

NORTHWESTERN Banker Newsletter

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October 31, 1977

NOW Accounts Dead This Session

A bill to permit financial institutions to offer interest-bearing personal (NOW) accounts and to permit the Federal Reserve System to pay interest on required reserves appears dead for this session of Congress.

This was the message conveyed by Senator John Tower (R-Tex), at the ABA convention in Houston. Senator Tower told the NORTHWESTERN BANKER, "there are too many unanswered questions about who pays and who benefits."

The measure (S. 2055) passed the Senate Banking Committee August 3 on a 10-5 vote. Senator John Tower (R-Tex), one of the bill's opponents, has asked that he be notified in advance before the bill is brought up on the floor. Under Senate procedures, unanimous consent is usually required to remove a bill from the calendar for floor consideration and Tower could hold up consideration by opposing consideration.

In addition, Senator Tower has refused to agree to a time limit on floor debate, which also requires unanimous consent, and that move has made Senate leaders reluctant to bring the measure up during the session's waning days, according to one Senate staff member.

Senator Tower said that the House may take up the measure next spring but there is no assurance the Senate would agree



SEN. J. TOWER

with it, particularly in an election year.

When and if a bill is finally brought up, there will undoubtedly be attempts to alter it. Three amendments, including one by Senator Robert Morgan (D-N.C.) that would delete the NOW account provisions entirely, have already been submitted by opponents.

Senator Jake Garn (R-Utah) has submitted a lengthy amendment to replace the two major sections of the bill on NOW accounts and reserve requirements, based on recommendations by the American

Bankers Association. The Garn amendment would essentially remove the legislatively mandated differential between interest rates paid by banks and by savings and loans, the provision allowing the Federal Reserve Board to set reserve requirements on NOW accounts in state-chartered institutions, and the provision authorizing the Fed to pay varying rates of interest on required reserves.

Early last month the ABA's banking leaders made a policy decision to oppose the NOW account bill, as reported by the Committee, and to continue fighting for a bill which would eliminate the differential.

"ABA will use every forum—including Senate debate and the amendments process—to seek to close the interest rate gap through a genuine consumer financial services act," the ABA said in a statement after its leadership meeting.

Speaking as a member of a panel at the ABA convention, John A. Hardin, president of the U.S. League of Savings Associations, and president, First Federal Savings & Loan, Rocky Hill, South Carolina, said 98% of the thrifts are indifferent about NOW accounts—but they want the differential "engraved in stone."

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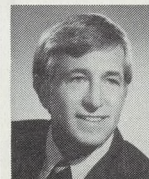
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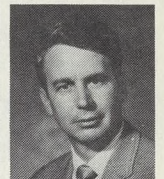
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Iowa News

Dick Summerwill, executive vice president, Iowa State Bank & Trust Co., Iowa City, has been elected Iowa representative on the American Bankers Association Governing Council for the next two years. Nominations were made during the Iowa Bankers Association annual convention in Des Moines, September 26, and the election was made by a mail ballot. Ballot results were announced October 24.

The Iowa Bankers Association education division is sponsoring Management Training Workshops in November specifically geared for middle management and supervisory personnel. Kent Stickler, executive vice president of Financial Shares Corporation, Chicago, will conduct the program titled "People Power." Registration will begin at 8:15 a.m. and adjournment

will be at 4:45 p.m. Following are the dates and locations:

November 1, Conway Civic Center, Waterloo.

November 2, Highlander Inn, Iowa City.

A two-day EFT Strategic Planning and Cost/Benefit Seminar designed to train bankers in the use of the manual and computer model developed by Peat, Marwick, Mitchell & Company under the sponsorship of The Graduate School of Banking at the University of Wisconsin, Madison, will be held November 2-3 at the Des Moines Hyatt House. Seminar sessions will run from 9 a.m.-5 p.m. on Wednesday and from 9 a.m.-3 p.m. on Thursday.

AMES: Union Story Trust and Savings Bank has announced the promotions of Chet Reinhardt and Elsie Hegland to assistant vice presidents, and Thea Oppedal to assistant cashier.

DES MOINES: Tom Wright, former pres., Bankers Tr. Co., has been elected chmn. & c.e.o., First Nat'l. Bk., Laurel, Miss., a \$75 million bank, located in the southeast part of the state.

DES MOINES: Dick Andrews, regional director from headquarters of Omaha Financial Life Insurance Co., a Mutual of Omaha company, will address a dinner meeting of the Des Moines AIB chapter November

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3 at the Hilton Inn, 6111 Fleur Drive. Dinner starts at 7:30 p.m., followed by Mr. Andrews' talk, "Your Career and Motivation."

