modified for the conditions within your marketplace and that of the national economy and then changed to reflect the necessary modifications. The board of directors of your organization should review, modify, and then reapprove the strategic plan for your organization once a year.

As you review and modify your strategic plan, it will become more specific, more comprehensive, and less naive. The first year you review your initial strategic plan, you will determine that you have to make it more specific and, as you make it more specific, you will make it better, more detailed and more appropriate to your organization. Thus, even though the first year strategic plan may not be the ideal strategic plan for your banking organization, your shareholders and your community, as you develop strategic plans and modify them over the years to come you will be able to implement the strategic plan in light of a more specific goal-oriented planning process and thus achieve more meaningful results.

Hold Management, Staff Accountable

Finally, I cannot leave this first month's column without stating the fact that the planning process never quits and as it is noted above, if you do not review the strategic plan, all the planning that you have done will be meaningless. In this light, you must hold the management and staff of your organization accountable for meeting the goals of the strategic plan that you have set. Short-term strategic planning (which can be re-termed as one year financial budgets), compensation schedules, and other short-term business plans, are simply yearly means by which to reach the goals and objectives that you have set in your strategic planning process.

As a last note, consider carefully whether the summary of your strategic plan should be disseminated to your shareholders. I believe firmly that the more your shareholders know about your corporate mission and your goals and objectives as a financial institution, the more they can value and judge your performance in light of the goals and objectives you have set. Furthermore, it often keeps the shareholders quieter since they perceive you are doing the job that you have set forth to do. It also keeps the remaining shareholders more solid and loyal to your strategy than if they are kept in the dark as to what your organization is planning to do.

It is obvious that most commercial banking organizations do not give to their shareholders the same kind of long-term investment return that other types of investments might be able to do. It is quite possible that your organization's rate of return over the last 10 years was less than your shareholders could have gotten in a passbook savings account and, therefore, the more they know where you are headed, how you plan to get there and how you have done in achieving your goals and objectives, the more loyal they may be to your organization, even if their rate of return is not as great as they could get elsewhere. You have to make that decision as to whether you desire to let your shareholders know where you are going, but it may be the best decision you have ever made, and only second to the decision of forming a strategic plan in the first place. □

(As noted earlier, Dr. Austin's articles will appear monthly in this magazine.)

**Customer
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buzzword.**

How Deluxe is pressing forward with its service commitment.

In their recent book, *Service America! Doing Business in the New Economy*, Karl Albrecht and Ron Zemke point out how customer service has become something of a buzzword in industry today. As one of the companies profiled in the book, Deluxe Check Printers appears at the vanguard of the service revolution—by doing exactly what we've been doing for 72 years: serving you.

Some people were surprised when Deluxe Chairman, Eugene Olson, was quoted: "We aren't in a commodities business, we're in a service business." But it isn't a surprise to our customers. Because while we work hard to make our product the finest in the nation, it's the way we deliver the product, and how we work in partnership with our customers, that sets us apart.

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left to do: go it one better. That's why Deluxe recently surveyed customers about customer service. The notices were good—but they also helped us identify areas for improvement. So we've spent the last few months fine-tuning our customer service capability. The result

affords our customers even faster access to the help they sometimes need.

Looking around it seems that service is today's business buzzword. It certainly is here at Deluxe—just as it has been for the last 72 years.

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HELPING guide the IBAA during the 1987-88 will be these five officers, left to right: **Charles T. Doyle**, Texas City, Tex., immed. past pres. and now chmn. of the IBAA board; **Thomas H. Olson**, Lisco Nebr., the new pres.; **J.R. Nunn**, Tucumcari, N.M., now pres.-elect; **O. Jay Tomson**, Charles City, Ia., the new vice pres., and **Kenneth A. Guenther**, exec. v.p. and head of the Washington headquarters staff. Not pictured is **Merle L. Graser**, Venice, Fla., treas.

Tom Olson Named IBAA President

By **BEN HALLER, JR.**
Publisher

NEBRASKA's Thomas H. Olson, president of the Lisco State Bank in western Nebraska, was advanced to the presidency of the Independent Bankers Association of America on April 3 during IBAA's 57th annual convention in Orlando, Fla. Lisco is believed to be the smallest town yet to produce an IBAA president.

Mr. Olson succeeds Charles T. Doyle, CEO of Gulf National Bank in Texas City, Tex., who now becomes chairman of the association board. J.R. Nunn, president of Citizens Bank, Tucumcari, N.M., moved up to become president-elect and replacing him as vice president is O. Jay Tomson, chairman of Citizens National Bank in Charles City, Ia. Merle L. Graser, chairman/CEO, First National Bank, Venice, Fla., continues in his second year as IBAA treasurer. Kenneth A. Guenther is executive vice president and heads IBAA's Washington staff.

In their official deliberations, delegates reconfirmed their strong effort to close the non-bank bank loophole and to achieve relief for the agricultural sector of the economy. President Olson said, in outlining IBAA's commitment to closing the loophole, "To us, there is no higher priority. (It) undermines our existing depository institutions, their insurance fund, and our regulatory process."

The association strongly supported Title I of S.F. 790, recently passed by the Senate, which closes the non-bank loophole but grandfathered all current charters and permits them unlimited growth for the balance of this year. IBAA officials said they prefer to see the loophole closing even with this permissive cap and singled it out above all other banking legislation objectives since they believe this will be the last opportunity to bring the loophole to a head in Congress. IBAA said it will pursue the loophole closing above the legislative effort seeking added bank powers, as other segments of the industry prefer.

Comptroller of the Currency Robert L. Clarke took direct issue with that position in his convention address. He said, "Bankers should be doing everything they can to find new ways to make money. I am puzzled, perplexed and confounded that many bankers are not.

"And I am *bewildered* that so many bankers—and the IBAA as an organization—would overlook this urgent need and, devote so much time, energy and attention to what I believe is a far less compelling problem: the future of the so-called 'non-bank bank.'

"Or, more appropriately, the 'limited-service bank.'"

Mr. Clarke referred to IBAA's 1984 Florida lawsuit which forestalled the CofC from issuing such national charters. "There is no doubt in my mind," he stated, "that independent banks—and all other commercial banks—are at a competitive disadvantage to some of the organizations that own or have applied to own limited-service banks. That competitive disadvantage, however, is *not* that these organizations can use the limited-service bank as a tool in their business.

"Rather, the competitive disadvantage arises from the fact that these organizations can offer a far wider range of financial services to their customers than *you* are allowed to offer." Mr. Clarke said he is convinced that even if non-bank banks were outlawed, these other financial service organizations would merely find other means to pursue their range of products that are far wider than banks presently can offer. Because of this, he stated, banks should be seeking instead to have expanded powers on a unified banking front.

Interstate banking, he stated, is at the heart of IBAA's basic concern but "that matter is of far less import to independent bankers today than just three years ago." His staff estimates one-third of non-bank applications might not be pursued even if *all* constraints on his chartering authority were lifted because the end result could instead be achieved in many states just by acquiring existing institutions.

"I believe you have cause for concern," Mr. Clarke stated, "and I believe that cause is *not* the limited ser-



● **WHEN Tom Olson**, pres., Lisco State Bank, Lisco, Nebr., was advanced to the IBAA presidency at the 57th annual convention in Orlando last month, he was honored at a reception hosted jointly by the Nebraska Independent Bankers Association and the Nebraska Bankers Association. Pictured at that reception, left to right, are: **Kelly Holthus**, pres. of NBA and pres., 1st Natl., York, and **Virginia**; **Tom and Cynthia Olson**; **Roy Yaley**, pres., of NIBA and pres. of Nebraska State, South Sioux City, and **Cathy**; **Georganne** and **Bud Gerhart**, pres., 1st Natl., Newman Grove, and a past pres. of IBAA; **Jeanie Matzke Flaska** of Irvine, Cal., who was visiting with her parents (center) **Stan Matzke**, NBA exec. v.p., and **Dorothy**; **Kurt Yost**, NIBA exec. v.p., and **Dennis Brewster**, pres., Butte State, Butte.

vice bank. Why not invest your political capital in legislation with a greater dividend, legislation that would allow you to meet the real and present competition on more equal terms? If IBAA succeeds in closing the loophole by sacrificing legislation urgently needed by many independent banks to survive, what kind of victory will this organization achieve?"

● FDIC Chairman William L. Seidman also addressed the convention delegates, recalling that some people "tell us that unbridled competition will create a healthier environment—a kind of financial survival of the fittest. I must admit to being more in that school although I think...while we must move forward we should do so at a well-reasoned and cautious pace. Nonetheless, I am convinced banking will become increasingly competitive...adaptation is the key to survival."

● Mr. Seidman cited the community bank's comparative advantage of knowing intimately the local market and having the confidence of local customers, although "large competitors would appear to have the advantage with some of their high tech and innovative new products. You have an organization in the IBAA that recognizes that together you can not only be competi-

tive, but superior. Joint ventures and franchising arrangements can prove to be a market equalizer."

Mr. Seidman supported the concept of a nationwide secondary market for ag loans. He recognized that some banks will not adapt, some ag banks will not recover from the economic distress of recent years, but added, "We, at the FDIC, want to help these troubled banks survive."

He announced an amendment to the capital forbearance program (NORTHWESTERN BANKER *Weekly Newsletter* of 3/30) that will allow district directors to base such a program on the viability of a plan submitted, instead of making it conform to the 4% minimum capital previously required. He concluded by saying, "We at the FDIC will support your efforts to 'get going.' After all, as your insurer, we want you *all* to live forever!"

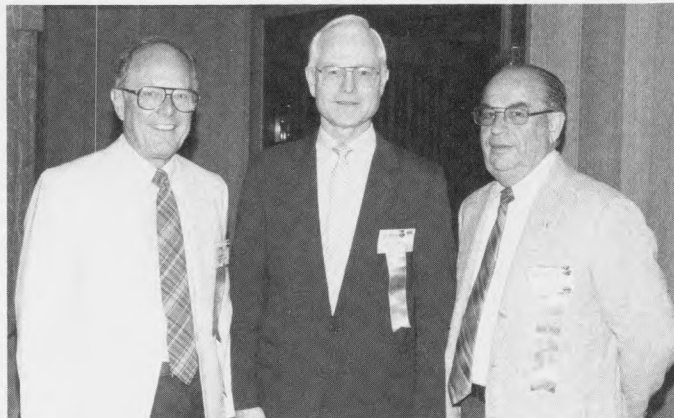
Other nationally noted speakers included E. Gerald Corrigan, president of the influential New York Federal Reserve Bank, who detailed the points covered in his recent discussion paper designed to stimulate further discussion among all elements in the financial industry on the future course this nation should take in its system of financial institutions, its payment system and its credit system. Mr. Corrigan was well-



● **LEFT**—Pictured in the American Natl. B&T of St. Paul, Minn., hospitality room were, from left: **Almeda and Jack King**, former IBAA pres. and chmn., Valley Bank Kalispell, Mont.; **Kathy and Joe Kingman**, pres., American Natl. B&T; **Mark W. Olson**, pres. of the ABA and pres., Security State, Fergus Falls, Minn., and **Bob Jacobson**, v.p. of the host bank, and **Lori**. **RIGHT**—The Iowa reception honored **O. Jay Tomson**, chmn., Citizens Natl., Charles City, Ia., and his wife, **Pat**, on his election as v.p. of the IBAA. From left to right are: **John Dean**, pres., Glenwood State, Glenwood, and **Carol**; **Jay and Pat Tomson**, and **John Spies**, pres., Iowa T&S, Emmetsburg, and **Jeanine**.



ALSO pictured at the Iowa reception were, left to right: **Ilene and Phil Berg**, pres., Midway B&T, Cedar Falls; **Marilyn and Bill Boehm**, pres., Tama State; **Jane and Jerry Gross**, pres., Kirk Gross Co., Waterloo; **Stan Barber**, chmn., Wellman Savings; **Jay Tomson**, and **Ken Benda**, chmn., Hartwick State. Mr. Barber and Mr. Benda are past pres. of IBAA.



known to many in the audience from his several years as head of the Minneapolis Fed before being appointed to the prestigious New York Fed post. Mr. Corrigan warned against a "wholesale regulation" approach to restructuring the banking industry... "it is not in the best interest of our Nation."

The two general sessions were conducted Friday and Saturday mornings. The entire day of Thursday was devoted to a series of 14 outstanding special interest sessions for delegates, as well as four spouse seminars and separate programs for children. The special interest sessions covered a true cross-section of interests—regulators panel, internal auditing, agriculture in transition, insurance, asset/liability management, marketing, LBHC, Chapter 12 and ESOPs.

Special entertainers had their time on the schedule as well. Tom Sullivan the noted blind speaker, pianist, composer and humorist, kicked off a special session for younger bankers. Cathy Rigby McCoy, former Olympic gymnast, starred with her energetic program of singing and dancing, and was accompanied by comedian Freddie Roman. Country western singer Lee Greenwood entertained on Friday night following the state banker receptions. Featured after the Saturday annual banquet was The New Virginians college roadshow group.

It was announced that the 1988 IBAA convention will be March 13-17 in Honolulu, with the Sheraton-Waikiki Hotel as headquarters. The 1989 convention will be in Anaheim, Cal., on February 26-March 2 at the Anaheim Hilton Towers. □

Bank Women to Honor 3 Industry Leaders at Dinner

The National Association of Bank Women, Chicago, Ill., has announced the names of three noted financial industry leaders who will be given top honors at the Association's third annual "Salute to Senior Financial Women" testimonial dinner, to be held Wednesday, June 10, 1987 at the Grand Hyatt in New York City.

According to NABW President Kay Landen, NABW's Pacesetter Award winner is George F. Moody, president and chief operating officer of Security Pacific Corporation and president and chief executive officer of Security Pacific National Bank, Los Angeles. The Pacesetter Award is presented each year to that man or woman who has increased opportunities or accelerated the pace of advancement for women in the financial services industry.

Receiving NABW's Industry Achievement Award are Dr. Juanita Kreps, former U.S. Secretary of Commerce (1977-79) under Presi-

dent Carter, and former vice president at Duke University; and Patricia Carry Stewart, vice president of finance and administration at The Edna McConnell Clark Foundation, New York City. Industry Achievement Awards recognize women who have a record of superior accomplishment in the industry and who have assisted other women in advancing their careers.

Chairing the dinner will be Thomas C. Theobald, vice chairman of Citicorp. Honorary chair is Leslie E. Bains, vice president and group executive, Chase Manhattan Bank, N.A. and past NABW president.

Brandt Honors Top Managers

Brandt Inc., the leading manufacturer of currency and coin handling and management systems, honored the leading district managers in its network of independent representatives during the company's recent national sales meeting at Captiva Island, Fla.

John Thompson, Brandt vice president, explained that Brandt

categorizes its sales districts by size. The winner in Group A—the largest districts—was Roger L. Weinheimer, president of Money Handling Systems Inc. The Charlottesville, Va.-based distributor was honored for achieving 122% of quota, and its vice president of sales, Norm Williams, was named Brandt Salesman of the Year.

In Group B—medium sized districts—the highest percentage of quota was achieved by Roger A. Wittenbach, president of Wittenbach Business Systems, Inc., of Hunt Valley, Md. The company not only reached 126% of projected sales, but also began its own coin wrapping division that was the industry leader within its region by year's end.

Group C's winner was Clifford D. Malone, president of Money Processing Systems, Inc. The Albuquerque, N.M., representative was overall national leader in percentage of quota with 139%. 1986 marked the sixth year that Mr. Malone surpassed 120% quota.



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NEW IBAA President Tom Olson (seated center) is pictured by the NORTHWESTERN BANKER camera during a reception held in his honor by fellow Nebraska bankers during the IBAA convention. From left to right in back row: **Joyce** and **Bill Olson** (his brother), pres., Nebraska State, Oshkosh; **Charles Ferguson** (standing, a brother-in-law); **Gene C. Eaton**, pres., First National Financial Corp., Lincoln and **Marjorie Eaton** (a sister); **Barbara Ferguson** (Tom's other sister); his mother, **Mrs. Harold Olson** of Lisco; **Tom**; his wife, **Cynthia**, and her parents, **Alice** and **Orl A. Barber**. Tom and Cynthia's son and two daughters are seated on the floor directly in front of them and include **Tom, Jr.**, **Kerstin Ekstrom** (center) and **Lynne**. At left is Kerstin's husband, **Bill**, and at far right is Lynne's fiance, **Richard Keller**. Tom's father, Harold Olson, who was honored last year by the Nebraska Bankers Association with a 60-year service award, died last June.

Pioneer ethic guides jet-age Tom Olson

A NORTHWESTERN BANKER interview with
THOMAS H. OLSON, President
 Independent Bankers Association of America
 President, Lisco State Bank
 Lisco, Nebr.

THE ACCEPTED ETHIC of integrity, trust, sharing, neighborliness, strong faith and hard work forms the legacy handed down to Tom Olson who, in turn, has incorporated this taken-for-granted "pioneer" ethic into a jet-age career that has propelled him from tiny Lisco in western Nebraska to the presidency of the 7,000 member Independent Bankers Association of America.

Moving from the daily routine and needs of a ranching country town of 200 population to the committee hearing rooms of the nation's capitol, or the speaker's platform at meetings in New York, San Francisco and many points in between was not foreseen by Tom Olson when he started working full-time in his father's Lisco State Bank in 1960. But, the polishing touches of a good family background, a solid education at the University of Nebraska, 27 years of working with customers at the bank, and 15 years of association committee and officer work have prepared him well for the top IBAA job that will keep him on the road in the next year more often than he will be at home.

Add to that a ready smile and total openness for all he meets, and an intensity of purpose for the aims of IBAA based on his naturally-inherited reliance on being independent, and you find a man who was magnetized to the IBAA presidency like a faithful homing pigeon. Independent, in Tom's case, means being self-reliant in any game where equality for all is the rule, but also means being genuinely empathetic and understanding of others' needs, while giving complete cooperation to achieve those goals that require working together for the common good.

A Family Tradition

If this sounds like the hero "Tom Playfair" of the old-time novels written to inspire boys to be exemplary leaders, it's because the simple truth is that Harold and Helen Olson believed thoroughly in all those "old-fashioned" virtues that were an accepted way of life in their earlier years and passed them on to their two sons and two daughters.

A grasp of this background is needed to thoroughly understand how Tom Olson thinks and works on behalf of fellow independent bankers and their customers as he devotes boundless energy to his new duties. Because he and others like him have always been an integral part of their communities, he speaks of the needs and rights of small town and rural customers and their bankers interchangeably because he sees them as one.

A Banking Family

Banking has been Tom's life since he was born in Lisco on August 31, 1935. His father, Harold, bought Lisco State Bank in 1934, having worked for Reuben Lisco since 1924. Tom worked in the bank during vacation periods while attending high school and the university during the early 1950s. After graduating from the University of Nebraska in 1957 with a B.S. degree in Business Administration, he served a two-year stint in the Air Force, and continues in the Air Force Reserve as a Colonel. He then returned to Lisco to join the full-time bank staff in 1960. "That training as a teller, keeping books, working all types of jobs gave me one thing in common with so many other bankers in rural America—learning all the jobs in the bank and getting to know all the customers. Hopefully, that provided an adequate background that will help me and other rural bankers learn the changes in our industry and respond to them."

Tom's older brother, Bill, also is a banker "but, believe it or not, we've never had the chance to work

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“Through all of this we have learned to keep the needs of our customers paramount. We need to serve their needs to keep them.”

together in the same bank. Bill worked at National Bank of Commerce in Lincoln after getting out of school, then moved to the First National Bank of Ogalala. Then, he had the opportunity to buy Nebraska State Bank in Oshkosh just 16 miles away so, in a sense, we're competitors!" Both Lisco (pop. 200) and Oshkosh (pop. 1,000) are in Garden County along the North Platte River. Forty miles southwest in Sidney (pop. 6,000), is First National Bank, of which Tom Olson is chairman. The smallest of three banks in that community, it has \$7 million assets. Tom and Bill, along with their brother-in-law, Gene C. Eaton of Lincoln, married to their sister, Marjorie, have ownership in First National Bank in Estes Park, Colo. Another brother-in-law, Charles Ferguson, married to their other sister, Barbara, is chairman and CEO of First Colorado Bank & Trust in Denver.

IBAA Interest Begins

Tom did not become active in IBAA affairs until 15 years ago. "Our bank belonged to the independent bankers association," he recalls, "but we had never been active. Then, 15 years ago, Bud Gerhart, who had been a fraternity brother at Nebraska, asked me to serve on the IBAA ag committee—that was about 1972—and from that point on I just became more involved." H.L. "Bud" Gerhart, Jr., is president of First National Bank in Newman Grove, Nebr., and a past president of IBAA.

Tom soon found himself working with hundreds of other rural bankers who had daily experiences identical with his. "So many of our banks, of course, are considered ag banks," he said, "with their strong ag loan portfolios, especially through the farm belt here. Through all of this, we have learned to keep the needs of our customers paramount. These people are not only our friends and neighbors; they form the very backbone of our customer base and we need to serve their needs to keep them.

Top Priorities

"That's why we have two top priorities in IBAA today. The first is developing a secondary market for placement of real estate ag loans. The other, equally important, is closing the non-bank bank loophole which is allowing other types of financial enterprises to bleed off the lifeblood of our small banks—their deposits and customers' investment money—without having to abide by the regulatory rules we play by, and with no regard for the communities from which they extract this money.

"In turn, this makes it highly important for us to have expanded powers from the Congress. Closing the loophole and expanded powers are addressed as Titles I and II in S. 790 which the Senate has passed and sent to the House, and we want both of those Titles. How-

ever, I would have to say our No. 1 priority right now is to get the loophole closed, then vigorously pursue the expanded powers course, if we have to make such a choice."

Need for Secondary Market

Expanding on the secondary market need, Tom stated, "There is no good source right now for such real estate ag loans, given the horrendous problems of the Federal Land Bank, so we are seeking a way for our members to have such a market to serve our customers, keep them as *our* customers, and we feel we can do so at a more competitive rate and build our customer base for the future. We see the Farm Credit System as wanting a total relationship with farm customers, but we feel that as community bankers that no one can serve these ag producing farm and ranch customers in our area as well as the local community, independently owned bank.

"In many of our communities, we are the *only* financial institution, so Main Street USA depends on us for financing *all* aspects of the community because agriculture is at the core of our lives. If we can't serve our farm and ranch customers, then there is no need for our communities because they will dry up."

Loan Loss Amortization

Tom also points to another area of IBAA interest at this time when he discusses the association's effort to obtain 10-year amortization of loan losses. "This idea is not well received by the regulators, and I can understand their concerns," he says, "because they feel the capital forbearance program is a better approach. But, our ag banks seem much more responsive to the amortization program than the capital forbearance program. They can look to spreading out losses on O.R.E. over 10 years and they can understand that better. The guidelines for this must be strict and must be adhered to. I should add that the new capital forbearance rules just announced are welcomed by our association.

"We need to work with our regulators and we do admire the way they have responded in efforts to address our problems."

Returning to the secondary market topic again, Tom said, "After all the hard work that we, along with the ABA and the life insurance companies put in, and feeling that we had a mutually suitable agreement worked out with FCS on this, whereby we handled our own loan procedures and the FCS would be the vehicle through which to market such loan packages, it was a great disappointment to learn of the latest FCS proposal this week, which none of our negotiating parties can accept."

Expanded Powers Needed

Legislation occupies a great share of the time of any association and its top officials, and IBAA is no exception. Recapping, Tom said, "As a rural banker I am *very* interested in expanded powers so I can better serve and keep my customers and build more profit centers with mutual funds, real estate, insurance and so forth. I have to look for more profit centers; more importantly, to be able to serve my customers totally.

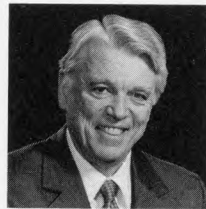
"But we *must* close that loophole to build up our equity. It's our highest priority. We'll be supportive of aid for the FSLIC and Title II aspects of the bill. One thing we'd find *not* acceptable is just a plain FSLIC

.Our Correspondent Commitment Knows No Boundaries.

To us, the best thing about state bankers association conventions is that they give us the opportunity to continue our commitment to regular personal contact. The more we participate, the more we can discover about your bank's needs and concerns.

Naturally, it takes a heavy commitment of personnel and man hours. But, you're worth it. That's why even members of United Missouri's top management will be attending various conventions.

See you there!



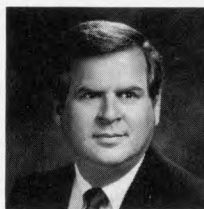
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Mick Aslin
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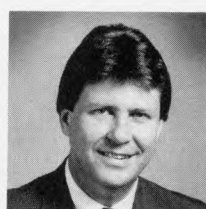
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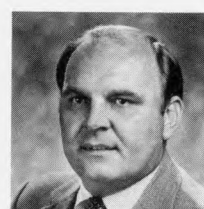
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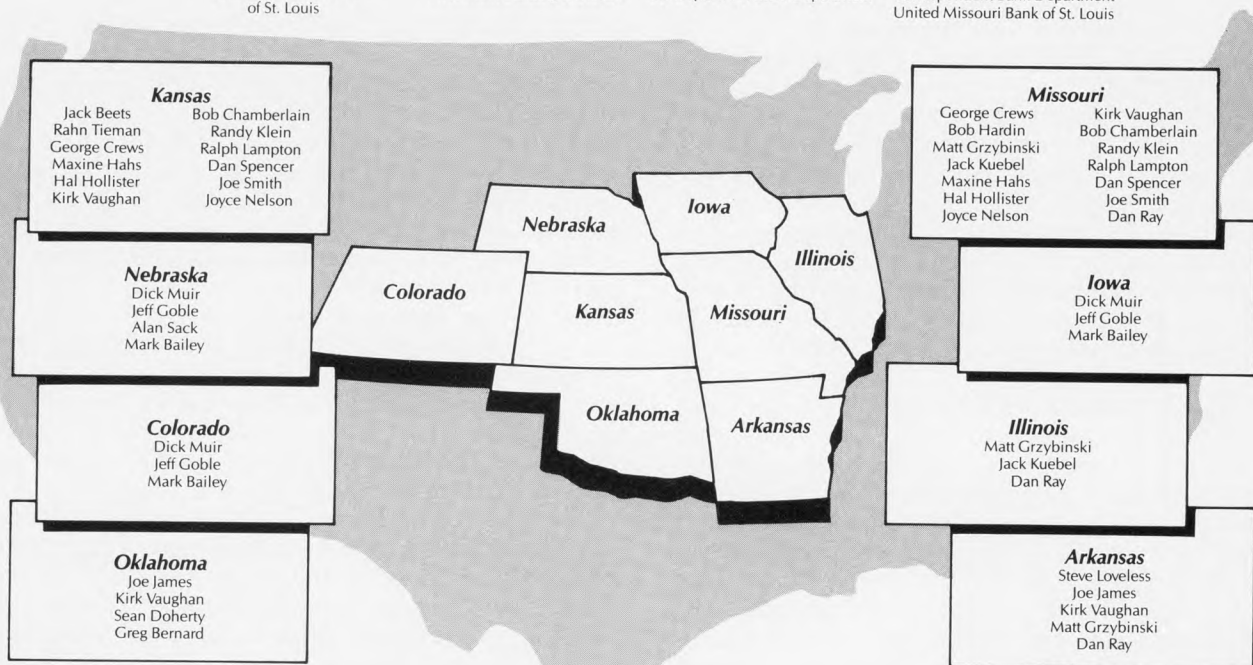
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bill. I'll consider that type of legislation a defeat. All banking associations have declared for closing of the loophole—not to do so threatens the safety and soundness of our system. The key to this right now is the House chairman and we'll be working closely with him. I hope Title I can be preserved; Title II is cloudy."

On the more local scene at home, Tom says producers are well aware that the industry cannot continue and does not want to continue being subsidized by government grants. Banks also understand thoroughly, he says, the need for balancing the budget. "The question then becomes one of how quickly the ag sector support is reduced," he stated. "It looks like land prices are stabilizing right now. All lenders need to absorb their losses over time. Given that, agriculture will be looked at differently in the future. The best of managers will be survivors. But, all this will take time. There will be a lot of land, for example, that should never have been touched that now needs to be returned to reserve. But, we'll work out of it and we will have more sophisticated lenders *and* borrowers.

"If you scratch the surface of banks you will find that all of them, large or small, are greatly affected by agriculture, both here at home and abroad, especially in the area of exports. As we work ourselves through this, things will improve, but not to where we were before. We'll be looking more at performance—profit—and not to collateral."



"We've been going through liquidation of herds for five years and we're now in a rebuilding phase so we must be careful, be good marketers."

Agriculture Is a Business

In the same vein, Tom reflected, "Ag loans absolutely have to be treated as any other good commercial loan. It's not fair to treat them otherwise, even given the condition of our current ag economy. The three C's of lending are still highly important. So far as family farms are concerned, I can't find anyone who can define that term in a way acceptable to everyone. It's hard to accept that total philosophy because farming *is* a business. It takes a certain size to be totally self-supportive in any area of agriculture, but practically all of our ag customers operate truly "family" enterprises.

He feels many farmers are using the heavier cash flow of the past few months to reduce debt fairly well. "The \$50,000 limit sometimes assists those who perhaps should *not* be in business, while the big, efficient operators have had to pare back because of that dollar limitation. Through all of this, it is my firm observation that banks have practiced far more forbearance than other lenders, and Congress is looking now at the FCS and telling them they should be doing the same."

The increase in livestock prices and stabilization of land values have helped improve cash flow considerably, Tom observed. "We've been going through liquidation of herds for five years and we're now in a rebuilding phase so we must be careful. We haven't been very good marketers in agriculture but we now *must* be. We as bankers must help our producers look for price protection down the road—for example, options. This

means we must become smarter, more well-versed bankers so we will know how to help customers in forward contracting with packers, for example, how to know their costs, how to protect with a locked-in profit. But each customer must make his or her own decision. In our bank we plan some seminars on these topics and if other area banks want to participate, they're welcome to do so. Good managers want this information and we feel it's important that they obtain it from their local bank."

Reduced loan demand has put pressure on banks of all sizes to develop income alternatives, he says, and that's one reason for pursuing the secondary market. Through it all, he hopes bankers will caution borrowers about expanding debt too much.

Alternative Sources of Income

With the permanently changing face of agriculture, other alternative sources of income always lead to discussion of economic development. "This is terribly important in ag states," Tom notes. "We have to stay within the agriculture framework fairly well because we are so oriented to ag production, but I hope our bankers will keep closely in touch with this; hopefully, in a leadership role. For example, in the livestock sector, we see the importance of packing plants fitting into our production areas and the whole broad range of economic development."

He added, "I'm really very concerned about the economy of our entire country. The bright spots are both coasts, but look at so many questionable spots in between—the auto industry, for example. General Motors and other auto makers and their 3.9% financing—it's not fair to other players in the lending area. Even though we've had our problems in agriculture, we must look at the broader picture and the long-range effect on all of us. In view of all this, if our government can't or won't balance our budget—well, it's just scary. How do our senior citizens look at all this and feel about their future? How about the future our younger people face? I feel very responsible to the bankers of my state and the people in my community, and feel it is an obligation of my job to reflect credit on them this year as we try to do something to resolve these issues, and to share my experiences with them."

One last thought from Tom shows the direction he is seeking in trying to achieve the aims of IBAA and for the banking industry and its customers. "We're very anxious to work as harmoniously as we can with other banking groups. Any time we have interests and concerns of mutual interest I believe in working together to retain the quality and rights of all bankers.

Tom Olson's friends are certain that after his term as IBAA president is completed and then two years from now when he finishes his official duties as chairman of IBAA, that Tom will be unchanged, but IBAA will be changed for the better because it has had a leader who stood tall in the saddle with all comers. □

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PARTICIPATING in this exclusive interview were, from left: **James V. Kuchar**, pres., Western State Bank, Devils Lake, N.D.; **Richard J. Schurtz**, pres., Bank of New Richmond, Wis.; **C.G. Kelly Holthus**, pres., First National Bank, York, Nebr.; **LaRae Orullian**, pres., The Women's Bank, Denver, Colo., and **Franklin H. Moore, Jr.**, pres., Commercial and Savings Bank, St. Clair, Mich.

DURING the 1987 National Conference for Community Bankers, presented in March in Phoenix, Ariz., by the Community Bankers Council of the American Bankers Association, the **NORTHWESTERN BANKER** conducted an interview with these five Council leaders:

- Franklin H. Moore, Jr., chairman of the Community Bankers Council; chairman and president, Commercial and Savings Bank, St. Clair, Mich.
- C.G. Kelly Holthus, president, Nebraska Bankers Association; president, The First National Bank of York, York, Nebr.
- James V. Kuchar, president, Western State Bank, Devils Lake, N.D.
- B. LaRae Orullian, president and CEO, The Women's Bank, N.A., Denver, Colo.
- Richard J. Schurtz, president, Bank of New Richmond, New Richmond, Wis.

Mr. Holthus, Mr. Kuchar and Ms. Orullian are also members of the ABA Community Bankers Council. Mr. Schurtz is a former member of the Council.

The discussion centered on ABA's educational offerings to community bankers, the amount of money spent by banks on staff education, the Council's most important programs, an assessment of the Leadership Conference, and what community banks are doing in strategic planning.

Part I of that interview appeared in last month's issue. The second and concluding part of the interview follows:

Q. How would you explain the value and effectiveness of the ABA Leadership Conference for community banks?

Mr. Kuchar: May I answer that? A good situation happened a year ago last summer. The ABA had taken a position in regard to legislation called the three-legged stool at that time—more powers, closing the non-bank loophole and the national “trigger” on proposed interstate banking legislation. We—and I call them the Plains States, so to speak—took a position that we did not want any part of the “trigger.” We wanted to deal with that in our own states, in our own time and, as I

Community Bankers Council Leaders Discuss ABA's Role

Part II

recall, our state associations joined together and, through the Leadership Council, specifically and emphatically made the point known that we wouldn't put up with the ABA's position in regard to the “trigger” on interstate banking. The action of that Leadership Conference resulted in ABA changing its position and that was done by the community bankers in concert.

Mr. Moore: I recall that very well. The Government Relations Council had reached its decision in July at a session in Seattle, and the Leadership Conference in September led to an immediate change in that position.

Mr. Kuchar: Last November when we had our advisory board meeting, numerous states reported at peer group meetings emphatically that they had to have some help from ABA in regards to D&O and Blanket Bond coverage. Of course, the ABA at that time just about had it in place, but it was done specifically and primarily because we as community banks couldn't find a market. There is another market out there with Banc-Insure, but that certainly isn't covering all of the states. The ABA captive company can give community banks a choice and a competitive approach to the market now. The Leadership Council was not involved with this, but it shows ABA responsiveness to our needs.

Q. How do you rate the Leadership Council's effectiveness on behalf of the viewpoints of community bankers?

Mr. Moore: I think it's been very responsive. I've probably been to 10 Leadership Conferences because I was in it when I was going through the chairs of the Michigan Bankers Association. But, I have never come away from a Leadership Conference frustrated with the posture that the ABA has taken. Now, sometimes it has taken a little bit of selling back in the state because it wasn't right on where your state legislative committee was coming from on that particular issue. But, I think when it's explained how that position evolved there's been pretty much general agreement. I think a lot of it is bankers that see that as not serving a

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“That was really responding to the needs. . . those benefits just trickle down to the local level. I don’t know how community bankers could complain that they were not represented at the Leadership Council.”

—Kelly Holthus, Nebraska

community banker’s needs are not seeing the whole picture, and I think we’ve had a lot of that over the last few years. They’re not really seeing the broad brush. They’re looking at a very narrow section and I think a lot of us smaller banks tend to do that and say, “Well, wait a minute. If you step back and look at the overall implications...” I’ve not been uncomfortable with the final Leadership Council positions.

Mr. Holthus: I think it’s really a good example of democracy in action. I don’t always get my way, and others don’t always get their way, but you still have a chance to express yourself around the table. There’s a final vote, and I thought it worked very well.

I think that community bankers, and particularly the midwestern states, have come out of the ABA very well the last few years. We had the meeting in Omaha last December which had to do with the ag credit problems and a couple of subcommittees were organized out of that—the secondary market committee for farm land loans, and another one on agriculture. That was really responding to the needs that were being discussed at the Leadership Conference, and those benefits just trickle down to the local level. I don’t know how community bankers could complain that they were not represented at the Leadership Council.

Q. In light of the new Tax Law, what is the biggest concern in handling your investment portfolio at this time. Also, what is your feeling about Strategic Planning for community banks?

Mr. Schurtz: We’re no longer buyers of municipal bonds. We’ve sold off several municipal floating rate issues under the new formula.

Mr. Moore: We were over-sheltered and it will require some restructuring. We’ve been very reluctant to sell our 80% TEFRA municipals. We want to hang onto those even though we might face some alternative minimum tax this year. That’s a carry forward that, hopefully, we can pick up over the next two to three years. We did not want to sell those munys that we had the good position on, but we definitely are not going to be in the market for municipals for some period of time.

Mr. Kuchar: I think the municipal investment portfolios are going to shrink in the future because in regard to tightening of the spreads it’s just tough to get your bottom line up there in any event. If your bottom line isn’t real strong, what are you doing with municipals at all?

Mr. Schurtz: Another problem for all of us is that our investment portfolios are running off and the higher yielding investments are running off. What do you do with them? You go back in on an agency bond or a T-Bill and you get out there at 5-7 years and you’re probably picking up under 7%. In terms of the risk in relation to the volatility of interest rates, that’s scary.

So then, your other alternative is to look for good loans and being in an ag community you’d better be real good at that, too!

It’s interesting to note that it seems that every time the interest rate falls, the exotic investment alternatives seem to come out of the woodwork! They’re doing that again and that’s something we have to be careful about.

Ms. Orullian: I think it’s interesting that the two questions you asked were about the two sessions I attended this morning—Strategic Planning and Investment Alternatives. In terms of the whole income side of the ledger, we need to move back to our original purpose of being in business, and that’s lending. Under the new Tax Law the only *real* source there gets back to the Home Mortgage loan. So, that’s an area we have to deal with and we also have to deal with re-pricing our services so that we look at other than the spread and the interest income. It’s a very new ballgame for us. We’ve been able to sit back and live with tax shelters and have benefitted from that, but we’ve just got to really dig in now and face the whole idea of alternate sources of income *and* holding down expenses. Of course, that’s what we’ve all tried to do but we must take new steps.

Mr. Kuchar: Strategic planning is something so far as I’m concerned that you do on an on-going basis throughout the year because, as things change, as the economy changes, as the various types of mixes change, then if you’ve started a new product you may have to back out of it. You have to recognize that.

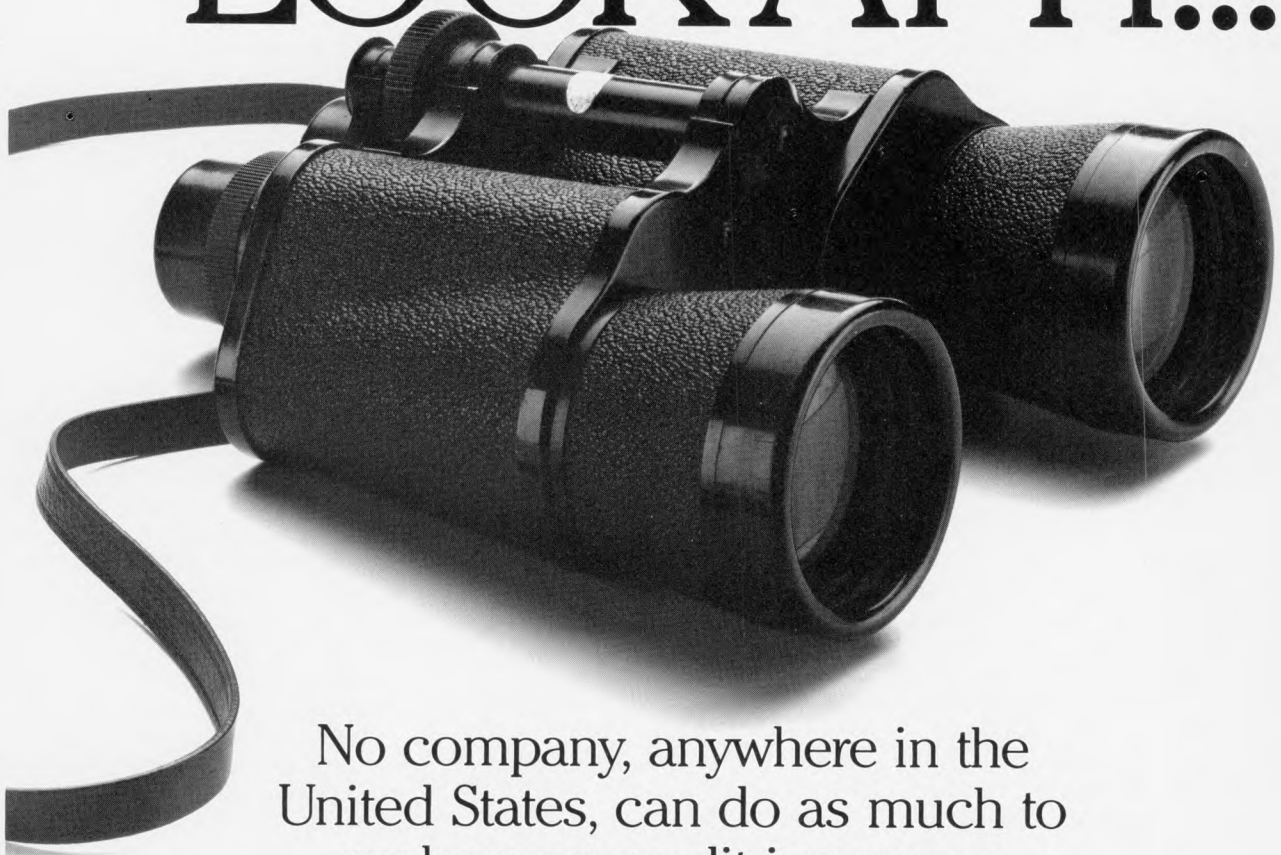
“Strategic planning is a lot of work but we’ve found that we involve a lot of people in our bank in the process.”

—Frank Moore, Michigan

Mr. Holthus: It appears to me that in the muny bond business in Nebraska we’re seeing a little adjustment in the rate because the biggest buyers are banks. So, in order for them to encourage a demand for the bonds, you’re going to see the rates move up. But, you’re going to offset a little bit of the tax consequences on that. We’ll just have to wait and see if that happens. It will be a whole new ballgame for the managers of our school districts and municipalities. Hopefully, as bankers, we’ll get the same yield as we did under the old tax law.

Mr. Moore: Strategic planning is a lot of work but we’ve found that we involve a lot of people in our bank in the process. Whether the plan will ever be worth anything because of the changing circumstances, the exercise itself is very valuable. We’ve got everybody thinking, “Are we moving in the direction we want to go?” □

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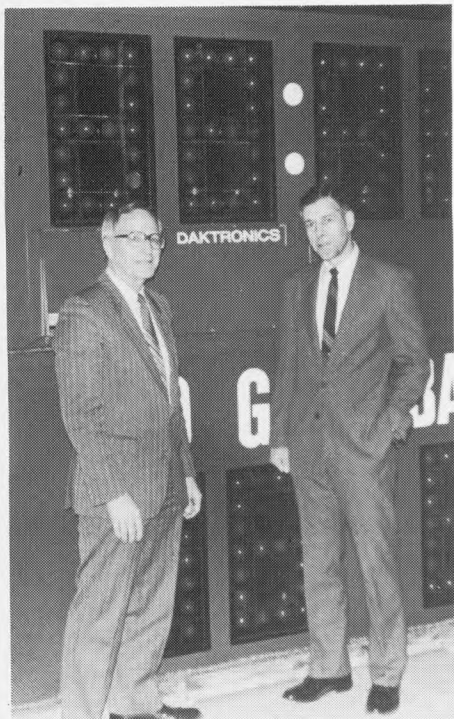
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Brookings Banker Donates Scoreboard

OBERLIN College in Oberlin, Ohio, will receive state-of-the-art scoreboards for its baseball and football programs from alumnus Robert Fishback.



Bob Fishback, right, and Daktronics President Al Kurtenbach pose in front of one of Oberlin College's new scoreboards.

"Oberlin College provided many good opportunities for me," Mr. Fishback said. "Among them was that they let me play on the basketball team for four years. I am grateful for my years at Oberlin and this contribution is one way of showing my appreciation to the athletic department and to the College."

Mr. Fishback graduated in 1958 from Oberlin, received an MBA from the University of Chicago in

1960 and returned to South Dakota where he is currently president of First National Bank in Brookings.

He purchased the two scoring systems from Daktronics, Inc. of Brookings, an internationally-known designer and manufacturer of scoring, timing, and visual communication systems.

Mr. Fishback said that Daktronics had provided scoring and information display systems for the 1980 Winter Olympics in Lake Placid, New York, and will again for the 1988 Winter Olympics in Calgary, Alberta. He noted that the company has built electronic displays for the 1986 World's Fair in Vancouver, British Columbia; Times Square in New York City; and other professional and university athletic facilities around the country.

The new Oberlin scoreboard for baseball, 3½ feet high and 18½ feet across, has been delivered to the college. The football scoreboard, measuring 8 feet high and 16 feet across will be delivered in time for the first game of the 1987 season. Both scoreboards are 100% solid state and will display information with digits that are 2 feet high.

ABA Hosts First National Small Business Conference

A new American Bankers Association conference is aimed at helping bankers serve one of their most important customer bases — small businesses.

The first ABA National Small Business Banking Conference, June 7-9, 1987, in St. Louis, will be an intensive "how-to" training course

The Carpenters Pension Fund of Illinois, covering the State of Illinois and the eastern half of Iowa, announced today a financing program of new and rehabilitation construction projects. The Pension Fund is interested in providing financing of construction and end loans at competitive rates. The servicing of these loans, ranging from \$250,000 to \$2,000,000, will be handled through local banks. The program is available for commercial and residential projects.

For further information, please contact: Frederick A. Westmark, Administrative Manager, Illinois Employee Benefits Corporation, 28 North First Street, Geneva, Illinois, 60134, 312/232-7166.

beginning with "Recruiting and Retaining the Right People" and continuing through "Measuring the Profitability of Your Small Business Relationships." Critical topics, from "Measuring Loan Officer Productivity" to "Effective Business Development Tools" will be presented in 17 sessions.

The conference, to be held at Marriott's Pavilion, will conclude with a panel discussion of "What Small Business Customers Want and Expect from Their Bank."

For additional information, contact Paul Byrd at ABA at (202) 663-5112.

New Software System Sells for \$650/Mo.

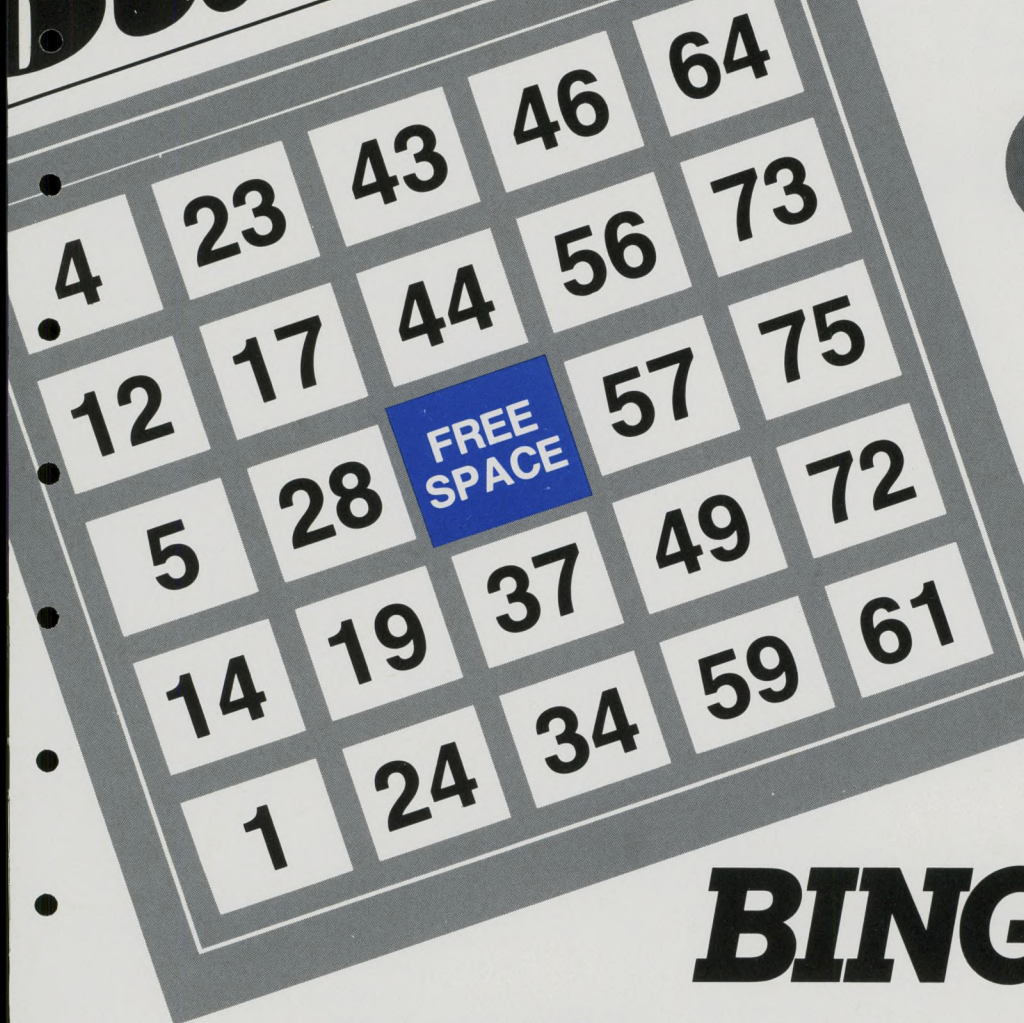
To make "in-house" data processing/information systems available on a cost effective basis for independent community banks, Evergreen Systems, Omaha, has introduced a complete bank information software system with a start-up cost of as little as \$650 per month.

Called "Solutions for Profit & Growth," the system fully integrates all application processing of loans and deposits via customer information file and general ledger for automated processing, accounting, management and regulatory reporting. Platform automation and modeling is provided as part of base system. Check processing is supported via data entry, proof equipment or high speed reader/sorters depending upon requirements.

"Solutions for Profit & Growth" is marketed to the financial industry based upon asset size as follows: To \$20 million—\$650 per month; \$20-\$50 million—\$980 per month; \$50-\$300 million—\$1,800 per month. Price includes installation, education, conversion and training. Regulatory compliance updates and product enhancements are also provided in addition to disaster back-up planning. The bank must provide the IBM System 36 computer. Evergreen Systems, Inc. is a member of IBM's Marketing Assistance Program and will configure the appropriate IBM System 36 for the customer.

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New IBAA Insurance Plan

The Independent Bankers Association of America has introduced a new endorsed insurance program — Legal Expense Reimbursement Insurance for Directors and Officers (GALEXI PLUS) — which is being offered to IBAA-member banks through facilities serviced by NAS Insurance Services.

The GALEXI PLUS plan reimburses outside directors for their legal expenses in suits from sources such as shareholders, depositors, borrowers, employees, etc.

In addition, GALEXI PLUS provides reimbursement for all bank directors and officers for their legal expenses in suits from any governmental entity, such as the FDIC, SEC, IRS, U.S. Treasury, etc.

The new GALEXI PLUS program is an extension of the GALEXI plan previously introduced to IBAA members. The GALEXI plan, which features reimbursement to bank directors and officers for legal expenses involved in suits from governmental entities only, is still available to IBAA-members.