MARCUS: Farmers State Bank will hold open house on November 12 from 2 p.m. to 7 p.m. in its newly-remodeled bank building.

SPENCER: Robert S. DeWaay has joined the Clay County National Bank as vice president and senior loan officer.

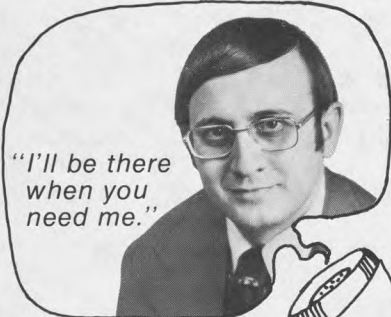
URBANA: Lyle Miller has joined the Urbana Savings Bank as assistant cashier. He previously worked at the Farmers State Savings Bank in Lamont and the First National Bank of Oelwein.

VINTON: Harold Knaack, Jr., has joined the Benton County Bank and Trust Company as operations officer. He formerly was with the Farmers State Bank in Marion.

Nebraska News

A first of its kind public hearing on the future of Nebraska's economy will be held November 4 at

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DES MOINES, IOWA

NEW ISSUE

MOODY'S: "A"

\$365,000 PERRY, IOWA

Water Revenue Bonds, Series 1977

Dated: October 1, 1977

Denomination: \$5,000

Both principal and semiannual interest (June 1 and December 1, first coupon due June 1, 1978) payable at the office of the City Treasurer, Perry, Iowa.

IN THE OPINION OF COUNSEL INTEREST ON THESE BONDS IS EXEMPT FROM ALL PRESENT FEDERAL INCOME TAXES, IOWA FRANCHISE TAX AND ALL PROPERTY TAXATION IN THE STATE OF IOWA.

MATURITIES

	<u>4.75%</u>					
\$30,000	December 1, 1978	4.00		\$35,000	December 1, 1985	4.60
30,000	December 1, 1979	4.00			<u>4.70%</u>	
30,000	December 1, 1980	4.10		35,000	December 1, 1986	4.70
30,000	December 1, 1981	4.20			<u>4.80%</u>	
30,000	December 1, 1982	4.30		35,000	December 1, 1987	4.80
	<u>4.50%</u>				<u>4.90%</u>	
35,000	December 1, 1983	4.40		40,000	December 1, 1988	4.90
35,000	December 1, 1984	4.50				

LEGALITY TO BE APPROVED BY HERRICK, LANGDON, BELIN, HARRIS, LANGDON & HELMICK, ATTORNEYS, DES MOINES, IOWA.

Perry, the largest city in Dallas County, is located in the central part of Iowa about 40 miles northwest of Des Moines. The City serves as the financial, commercial, cultural and educational center for the surrounding prosperous agricultural area. In addition to the usual commercial enterprises usually associated with a progressive community serving a prosperous agricultural area, Perry has several manufacturing plants employing several hundred people, including Oscar Mayer & Co. (meat processors), Osmundson Mfg. Co. (manufacturers of farm cultivators, plow shares and disc blades), Progressive Foundry, Inc. (iron castings) and Wiese Corp. (manufacturers of plow shares). Two banks with total deposits exceeding \$58,800,000 serve the financial needs of the area. The population of Perry according to the 1970 Census was 6,902 and is presently estimated at 7,200.

These bonds are issued under the provisions of Division V of Chapter 384, Code of Iowa, 1977, as amended, to pay a portion of the cost of improvements and extension to the municipal waterworks plant and system and to refund the presently outstanding water revenue bonds dated August 1, 1967 on December 1, 1977. In the opinion of counsel, these bonds are legal and binding obligations of Perry, Iowa, payable from the future net revenues of the municipal waterworks plant and system. The system presently has about 2,600 connected customers. Rates were increased by 20% in June 1, 1976, to provide better coverage for this issue.

HISTORIC EARNINGS

	<u>6-30-77</u>	<u>6-30-76</u>	<u>6-30-75</u>
Gross revenues	\$ 344,074	275,255	341,470
Expenses	<u>254,823</u>	<u>212,459</u>	<u>252,945</u>
Net revenues	<u>\$ 89,251</u>	<u>62,796</u>	<u>88,525</u>

COVERAGES

(Based on 1977 net revenues)

Average debt service \$41,384
Coverage of average 2.16X

Maximum debt service \$47,500
Coverage of maximum 1.88X

We own and offer subject to prior sale and change in price and subject to our attorney's approving opinion.

The information contained in this circular is not guaranteed, but is derived from sources we deem reliable and is that on which our purchase of these bonds was based. Offered subject to prior sale and change in price.