Gary Teagno, director of services for the 7000-member IBAA believes that the new GALEXI PLUS program can be helpful to banks in enhancing their ability to attract and retain qualified individuals to act as board of directors members.

NAS President Maurice H. Sidy, CPCU, ARM, notes that the GALEXI PLUS program provides a partial solution to the gaps created by the current Director and Officer liability insurance "hard market" environment.

The IBAA-NAS/GALEXI PLUS program offers banks a choice of two plans, with annual reimbursement limits ranging up to \$100,000 per director/officer. It features an annual non-cancellable policy. In addition, insured banks receive a 10% premium discount bonus on renewal if there are no claims during the policy year.

The insurance is underwritten by certain Underwriters, Lloyd's, London and is offered by NAS Insurance Services, an excess/surplus lines insurance firm. Coverage is available only through insurance brokers of the bank's choice.

NAS is located at 1800 Avenue of the Stars, Suite 410, Los Angeles, California 90067. Telephone (213) 277-2112.

● First Wisconsin Sees More Acquisitions

WISCONSIN'S largest bank holding company has crossed the state border to enter the Upper Midwest's two most dynamic markets and sees more out-of-state bank acquisitions ahead, officials of First Wisconsin Corporation told shareholders last month.

"Having reached affiliation agreements with four excellent bank holding companies in Illinois and Minnesota, we are off to a strong start in the new era of interstate banking. We look forward to continuing a selective but active acquisition program in 1987 and beyond," said First Wisconsin Chairman Hal C. Kuehl at the company's annual meeting.

Meanwhile, shareholders will receive a 9.5% increase in their dividend payments beginning May 15. First Wisconsin Chairman Kuehl said the annual dividend would be increased to 92 cents from 84 cents per share. This is the third time in the past 12 months that the dividend has been raised, resulting in a 41.5% increase from a year ago.

Outlining First Wisconsin's ac-

quisition program, Vice Chairman Gary B. Rafn said the company's primary objective is to build near-term shareholder value with every purchase. "We are not interested in achieving growth for growth's sake alone. We will acquire companies only on a basis that they can make a positive contribution to each investor's share value," he said.

First Wisconsin has reached agreements to acquire three Illinois bank holding companies with total assets exceeding \$400 million: Naper Financial Corporation, Naperville; Du Page Bancshares, Glen Ellyn; and north Shore Bancorp., Inc., Northbrook. They encompass eight offices in North-eastern Illinois, which is the Midwest's largest market with a population of 7 million in the six counties surrounding Chicago—Cook, Du Page, Will, Lake, Kane, and McHenry.

In Minnesota, First Wisconsin recently reached an agreement to acquire the \$167 million Shelard Bancshares in St. Louis Park. Much of the Twin Cities area, where Shelard

has two banks with five offices, has dynamic economic and demographic characteristics similar to North-eastern Illinois. Shelard's market "includes some of the fastest growing and wealthiest areas of the state," Mr. Rafn noted.

First Wisconsin is actively exploring additional acquisition opportunities in Illinois and Minnesota, he added.

First Wisconsin President Roger L. Fitzsimonds reviewed the company's performance in 1986, which resulted in a 20% increase in per-share earnings.

● FDIC Agrees to Issue Risk-Based Capital Proposal

The board of directors of the Federal Deposit Insurance Corporation agreed on March 31 to issue for public comment a risk-based capital proposal that redefines primary capital, assigns risk weights to on-balance sheet assets and certain off-balance sheet items, and lays the groundwork for establishing a minimum risk-based capital ratio.

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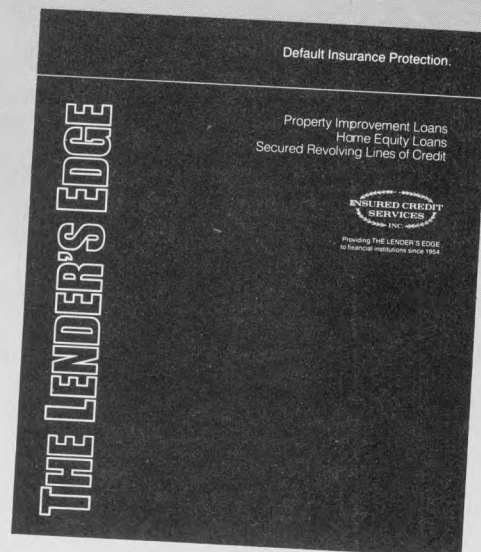
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Exec. Vice Pres.

THE 1987 Annual Convention of the Illinois Bankers Association will be held June 10-12 at the Civic Center in Peoria. Presiding over the gathering will be IBA President Charles E. Waterman, chairman and CEO, South Holland Trust & Savings Bank. Other officers of the IBA are Vice President—Jack A. Emmons, president and CEO, Security Bank & Trust Co., Mt. Carmel; Executive Vice President—William J. Hocter, Chicago; Secretary—Wilbur D. Meadows, president and CEO, National Bank of Canton, and Treasurer—Richard K. Ostrum, president, Uptown National Bank, Chicago.

Senator John Tower (R-Tex.), chairman of the Tower Commission, will be keynote speaker. Dr. Michael L. Mussa, member of the Council of Economic Advisers, will comment on economic change in the financial industry. Dr. Peter G. Hanson, author of *The Joy of Stress: How to Live Well Past 100* will discuss stress as a positive force.

An exciting new feature of the convention will be the appearance via satellite of Senator Alan J. Dixon and FDIC Chairman L. William Seidman. The two will take questions from the convention floor.

Six workshops will be offered, including two on new programs from Illinois BancService Corporation. A panel presentation, "Banking Leadership Assembly," will also be conducted.

The spouses' program features excellent tours, craft workshops, shopping, and health programs. The highlight will be luncheon speaker Maggie Scarf, author of

Intimate Partners: Patterns in Love in Marriage, a current best-seller.

The complete program schedule follows:

Wednesday, June 10

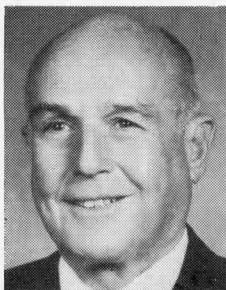
P.M.

- 12:00 Convention registration—cash bar & luncheon buffet.
- 1:30 Convention Workshops:
 - A—MBHC Mergers & Acquisitions
 - B—IBC Deferred Compensation Program
 - C—Changes in Customer Behavior & Technology
- 3:15 Convention Workshops:
 - D—Portfolio Strategies & A/L Management
 - E—IBC Quality of Service System
 - F—Interstate Banking & Deregulation
- 4:30 Exhibits open.
- 5:00 Complimentary welcoming reception.

Thursday, June 11

A.M.

- 8:00 Complimentary continental breakfast, convention registration, exhibits open.
- 8:45 "National Security and the Role of Congress"—the Hon. John Tower, U.S. Senator.
 - "Think Strategically, Plan Competitively and Implement Intensely"—Peter Johnson.
 - "Federal Legislation: The Search for Competitive Equality"—Mark Olson.



L.W. SEIDMAN



J. NAISBITT



A. DIXON

Friday, June 12

A.M.

- 7:30 Complimentary breakfast (by ticket only).
 8:00 Convention registration, exhibits open, complimentary continental breakfast.
 8:45 Third General Session
 "The Impact of Economic Changes within the Financial Industry— the View from Washington"—Dr. Michael L. Mussa.
 9:30 "The Washington Legislative and Regulatory Agenda"—The Hon. Alan J. Dixon (D-Ill.), U.S. Senator, and The Hon. L. William Seidman, chmn. of the FDIC.
 10:30 "The Joy of Stress"—Dr. Peter G. Hanson.
 11:15 IBA annual meeting and election of officers.
 11:30 Cash bar reception.

P.M.

- 12:00 Convention luncheon—"Growth and Adjustment in the U.S. Economy"—John Naisbitt.
 2:00 Adjournment. □

- ABA Leadership Conference Election.
 11:30 Special BANKPAC Reception (by invitation only).
 11:45 Cash bar & luncheon buffet.
P.M.
 12:00 50 Year Club Luncheon.
 12:30 Spouses' Luncheon—"Intimate Partners: Patterns in Love and Marriage"—Maggie Scarf.
 2:00 Second General Session
 "Banking Leadership Assembly"—IBA Pres. Charles E. Waterman, IBA Board Members, Wilbur Meadows & Howard Bell, Members of IBA Committees on Community Banks and MBHC and Facilitators Eileen Friars and Robert Hedges of the MAC group.
 6:00 Banquet reception.
 7:00 Banquet—comedian David Frye, John and Donald Mills of the Mills Bros., Moonlight Serenade Big Band Orchestra.

You Will See Them at the Annual Illinois Bankers Convention

THE following metropolitan bankers and service and equipment dealers have indicated that they will be attending the annual convention of the Illinois Bankers Association in Peoria on June 10-12.

Chicago

American National Bank: Phil Pierchala, vice president; Dennis Reher, second vice president; Bob Regnerus, second vice president; Scott Danahey, correspondent banking officer; Bob Wissier, correspondent banking officer; Peter Hilton, correspondent banking officer; Kurt Undestad, investment officer; Marc Nelson, correspondent banking officer; Craig Grannon, second vice president.

Continental Bank: Zed S. Francis, III, vice president; Catherine A. Schulze, vice president.

LaSalle National Bank: Peter McGuire, vice president; Wayne Bismark, vice president; Del Rogers, vice president; Dick Moline, vice president; Jeff Bowden, vice presi-

dent; Therese Kammholtz, assistant vice president; Barbara Winter, assistant vice president; Tom Nelson, loan officer.

Northern Trust Company: David W. Fox, vice chairman; John V.N. McClure, senior vice president; Michael L. Kubacki, vice president; Mark A. Short, commercial banking officer.

Davenport

Davenport Bank & Trust: Michael Bauer, first vice president; David Howell, correspondent banking officer; John Olinger, correspondent banking representative; Barry Richards, vice president/correspondent banking; James Perkins, correspondent officer; Glen Piotter, first vice president; James K. Figge, office of the president; Thomas K. Figge, office of the president; John Schricker, first vice president; Robert Lenertz, James Shrader and Richard Horst, senior vice presidents.

Kansas City

United Missouri Bancshares:

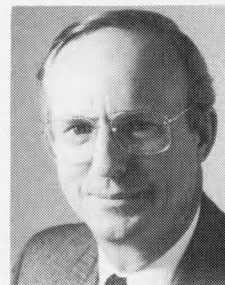
Matt Grzybinski, Jack Kuebel, Phil Youngs.

Bank Equipment and Other Firms Modern Banking Systems, Inc., Omaha, Neb.: Mike Reynolds, regional manager; Leo Stavas, senior sales representative.

Nortridge Software, Freeport, Ill.: Tracy Davis, Kirk Nortridge, sales representatives.

EVP Named in Skokie

Gerald R. Hawk has been named executive vice president of Skokie Trust & Savings Bank. In his new position, Mr. Hawk will be responsible for the operation of the corporate banking division. He was previously employed by LaSalle National Bank as vice president.



G.R. HAWK

ILLINOIS NEWS. . .

(Turn to page 47, please)



Some things have to change.

**At Marquette Bank Minneapolis, we feel
some things should endure.**

Pride in a job well done. A high standard of performance. A tradition of excellence. These are the foundations of Marquette's Correspondent Services Division.

And it shows . . . in our ability to pinpoint and analyze your problems and opportunities. Our willingness to roll up our sleeves, to work with you, to deliver all the

resources of a billion dollar bank to help you meet the challenges of today, and tomorrow.

Technologies and services change, but our attitude hasn't. Because Marquette Bank Minneapolis will never put aside our oldest promise to our customers: professional service with a personal difference.

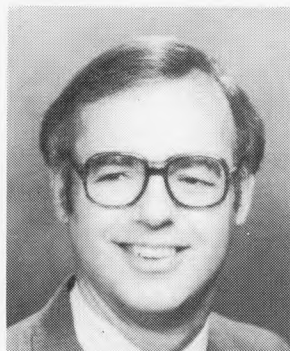


**Marquette Bank
Minneapolis** Member FDIC

Correspondent Services Division

“In Transition” 97th Annual Minnesota Bankers Association Convention

June 8-9
Marriott City Center Hotel
Minneapolis



ROY TERWILLIGER
President



JAMES R. JORSTAD
1st Vice President



A. WILLIAM SANDS
2nd Vice President



R. JAMES GESELL
Treasurer



TRUMAN L. JEFFERS
Exec. Vice Pres.

“In Transition” is the very appropriate theme of this year’s Minnesota Bankers Association 97th Annual Convention, June 8-9. Not only is banking in transition, but the convention format has been changed, condensed to two days and therefore requiring less of a time commitment from busy bankers. A new fee structure has been designed to encourage multiple participation from each bank: \$160 for the first registrant and \$120 for each additional (including spouses). The convention will be held at the Marriott City Center Hotel in downtown Minneapolis.

Featured speakers include Mark W. Olson, ABA president; Tom Brokaw, NBC News anchorman; Hugh Sidey, Washington editor for *Time* magazine; Harvey Golub, CEO of Investors Diversified Services, Minneapolis, and John J. Detterick, president of Sears Consumer Finance Company.

Presiding over the convention will be MBA President Roy Terwilliger, president, Suburban National Bank, Eden Prairie. He has been assisted this past year by First Vice President James R. Jorstad, presi-

dent, Citizens State Bank, Hayfield; Second Vice President A. William Sands, chairman, Western Bank, St. Paul; Treasurer R. James Gesell, president, Cherokee State Bank, St. Paul, and Executive Vice President Truman L. Jeffers.

The complete convention program follows:

Monday, June 8

A.M.

7:30 Men’s Golf Tournament—Hazeltine National Golf Club, Chaska and Dellwood Hills Golf Club, Dellwood.

Women’s Golf Tournament—Lafayette Country Club, Minnetonka Beach.

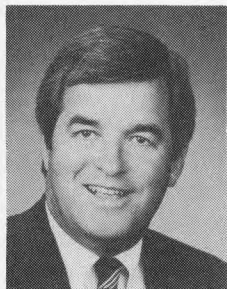
11:00 Tennis Tournament—Interlachen Country Club, Edina.

P.M.

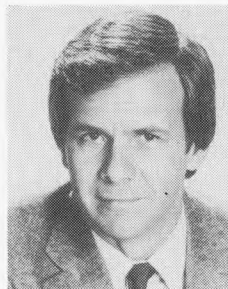
12:00 Spouses Hospitality Center open.

1:30 Spouses special activities—shopping at Calhoun Square; cooking class — The Kitchen Window.

2:15 General Session.



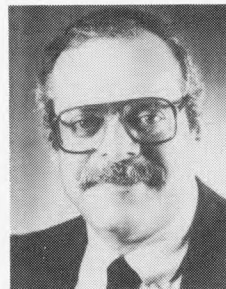
M.W. OLSON



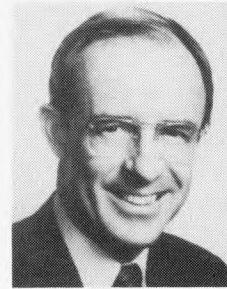
T. BROKAW



H. SIDEY



H. GOLUB



J.J. DETTERICK

Convention call to order—MBA Pres. Roy Terwilliger.

Opening ceremony.

Address—Mark W. Olson, pres., ABA, pres., Security State Bank, Fergus Falls.

Bankers response to economic development—William Sands, chmn., MBA Rural Economic Development Task Force; chmn., Western Bank, St. Paul.

Legislative analysis and summary—Truman L. Jeffers, MBA e.v.p.

4:40 Economic Development Special Interest Sessions—The Banker's Role in Economic Development; Tools Available for Economic Development; The MBA Pilot Economic Development Project.

6:00 First Night Hospitality—hosted by Minnesota correspondent banks.

Tuesday, June 9

A.M.

7:30 Fellowship breakfast—John Bell Wilson and Tom Tipton.

9:00 Spouses Hospitality Center open.

9:00 General Session.

Address—Tom Brokaw, anchor, NBC News. Nominating Committee report and election of officers. ABA state meeting and election.

10:45 Special Interest Sessions—Productivity; Beyond the Basics: Consumer Marketing Strategies; Negotiation To Win; Loan Review and Risk Rating.

P.M.

12:15 All convention luncheon—"Transition in the Presidency"—Hugh Sidey, Washington ed., Time Magazine.

12:15 Pioneer and past officers luncheon—Installation of 50 year bankers.

2:00 General Session

MBA Treasurer's Report.

"IDS and Sears — Tell It Like It Is"—Harvey Golub, CEO, Investors Diversified Services, Minneapolis. John J. Detterick, pres., Sears Consumer Finance Co.

2:30 Spouses fashion show.

3:30 Special Interest Sessions (see 10:45 a.m.)

6:00 All Convention Reception.

7:00 Annual Banquet—Installation of 1987-88 MBA officers; The Paul and Linda Show.

10:30 Convention adjournment. □

You Will See Them at the 97th Annual Minnesota Bankers Convention

THE following metropolitan bankers and service and equipment dealers have indicated they will be attending the 97th annual convention of the Minnesota Bankers Association in Minneapolis on June 8-10.

Chicago

LaSalle National Bank: Wayne Bismark, vice president; Peter McGuire, vice president.

Minneapolis

Marquette Bank: Ralph Nelson, vice president; Dick Holmes, assistant vice president; JoAnn Hinnen-thal, assistant vice president; Minnie Schroeder.

Norwest Bank, N.A.: James Campbell, president; John Sampson, senior vice president; Robert Rasmussen, Stan Peterson and Gene

Herold, vice presidents; Mike Bodeen, Bill Meyer, Ross Buffington, Larry Lange, Lloyd Simms, John Slifer, Lennie Kaufman and Edge Jackson, assistant vice presidents; George Evers, community banking officer; Tony Mailhot, community banking representative.

Norwest Corporation: Richard Kovacevich, vice chairman; Dick Erickson, vice president.

Norwest Investment Services, Inc.: John McCune and Tim Skildum, senior vice presidents; Jim Holker and Ted Taney, vice presidents; Bill Bracken, Tom Gormley and Dave Butterwick, assistant vice presidents.

Norwest Electronic Delivery Services: John Sikkink, president; Bill Brewer and Phil Benson, vice presidents.

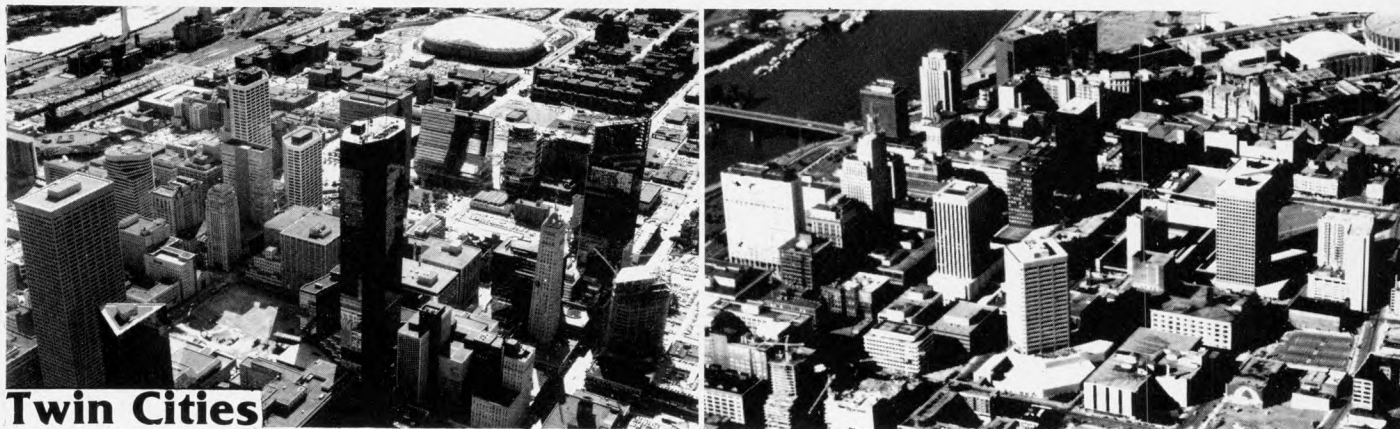
Norwest Technical Services: Mike Ruane, vice president; Marlene Wright and John Reynolds, sales representatives.

St. Paul

American National Bank: J.R. Kingman, III, James W. Reagan, Donald R. Lindeman, Julie B. Boljanovich, John P. Seidel, Debra A. Maeurer, Robert W. Jacobson, James A. Russell, Tom Olander, Craig Mueller, William J. Carlson, Bill Langford, Bob Rosenberg.

Bank Equipment and Other Firms Modern Computer Systems, Omaha, Neb.: Ron Ingersol, president; Tom Harrington, sales representative; Gene Wesely, sales representative; Dan Kesky, sales representative.

North Central Companies, St. Paul: Roland Allen, vice president; Jim Allen, regional manager; Keith Falconer, regional manager; Ron Peterson, regional manager; Dick Stengrim, vice president.



Marquette Bank Minneapolis has created a new division dedicated to the purchase of loan participations from other local, regional and national financial institutions. **James D. LaBreche** was appointed vice president of the division.

The new unit, Business Services Division III, was formed to provide the bank with a new source of quality loans. It will work in concert with the bank's two other commercial lending groups.

Marquette Bank has also announced the following appointments in its newly formed Business & Consumer Services Group:

Jerry Gates was named group vice president. He will be responsible for the bank's three business services divisions. He will also oversee the executive financial services division, cash management and international banking.

Marcia Hanson was named group vice president with responsibility for consumer banking, consumer lending, marketing and IRA/Keoghs.

Jeri Slinger was named group vice president with responsibility for credit administration, loan administration and operations.

Meanwhile, **Thomas Korsman** has been appointed corporate trust officer. He will be responsible for bond trusteeships, escrows and paying agencies. Mr. Korsman previously served as trust officer in the corporate trust division of First Bank Minneapolis.

* * *

Gerald H. Thole has been elected president of First Bank Security, St. Paul. He succeeds **Rodell L. Hofland**, who has been elected president of First Bank Grand, St. Paul. Mr. Hofland's predecessor at First Bank

Grand, David A. Zelinsky, has assumed new duties as southeast consumer market manager for the metropolitan area First Banks.



G.H. THOLE

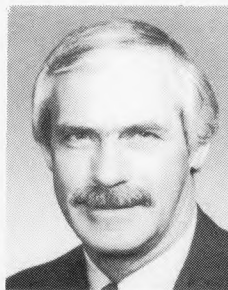


R.L. HOFLAND

Mr. Thole most recently served as vice president, small business division, at First Bank St. Paul. He has been with First Bank System since 1973. Mr. Hofland joined First Banks in 1967, and served in many capacities including as president of First Bank Northfield.

* * *

American National Bank of St. Paul has announced that **Lowell S. Gillem** has joined the bank as vice president—compensation and employment. He has spent the past five years as an independent human resource consultant. He has also worked in a variety of human resource functions at Pillsbury, Gould, Inc., Honeywell, and Dow Chemical.



L. GILLEM

* * *

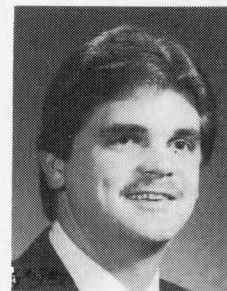
The American Institute of Banking chapters in Minneapolis and St. Paul have announced the formation of a new organization, to be known as Minnesota Metro AIB, effective

August 1. The new chapter will maintain the traditions of these previous Twin Cities chapters that trace their history back to the early 1900's and will be among the largest AIB chapters in the country.

Chairman of the Minnesota Metro AIB will be **Dennis Williams**, president/CEO, New Hope State Bank. President will be **Timothy Macke**, president/CEO, Liberty State Bank.

* * *

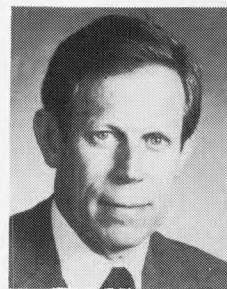
Victor P. Reim, chief executive officer and chairman of the board of Commercial State Bank in St. Paul, has announced the appointment of **Dean W. Anderson** as assistant vice president in the bank's mortgage lending department. Mr. Anderson was previously senior loan officer with Washington Federal Savings in Stillwater.



D. ANDERSON

* * *

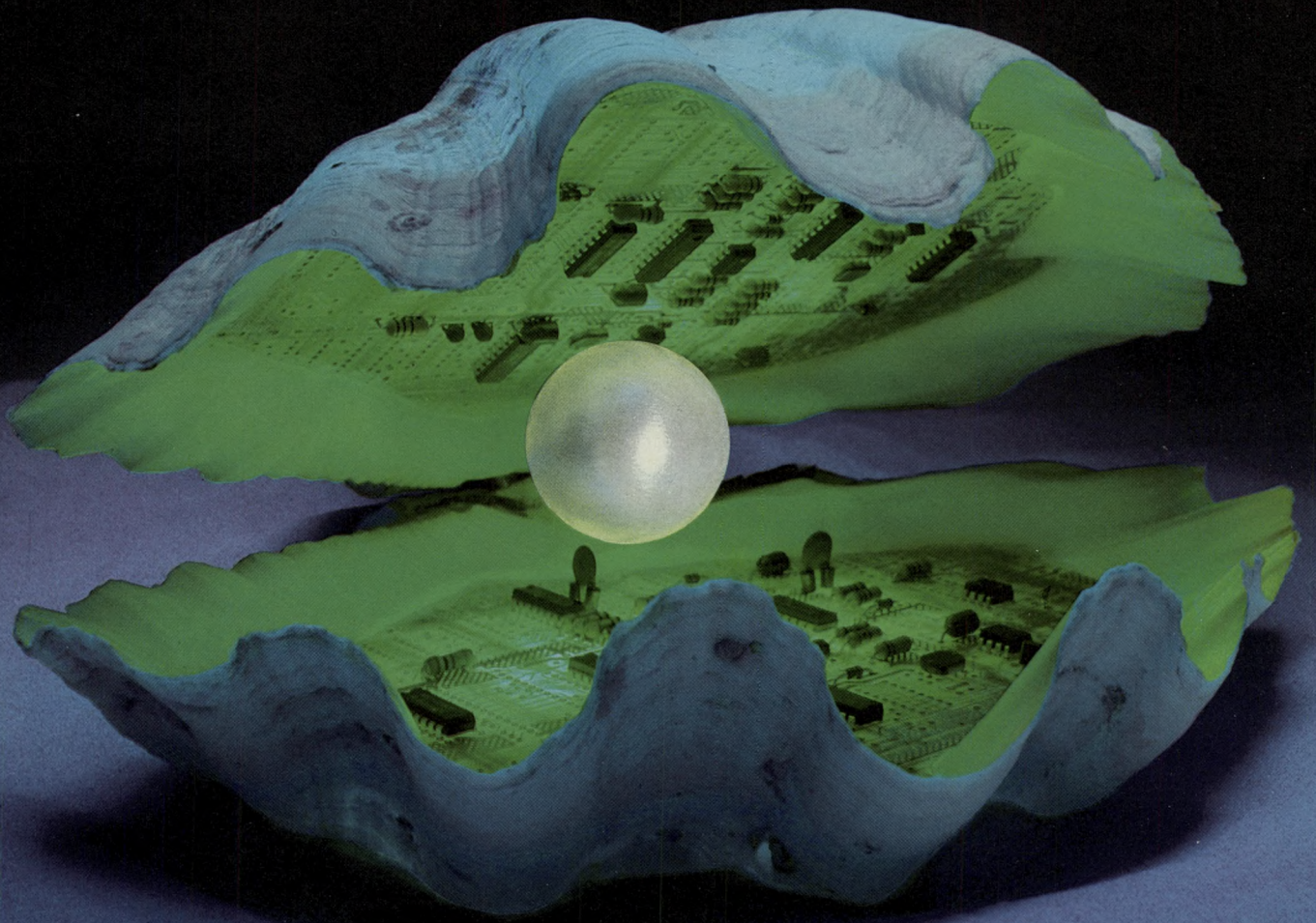
Norwest Corporation has announced the appointment of **David M. Ryan** as director of arts program for the new Norwest Center, now under construction in downtown Minneapolis. He will be responsible for the acquisition and commissioning of works of art to be installed in



D.M. RYAN

MINNESOTA NEWS...

(Turn to page 48, please)



CULTIVATE SUCCESS.

Now's the time to prepare for the new wave of competition in banking—with automated services from First Wisconsin.

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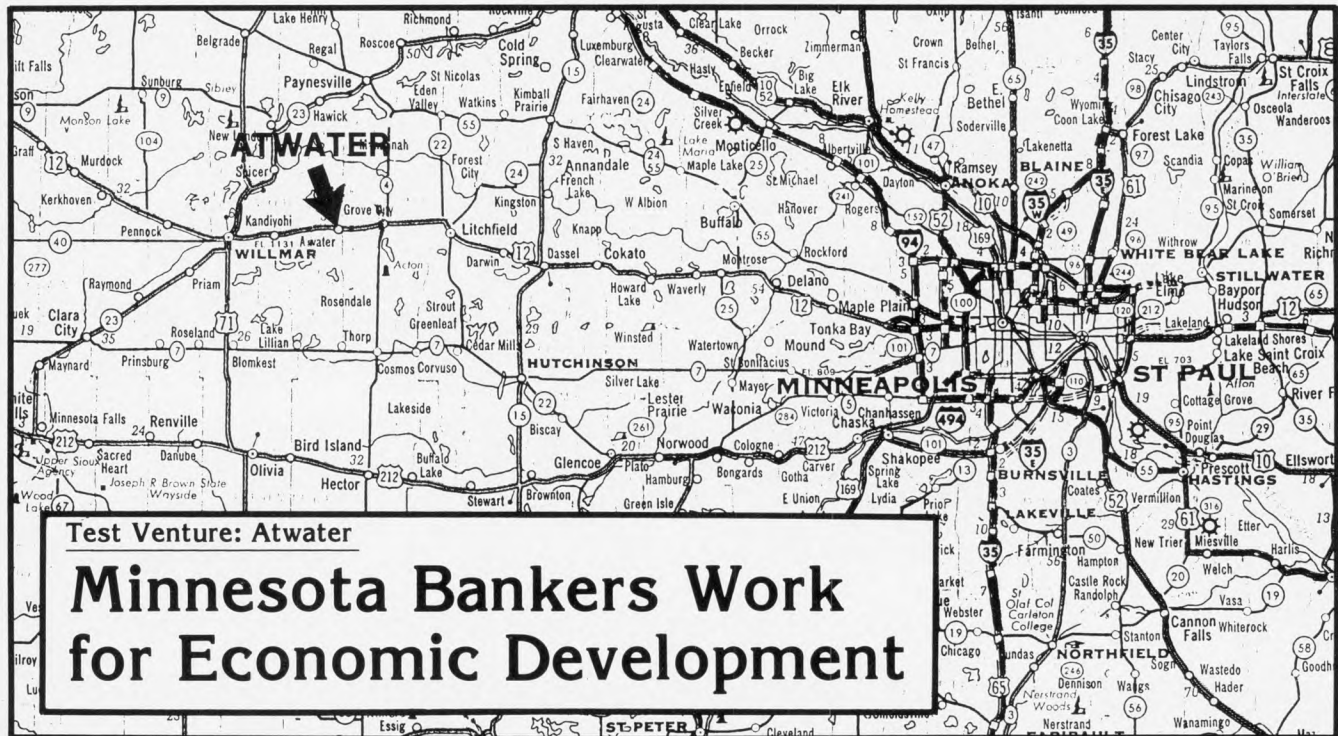
Discover the systems that cultivate success. Call First Wisconsin today at (414) 765-4459.

WHEN PERFORMANCE COUNTS.SM



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A PILOT PROJECT sponsored by the Minnesota Bankers Association is assisting the town of Atwater, Minn., to formulate its own economic development program. The success of that test venture led MBA leaders last month to officially form a new subsidiary, the Minnesota Bankers Development Corporation. Its goal will be to work with member banks in spearheading economic development efforts in other Minnesota communities.

The Atwater pilot project was undertaken in January, 1987, by the MBA's Rural Economic Development Task Force, a 13-member group of bankers from around the state. It is chaired by A. William Sands, chairman of Western Bank, St. Paul. One of the Task Force members is Suzanne Meyerson, president of the \$13 million assets Atwater State Bank, who is described by Mr. Sands as "energetic and capable." Her community was selected for the pilot program in late 1986 and she introduced the plan in January to the Atwater city council.

Atwater is a town of 1,100 residents just 81 miles due west of Minneapolis. Speaking of that community and its banker-leader, Mr. Sands said, "It's a one bank town, she's the banker, and she cares a lot about it."

Mrs. Meyerson took her enthusiasm for the pilot project, which she helped formulate, to the Atwater city council in January and action developed rapidly. She outlined the MBA's proposal, which was to provide at no cost to Atwater the services of a Minneapolis-based consulting firm of Conner & Imsland Associates, who specialize in economic consulting.

After listening to her positive presentation, council members accepted the offer. On January 21 and 22, members of Atwater's business community and government met with consultants Don Imsland and Dick Conner. The entire group evaluated the area's business climate, economic structure and plans for the future.

Suzanne reports that "The agenda for the meetings was very general. The consultants wanted to meet a variety of people from the community." The meetings concentrated on identifying the assets and needs of the city. The *Atwater Herald* reported that the sessions "produced positive feelings for the participants."

A week later, the consultants met with 30 Atwater residents to discuss a broad range of economic issues. Subsequent meetings have continued on a monthly basis and are open to the public.

During a telephone interview, Suzanne Meyerson told the NORTHWESTERN BANKER that the pilot project in Atwater "is moving along well. Lots of things are in the works. There is always a tendency to think we're moving too slow, so we must realize that in a small town we must have patience. However, while making every effort to develop a number of options, there are five areas where we are already active:

"1. We were able to convince the Town Council and the Chamber of Commerce to hire a paid, part-time coordinator who works essentially under the Council, but has an office and telephone provided by the Chamber. That part-time position is funded jointly by the Council and the Chamber, and that person is in touch constantly with all facets of the town's life.

"2. The City Council is looking at a site for a Civic Center. We have an architect in town who has volunteered his services for drawing plans.

"3. The Atwater Development Association, which is incorporated, is looking at converting to a non-profit organization or, perhaps, establishing a non-profit firm alongside the present association. An attorney is looking into this for us at this time. In the meantime, we are busy recruiting new members from the local community.

"4. Historic preservation is a big item with us. Our downtown area has lots of turn-of-the-century buildings, including our hotel, the Atwater Inn, which is on

the Historic Buildings registry. Although none of the upstairs rooms currently are being used, it houses a restaurant. We are exploring the idea of trying to designate an entire block as a historical district, or perhaps have the Council declare it to be a Preservation District.

"Our bank very likely would offer financing for such projects, but these efforts are so new that we're not yet at the stage where we can make such decisions. We want to develop a local chapter of the County Historical Society.

"The *Atwater Herald*, for instance, which is moving its main offices to the town of Spicer by May 1, will keep a satellite news office in its building here, but it is leaving behind in the news building here a lot of antique printing equipment and plans to restore it and establish a museum at this location. Our interest is not only preserving this heritage, but also in developing tourism.

"5. We have also established an Improvement Committee, which is concentrating on painting and freshening up buildings and private homes alike. We are taking advantage of an offer from Valspar Paint Co. of Minneapolis, which will supply paint to communities for just this purpose, and we've applied for 200 gallons of the paint.

"6. Right now we have area farmers and main street people working together to learn anything they can that will help farmers be more profitable on the farm. Our goal is to help develop some on-site farm enterprises that will augment income, rather than the usual path of trying to develop off-farm jobs for farmers."

In reflecting on these initial efforts, and the more time-consuming long-range study being undertaken in the Atwater pilot project, Suzanne Meyerson stated, "What we're seeing in small towns is the desire to stabilize the town. But most small town banks have a high ag risk in their loan portfolio, so local development helps diversification. The goal of our whole effort is for bankers to become involved in their communities."

Mr. Sands commented, "We want the community and the local banker to feel ownership of the plan. We're here as a resource. We intend that the plan be



Suzanne Meyerson, president of Atwater State Bank, helped formulate the pilot economic program.

directed to long-term job creation, not a quick-fix solution to economic problems."

Encouraged by the reception of the pilot project by Atwater leaders, and sensing the opportunity to help Minnesota communities to project a positive image while developing community survival and growth plans, the MBA acknowledged the early results of the Atwater pilot program by forming in early March its Minnesota Bankers Development Corporation.

"MBA is making a major, on-going commitment...to assure the economic strength of all of Minnesota."

This non-profit corporation will coordinate the Atwater program and identify other communities where similar projects would be helpful. The MBDC charter will provide local bankers with information and resources that will enhance their role as leaders in local economic development. It will help them and their communities to identify strengths and weaknesses, to discover ways to improve the local economy, assist existing business in expansion, examine ways to attract new jobs, and identify sources of capital.

Roy W. Terwilliger, president of the MBA and president of Suburban National Bank in Eden Prairie, said, "MBA is making a major, ongoing commitment to the economy throughout Minnesota. We are currently focusing on rural Minnesota, but our long-term objective is to assure the economic strength of all of Minnesota."

In addition to Mr. Sands and Mrs. Meyerson, the MBA Rural Economic Development Task Force members are:

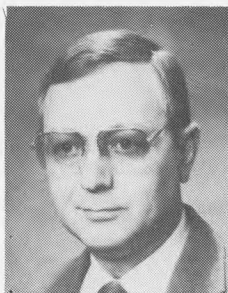
- Jim Mirehouse, First Bank System, Minneapolis.
- Douglas F. Bultman, president and CEO, MinnWest Bank Redwood Falls, Redwood Falls.
- Robert Burk, president and CEO, Merchants & Miners State Bank, Hibbing.
- Arthur Espeland, president and CEO, First National Bank, Henning.
- Robert F. Foley, president and CEO, Citizens State Bank, Roseau.
- Richard E. Gandrud, president and CEO, Pope County State Bank, Glenwood.
- Ronald V. Johnson, president and CEO, First National Bank, Jackson.
- Kenneth E. Just, president and CEO, First National Bank, Barnesville.
- James G. Sneer, president and CEO, Farmers State Bank, Mountain Lake.
- William H. Zabel, president and CEO, Peoples State Bank, Plainview.

Truman L. Jeffers, MBA executive vice president, commented, "The development corporation will be located with the MBA in Minneapolis. Although it's not official yet, we want to call it the Minnesota Bankers Enterprise Network." He emphasized that the MBA would not duplicate efforts of other public or private organizations involved in economic development. A meeting to elect a board of directors was held April 23, the first step to get the corporation operational.

The new corporation will be a subsidiary of the MBA, which has 715 member banks. □

Elected in Dodge Center

Philip D. Johnson has been elected president and chairman of the board of the Norwest Bank Dodge Center. He previously served as senior vice president/administration at Norwest Bank Austin.



P.D. JOHNSON

John Novotny, vice president/commercial lending at Norwest Bank Rochester, had been serving as interim manager of the Dodge Center bank since the first of the year. He is relocating to Columbus, Neb.

Mr. Johnson began his banking career at Citizens First National Bank, Princeton, Ill., in 1974.

ated with First Bank System since 1959. He has held various lending positions, and served most recently as senior vice president, small business division, at First Bank Southdale.

Changes Told in Mt. Iron

Three officer changes have been announced by Mountain Iron First State Bank of Mountain Iron. Carol E. Kangas has been elected cashier. She has served at the bank for 16 years, most recently as assistant vice president. Steven C. Nelson has joined the bank as assistant vice president. He formerly was loan officer at First Bank Minnesota in Virginia. Oliver O. Forstrom has announced his resignation from the board, having served for 42 years as a director. He retired as the bank's vice president and cashier in 1977.

Elected in Edina

John D. McDonald has been elected president of First Bank Edina. He succeeds H. Scott Hutton, who has assumed new duties as manager of the southwest consumer market for the metropolitan First Banks.

Mr. McDonald has been associ-

Added in St. Cloud

Mark Januscha and Beth Atwood have joined Zapp National Bank, St. Cloud. Mr. Januscha, who previously worked with Pueringer Distributing, Inc., will be commercial loan officer. Ms. Atwood will serve as junior auditor.

Architect Visits Owatonna

Cesar Pelli, former dean of the Yale School of Architecture and the architect of the Norwest Center in downtown Minneapolis, recently visited the Norwest Bank of Owatonna, which was designed by Louis Sullivan in 1908. Mr. Sullivan is often referred to as "the Father of Modern American Architecture," and the Owatonna bank is among his most admired buildings. Mr. Pelli is pictured with Lloyd P. Johnson, Norwest Corporation's chairman and chief executive officer.



Mr. Pelli praised the building, which he has studied since he grew up in Argentina. "There's a special pleasure in re-encountering this jewel of the prairie," he said. "Everytime you see something like this it affects what you will do afterwards."

The building was designated a national historic landmark in 1976.

Appointed in Montevideo

First National Bank in Montevideo has announced the appointment of John Klamann as vice president—commercial loan officer. He brings nine years experience in commercial, real estate and installment lending. He previously served as senior vice president at First Wyoming Bank in Riverton. Prior to that he was a loan officer at Northwest Bank in Bismarck, N. Dak.



J. KLAMANN

Mora Bank Remodeled



PEOPLES National Bank of Mora is currently in the final stages of a major remodeling project which started in September of 1986. A feature of the remodeling is a 42 by 6 foot painted mural depicting local landmarks. The mural is located behind the teller windows, and was painted by an artist from Sauk Rapids, Minn. Other interior remodeling included new offices, a customer service area, new reception area and installation of a new vault door and safe. An open house is being planned for May.



R.J. McClellan, pres., Janesville
B.K. Koontz, exec. dir., Madison



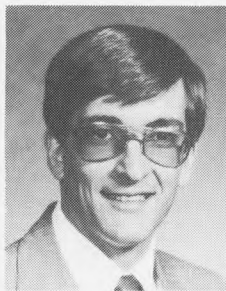
Elected in Menomonie

Gene A. Haberman has been elected president and chief executive officer of Valley Bank, Menomonie. He has 20 years of banking experience in the Minneapolis-St. Paul area, primarily with Norwest Corporation and most recently with Marquette Bank. Mr. Haberman succeeds Calvin H. Beals, who announced his resignation in December.

Promoted in Eau Claire

At First Wisconsin National Bank, Eau Claire, five officer promotions have been announced.

Elected vice presidents were Thomas E. Saffert, Jean M. Peterson and Thomas P. Taylor. Mr. Saffert joined First Wisconsin—Rice

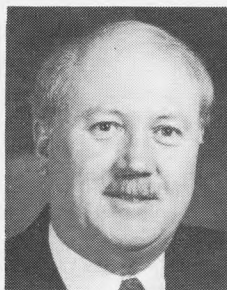


T.E. SAFFERT

Lake in 1976, where he most recently served as vice president of the business banking department. Ms. Peterson joined First Wisconsin in 1970 and has managed the business development department since 1983. Her new duties will also include marketing. Mr. Taylor joined the bank in 1979 as a trust officer and most recently served as assistant vice president.



J.M. PETERSON



T.P. TAYLOR

Denise E. Gilchrist was promoted to assistant vice president. She joined the bank in 1985 and man-

ages the residential mortgage loan operation. Patricia R. Coriden was elected trust officer. She joined First



D.E. GILCHRIST



P.R. CORIDEN

Wisconsin in 1985 as a trust administrator responsible for personal trusts and employee benefit plans.

Named in Madison

James J. Mueller and Richard J. Walters have been named vice presidents of Valley Trust Company, Madison.

Mr. Mueller will manage the employee benefits and corporate trust services division. He has been with Valley Trust for one year, most recently as an assistant vice president.

Mr. Walters will be responsible for sales and marketing of personal trust services. He joined Valley Trust in 1986. Prior to that he was an assistant vice president with Marine Trust, Milwaukee.

Carolyn P. Hawks has been named trust officer and is responsible for the administration of employee benefits. Prior to her association with Valley, she was employee benefits administrator with the trust department of American Trust & Savings Bank, Dubuque, Ia.

Cheryl Teal has been promoted to assistant trust officer. She has been with Valley for the past seven years, most recently as trust administrator.

Named in Oshkosh

Mary Beth LeMere has been named trust officer at Valley Trust Company, Oshkosh. She is also the

IRA coordinator. Ms. LeMere has been with Valley for the past three years, most recently as an assistant trust officer at the Oshkosh location.

Central Wis. to Acquire Bank of Plover

Central Wisconsin Bankshares, Inc., a multi-bank holding company headquartered in Wausau, and the Bank of Plover have announced that sufficient acceptances have been received for the holding company to proceed with acquiring a controlling interest in the bank.

This acquisition brings the total banking affiliates of Central Wisconsin Bankshares, Inc. to 14, with 29 bank locations and assets of approximately \$750 million.

ILLINOIS NEWS...

(Continued from page 37)

Cole Taylor Creates New Image for Banks

Cole Taylor Financial Group, a multi-bank holding company with assets over \$1 billion which is headquartered in Northbrook, is establishing a new identity. All eight locations of the five member banks that comprise the group have adopted a uniform image that will be represented on letterhead and signage.

The campaign is intended to help the public recognize the association of each bank with the holding company. For this purpose the banks have been renamed. The Main Bank in Wheeling and Chicago will now be Cole Taylor Bank/Main; Drovers Bank of Chicago will be Cole Taylor/Drovers; Skokie Trust & Savings Bank will be Cole Taylor Bank/Skokie; Ford City Bank & Trust Company will be Cole Taylor Bank/Ford City, and Bank of Yorktown will be Cole Taylor Bank/Yorktown.

An extensive advertising campaign will reinforce the new corporate identity. The Cole Taylor logo in red and black will be used consistently by all banks, along with the slogan "The People with the Personal Touch."

In celebration of the campaign, Cole Taylor is sponsoring a scholarship contest for young artists in each bank's community. Children ages 8 to 14 may compete and winners will receive a scholarship to enroll in the School of the Arts Institute's Study Program.

South Dakota

B.M. Broderick, Jr., pres., Canton
J.M. Schwartz, exec. v.p., Pierre



Promoted in Sioux Falls

Norwest Bank South Dakota, N.A., Sioux Falls, has announced the promotion of Leonard Dankey to assistant vice president, business banking. He joined Norwest in Sioux Falls in 1978 and since has served at the Westwood branch and the downtown branch, where he most recently held the title of business banking officer.

Elected in Sioux Falls

Recently elected to the South Dakota regional staff of First Bank of South Dakota, Sioux Falls, were Marshall A. MacKay, vice president

and cashier, and Paul C. Livermore, financial analyst. Mr. MacKay joined the staff in 1984 as vice president and regional operations administrator. Mr. Livermore joined the bank in 1985 in the finance and control area, having previously served as a project control analyst with Citibank—South Dakota.

Elected in Lemmon

L. Bruce Birkeland has been elected loan officer at First Bank Lemmon. He joined First Bank System in April, 1986 as a loan specialist with FBS Credit Services, Inc. in Rapid City.

MINNESOTA NEWS...

(Continued from page 41)

Norwest office and semi-public areas. He will also oversee rotating art exhibitions in the lobby and schedule lectures, musical presentations and other performing arts.

Mr. Ryan has 23 years museum experience, including as director of the Des Moines Art Center and the Fort Worth Art Museum, and curator of exhibitions with the Minneapolis Institute of Arts.

* * *

Thomas A. Hayden, a vice president and director of Allison-Williams Company, has been elected senior vice president and director. Mr. Hayden joined Allison-Williams Company in 1981 in municipal sales. Allison-Williams is located in the IDS Center in Minneapolis.



T.A. HAYDEN

* * *

Marquette-Holm Insurance Agency, Inc. Minneapolis, has announced the appointment of **Rollie Johnson** as vice president—sales. Mr. Johnson has an extensive background in the insurance and banking industries, and joins the agency from his most recent position as president and managing officer of American Insurance Agency of Edina.



R. JOHNSON

* * *

Norwest Capital Resources has expanded its Norwest Horizon family of comprehensive, standardized employee benefit plans for customers to include pension and profit sharing plans.

The Norwest Horizon Money Purchase Pension Plan is designed for companies who wish to contribute a pre-determined amount toward their employees' retirement. The Norwest Horizon Profit Sharing Plan is designed for companies who wish to contribute to their employees' retirement, based on a specific percentage of the company's profits.

Wyoming

N.P. Van Maren, pres., Casper
G. Tea, exec. dir., Casper



Interstate Banking Bill Passed

On March 6, Wyoming Governor Sullivan signed into law HB 164—Interstate Banking, which goes into effect May 22. This bill is a nationwide, non-reciprocal interstate banking bill which would allow an out-of-state financial institution to acquire an in-state financial institution which has been chartered to do business in the State of Wyoming for at least three years. The bill also provides that if an in-state financial institution is in danger of being closed, the state examiner shall give preference to any in-state financial institution desiring to acquire that institution. It also includes a prohibition on non-bank banks.

Meanwhile, SF 257 failed in the early part of the session. This Wyoming Bankers Association bill

would have created a central filing system for financing statements on farm products, to comply with Section 1324 of the Food Security Act of 1985.

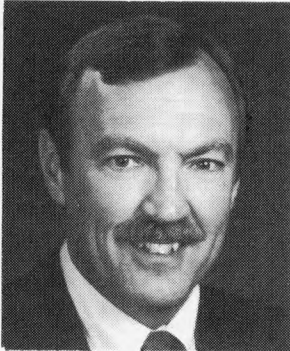
SF 185, which would authorize the Secretary of State to conduct a study regarding the development of such a filing system, did pass, however. The Secretary of State shall provide a report to the governor and legislature no later than January 1, 1988, with recommendations for a system.

The Wyoming Legislature also passed a bill which would establish a procedure for voluntary mediation of disputes between farmers or ranchers and their creditors. It would require that the creditor notify the borrower of the availability of mediation services when starting any foreclosure proceedings.

Colorado Banking: Safe, Sound, Secure

86th Annual Colorado Bankers Association Convention

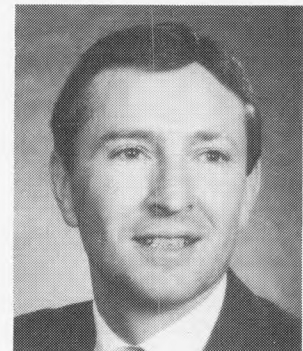
June 3-6
Broadmoor Hotel
Colorado Springs



A.J. "TONY" ANDERSON
President



JON COATES
President-Elect



DON A. CHILDEARS
Exec. Vice Pres.

THE 86th Annual Convention of the Colorado Bankers Association will be held this year on June 3-6 at the Broadmoor Hotel in Colorado Springs. The theme "Colorado Banking: Safe, Sound, Secure" recognizes Colorado's proud banking history and reaffirms the association's commitment to the future.

CBA President A.J. "Tony" Anderson, president, Kiowa State Bank, Kiowa, will preside over the convention. President-Elect is Jon Coates, chairman, Century Bank of Denver. Also speaking at the convention will be CBA Executive Vice President Don A. Childears.

The complete program follows:

Wednesday, June 3

P.M.

4:00- Registration.
6:00

Thursday, June 4

A.M.

8:00 Registration.
Tournaments:
Fun Run
Men's Mixer Golf
Women's Mixer Golf
Tennis
Skeet & Trap Shoot

P.M.

6:00 Western night.
Cocktails.
7:00 Dinner.
Entertainment: "Timothy P. & Rural Route 3."

Friday, June 5

A.M.

7:00 Central Bank of Denver breakfast.
8:30 Registration.
9:00 Business session:

Opening ceremonies.

President's address: A.J. Anderson, CBA pres., pres., Kiowa State Bank.

Election & installation of CBA officers.

Address: Mark W. Olson, ABA pres., pres., Security State Bank, Fergus Falls, Minn.