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• 9 AM to 5 PM, Sunday, November 13
• at the Radisson-Muehlebach Hotel
• Baltimore at 12th Street
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- What hedging is and how it works for you and your customer

- How margin accounts work for you and your customer
- *Basis* — how it is used
- Hedging vs. forward contracting
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FIRST NATIONAL LINCOLN

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the Radisson Cornhusker Hotel in Lincoln beginning at 10 a.m. The meeting was initiated by State Senator John W. DeCamp, chairman of the Nebraska banking, commerce and insurance committee. He will be joined as co-sponsor of the meeting by Sen. Schmit, chairman of the agriculture committee. Representatives of the Federal Reserve Bank in Kansas City will present the findings of an exhaustive study just being completed on the future of Nebraska's ag economy, including anticipated foreclosures and related activities. This will be the first public announcement of the survey results. A panel of state senators and a representative of the Nebraska Bankers Association will discuss the report and other aspects of Nebraska economy with the Fed experts. Sen. DeCamp said Gov. Exon, all members of the legislature, as well as leaders of Nebraska ag and labor groups are being invited to this important meeting. The Nebraska Bankers Association, which aided Sen. DeCamp in arranging the meeting with the Fed, has notified all its members so they may attend.

ELM CREEK: Joyce Sullwold has been elected assistant cashier of the First National Bank.

OMAHA: Southwest Bank has announced the following promotions to assistant operations officers: Rita Nielsen, Sue Distefano, Martha Yates, in charge of bookkeeping, and Marge Hughes, in charge of proof.

SOUTH SIOUX CITY: Nebraska State Bank has received consent to

establish a detached auxiliary teller office at 3800 Dakota Avenue here.

Minnesota News

AUSTIN: Harry E. Hodgkinson has been named to the officer staff of Sterling State Bank and will be associated with the Sterling State Bank Insurance Agency. He previously was with Farm Bureau Insurance.

SOUTH ST PAUL: Drovers State Bank has announced the following officer promotions: James R. McFarland, senior vice president; John P. Kostka, vice president; Bruce G. Ruecker, manager, instalment loan department, and Steven D. Kane, commercial loan officer.

Illinois News

The 32nd annual Bank Management Conference will be held November 9-10 at the Champaign Ramada Inn. It will be sponsored by the Illinois Bankers Association in cooperation with the University of Illinois, Urbana. Discussion topics will include: investments and profit planning, NOW accounts, compliance examinations, personnel motivation, building a new facility, economic forecast and pending state and federal legislation.

CHICAGO: A permit to organize has been issued to the Wards Bank, 619 West Chicago Avenue. The state bank's total capitalization of \$2 million will consist of \$800,000 in both capital and surplus and \$400,000 in reserve. The 80,000

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shares of stock will have a par value of \$10 each.

DECATUR: The Comptroller has approved the merger of the Millikin National Bank under the charter of the Second National Bank of Decatur and title of the Millikin National Bank of Decatur.

Wyoming News

CHEYENNE: American National Bank has announced the promotions of Max A. (Tony) Minnick to operations officer and data processing manager, and Edward W. Cleary to operations officer.

CHEYENNE: Equality State Bank's application for Federal deposit insurance has been approved. The bank is planning to open around the middle of November at 19th and Pioneer Avenue.

RAWLINS: The Wyoming National Corporation, Casper, has applied

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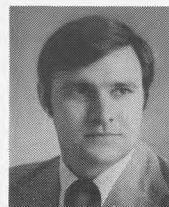
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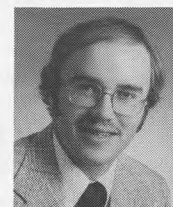
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to the Fed for permission to acquire 81% of the voting shares of Wyoming Bank of Rawlins, a proposed new bank.

South Dakota News

The 1977 Bank Management Conference sponsored by the South Dakota Bankers Association will be held November 9 at the Kings Inn Convention Center in Pierre. Registration begins at 9 a.m. followed by the program at 9:30. The morning program will be devoted to a workshop seminar on compliance laws and regulations, conducted by bank regulators from the region.

North Dakota News

COLUMBUS: The Comptroller has approved the purchase of assets and assumption of liabilities of the Columbus National Bank by the First National Bank of Crosby. The Lignite office of the Columbus bank has been discontinued.

FARGO: Northwest Bancorporation, Minneapolis, has applied to

the Fed for permission to establish a subsidiary trust company here to assume trust activities of six subsidiaries. It would be known as First Northwestern Trust Company of North Dakota.

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