Management report: Don A. Childears, CBA e.v.p.

10:30 "Think Tank" Sessions:

Loan Review and Closing, Loan Workouts, Small Businesses, Compensating Your Sales Force, Mountain Banks Insurance Services, Tax Planning, Public Funds and Credit Unions, Asset Liability Management, Ag Lending.

11:45 Luncheon. Address: Bob Murphey, atty. & counselor, Nacogdoches, Tex.

P.M.

2:00 "Think Tank" Sessions.
6:00 Cocktails.
7:00 Dinner.

Entertainment: Pianist Roger Williams.

Saturday, June 5

A.M.

7:30 Continental breakfast, Peer Group Sharing Session.

9:00 Business Session:

Jon Coates, CBA pres.-elect, chmn., Century Bank of Denver.

Address: John Cassis, pres., SecondWind, Wheaton, Ill.

Election of Colorado delegate to ABA Banking Leadership Conference.

CBA resolutions & bylaws amendments.

Address: Jack Whittle, Whittle & Hanks, Chicago, Ill.

P.M.

12:00 Adjourn.

You Will See Them at the 86th Annual Colorado Bankers Convention

THE following metropolitan bankers and service and equipment dealers have indicated they will be attending the 86th annual convention of the Colorado Bankers Association in Colorado Springs on June 3-6.

Denver

Central Bank of Denver: William Perry, president, Central Bank, Colorado Springs; John Bush, general counsel, Central Bancorporation; Diane Sweeney, correspondent banking officer; Richard McElroy, vice president; William Tumelty, vice president—correspondent bank-

ing; Eric Anderssen, correspondent banking officer.

Kansas City

United Missouri Bancshares: Dick Muir, Jeff Goble, Mark Bailey.

Bank Equipment and Other Firms Central States Health & Life, Omaha, Neb.: Pat Keirges, regional vice president; Judy Straayer, Colorado regional manager.

Modern Banking Systems, Omaha: Gary Moore, president; Frank Stearnes, senior sales representative; Tom Lahti, vice president.

United Banks Acquires IntraWest

On March 27 the Federal Reserve Board approved United Banks of Colorado, Inc.'s application to acquire IntraWest Financial Corporation. Following approval by the Comptroller, the anti-trust division of the Justice Department has 30 days to comment on the mergers.

Per the agreement signed in July of last year, United Banks will issue up to 4,320 shares of its common stock in exchange for all IntraWest common stock, which is an exchange rate of .7234 of a share of United Banks' stock for each share of IntraWest's.

As part of its application, United Banks agreed to sell its banks in Montrose and Steamboat Springs because the combined banks would have exceeded market share maximums allowed by Justice Department guidelines. United Bank of Steamboat Springs will be purchased by a company associated with the Western Industrial Bank located in Steamboat Springs. United Bank of Montrose will be acquired by a group of investors in Montrose.

At year-end, United Banks had assets of more than \$4.8 billion with 32 banks and several non-banking subsidiaries. IntraWest had assets of \$1.2 billion with 16 banks and several non-banking subsidiaries.

The conversion of IntraWest banks to United Banks' data processing and operational systems began in April. Customers of Intra-

West are receiving information about the schedule of bank conversions and how their accounts will be affected.

On April 10, United Banks of Colorado, Inc. filed application with the Comptroller of the Currency to merge banks in three Colorado communities. The banks being merged are located in Fort Collins (south), Greeley, and the Southwest Plaza area of Denver.

Once the mergers have been approved, the names of the merged banks and their senior managers will be:

United Bank of Fort Collins—South: David E. Bailey, chairman and CEO; David B. Hill, president.

United Bank of Greeley—Royce B. Clark, chairman and CEO; Leroy Leavitt, president.

United Bank of Southwest Plaza — Kyle McLaugherty, chairman and CEO; Jean Naylor, president.

United Banks intends to file application to merge the banks in Boulder as soon as certain operational issues are resolved, according to N. Berne Hart, chairman and CEO of United Banks. Until application is filed and approved, Paul Troyer will serve as chairman and CEO and Larry Meyer as president of both IntraWest Bank of Boulder and United Bank of Boulder. After the merger, they will continue in their respective positions at the one bank.

Changes Told in Denver

At United Bank of Denver, Patricia P. Holmes has been named vice president, Ronald C. Logue has been named assistant vice president and Gary B. Lutz was promoted to commercial banking officer.

A cash management product manager, Ms. Holmes has been with the bank since 1972. Mr. Logue joined the bank in 1979 and is currently manager of the funds transfer department. Mr. Lutz also works in cash management and joined the bank in 1984.

In addition, George S. Ansell and Kermit L. Darkey have been elected to the board of directors of United Bank of Denver. Mr. Ansell has worked in higher education most of his career and has been president of the Colorado School of Mines since 1984. Mr. Darkey is president of the Rocky Mountain Employers Council, Inc.

CNB Announces Changes

Colorado National Bank has announced numerous staff changes.

Rebecca H. Cordes and Carol A. McLaughlin have been elected assistant vice presidents of Colorado National Bankshares, Inc., Denver. Ms. Cordes joined the organization in 1982 as a senior auditor and was then promoted to audit manager. Ms. McLaughlin also joined Bankshares in 1982 as a staff auditor and is currently responsible for managing the EDP audit functions of the corporation. Christine Denton has been elected an accounting officer. She joined the company in 1985 as a financial analyst and currently supervises the financial reporting staff.

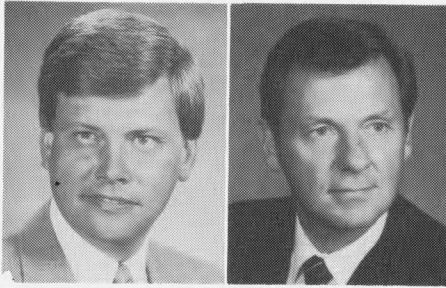
At Colorado National Bank—Exchange, Colorado Springs, Dr. William M. Stone has been elected vice president and marketing director. He recently retired as a lieutenant colonel with the U.S. Air Force. His last assignment was as chief of long range planning on the air staff at the Pentagon.

At Colorado National Bank—Evergreen, Elizabeth (Penny) Hawkins has been elected a vice president. She joined the bank in 1984 as a loan administrator and is current-

COLORADO NEWS. . .
(Turn to page 51, please)

Montana

W.E. Schreiber, pres., Whitefish
J.T. Cadby, exec. v.p., Helena



Deer Lodge Bank Fails

The Federal Deposit Insurance Corp. for the first time has handled a bank failure without assuming the bulk of the institution's problem loans.

The transaction was promoted by the failure April 9 of Deer Lodge Bank and Trust Co., a \$13.6 million-deposit bank in Deer Lodge. Peoples Bank of Deer Lodge, N.A., a newly-chartered subsidiary of Sandquist Corp. of Bozeman, Mont., purchased most of the failed bank's assets at a discount.

The assets, carrying a book value of \$12.7 million, were acquired for about \$10.8 million, a 15% discount. The FDIC will retain assets of the failed bank with a book value of about \$2.1 million. These assets had "enough legal questions surrounding them that we wouldn't have wanted an assuming institution to take them," said an FDIC spokesman, Alan Whitney.

"The transaction will result in a substantially lower cost to the

FDIC than if these assets were held and liquidated in receivership," the agency said.

Mr. Whitney added that "there will be other cases where we are confident we will be able to convey all of the assets of a failed bank to an assuming institution."

This new policy is intended to cut the agency's liquidation costs and keep more assets in the private sector. The FDIC is already in control of about \$12 billion in assets from failures.

Lending Law Passed

The recent passage of HB-499 means lenders will be prohibited from using or disclosing information relative to a contract of insurance required by the credit transaction for the purpose of replacing such insurance without the prior written consent of the borrower.

If a bank owns an insurance agency, the bank may not disclose this information to its agency unless it

first obtains the written consent of the borrower. This written consent can be obtained at the time the loan is made, so banks may wish to revise their loan documents, states Montana Bankers Association Executive Vice President John T. Cadby.

First Refusal Bill Passed

SB-142 has become law, and requires a bank acquiring foreclosed agricultural land to offer to sell the land, or any portion, to the immediately preceding owner for the same price offered by a third party. This offer is required only the first time the property is sold.

The Montana Bankers Association was successful in limiting the right of first refusal only to foreclosures occurring between now and June 30, 1991. The bill will automatically die in four years unless extended in the 1989 or 1990 sessions.

If the bank chooses to lease the property, the immediately preceding owner must also be given right of first refusal except that once the preceding owner fails to meet the terms of a lease offer, the right to meet future offers is extinguished.

The right of first refusal to purchase or lease applies to any foreclosed agricultural land held by the bank for up to five years. Therefore it is valid until June 30, 1996.

Complete information regarding the new law is available from the MBA.

COLORADO NEWS...

(Continued from page 50)

ly responsible for commercial loans and marketing. Peter Neumann has been elected a lending officer. He began his career with the bank in 1983 as an assistant loan administrator. Debra K. Edgar has been elected a banking officer, and is responsible for customer service, student loans, and Visa. She joined the bank in 1983.

Jodi Smith has been elected an assistant vice president of Colorado National Bank—Aurora. She started with the bank in 1982 and is responsible for marketing and teller, new accounts and bankcard functions.

Laura V. Fick has been elected an assistant vice president at Colorado National Bank—Arapahoe. She joined the bank in 1976 and is re-

sponsible for operations.

Nathan J. Palmquist has been elected cashier of Colorado National Bank—South, Denver. He began his banking career in 1982 with the First Bank Holding Company and joined CNB of Denver in 1983.

At Colorado National Bank—Boulevard, Denver, Christine L. Dixon has been elected a total banking officer. She joined the bank in 1985 and is currently responsible for customer service, account analysis and personnel scheduling.

Donald D. Kirkwood, a Fleming area farmer, has been elected a director of Colorado National Bank—Sterling.

Roger W. Ayan, Jr., has been elected an assistant vice president of Colorado National Leasing, Denver. He joined the company in 1984 and

is responsible for lease administration.

Appointed in Englewood

First Interstate Bank of Englewood, N.A., has appointed Jon Hanson as commercial loan officer. Mr. Hanson has a B.A. in business administration from South Methodist University in Dallas.

Elected in Denver

Robert L. Albin and William J. Keller have been elected to the board of directors of Central Bancorporation, Inc., and CCB, Inc., Denver. Mr. Albin is president of Robert L. Albin Management Consultants. Mr. Keller is president of Asphalt Paving Co., and has also served on Central Bank of Denver's board of directors for six years.

ORCHIDS

from
MBU



William March
President



Robert E. Roh
Exec. Vice President



Patrick H. Rensch
Sr. Vice President



Chuck Poore
Sr. Vice President



Bill Abts
Vice President

We're the people who have been presenting orchids to the ladies at the Nebraska Bankers convention for over 30 years. We'll be doing it again this year. And our tradition for professional service goes on, too. We are Nebraska's most experienced home-owned firm dealing exclusively in tax-exempt securities. Our people have been providing you with expert financial advice for more than 40 years. We're the MBU Professionals!



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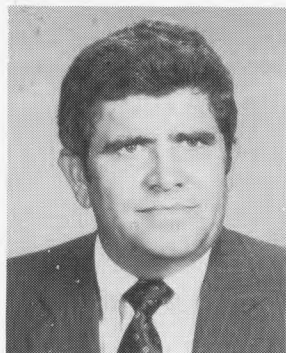
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“Turning Ideas Into Action” The 90th Annual Nebraska Bankers Association Convention

May 14-16
Cornhusker Hotel
Lincoln



C.G. HOLTHUS
President



DONALD E. BLAHA
President-Elect



STAN MATZKE, JR.
Exec. Vice Pres.

THE 90th Annual Convention of the Nebraska Bankers Association will be held May 14-16 at the Cornhusker Hotel in Lincoln. This year's theme is "Turning Ideas Into Action: Education. Motivation. Service."

Speakers scheduled include management expert Dr. Thomas W. Faranda; Donald G. Ogilvie, executive vice president of the American Bankers Association; Cynthia Hardin Milligan, director of the Nebraska Department of Banking & Finance; playfulness trainer Ritch Davidson of Playfair, Inc.; J. Thomas Madden, senior vice president of Federated Investors, Inc.; Judge Samuel Van Pelt, director of Nebraska Judicial College and president of Judicial Arbitration, Inc.; business analyst Jack Jackson, and Michael Reagan, son of President Reagan. Featured entertainers will be the Osmond Brothers.

Presiding over this year's convention will be President C.G. "Kelly" Holthus, president and CEO, First National Bank of York. He will be succeeded in that office by Donald E. Blaha, president, First National Bank, Ord. NBA Executive Vice President is Stan

Matzke, Jr.

The complete convention program follows:

Thursday, May 14

A.M.

- 8:00 Registration opens.
- NBISCO board of directors meeting.
- 9:00 Executive council meeting.

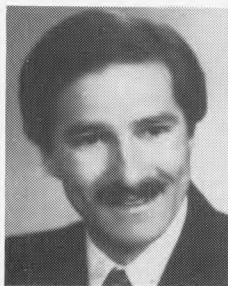
P.M.

- 12:00 VIP luncheon.
- 1:30 NetWorks board of directors meeting.
- 3:00 Past president's meeting.
- 4:30 Trade show opening hospitality reception.
- 6:00 NBA correspondent banks' annual hospitality night.

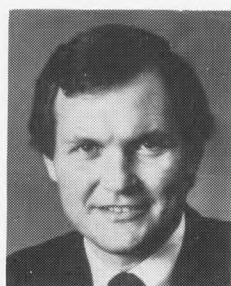
Friday, May 15

A.M.

- 8:00 Registration desk open.
- 8:15 Trade show breakfast.
- 9:00 Grand opening of the 90th annual convention—Mr. Kelly Holthus, NBA pres.



T.W. FARANDA



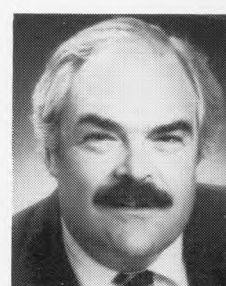
D.G. OGILVIE



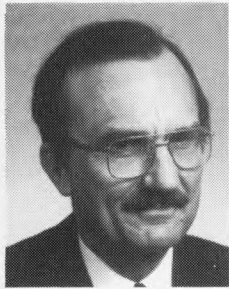
C.H. MILLIGAN



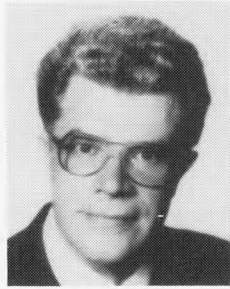
R. DAVIDSON



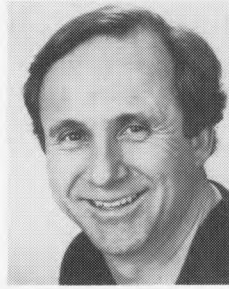
J.T. MADDEN



S. VAN PELT



J. JACKSON



M. REAGAN



THE OSMOND BROTHERS

- 9:15 "Ten Commitments to Excellence"—Dr. Thomas W. Faranda, pres., Faranda & Assoc.
 10:15 "Turning Ideas Into Action At the National Level"—Donald G. Ogilvie, ABA e.v.p.
 10:45 "Moving Forward"—Cynthia Hardin Milligan, dir., Neb. Dept. of Banking and Finance.
 11:15 Trade show break.
 11:45 Luncheon—"Putting Fun To Work: The Power of Humor in Management"—Ritch Davidson, Playfair, Inc., s.v.p.

P.M.

- 1:30 "The Economy & Financial Market"—J. Thomas Madden, Federated Investors, Inc., s.v.p.
 2:15 "Conflict Resolution In A Depressed Farm Economy"—Judge Sam Van Pelt, dir., Neb. Judicial College.

- 2:45 "Challenge of Change in the Banking Industry"—Jack Jackson, chmn., Jack Jackson & Assoc.
 3:30 NBA annual meeting; NetWorks annual meeting.
 4:30 Trade show break.
 Executive council meeting.
 6:00 NBA President's Reception.
 6:45 NBA President's Banquet.
 8:30 The Osmond Brothers.
 10:30 Larry Gomez & Brotherhood—reception & dance.

Saturday, May 16**A.M.**

- 8:30 NBA annual awards program.
 Breakfast—A Morning With Michael Reagan.
 Awards ceremony—Governor Kay Orr. □

You Will See Them at the 85th Annual Nebraska Bankers Convention

THE following metropolitan bankers and service and equipment dealers have indicated that they will be attending the annual convention of the Nebraska Bankers Association in Lincoln on May 14-17.

Des Moines

Norwest Card Services: Darryl Hansen, president.

Kansas City

United Missouri Bancshares: Dick Muir, Jeff Goble, Alan Sack, Mark Bailey.

Lincoln

First National Lincoln: Gary Bieck, vice president and manager; Steven Anderson, vice president; Marvin Hefti, vice president; Charles Greenway, vice president; Mark Hahn, vice president; Charles Ellis, operations officer; David Luckey, ag inspector; Kathryn Barker, assistant vice president; Dan Black,

Craig Engelage and Betsy Crowley, agriculture and financial institutions representatives.

Minneapolis

Norwest Bank, N.A.: John Sampson, senior vice president.

Norwest Technical Services: John Reynolds, sales representative.

Omaha

FirsTier Bank Omaha: Richard Yesnowski, vice president; Gary Parker, vice president; James Allen, vice president.

First National Bank of Omaha: Bruce R. Lauritzen, president; F. Phillips Giltner, vice chairman; Dennis A. O'Neal, executive vice president; J. William Henry, executive vice president; H. Frederick Kuehl, vice president; Thomas H. Jensen, ag loan officer; James P. Bonham, vice president; Gerald J. Tomka, second vice president.

Norwest Bank Nebraska, N.A.: John R. Cochran, chairman and CEO and regional president, Nor-

west Corporation; Charles Undlin, president; Howard Nielsen, vice president; Wally Landon and Sam O'Neil, financial institutions officers; Debbie Delgado, financial institutions operations officer; James J. Free, client executive.

Bank Equipment and Other Firms

Central States Health & Life, Lincoln: John Benson, assistant vice president; Margaret Donovan, regional manager; Brenda Frey, regional manager.

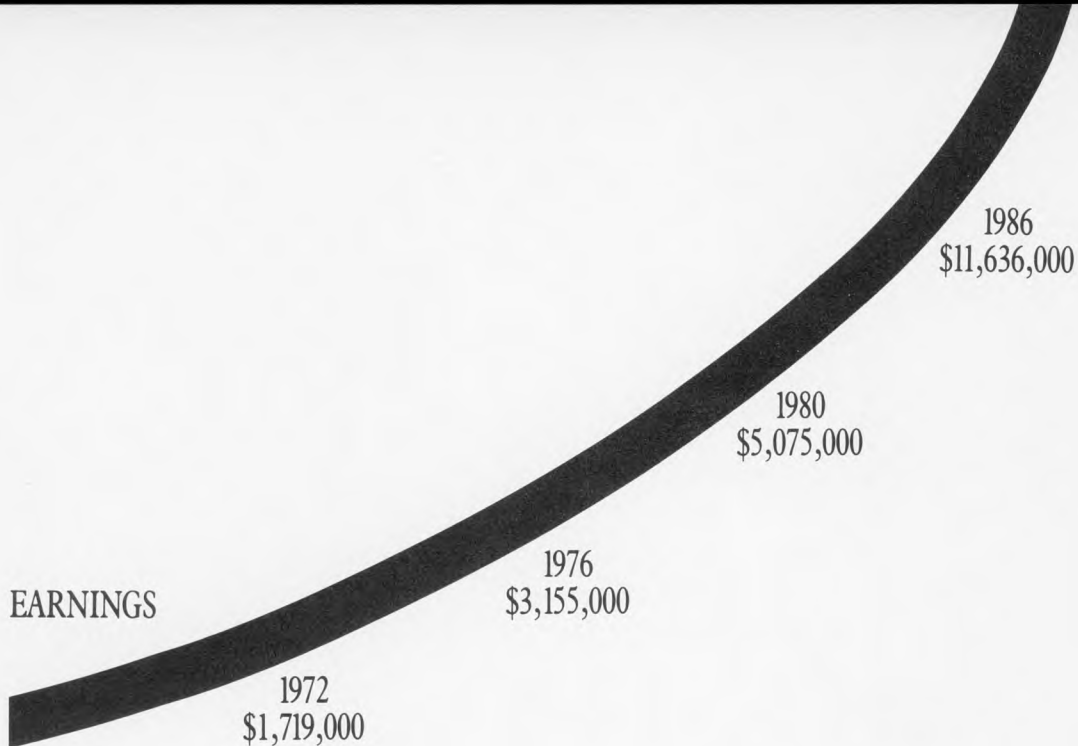
Kansas Bankers Surety Company, Topeka, Kan.: Don Towle, president; Dave Abendroth, vice president.

MABSCO Agricultural Services, Inc., Des Moines, Ia.: Jeffrey J. Rodman, vice president marketing and product development.

MBU, Inc., Omaha: Robert E. Roh, executive vice president.

Modern Banking Systems, Inc., Omaha: Mike Reynolds, regional manager; Bill Pierce, regional manager; Kevin McCormick, senior sales representative; Greg Shimonek, sales representative.

North Central Companies, St. Paul, Minn.: Russ Eng, regional manager; Dennis Zea, regional manager; Bob Mundy, general agent; Pat McQuillan, general agent.



Our Reputation Is On The Line.

We're known as a bank that performs. In fact, the average annual growth rate of the after-tax earnings of First National Bank of Omaha* is 15%. And 85% of that goes back into the bank for better services and products.

We're proud of our solid growth. And proud to serve you — and assure you — with our strength, financial expertise and experience.

Few institutions offer you what we can in performance and stability. Wouldn't you rather trust your money to the people who have a reputation for sound financial management?

In 1986, we achieved \$11 million plus in earnings. That's why we're proud of our name.

* First National of Nebr., Inc.

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FirstTier Bank Omaha and FirstTier Bank Lincoln are a dominant financial force throughout the heartland. We know this area and its people. That's why we're the institutions to turn to for help with your own needs, or when serving the needs of your customers.

As a member of the \$2 billion FirstTier Financial group, we offer the experience, expertise and financial strength that few can match. And we mean business for those we serve.

*Count on us to serve **you** well.*



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Omaha

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Omaha

The American National Corporation has announced that **Paul H. Albrecht** has been elected senior vice president and chief operating officer of both the Home State Bank and Trust Co., Humboldt, and The Dawson Bank, Dawson. Mr. Albrecht previously served as the president of the Otoe County National Bank & Trust Co., Nebraska City.



P.H. ALBRECHT

Bank of Nebraska, Omaha, has announced that **Patrick J. McPherson** has joined the bank as senior vice president. Mr. McPherson has twenty years of banking experience. He is a graduate of Creighton University and has attended numerous banking schools, including the University of Colorado School of Banking.



P. McPHERSON

Named in Bellevue

Carol A. Volenec has been named vice president of Affiliated Midwest Bancs, Inc., Bellevue. She was also named an associate member of Affiliated's executive committee. Ms. Volenec joined the organization in 1974 as Chairman John H. Becker's executive secretary.



C. VOLENEC

Recent Applications Filed

An application has been filed with the Office of the Comptroller of the Currency to consolidate the Scottsbluff National Bank & Trust Co. and Western National Bank of Scottsbluff.

The Bank of the Midlands, Papillion, has filed an application with the Nebraska Department of Banking to relocate its main facility from 104 E. Gold Coast Road to 1402 S. Washington.

The Department of Banking has also received an application from Cornhusker Bank, Lincoln, to establish a branch facility at 1600 N. Cotner.

Seven Honored in Kearney

Kearney State Bank and Trust Company, Kearney, recently honored seven employees for their years of service. They are: Carolyn Menke, Sue McNeal, Kim Sheldon, Terri Kitt, Cynthia Rafferty, Vickie Hands and Ron Canfield.

Elected in Milford

Farmers and Merchants Bank, Milford, has announced the election of two new directors. They are D.D. (Bud) Riblett, vice president and loan guaranty officer of the bank, and Judy Eicher, vice president of Home State Bank, Beaver Crossing. Mr. Riblett was formerly with the Farmers Home Administration state office in Lincoln, where he served for 32 years prior to joining F&M Bank two years ago.

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NBA Executive Councilmen See Economic Upswing Beginning

MEMBERS of the Nebraska Bankers Association Executive Council commented on signs of improvement throughout the state economic scene over the past year. While admitting troubled times are not over, council members are more optimistic than ever. These bankers were invited to analyze business and farm conditions in their areas for this special report. Their comments follow:

DONALD E. BLAHA
 President
 First National Bank
 Ord

PROPERTY values are showing signs of stabilizing at current levels, which is a reduction of some 75% from levels seen a few years ago. There continues to be a lot of farm real estate on the market with a small number of sales. We are seeing very few farm sales compared to one year ago. Most of our customers showed profits in 1986, unless their debt load was excessive. We expect very little demand for farm operational loans in 1987, because the income from government programs is staggered throughout the year.



Residential real estate in Ord is selling exceptionally well. Last fall there was an excessive number of newer houses on the market, but most of these have been sold within the past thirty days. There are several lower priced houses for sale but very few, if any, newer ones for sale or rent. There were several newer houses sold within thirty days or

being put on the market. The prices are reduced some 40% from the high values we witnessed about six years ago.

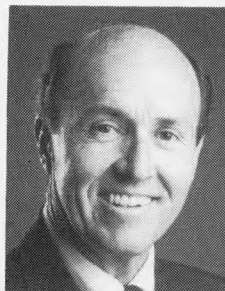
The Calamus Dam project continues to employ many local people. The dam construction itself is completed, but canal construction will continue for several more years. The work has begun on all camp grounds and a fish hatchery is to be completed by 1991 and located right below the dam.

Our bank has continued a steady growth pattern and we are now in the process of adding on and remodeling our branch office in Sargent. We will now have a drive-up window and drive-up ATM for our customers in the area.

Even though economic conditions have been less than desirable, the stabilizing effect is encouraging. We continue our optimistic outlook for Ord, Sargent and the surrounding community.

M. DAVID KLIPSCH
 President and Chairman
 First Westside Bank
 Omaha

NEBRASKA, not unlike other agriculturally oriented states, continues to be in a highly transitional period in history. The state is steadily moving away from one that is dominated by agriculture to one that is more diversified. This is evidenced by the significant changes that have occurred in the state's employment base over the last twenty years. Nonagricultural employment has risen 42.7 percent while employment



in agriculture has declined 33.5 percent. The composition of employment has shifted primarily toward services with the largest increases occurring in finance, insurance and real estate sectors.

As a result of the above metamorphosis, Nebraska is at a pivotal point in its development. Citizens of the state, both urban and rural, must recognize this fact and work together to create an economic environment to attract and retain business that will promote growth. Evidence of this cooperation is surfacing in the current legislature. Assuming the proposed tax and economic development bills are passed, the state has taken a giant step in the right direction.

Provided the appropriate legislation is in place, the Omaha economy should reflect stable to moderate growth in the forthcoming year, and then be positioned for a more expansive growth thereafter. Without favorable legislation, Omaha is destined to have a stable, at best, economy or even a declining one with loss of additional major employers.

Initiative 300 continues to be an albatross around the neck of the state. Growth in the agricultural product manufacturing has been negatively impacted by this law. Many manufacturers have deferred locating in Nebraska due to the inability to acquire land sufficient to guarantee adequate product for their production facilities. Until this law is repealed or drastically modified, the manufacturing of agricultural based products will be significantly impeded.

In conclusion, given favorable legislation to encourage economic growth, the outlook for Nebraska in general and Omaha, in particular, is relatively optimistic. The favorable outlook could be further enhanced by elimination or alteration of Initiative 300.

A.C. HOLMQUIST

President

York State Bank & Trust Co.
York

THE general ag and business conditions after 1986 in our area seem to be above average for most of the state of Nebraska. 1986 was generally a better year than 1985 for most of our customers.

In the ag sector, we have seen, hopefully, the bottom of land prices and recent sales, at least in York County, have indicated a firmness in their values. There are areas to the south and southeast of York County which still have not seen any increase in land value, and primarily because of being non-irrigated farmground or grassland. The general commodity price in 1986 was not sufficient, but with the government programs, we have seen farm borrowers able to have some reductions in their outstanding debt.

There is no question that in the ag sector anyone with a heavy debt load is still going to have a struggle in being able to retain their total farm situation for 1987. We have not seen any great complications or inability for farmers in our area to obtain their 1987 operating loans. It would be my feeling that the crisis has come to an end in our area, and that we are still several years away from good times, whatever that might be described to be.

The business climate in York County is good, but we also recognize that sitting on the intersection of Interstate 80 and Highway 81 gives us an unusual advantage over part of the area that I serve. We have seen good business growth and good profitability in our retail stores and businesses in York County. Some smaller towns to the south and southeast of us have not shared in this same increase in business in 1986 because they are totally dependent upon the ag sector and spending there still is very slow, and in some cases, non-existent. I would assume that businesses in smaller towns in our part of the state will still struggle to survive in 1987,



even though they possibly have seen a "bottoming out" of the economy in their area.

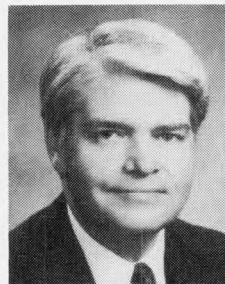
Probably the biggest thing that will effect us as bankers in our area is the ability to get good solid loans to keep the income level of our banks where it should be to rebuild the capital and recoup some of the losses of the last two to three years. We are finding good loans difficult to find but we have been participating in new ag credits and financing the ones that were on our books for 1986.

Generally, I would say that there is some optimism showing up for 1987, but it is guarded at this time.

ORRIN A. WILSONSenior Executive Vice President
FirstTier Bank
Lincoln

ECONOMISTS report that real output and employment in Nebraska in 1986 was up an estimated 1% over the preceding year. Most of the expansion occurred during the first and second quarters of 1986 with the last half of the year having closely approximated the average growth reported for 1985. Forecasts indicate that if the national economy expands throughout 1987, Nebraska will record a gain comparable to that experienced in 1986, and if the national economy falls into a recession during the year, Nebraska's economy will likely record a decrease in real output of around 1%. Certainly, the prospects for 1987 will depend largely on the performance of the state's largest single industry, agriculture.

From our perspective, the overall financial condition of the agricultural sector with which we are familiar stabilized or possibly improved slightly during the past year. This was attributable to factors that included the restructuring of debt at more favorable terms, largely through the Farm Credit System; weather conditions that were conducive to relatively high per acre crop



yields; reduced feed costs for cattle feeders and other livestock producers; subsidies that were extended to those who participated in the Federal farm programs; and, the employment, by an increased number of farmers, of greatly improved management practices directed at controlling costs.

It is indeed gratifying to note that more Nebraska farmers are entering 1987 in a stronger financial position than was the case a year ago. At the same time, the fact that surpluses of agricultural commodities are mounting not only in the United States but also in a growing number of other nations throughout the world cannot be ignored as we look to the future of agriculture and rural America in the years ahead. Contrary to the past when U.S. agriculture went through cyclical changes based on the worldwide supply and demand for commodities, with surplus production growing throughout much of the world, there is every indication that U.S. agriculture is facing the challenge of adapting to structural change that is destined to result in the ultimate elimination of both small and marginal operators and an overall reduction in the amount of land under production. Obviously, the transition over the next few years will be a painful experience but one that can't be avoided in view of the capacity of the agricultural communities in our nation and others to produce beyond worldwide needs.

Along with agriculture, rural communities are also facing the challenge of adapting to structural change. The number of businesses that have closed their doors in Nebraska continued to grow during 1986 thus reducing employment opportunities in many rural communities and shrinking the tax base that local governmental subdivisions rely on for most of their support. Although many of the remaining businesses in rural communities reported satisfactory returns in 1986, in many instances there is reason to be concerned about their future as their tax burden to support local governmental subdivisions increases further.

Where Omaha, Lincoln and some of the other larger communities in Nebraska are concerned, business conditions in 1986 were somewhat better than during the prior year with indications growth in 1987 will

- probably parallel that experienced in 1986.

ALICE M. DITTMAN
President
Cornhusker Bank
Lincoln

AS a representative of Group 8 for the Nebraska Bankers Association Executive Council, I represent ten banks in the Lincoln area. Lincoln has a population of 185,000 in 1985, and continues to grow at approximately 2% per year. It is my impression that the growth of the metropolitan areas in agricultural states is in part due to the exodus of people in smaller communities seeking jobs. Lincoln is fortunate in having only a 3.6% unemployment rate. It is interesting to note in our local paper that there are eight columns of job opportunities. The usual complaint is that the vast majority of these job opportunities are at the lower end of the pay scale. In a University community such as Lincoln, often times individuals find themselves taking jobs for which they are over qualified.

Opportunities to work in Lincoln have provided needed assistance for farm wives or family members in the surrounding farming area. The off farm income provides for basic family needs and enhances their ability to survive this period of high costs and low prices for farm commodities. Perhaps some good things are happening in retiring marginal land, and a greater awareness of the need for conservation practices in a sustainable agricultural environment.

- Lincoln has 1205 housing starts for 1986, and there is a continued upward trend in new construction over the last five years. 1982, for example, showed only 219 housing starts and this was a very difficult time for contractors. The banks in Lincoln were all profitable in 1986, and seem optimistic about the prospects for 1987. We are working together to build a strong economy in Lincoln and if anything, the com-

plaint from local bankers is that loan demand is not sufficiently high. Announcements of expansion by Bankers Life, Harris Laboratory, Good-year, Mid America Webpress, Carol Wright, and ISCO, provided encouragement that the Lincoln market will remain strong and that meaningful work opportunities will be provided.

JOHN M. GREEN
President
Wauneta Falls Bank
Wauneta

THERE does seem to be a stabilizing process taking place in agriculture, at least in this area, but we feel that is largely due to the farm program. The livestock situation has helped of course but who knows how long that will last. We also don't know how long the farm program will last, at least as it's presently constituted, and if that is dropped we feel that the stabilizing that is taking effect now would stop almost immediately.

The land values in the area seem to have stabilized also and there is a lot of activity now of local people buying farm ground. This farm ground doesn't really cash flow on a stand alone basis but in most cases neighbors are buying this ground and the ground does seem to fit very well into their existing operations.

I found no one that felt it was easy to be optimistic about much of anything today. The business climate in these little towns is doom and gloom by and large. Most store owners who are approaching retirement age, if they don't have a relative or son or daughter to run their business, have no place to go with it in terms of selling it. I think more and more empty store fronts will be the eventual outcome of our current economy.

Of course the bankruptcies are on the increase and that has a very negative effect not only on banks but communities and that will continue to happen. I don't think we've

really begun to feel the impact of the Chapter 12 situation or, for that matter, bankruptcies in general.

Although, as I said earlier, we do see some stabilization in agriculture it's hard to determine what's going to happen that will turn this whole current economic situation around. Most rural communities will continue to suffer and will continue to diminish in size and economic stature and there will continue to be fewer and fewer reasons for young people to stay in rural communities.

G.E. GUNDERSON
President
Commercial State Bank
Wausa

THE consensus in Northeast Nebraska seems to be that 1986 was a better year than the two or three previous years. Most parts of the economy seem to have more or less stabilized. Land appraisals have not dropped significantly in the past year and there seems to be more people inquiring about purchasing real estate. In our area more land has changed ownership in the last six months than in the past two years and I am not speaking of land acquired by banks, FmHA, Federal Land Bank, etc.

Farm sales in our area seem to be going much better than expected. I don't believe farmers are spending large sums of money to buy new machinery. They have learned to be more conservative and will look for machinery that fits their needs.

With the farm program and better cattle and hog prices, many farmers made a profit and paid some income tax. They have also reduced bank debt considerably as loan volume continues low. The net worth of many customers increased over a year ago despite the fact that in many cases machinery and real estate values were lowered.

Business on main street goes as the farm economy goes, and in visit-



ing with businessmen, they indicate sales have been good and accounts receivable are no larger and in some cases better than a year ago.

All in all, I would say people have a more positive attitude and are somewhat optimistic about the future. People have learned to make changes and are able to live with these changes.

I feel we are still in a critical period of time but also feel we are beginning to see a little light at the end of the tunnel.

L.H. MEHLING

Vice Chairman
American National Bank
Sidney

“CAUTIOUS Optimism” probably best describes attitude in our area of the panhandle of western Nebraska.

A combination of exceptionally good wheat and other crop yields, combined with government payments and improved livestock prices, allowed most farmers to show some improvement in 1986.

There have been some sales of dry and irrigated farm land since the first of the year with dry land selling about 10% over what most observers had expected. An area auctioneer states that good farm machinery is selling for approximately 20% more than last year.

Most retailers felt 1986 was a little better or at least as good as 1985. Job openings and opportunities still seem good, and anticipated construction on the east interchange of I-80 should provide additional employment for the area.

Some success in drilling for oil in the deeper pay zones has resulted in considerable leasing activity in the area with some bonus payments of \$20.00 per acre for a five year lease becoming quite common. The bonus payments received in 1985 and 1986 have resulted in substantial cash being available for many farmers and land owners.

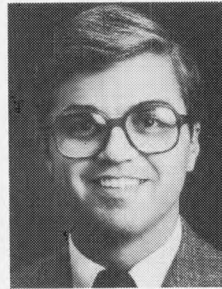
The large amount of grain in storage, limited export potential and the expectation of reduced government payments, combined with somewhat higher feed, fertilizer and other operating expenses tend to dampen

hope and prospects for real improvement in the local agricultural economy.

JOHN R. COCHRAN

President & C.E.O.
Norwest Bank Nebraska, N.A.
Omaha

OUR belief in Omaha and the outstate communities Norwest serves is that the economy has improved in the past year. The Omaha economy has shown strength despite flat employment statistics, and the economies of most outstate communities seem to be rebounding from the problems of recent years.



Jobs are the priority concern in Omaha now. Overall employment is at approximately the same level as one year ago, but the nature of the Omaha work force has changed. Reductions in staff by three of the city's largest employers — Enron, Northwestern Bell and Union Pacific — have been offset by growth in the insurance, technology and tele-marketing industries. There is concern about the source of future new jobs, although we are optimistic that economic development proposals now before the Legislature, if approved, will foster substantial future job formation.

Retail sales in Omaha continue to show strength. Full year figures for 1986 indicated real growth of roughly 7% over 1985. Reports from leading Omaha retailers indicate similar sales gains so far this year. Our outstate locations and correspondent banks report that Main Street retailers' volume is picking up after weak sales for the past few years. This encourages us that the worst problems in Nebraska's agriculture-dependent communities are passing.

Our belief is that the agricultural economy has shown significant improvement in the past year. The average farmers' cash flow and profitability have improved in 1986 due to the federal farm program, near-record crop production, and excel-

lent livestock receipts. Many weakened and marginal producers are returning to financial health, although their continued recovery depends on sustained low input costs and a favorable federal farm program.

This recovery is having positive effects on the economies of the outstate Nebraska communities we serve. On the whole, Main Street business activity is up, real estate prices seem to have stabilized, and the downtowns of some communities are experiencing revitalization of their retail sector with new owners and tenants. Our outstate bankers note that while their economies are not as strong by historical standards, they are in better shape than at any time in the recent past.

The entire economic picture in Nebraska has improved over the past year. Further gains are expected in 1987, the magnitude of which will be determined by the Legislature's decisions on pending economic development bills. We are confident that 1987 will be a good year for Nebraska as the agricultural economy regains strength and metropolitan Omaha continues to exhibit moderate growth.

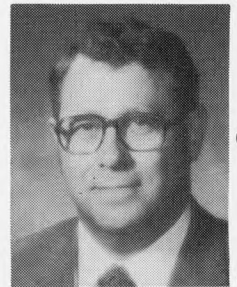
GLENN M. ADAIR

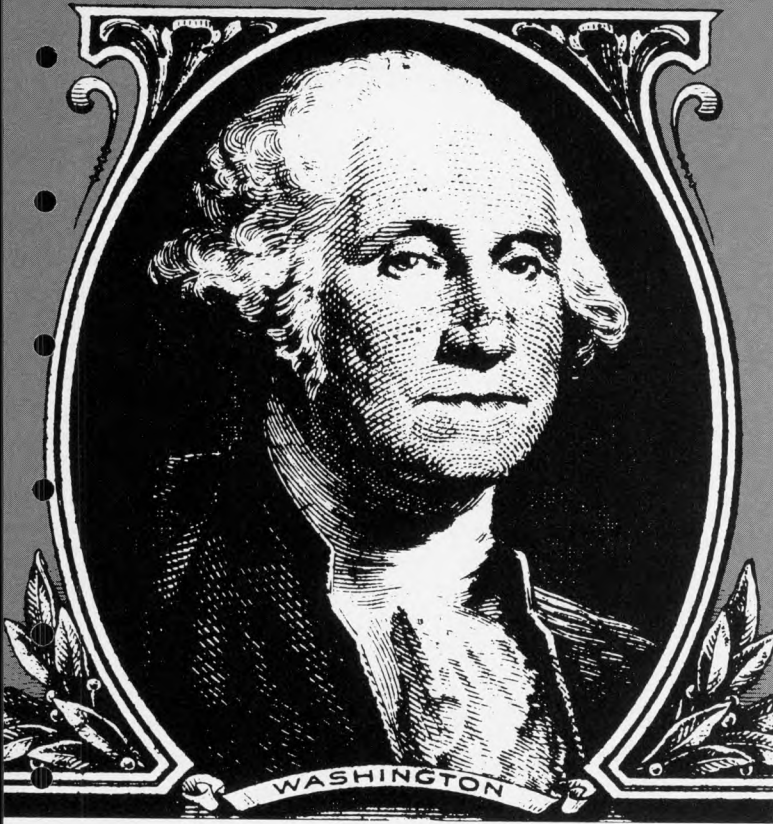
President
Springfield State Bank
Springfield

MID-March-1987—Omaha Markets—Steers-\$66.00—Heifers-\$63.00—Butcher Hogs-\$50.00—Soybeans—\$4.75.

Sounds good! Is good, for those good managers in farming who have an on-going livestock enterprise. Especially feeding \$1.50 corn. For cash grain farmers, the ASCS programs are the only game in town. Between commodity loans and deficiency payments, ag banking is entering the 1987 crop year with more deposits in County Banks and lower loan/ deposit ratios than have been seen in many years.

Farmers' cost of operation in 1986 were dramatically reduced by the





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drop in petroleum prices. Have had several farmers comment this winter that fertilizer prices have come down considerably. Herbicides and pesticides prices should be considerably less; possibly 40%; for 1987, as most are a petroleum base or derivative. Just read that "a gallon of Roundup is \$25.00 less than in 1984," (March 1987 Successful Farming). I wonder how much lower these chemicals could be priced if the manufacturers cut out 50% of their four color ads and 80% of their T.V. and radio time?

The economists and farm land realtors are saying that farm land prices have hit bottom, and may be starting to rise soon. It would appear they may be one or two years early, given the market price of cash grains and fixed cost of ownership of farmland. There is no way land will cash flow at today's *market* price and tax load, without being in government programs. When considering the future of these government programs, and the effects of "Gramm-Rudman" and the general attitude of the National Congress on further "farm subsidies," it may be two to three years before the low point in farm land prices is reached.

Soil moisture is the best in many years, going into planting season. However, it's been a strange winter after an exceptionally wet fall in 1986.

Quote from auction service on recent farm equipment sales: "Good equipment is selling at 20% above prices last fall!"

Farmers Home Administration office serving our area is demanding specific consideration of "Guaranteed Farm Operators Loan" and specific reasons for declining an applicant. New tougher rules and regulations evidently. Appears that FmHA and ASCS programs are still propping up some operators that banks moved out of in past years. Evidently FmHA office supervisors have a hard time telling an operator that he needs to have a sale, as many bankers have had to advise the past several years.

Business enterprises in smaller towns, dependent upon the ag economy, are certainly nothing to shout about. With the 10 year sign-up to take some land out of production, additional stress may be evident, as there will be less services and products needed to sustain those operations. This fact, coupled with the

surviving ag operators being more efficient and average unit size increasing means less and less numbers of customers for goods and services.

The long range effect of all this will be disappearance of some small communities, along with churches, schools and a compounding of the tax revenue problem for counties.

The flip side of this, is that those of us in, or close to, a metro area are seeing many small business expansions on a stable business base. General employment opportunities available are mostly on a part-time basis with no fringe benefits, as most businesses are looking closely at "cost of" employees; or in trades that historically offer little or no fringe benefits.

To sum up, 1987 will be another year to be cautious and careful. A great deal of the ag economy will be affected by what is done, or not done, in Washington; and the weather. Both of these elements are impossible to predict. □

Fremont Bank Purchased

First State Bank of Fremont has been purchased from FirstTier Bank of Omaha by a group 11 investors from Fremont. They include bank president James H. Moore, Jr., Ronald D. Kranz, Dean Erickson, Dale E. Olson, Ronald K. Rohrs, Neil W. Schilke and M. Charles Strasberg.

Named in Trenton

At State Bank of Trenton, Trenton, Julie Cox has been named cashier. She formerly served the bank as assistant cashier.

Joins NBA Staff

Ron Arrigo has joined the staff of the Nebraska Bankers Association as conference director. He succeeds Marilyn Denison. Mr. Arrigo will be a member of the NBA education department and will arrange conferences and meetings as well as administer the NBA's videotape library.

Mr. Arrigo comes from Union Bank of Lincoln, where he had been customer service representative for the past two years. He also has served as a teller/bookkeeper at West Gate Bank, Lincoln, and as banquet director for the Lincoln Elks Club 1980-85.

Elected in Hastings

Norman Nackerud has been elected president and chief executive officer of City National Bank and Trust Company of Hastings. Gary L. Kruse was elected executive vice president and senior loan officer. The two men take the positions formerly held by Douglas Oakeson and Max Callen, respectively, who recently resigned to join the investment banking firm of Smith Hayes.

Mr. Nackerud served as president of Norwest Bank Hastings for 12 years. Mr. Kruse joins the bank from First National Bank of Kearney, where he was senior vice president and senior loan officer.

Appointed in Kearney

Ronald H. Bielenberg has been appointed city executive in charge of the Kearney branch of FirstTier Bank Omaha. He joined FirstTier in February, having previously served as executive vice president and chief administrative officer at Platte Valley State Bank and Trust Company of Kearney.



R.H. BIELENBERG

Elected in Platte Valley

Dwight B. Stewart has been elected executive vice president of Platte Valley State Bank & Trust Company. He previously served as president and CEO of Hawkeye Bank & Trust Co. in Grundy Center, Ia. Prior to that he was vice president at Houghton State Bank in Red Oak, Ia.

NBA Ads Run Statewide

In March, the Nebraska Bankers Association began running ads in all the state's daily newspapers pointing out some of the differences between mutual funds and bank CDs. The April ad by the NBA dealt with the FDIC and emphasized no taxpayer money funds the corporation and banks must maintain high standards to merit FDIC coverage.

NBA president sees positive factors for banks and customers

A NORTHWESTERN BANKER interview with
C.G. "KELLY" HOLTHUS
President, Nebraska Bankers Association
President, First National Bank
York, Nebr.



"AMONG the positive signs is the recent report on 1986 and it's interesting to see how Nebraska banks have progressed."

"I SEE a dramatic change in the attitude of our Nebraska bankers from two years ago. While most bankers will tell you they still have problems, they feel they are working out, and we're confident they will be back in stride in a couple of years." That is the personal assessment of the state of banking in Nebraska by C.G. "Kelly" Holthus, president of the Nebraska Bankers Association during the past year. Mr. Holthus, who is also president of the First National Bank in York, will preside at the NBA annual convention in Lincoln in mid-May.

Expanding further on the condition of Nebraska banks, Mr. Holthus stated, "Among the positive signs is the recent report on 1986 and it's interesting to see how Nebraska banks have progressed. For example, loan losses and non-performing loans are down from 1985 levels. Also, the Return on Assets is now re-building. The Capital to Asset ratio of our Nebraska banks has always been among the tops in the nation and continues to be."

Stabilizing Factors

All of these factors, Mr. Holthus believes, parallel the gradual stabilization of various factors that reflect the total agricultural picture in the midwest and, specifically, in the Cornhusker state. "I personally think the seriousness of our ag problems is now past," he states. "We need to continue solid production and good farming programs. It appears from all reports that land sales have been on the upswing the past few months; farm machinery, especially used, seems to be moving better, and published livestock prices for cattle and hogs are just the tonic needed to encourage so many good folks who have taken a beating for several years."

He expanded on these positive factors by saying that "the news on increased land sales is important to the overall picture, the way it affects the attitude of bankers and that is highly important to regulators because they need a measuring stick and this certainly

gives them a positive factor." Mr. Holthus was referring to the increasing number of land sales to local farm owners from Other Real Estate within banks' own portfolios. Many of these sales have even been for cash. "I know several personally that have sold O.R.E. to good viable customers. They are paying cash and with minimum loans. Also," Mr. Holthus offered, "farm machinery sales, sold at auction this past winter and early spring are all better than a year ago."

Farm Payments' Effect

"Farm payments have directly affected the profitability of banks. Total deposits have increased in our banks, thanks to such payments, but one effect has been to cut loan demand. However, we know that in the long run this means less debt for farmers—as a result of debt repayment taking place with these farm payments, as well as by reduced borrowing this year for traditional spring operating money. It will remain this way so long as the current farm program is in place. This is another positive factor because it gets our customer base in better shape for next year and future years."

Mr. Holthus reflected on the difficult and sometimes tragic events of the past several years in his own state of Nebraska where hundreds of farmers bid farewell to a life of farming—some by earlier than desired retirement, some by their own reluctant decision to sell out at whatever price could be obtained and move on, and still others who lost all they had through foreclosure because debt repayment could not be sustained with falling land prices and farm product prices alike. Further, he recalled, "we lost six banks in 1984, 13 banks in 1985, and six banks in 1986, for a total of 25 banks because their heavy involvement in financing agriculture, in most cases, eventually eroded all their capital base. So far in 1987, we have not had a bank failure in Nebraska and we hope there won't be any more."



"THROUGH this (secondary market), our community banks could originate ag real estate loans, sell them to poolers, keep the servicing for a fee if so desired, and thus provide our farm customers with long-term, fixed-rate loans at a competitive rate."

Secondary Market Needed

Because of the need to properly position all banks to be ready to serve the *full* needs of their farm customers and other customers alike from now on, Mr. Holthus is emphatic about the need for a secondary ag real estate market and for expanded powers for commercial banks. "This is the reason," he stresses, "why additional products and services are needed to allow us to offer them and serve our customers totally and long-term. Even though they may not be short-term borrowers, we are looking for long-term relationships.

"One of these services we need—that our ag customers *need*—is a secondary ag real estate loan market. I've been very active working on this through NBA with the American Bankers Association, the Independent Bankers Association of America, and life insurance companies. Through this mechanism, our community banks could originate ag real estate loans, sell them to poolers (regional and/or money center banks), keep the servicing for a fee if desired, and thus provide our farm customers with long-term, fixed-rate loans at a competitive rate. We've had this availability for years in the housing market. The ag secondary market is *not* for bad loans and there would be strict underwriting procedures, but it would definitely help our borrowers.

"Such a secondary market would provide equal access to *all* lenders, something we've never had before. The current high liquidity of our banks is not really an important factor because: **First**, many banks would not make such a fixed-rate loan regardless of liquidity, and **Second**, we need to look down the road a few years when we may not have liquidity, but have loan demand. The secondary market is especially needed to fund the turnover of land from retirees and death to new owners, especially young ones, in a constant market."

Mr. Holthus said the importance of this secondary market should have a high priority and he hopes bank-

ers will contact their Senators and Representatives to tell them how a secondary market would aid their entire community. "Banks may not earn so much from this in direct income," he noted, "as from our ability to retain that customer and serve all his needs."

State Legislation

State legislation obviously occupies a great deal of any state association's time and in Nebraska it is no different. "This year," Mr. Holthus said, "we feel we've had some success—The passage of Clear Title or Central Filing, last November, for example, which was a clear success for the grass roots. It passed with 48 votes, no votes against, and one abstention.

"I should state here that our entire membership owes a great deal to Stan Matzke (NBA executive vice president) and Bill Brandt (NBA general counsel). Stan's leadership and Bill's well-known ability and credibility in the legislation have been vital to the successful involvement of our members in important matters of legislation."

It appeared at the time of this interview that the controversial issues of interstate banking, branch banking and mandatory mediation might be sidelined from this year's final legislation agenda, but will undoubtedly be on next year's agenda again. "The legislative session is *not* over yet, however," Mr. Holthus noted.

Economic Development

Banking, agriculture and the state's economy, regardless of the hopeful resurgence in agriculture, will also need a strong boost from economic development, believes Mr. Holthus. "A year ago," he recalls, "I suggested to the NBA executive council that we appoint an Economic Development Committee Task Force, which I chaired. We have been working with the Department of Economic Development here in Nebraska. In June, we will put on a road show jointly sponsored by the NBA and the State of Nebraska that will hopefully reach all banks to explain the various financial assistance packages available for communities and individual businesses. These include block grants and state funds for risk capital, with local banks picking up part of this as a guaranteed loan or a direct loan. In some cases, the state will guarantee a loan—some are low rate and so forth.

"Our job is to educate the bankers so they, in turn, can work with their local customers and communities. Some funds are available to non-profit organizations, as well as communities."

Local Community Supporter

Building local Nebraska communities for future generations has a high priority with Kelly Holthus, as it has with many community bankers who are natives of rural Nebraska, as he is. Born in Bertrand in 1933, he started working for the local Bank of Bertrand in 1953, then moved later to the American National Bank of Kimball, and has been with the First National Bank of York since 1965.

Kelly attended the University of Nebraska, and was graduated from the Graduate School of Banking at the University of Wisconsin in Madison.

Kelly became president of the First National in 1977. He is in partnership with Bob Jones in the ownership of the holding company that owns First Na-

tional and the First Trust Co. Mr. Jones is chairman and president of First Trust and chairman of First National Bank. Kelly is president and CEO of the bank and vice president of First Trust.

In 1985, they combined their banks in Bradshaw, McCool Junction and Waco into First National Bank of York, retaining offices in each of the other locations. The bank now has \$120 million in assets.

Kelly and Virginia Holthus have two daughters and two sons. Kristie Holoch, 33, is a housewife and office manager for a CPA firm in York. Beth Godbout, 31, is a housewife in Scottsdale, Ariz. Kendell Holthus, 30, is a farmer in Loup City. Tom Holthus, 28, is an attorney in Los Angeles.

Mr. Holthus finishes his year as NBA president just as all his predecessors—tremendously impressed with the entire NBA staff. “Our NBA has to be among the finest state associations in the nation,” he proclaimed, “and a great share of the credit belongs to Stan Matzke, Bill Brandt, and all the other fine staff people. I’m really impressed with them.”

Emphasis on Education

“As I said earlier, I think the worst of our ag crisis is behind us. We still have plenty of work to do. But I also think our bankers are better managers. Many of us have had to learn to be better loan officers; we’ve had to learn how to sit down with our customers and work out a realistic cash flow, and learn with them that this is better than relying on collateral. We’ve learned how to reduce costs by operating with fewer personnel and trimming costs in appropriate places.



“A great share of the credit (for NBA’s standing and success) belongs to Stan Matzke (pictured above), Bill Brandt and our entire staff.”

“This whole process has resulted from getting better educated. All of our NBA educational seminars geared to these concepts have been better attended and well received. That’s why our state convention theme this month stresses Training, Education and Motivation.

“As I leave office soon I see a real need to continue our focus on education. I hope we’ll continue giving NBA members the programs they can’t do on their own.” □

Financial Services Technology Stars at ABA’s Operations, Automation Conference

THE largest exposition of banking-related equipment and services ever gathered in the United States is the star attraction at the American Bankers Association’s 1987 financial services technology extravaganza, the National Operations and Automation Conference (NOAC).

FDIC Chairman L. William Seidman is the keynote speaker for the conference, to be held May 31 through June 3 at the Moscone Center in San Francisco.

Monday’s luncheon speaker will be Alexander Haig, former U.S. secretary of state and former White House chief of staff. Gen. Haig recently announced that he is a candidate for the 1988 Republican presidential nomination.

The anticipated 3,500 participants will have an opportunity to examine the wares of more than 225 equipment vendors occupying almost 700 booths. Products include computer hardware and software, check processors, automated teller machines, point-of-sale systems,

telecommunications equipment, data processing equipment and much more. The NOAC program is designed to allow participants ample time to visit with exhibitors and compare products.

In addition to Mr. Seidman and Gen. Haig, featured speakers include ABA Executive Vice President Donald G. Ogilvie, ABA Operations and Automation Division Chairman Donald R. Monks, who is executive vice president of Irving Trust Company in New York, and Jim Valvano, head basketball coach at North Carolina State University.

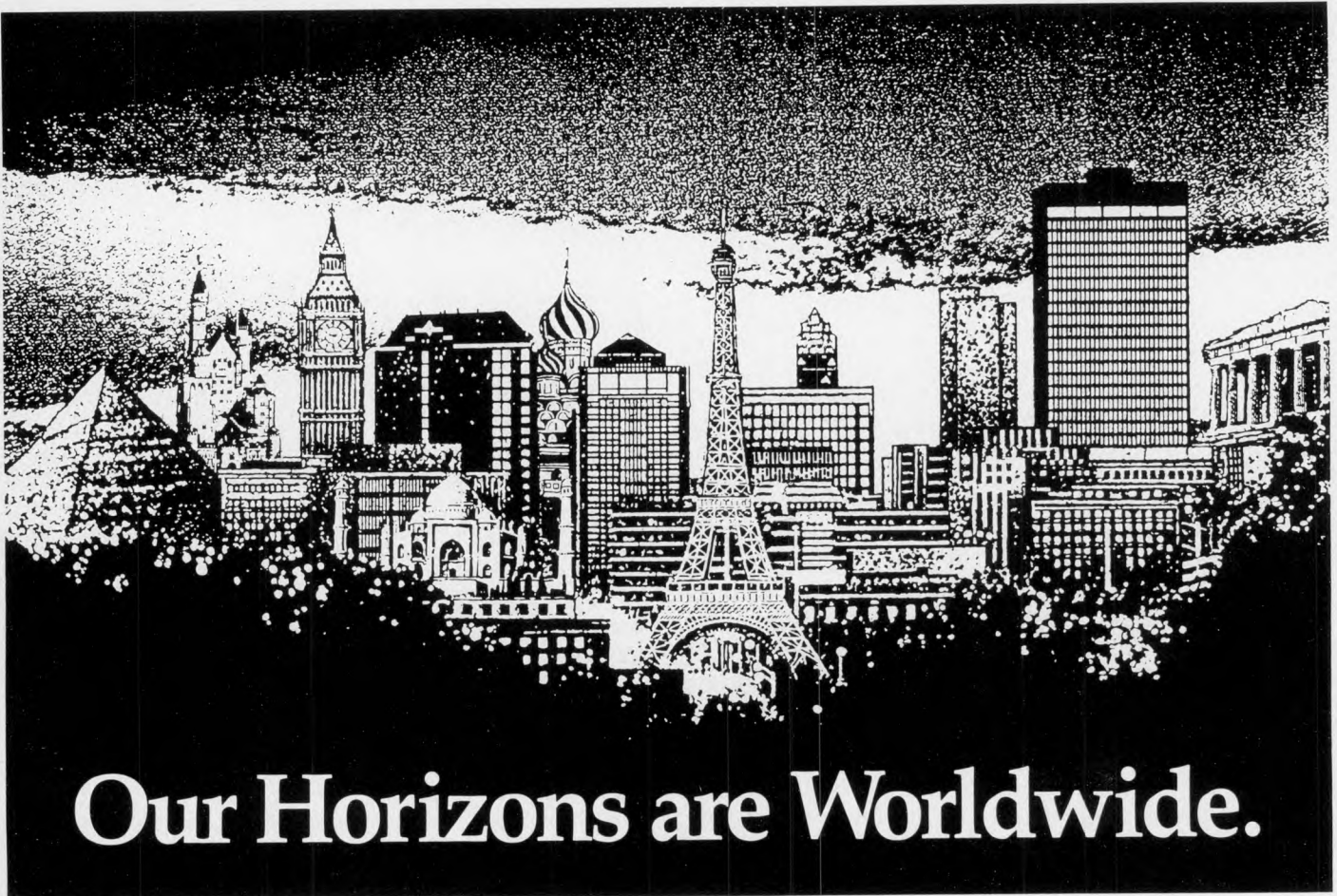
Twenty-five concurrent sessions make up the core of the program. These sessions are organized into five specialty areas: retail operations, operations management, wholesale operations, data processing, and special sessions for mid-tier banks — those that have particular operations needs because of their status in the mid-range of institutions in their market areas.

Also, industry innovations will be

featured in leading-edge banking technology updates. Topics include telecommunications, image processing, storage subsystems, artificial intelligence, remote item processing, and consolidating multiple operating systems on a single processor.

A special feature on the exhibit floor is a complete collection of ABA’s own banking software. Operations officers can examine computer-based training programs like the Judgment Exerciser for Tellers and the Judgment Exerciser for Platform Basics, and Funds Transfer Training courses including The Basics of Funds Transfer and Fedwire Fundamentals and Message Formatting. Among the numerous other software to be featured are: PMS — the Productivity Measurement System and ABA’s Laser Pro, which produces free-form loan documents tailored to each transaction.

Registration information is available from ABA’s Banker Education Network, (202) 663-5430. The NOAC host hotels are the Donatello, the Four Season Clift Hotel, the Hyatt on Union Square, the Ramada Renaissance, and the Westin St. Francis.



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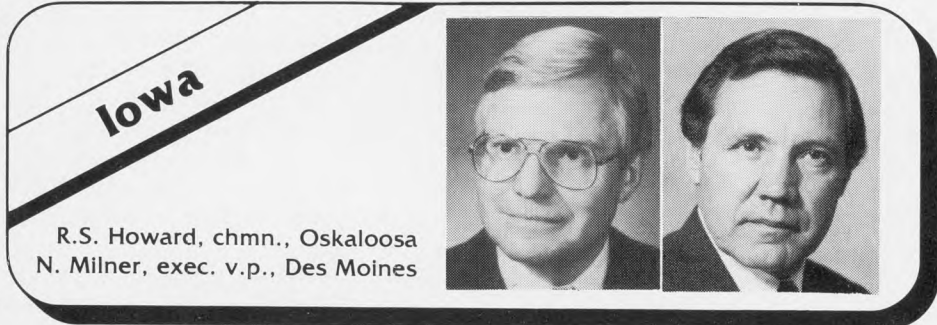
Our telecommunications system makes Bankers Trust the only Des Moines bank *directly* linked to money center banks on every continent. In addition, Bankers Trust is the banking affiliate of the Iowa Export-Import Trading Company.

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R.S. Howard, chmn., Oskaloosa
N. Milner, exec. v.p., Des Moines

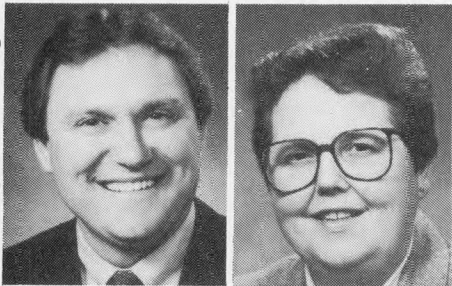
MNB Names Six

Larry H. Christy, who has been with the Merchants National Bank in Cedar Rapids since 1965, has been named executive vice president and chief financial officer. He has been a senior vice president and chief financial officer since 1985.



L.H. CHRISTY L.B. FARKAS

Merchants National has named three new vice presidents. They are: Linda Farkas, promoted from assistant vice president to vice president/corporate banking, who has been with the bank four years; Randall L. Kuehl, promoted from assistant vice president to vice president/retail-indirect, who joined MNB in 1971, and Carole M. O'Deen, promoted from



R.L. KUEHL C.M. O'DEEN



R.J. HENRY L.M. WHITEMAN

assistant vice president to vice president/human resources, who has been with the bank since 1969.

Merchants National has also promoted two to assistant vice president. Robert J. Henry previously was senior analyst systems officer, and Lynn M. Whiteman has been a commercial loan officer in the correspondent banking department for the last four years.

Elected Pres. in Gilman

Terry R. Collins has been elected president of Citizens Savings Bank, which has offices in Gilman and LeGrand. Mr. Collins has been with the bank for ten years. He replaces Donald Arendt, who has opened a consulting firm, Arendt Management Inc., in Montezuma. Mr. Arendt will remain active as chairman of the bank's board.



T.R. COLLINS

Mr. Collins began his banking career at Bethany Trust Co., Bethany, Mo., in 1965. From 1973 to 1977 he was senior vice president at Decatur County State Bank, Leon. Since 1977 he has served as executive vice president of Citizens Savings Bank.

Elected in Mt. Auburn

David A. Coulter has been elected executive vice president of the Mt. Auburn Savings Bank in Mt. Auburn. He joins the bank from Van Horne where he served in a similar capacity at the Van Horne Savings Bank.

Bank President Robert W. Hadley has announced he will be retiring from active participation soon, but will remain president and chairman of the bank's board.

Elected in Fort Dodge

Douglas Larson, C.P.A., has been elected vice president, responsible for the trust division, for First American State Bank, Fort Dodge.

He has been employed with the bank since 1984, serving as trust officer.

Parkersburg Bank Merges with Peoples

Thomas P. McDermott, president and chief executive officer for Peoples Bank and Trust Company, Waterloo, has announced that the Parkersburg State Bank, an affiliate of Peoples Bankshares, Ltd., was merged into Peoples Bank and Trust Company on March 31. The merger was previously approved by the FDIC and the Iowa Department of Banking.

Promoted in Knoxville

The Community National Bank and Trust Company of Knoxville has promoted Gloria Beard from assistant cashier to cashier/administrative officer. She succeeds David Smith who has resigned to work for Edward D. Jones and Company. In addition, Randy Purdy has been promoted to vice president. He formerly was vice president of the Brenton State Bank of Jefferson.

1987 Iowa Group Meetings

Group	Date	Location
8	May 4	Clinton
4	May 5	Cedar Rapids
7	May 6	Ames
6	May 7	Des Moines
5	May 18	Council Bluffs
2	May 19	Fort Dodge
12	May 20	Okoboji
3	May 21	Clear Lake



THE IBA DELEGATION posed on the steps of the Federal Reserve Building before entering to have a personal briefing from Governor Wayne Angell.

65 Iowa Bankers Visit Washington

By **BEN HALLER, JR.**
Publisher

THIS YEAR'S visit to Washington, D.C., by a delegation of 65 Iowa bankers and spouses came at a time when intense discussion was underway in the nation's capital on bills that will directly affect the future of commercial banking. The Senate had just passed over to the House its S. 790 that blocks further chartering of non-bank banks but grandfathers more than 150 already in operation, and also places a moratorium of one-year on any banking powers expansion. The House was considering legislation that would only address a restructuring of FSLIC financial support at a limit of \$5 billion, instead of \$15 billion earlier requested, and was in no mood to consider banking powers or other legislation favorable to banks.

The Iowa group spent the entire first morning of their two and one-half days at a thorough briefing given at American Bankers Association headquarters. Executive Vice President Donald G. Ogilvie and a half dozen staff members went into every aspect of pending legislation, as well as ABA programs that are of direct interest to Iowa banks. This was one of the most valuable stops of the trip, in the opinion of many participants.

Before leaving the ABA offices, the Iowa guests stayed for a buffet lunch and then heard from Dr. Beryl Sprinkel, chairman of the President's Council of Economic Advisors. He said the economy is moving right on target based on last year's projections for a 2.2% to 3% growth for 1987. "We've made progress in pulling down the trade deficit from \$221 billion to the present \$173 bil-

lion," he stated, but pressure needs to be applied continuously to bring it down and the Gramm-Rudman-Hillings Act is the best way. He strongly opposes a tax increase as a deficit-cutting device, saying that would only increase the size of government and "hurt our children and grandchildren. The deficit needs to be brought down also so that whenever we face the next recession we don't have a deficit that is too high."

That first afternoon included a visit to the Federal Reserve System headquarters where Governor Wayne Angell pointed out that "we're four years behind in international debt problems with the timing of our ag loan problems." He pointed out that just as ag banks made capital loans to customers, then made further loans to pay interest, the nation's major banks did the same thing on an escalated scale with many foreign nations and now are faced with repayment problems just as agriculture was the past four years.

Later that afternoon, back at ABA headquarters, former Sen. Paul Laxalt, considered to be President Reagan's closest confidante, gave a number of personal insights into his relationship with the President, giving strong support to all the President has done. He also announced his own bid for the Republican nomination for President next year.

At the breakfast in FDIC headquarters the second morning, Iowa bankers were told the FDIC fund stands at \$17.2 billion; 55 banks have failed to date in 1987, three of them in Iowa; the FDIC's problem

VISIT WASHINGTON...
(Turn to page 76, please)



LEFT—Visiting during ABA briefing were, from left: **Neil Milner**, IBA exec. v.p.; **Russ Howard**, IBA pres.; **Don Ogilvie**, ABA exec. v.p., and **Ed Yingling**, dir. of ABA govt. rel. div. **RIGHT**—Former **Sen. Paul Laxalt** addressed the Iowa group and was welcomed by **Clair Lensing** (center), IBA pres-elect, and **Pres. Howard**.





PICTURED at the Congressional delegation party, left to right: **Joan and Bill Logan**, pres., State Central Bank, Keokuk; **Sen. Charles Grassley**; **Donna and Bill Wilson**, pres., Oelwein State; **Debbie and Denny Wood**, pres., Bankers Trust, Des Moines; **Sen. Tom Harkin**; **Tom Whitson**, pres., Council Bluffs Savings, and **Kathy**.



ALSO at Congressional dinner, from left: **Heather Johnson**; **Rep. Fred Grandy**, Sioux City; Heather's father, **Wayne P. Johnson**, pres., State Bank, Evely; **Donna and Keith Roeper**, exec. v.p., Security Natl., Sioux City; **Al Maser**, chmn., 1st Natl., LeMars, and **Delores**; **Rep. Grandy**; **Clare and Don Snyder**, pres., Manufacturers B&T, Forest City, and **C.J. Gerzema**, pres., Farmers T&S, Buffalo Center.



ALSO at Congressional dinner, from left: **Mary Lensing**; Federal Reserve Governor **Martha Seger**; **Clair Lensing**, pres., Farmers State, Marion; **Rep. Tom Tauke**; **Bill Talen**, pres., Farmers Savings, Traer, and **Caroline**; Federal Reserve Governor **Wayne Angell**, and **Howard Logan**, pres., T&S, Moville.



LEFT—Monday luncheon speaker **Dr. Beryl Sprinkel** (center), chmn., Council of Economic Advisors, was welcomed by **Mr. Milner** and **Mr. Howard**. RIGHT—Pictured at the Comptroller of the Currency briefing were, from left: **Dana Cook**, spec. asst. to the CofC; **Bill Stolte**, chief natl. bk. exam.; **Mr. Milner**; **Dick Fitzgerald**, chief counsel, and **Mr. Howard**.



LEFT—Participating in the Davenport B&T Correspondent Seminar, were from left: Congressman **Jim Leach**, 1st dist., Ia.; **James Figger**, offc. of pres., Davenport B&T, and **Michael Bauer**, 1st v.p., Davenport B&T. **RIGHT**—Also present were, from left: **Dean Decker**, pres., Central Trust & Sav., Geneseo, Ill.; **Dave Howell**, corr. bkg. off., Davenport B&T, and **Dr. Thomas Frey**, prof., ag. fin., Univ. of Ill., Urbana.

At Correspondent Seminar

Real Estate Program Announced

By **ROBERT CRONIN**
Associate Publisher

DAVENPORT Bank & Trust recently held its 1987 Correspondent Banking Seminar at the Black Hawk Hotel in Davenport. Over 150 bankers from Iowa and Illinois attended the one day seminar, at which the bank announced a new real estate program.

The Correspondent Real Estate Program, announced by Russell Scott, first vice president, is designed to allow bankers "an ideal way to offer customers long-term, conventional mortgages without restricting the bank's portfolio." To participate in the program, bankers must have a depository relationship with Davenport Bank & Trust, complete an application, and attend a training seminar. Cost is on a fee basis.

Providing an insightful presentation as kick-off speaker was Congressman Jim Leach, 1st district of Iowa, who shared his views on taxes, spending and foreign policy. "These three items," he said, "describe the function of Washington."

Congressman Leach applauded the tax reform bill of 1986 but called the \$170 billion federal deficit "the greatest peace-time scandal." Touching on foreign trade policy, he said, "Trade problems are jeopardizing the Midwest. We have to respond to unfair trade practices."

Regarding the banking outlook, Congressman Leach addressed two problems he sees facing the indus-

try. One is the proposed infusion of funds into the FSLIC at the expense of all financial institutions. "The larger S&Ls are experiencing record growth and profits, but the smaller S&Ls are having major problems," he said. The second issue the congressman addressed was that of the Farm Credit System. He explained that the stronger borrowers have gotten out of the FCS, thus leaving behind the weak loans. Congressman Leach also pointed out that the FCS can't continue to lend money at a rate lower than the one at which it borrows.

Congressman Leach ended his presentation with some notes of optimism. He sees a definite turnaround in the Iowa economy. "Rural areas are flush with capital and banks that looked like they had terminal problems are now experiencing growth—the system is stronger than many realize," he concluded.

Providing the conclusion to the morning presentations was Dr. Thomas Frey, prof. of agricultural finance, University of Illinois, Urbana. Dr. Frey, who dealt with the many challenges facing agricultural financing, said "Agriculture was once a way of life and now has become a full-fledged business."

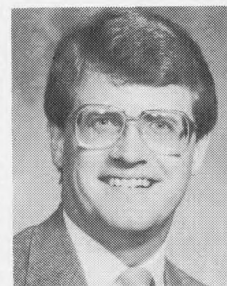
Some thoughts that Dr. Frey shared on the agricultural outlook were: Farm Debt—will the farmer ever be able to repay the national \$188 billion debt? Loan Portfolios—there is a need for adequate farm financial data. Real Estate—farm land values continue to decline in some areas. What is the profitability

outlook for the ag sector? Legal restrictions—what can a banker do to cope with mediation and loan write-downs? Dr. Frey called these times "the best ever for the positioning of banks for the future." He did caution that for this to happen, banks must maintain a year-end accrual balance sheet, an accrual income statement, implement the use of a pro-forma income statement, have cash flow projections and give increased attention to loan documentation.

The afternoon program consisted of the 1986 Tax Reform Bill by Douglas M. Hultquist, senior manager, Peat Marwick, Main & Co. Also, four concurrent workshops were held. They provided information on the new correspondent real estate program, retirement plan services, credit card fraud and a data processing update. □

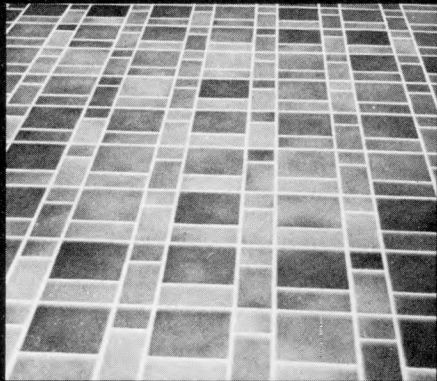
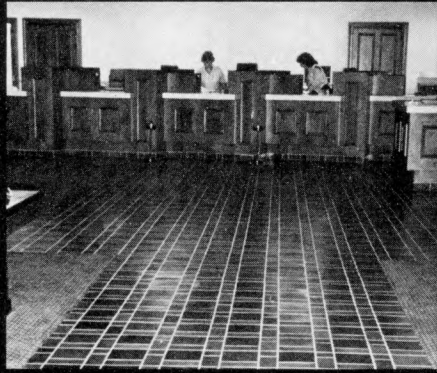
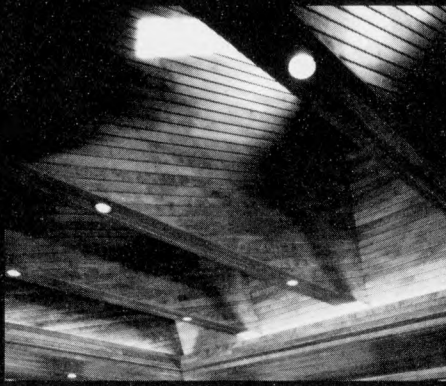
Promoted in Charles City

At Citizens National Bank, Charles City, Darel Posegate has been promoted to chief financial officer. His duties will include buying and selling securities, developing profit plans and budgets, corporate planning, deposit pricing, product and service development, asset liability management, human resource management and purchasing. He will continue as cashier and assistant trust officer. Mr. Posegate joined the bank in 1983.



D. POSEGATE

ANOTHER TURNKEY BANK PROJECT BY KIRK GROSS CO.

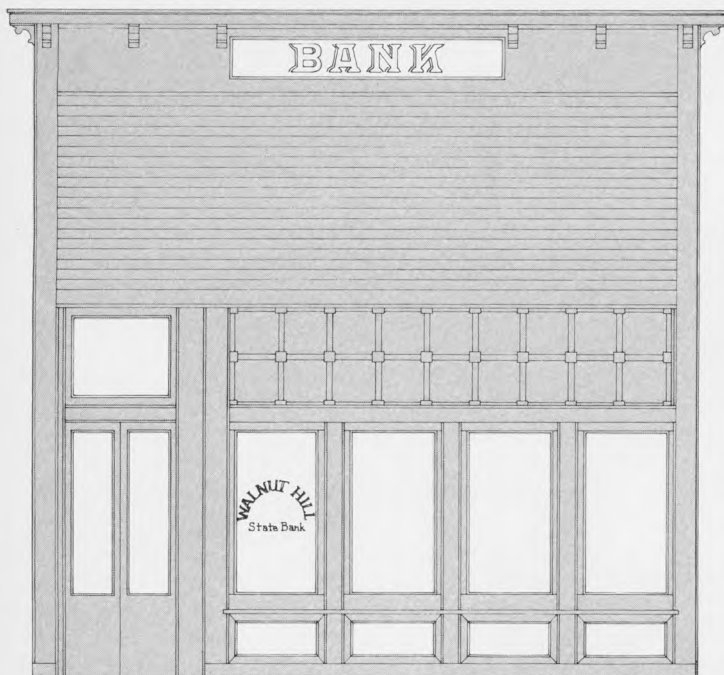


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Construction Starts on IBA's Living History Farms Bank

VISITORS to the nostalgic 1875 town of Walnut Hill located at Living History Farms in Des Moines will soon be able to visit and inspect Walnut Hill State Bank, the newest edition to that growing, nostalgic community. Walnut Hill State Bank was created by the Iowa Bankers Association during its current Centennial Year as a testimonial to all those who helped build the solid banking business now enjoyed in Iowa. It will be a means of preserving the heritage of the 1875 period, displaying actual artifacts and other furnishings of that period which are being contributed by Iowa bankers and their families.

Groundbreaking ceremonies for Walnut Hill State Bank were conducted at Walnut Hill on April 28. The authentically reproduced structure should be completed by late summer, in time for it to be dedicated during the 101st Iowa Bankers Association convention at 1:00 p.m. on Sunday, September 20. All Iowa bankers and their families will be admitted free to Living History Farms on that date to enjoy the dedication, other IBA functions, and to visit the farm itself.

Living History Farms is located adjacent to Interstates 35-80 at the intersection with Hickman Road in northwest Des Moines. It covers 600 acres and was established through a private foundation in 1972 as a non-profit organization by Dr. William Murray, who retired some years ago as head of the department of agricultural economics at Iowa State University. He is still honored there as Professor Emeritus of Agricultural Economics. Living History Farms covers five time periods: the year 1700 when the land was occupied by the native Iowa Indians; 1850, the Pioneer farm where all work continues to be done by hand; 1875, which is Walnut Hill, a complete agricultural town; 1900, with farm work still performed with horse power and some vintage steam powered equipment, and a modern farm section. It reaches a peak employment of 80 full-time employees and 400 volunteers in

the summer during the tourist season.

The IBA Centennial Task Force devised three ways for Iowa bankers to fund the \$80,000 needed—\$50,000 for construction and \$40,000 for operation and maintenance endowment. By early April the construction phase had reached \$37,800, assuring enough to proceed with groundbreaking and construction. Those three funding methods are: sale of stock, sale of honorary board of directors seats, and sale of coins to and through banks.

About 12 individuals, banks or families have subscribed \$1,000.00 each for a Board of Directors contribution, generally honoring a long-time banker or a banking family. Those who purchase "gold" stock certificates contribute \$500, "silver" \$300 and "bronze" \$100.

In addition, commemorative coins have been minted that show the IBA Centennial logo on one side and a sketch of the 1875 Iowa Bank at Living History Farms on the obverse. The 24k Gold-Plate Bronze coin sells for \$11.95, the pure silver coin is \$25.95, and the 24k pure gold coin is listed at \$625, although the pure gold coin will fluctuate in price with the world gold market. The current price may be obtained by dialing toll-free 1-800-532-1423. Banks have these coins available for their customers statewide. Each coin is one troy ounce.

IBA officials expect construction to proceed quickly on the old-time, one-story small building. A firm experienced in reproduction of antique buildings is assisting in its construction. Right now, says Russell S. Howard, president of the IBA, the association needs help urgently from active bankers, retired bankers, or banking families who are willing to donate artifacts that come from the 1875 era—teller cages, safe, desks, stools or chairs, lighting fixtures (oil or candle), ledger books and other bank records of the era, or any other furnishings or art decorations pertinent to the 1875 period. Any reader wishing to discuss such a donation may contact Richard Holthaus at the Iowa Bankers Association, 430 Liberty Building, Des Moines, Ia. 50308 (515-286-4318).

Iowa Superintendent of Banking William R. Bernau plans to issue an official charter for the Walnut Hill State Bank, but needs help from any banker who can furnish a photocopy of a bank charter of that year—1875.

At the groundbreaking last month, IBA President-Elect Clair J. Lensing, president of Farmers State Bank in Marion, stated, "This project speaks of the importance of Iowa's banks to the state's progress. It speaks to the long history and certain future of banking in the state. It showcases the partnership that Iowa's farmers and bankers have had over the years. No wonder we say, 'You can bank on Iowa Banks!'"

Mr. Howard, who is also chairman, Mahaska Investment Co., Oskaloosa, and IBA Executive Vice President Neil Milner, were absent from the groundbreaking due to the need for their participation for the IBA in the ABA Spring Leadership Conference. In a brief message he asked Mr. Lensing to read in his behalf, Mr. Howard said, "I believe this bank at Living History Farms will preserve our proud heritage and recognize the people and leaders of the banking industry who have contributed so much to the growth of our state. With pride, I welcome the construction of this living memorial to Iowa's banks and bankers." □



Portrait of Achievement

Left to right: Jim Perkins, Assistant Vice President; Dave Howell, Correspondent Banking Officer; Barry Richards, Vice President; Mike Bauer, First Vice President; John Oliger, Correspondent Banking Representative

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1st Natl. of Dubuque Remodels



FIRST National Bank of Dubuque has completed its three-phase remodeling and expansion project at the main office and Mall Building, Seventh at Town Clock Plaza. New computer enhancements extend beyond the main office to the bank's three branches. Personal bankers and tellers will now have instant access to pertinent financial information, according to Chairman and CEO William G. Kruse. The rebuilding began in September, 1986. New space was established for computer facilities, several departments were relocated, and the Mall Building was remodelled to feature an interior pedestrian corridor with access to all areas of the building. The lobby in the main office was completely remodelled.

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VISIT WASHINGTON...
(Continued from page 70)

list has grown to 1,530 banks but the rate of climb has slowed, and FDIC has \$12 billion assets taken in from failed banks it is trying to administer, liquidate or sell. "We're trying a new negative premium approach," it was stated. "You take the bank and tell us what it will cost us."

The second stop of the morning was an interesting visit with Comptroller of the Currency Robert Clarke and key members of his staff. One staff member noted that "if the FHLBB's 'exit' fee to healthy s&l was lowered, I think we'd probably see more applications for conversion from s&l to national banks." He noted, however, that this would leave the FHLBB and FSLIC with an even higher percentage of ailing members and an impaired insurance fund.

At the USDA, Iowa bankers heard from Peter Myers, deputy secretary; Eric Thor, assistant administrator of FmHA, and Frank Naylor, Jr., chairman of the Farm Credit Administration. A continued phasing out of direct loans, accompanied by a greater emphasis on guaranteed loans through banks will be the goal of FmHA. Mr. Thor said of direct loan applicants, "FmHA will hand carry documents and conduct good borrowers to your office to become your customers" as part of the effort to convert to guaranteed loans.

In addition to meeting with members of the Iowa Congressional delegation at an IBA-sponsored dinner party on Monday night, the Iowa bankers hosted a breakfast Wednesday morning for Iowa Senators and Representatives and their key staff members. On both occasions, bankers had an opportunity to communicate their views on banking legislation. A review of all these contacts was shared among the banker contingent at a debriefing luncheon held by IBA.

Besides the full two and one-half days of meetings, bankers and spouses had an opportunity to visit Annapolis on Sunday and take part in worship services in the beautiful church at the Naval Academy. Side trips and evening dinners and entertainment also were scheduled each day. □

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BEING "JUST A BANK" ISN'T ENOUGH

Iowa Bankers Insurance and Services, Inc. has developed a health insurance program for bank depositors. The name of this program is The Protectors.

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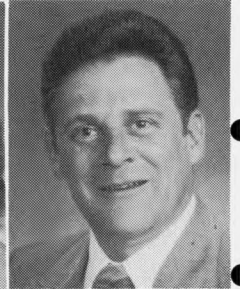
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Appointed in Waterloo

Otto W. Thomas, president of The Waterloo Savings Bank, has announced the appointment of Deon Senchina to assistant vice president. Ms. Senchina joined the bank staff in 1973. In 1978 she was promoted to consumer loan officer and in 1985 she was named branch manager of the Cedar Heights branch office.



D. SENCHINA

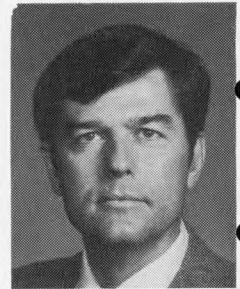


C. LAIPPLE

Charles Laipple has also been appointed assistant vice president. He will be a personal banker in the retail banking department, which currently is being created. In addition, he will be responsible for consumer lending and branch management. Mr. Laipple previously held the position of vice president in installment lending in another Waterloo bank.

Appointed in Waterloo

Iowa National Bankshares Corp., Waterloo, has announced the appointment of Douglas K. Shull to the board of directors. INBC is the parent holding company of The National Bank of Waterloo, Midway Bank & Trust of Cedar Falls and Peoples Trust & Savings of Indianola.



D.K. SHULL

Mr. Shull has been serving as a director of Peoples Trust & Savings since 1983. He is a partner in Shull & Co. CPAs of Indianola and also commissioner for the Iowa Department of Transportation.

Named in Mitchellville

Farmers Savings Bank, Mitchellville, has named two new directors to its board. They are William C. Hamilton, formerly president of the Exchange State Bank at Collins, who was also named vice president and trust officer; and Arthur L. Churchill, Mitchellville farmer.

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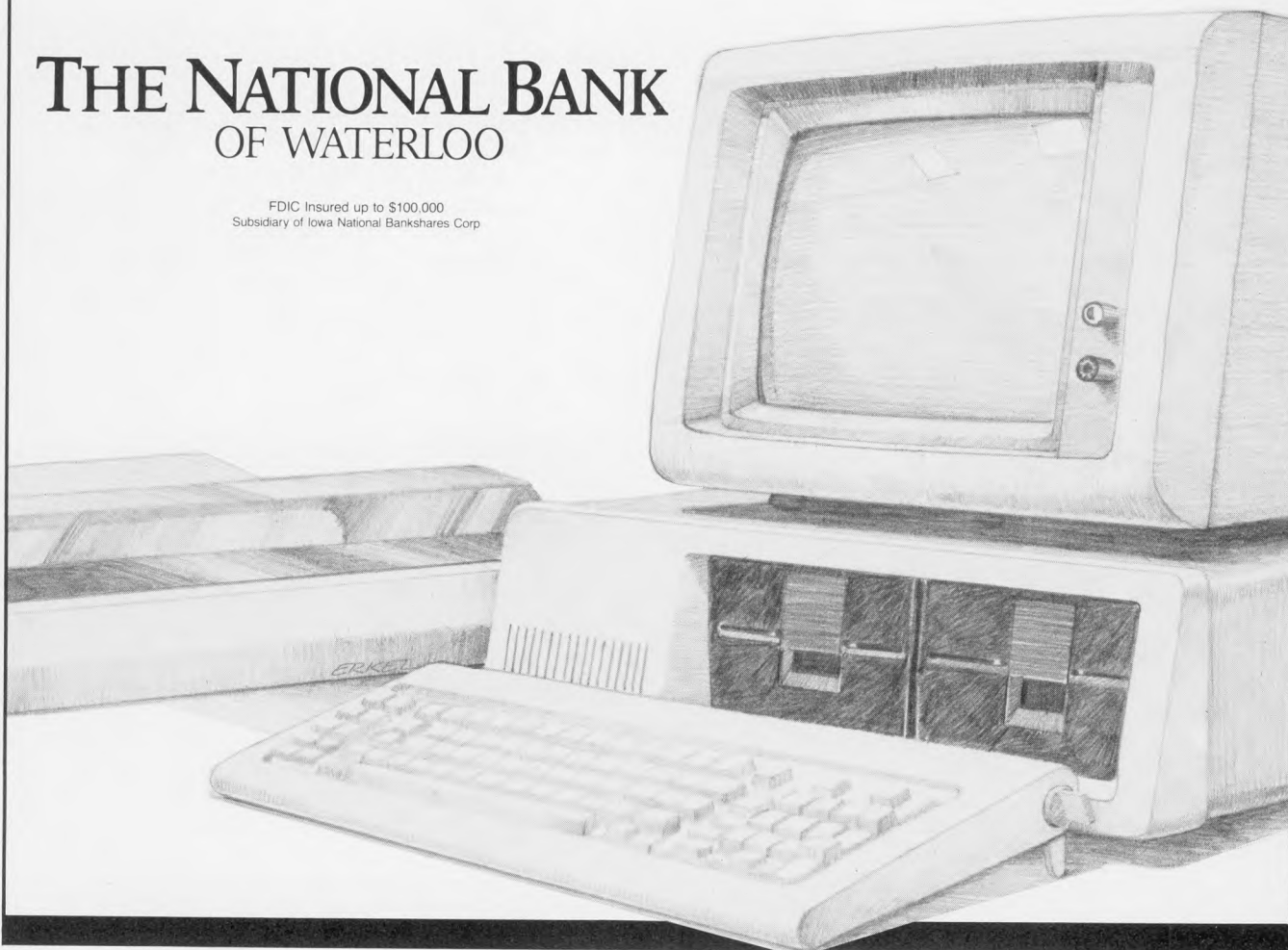
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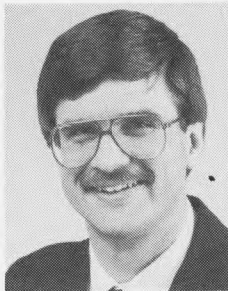
Des Moines

First Interstate Bank of Des Moines, N.A. has announced the appointment of **David D. Gordon** to senior vice president and manager of the trust division. Mr. Gordon was formerly the president of First Interstate Bank of Fargo, N.A., N. Dak. He previously spent 16 years managing various trust activities, including the overall management of the trust department at First Interstate of Fargo.

In addition, **Greg Cole** has been appointed commercial loan officer in the metro commercial services division. He joined the bank in 1983 and most recently worked in loan review at First Interstate of Iowa.

* * *

First Interstate of Iowa, Inc. has announced the promotion of **Dennis Kirkpatrick** to general services officer. His responsibilities will be purchasing, maintenance and facilities management, and construction services. He will retain his position as vice president of the building corporation.



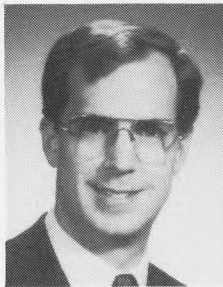
D. KIRKPATRICK

Mr. Kirkpatrick joined First Interstate in 1984. He previously worked for the State of Iowa as a facilities engineer.

* * *

Banks of Iowa, Inc. has announced the promotion of **Jeffrey B. Weeden** to vice president of finance

and treasurer, and the election of **Karen S. Mains** to assistant vice president of finance.



J. WEEDEN



K.S. MAINS

Mr. Weeden joined the corporate staff of Banks of Iowa in 1984 and most recently was vice president of corporate tax. Ms. Mains joined the staff in 1983 and previously served as senior tax and financial accountant.

* * *

Ronald C. Cibolski has joined Valley National Bank as assistant vice president in the commercial lending division. He was formerly lending officer at another Des Moines bank, and prior to that was a loan officer for the Small Business Administration. He holds a masters degree in business from Fort Hays State University, Fort Hays, Kan.



R. CIBOLSKI

* * *

Phillip S. Rowley has been named chief financial officer and senior vice

president of Midland Financial Savings and Loan. He previously served in the same capacity at First Interstate Bank of Des Moines, and also as vice president of First Interstate of Iowa.

* * *

Retired in Davenport

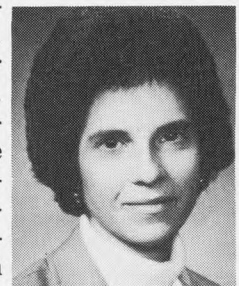
Davenport Bank and Trust Co. has announced that Vice President **James F. Grothusen** has retired after 37 years with the bank. Mr. Grothusen joined Davenport Bank and Trust in 1950 as a teller in the management training program. He spent the greater part of his career in consumer lending, retiring as a vice president in the commercial loan department.



J.F. GROTHUSEN

Named in Marion

Farmers State Bank, Marion, has named **Lorna M. Barnes** to the position of chief financial officer. For the past four years, Ms. Barnes was employed in the Cedar Rapids office of McGladrey, Hendrickson & Pullen CPAs. Prior to that she was with Arthur Young and Company and General Growth, Inc. in Des Moines.



L.M. BARNES

Sioux City Bank Purchased

Hawkeye Bank & Trust in Sioux City has been sold to Papillion businessmen **Beryl Johnson, Hal Young, D.F. Snodgrass, Paul Hartnett** and **Robert Schutte**. The bank will be renamed **Morningside Bank & Trust**. Prior to becoming a Hawkeye Bank, it was known as **Morningside State Bank**.

The bank's new president is **Ed Young**, who previously served as executive vice president at **Union National Bank, Massena**. **Kelly Florke**, who has been serving as the bank's assistant vice president, has been promoted to executive vice president.

Centennial nostalgia!

Vignettes of Banking

Editor's Note: The Iowa Bankers Association observed the 100th Anniversary of its founding convention in September, 1986, and the IBA will complete its first 100 years of service on July 26, 1987. A number of Iowa bankers who are members of the IBA 50-Year Bankers Club responded to our invitation to share with other readers some of their reminiscences of earlier Iowa banking history. These vignettes will be published in issues during the Centennial Year. Veteran Iowa bankers who have special memories to share, or others who have access to earlier banking events and records that would be of interest to our readership, are invited to send us their comments. This includes bankers from other states whose stories tell of the earlier days and growth of midwest banking.

By **FLOYD WHITMORE, CEO**
Page County State Bank, Clarinda, Ia.
(Entered banking in 1936)

It was July 14, 1936, that I started to work at the City National Bank, Shenandoah, Iowa for \$40.00 per month—enough to pay my room and board. I was 17 years old and I remember it was over 100°. Times were hard and much of the corn that summer only made 15 bushels per acre. I had graduated from Coin High school in 1935 and had gone to Park College, Parkville, Missouri, where I milked cows in a dairy to pay my way. While there I had been tested and found to have an aptitude for banking.

After a couple of years I went back to school at the University of Iowa and studied accounting and finance. Jobs were still very scarce in Iowa in 1940 when I graduated. I went to Chicago, where I worked on the Chief Accountant's staff at Bell Telephone Co. In 1942 I was drafted into the Signal Corps and served until March, 1946. My father asked me to come and work with the family farming operation until 1948.

At that time I purchased the Hedrick Savings Bank, Hedrick, Iowa. Later in 1950 we bought Okey Vernon First National Bank in Corning, Iowa. In 1962, we bought Page County State Bank, Clarinda, Iowa and in 1967 the First National Bank, Prescott, Iowa.

Whitmore Company, Inc. was organized as a multi-bankholding company and since the 1970's has been owned and operated by myself and my

two sons, James L. Whitmore and Kenneth F. Whitmore.

Our banks are completely modern and use the latest in computer equipment, including 24 hour automatic teller machines. Other modernization is contemplated in the future.

We believe family farming has evolved over the centuries as the best and most efficient system of food production. Family farming may change its type of operation, as time and scientific changes come along, but we look forward to many years of being country bankers to family farmers and rural businesses.

One of the important things that has happened in our rural county seats is the arrival of numerous light industries that employ a sizable number of local residents. I expect this trend will continue in the future as industry finds out how hardworking and reliable our rural work force is. I have always worked with the local economies to achieve this diversification of our local economy. Attractive living conditions in Southwest Iowa will be greatly recognized someday as other areas of the country and their "people problems" of transportation and pollution reach the point of diminishing returns.

Our banks and bank officers have always enjoyed working with our customers and all times have remembered that banks are fiduciary institutions. The bank depositors have a right to hold the banks responsible for their money even though there is now a guarantee to \$100,000 from FDIC. Irresponsible lending or investing of depositors' funds can cause great anguish and suffering to the borrowers in a town and can also wreak a great deal of havoc among the small businesses who sell to farmers. Because of the social responsibility of a bank, I have always encouraged bank loan officers to be prudent in their loans and remember all the money we use belongs to the public and must be paid back to them whenever they want it.

There have been many changes in banking and farming over the last 50 years. But one of the greatest feelings has been to work with the 50 employees in our banks. We have all cooperated well to earn the public's trust. □

David L. Hansen Joins Hamilton Associates

David L. Hansen has joined the recruiting firm of Hamilton Associates, Des Moines, as director of the bank recruiting/consulting division. Mr. Hansen holds a Certified Compensation Professional designation and, since 1985, has directed the human resource consulting division

for Williams & Company, a large Sioux City CPA firm.

Prior to his Sioux City experience, he was vice president of the human resource function for First Interstate Bank of Des Moines, served as personnel manager at Drake University, and as employment manager for Massey Ferguson's North American Operations.

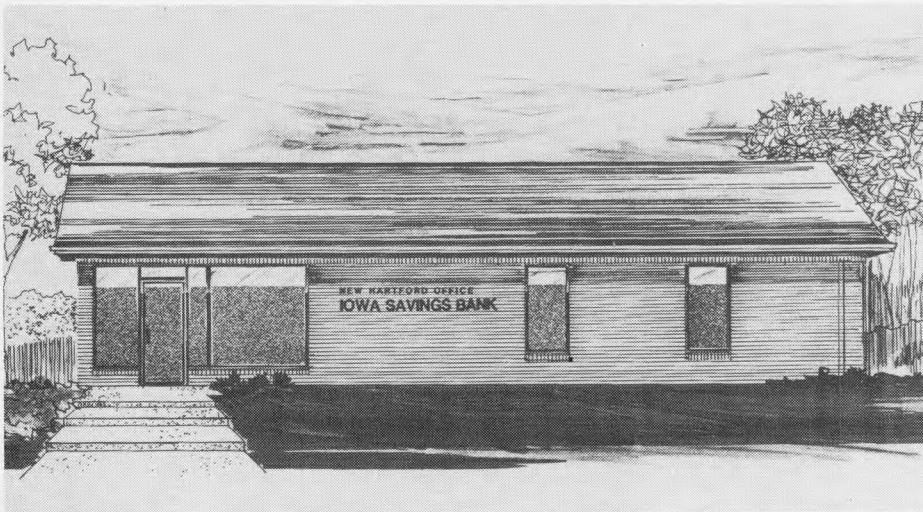
Mr. Hansen received both his BS

and MBA degrees from Drake University.

Elected in Council Bluffs

John H. Oehlertz has been elected to the board of directors of the Council Bluffs Savings Bank. He operates a farm in Valley Township, seven miles from Avoca.

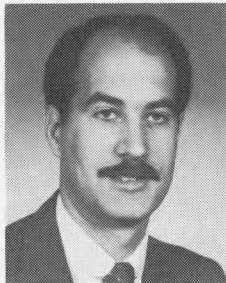
Branch of Iowa Savings Planned



Russell J. Perry, president and CEO of Iowa Savings Bank of Dike, has announced plans for a new full service branch banking facility in New Hartford. The new building will have three teller stations, a night deposit, safety deposit boxes, a private office, conference room and employee lounge. The Kirk Gross Company of Waterloo is in charge of the project. Completion is expected in four to five months.

Added in Waverly

Kent Schultz has joined the staff of The First National Bank of Waverly as assistant vice president and ag loan representative. His most recent position was in a similar capacity at Waukon State Bank, Waukon. He has also served as agri-business instructor at Blackhawk Technical Institute, Janesville, Wis., and as a loan officer for the PCA of Southeast Wisconsin, Union Grove branch.



K. SCHULTZ

Sergeant Bluff Bank Opens New Facility

The Pioneer Bank of Sergeant Bluff celebrated the Grand Opening of their new 202 First Street location on April 9-11. The new office replaces their previous location on 4th Street.

The Pioneer Bank was founded in 1907 and has been operating continuously since that time in Sergeant Bluff. It also has branches in Salix and Sioux City, the latter of which opened recently.

The new facility houses Pioneer Bank, Pioneer Insurance and Pioneer Realty, Inc. It features three drive-up lanes and an ATM.

Added in Cedar Rapids

Jeffrey D. Hagen has joined Brenton Bank and Trust Company of Cedar Rapids as vice president. He will be involved with commercial loans and business development.

Prior to joining the Cedar Rapids bank, Mr. Hagen was vice president of Brenton Bank and Trust Company of Vinton for five years. Prior to that he was with the Farmers Home Administration.

U. of I. Offers Accelerated MBA Course

Starting next fall, the University of Iowa will offer a new course of study entitled the Program for Emerging Managers. The course allows students to obtain an MBA degree in 21 months while holding down a full-time job. Intensive classes all day on alternate Fridays and Saturdays combine with study groups in home communities to make the program work.

"This program is designed for promising young professionals who are recent college graduates and have less than five years' experience in their organizations," said Eleanor M. Birch, associate dean and director of MBA programs in the UI College of Business Administration. Likely candidates for the program are entry-level employees who hope to move into management rapidly and have the active support of their families and employers.

The first class in the Emerging Managers Program will be enrolled this fall and graduate in May 1989. For more information, contact Prof. Birch, College of Business Administration, 121 Phillips Hall, University of Iowa, Iowa City, IA 52242, telephone (319) 335-1037.

Added in Spencer

Peter Atkins has joined the Spencer office of Norwest Ag Credit as an ag banking officer. He most recently served as area coordinator for the American Polled Hereford Association. From 1982 to 1984 he was an ag banking representative at Norwest Bank in Huron, S. Dak.

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