

NORTHWESTERN Banker Newsletter

Vol. 7 No. 20

Des Moines, Iowa

September 11, 1978

Independent Bankers Endorse Fed Changes

Citing the need to build capital in independent banks and thereby enhance their ability to serve their communities, the Independent Bankers Association of America last week endorsed in concept H.R. 13847, introduced by House Banking Committee Chairman Henry S. Reuss, D., Wis.

The Reuss bill would attempt to stem the erosion of Fed membership; promote competitive equality, and improve the conduct of monetary policy.

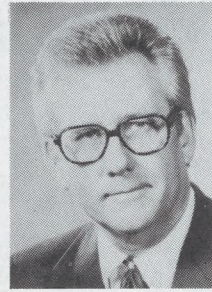
IBAA President Ivan D. Fugate, president, Western National Bank, Denver, said, "The enhancements offered in the proposal to small banks are of monumental consequence and must be viewed from the perspective of providing important new earnings opportunities in the face of increasing expenses."

ABA Position

The ABA's Banking Leadership Conference decided at a Washington meeting late last month that fundamental uncertainties about and differences between proposals by Fed Chairman G. William Miller and Congressman Reuss must be resolved. Also, the results of a consulting firm's study of the impact of explicit pricing of Fed services (due early next year) should be analyzed before the banking community reaches deci-



H. S. REUSS



I. D. FUGATE

sions on the Fed's membership problem.

Proposals

The new Fed and Reuss legislative proposals now pending clearly separate the question of Fed membership from the question of Fed-established reserve requirements. Both measures provide that all banks over a certain deposit size (\$100 million in the Reuss bill, \$50 million in the Fed's proposal) would be required to maintain reserves at levels set by the Fed, whether those banks are Fed members or not. Non-members could keep their reserves with correspondents on a 100% pass-through basis to the Fed.

At present, that would mean that under the Reuss bill approximately 1,000 banks would have to maintain Fed-set reserves; under the Fed proposal, about 2,850 banks would be affected. This compares to 6,000 current voluntary Fed members, none of which

are non-banks. Banks required to maintain Fed reserves would not be required to be Fed members. Fed members below the specified deposit size would have no reserve requirement.

One development in the evolution of these proposals is an implicit acknowledgement that Fed-held reserves can be reduced by about \$11 billion without affecting the conduct of monetary policy. This came in the form of a decision that a cut of \$715 million in Treasury income from the Fed derived from member bank reserves would be acceptable to Congress, so long as \$400 million in new income is generated from the planned pricing of services the Fed provides to depository institutions.

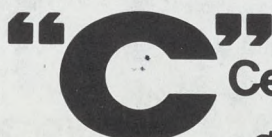
Access to Fed services would be available under an explicit pricing schedule, Chairman Miller declared. Members maintaining reserves would pay explicit prices for Fed services. Member banks not maintaining reserves would pay the same prices and maintain unspecified clearing balances. Non-members maintaining reserves would pay the Fed's explicit prices. And non-members not maintaining reserves would not have access to Fed services, except for its discount window under certain circumstances.

Under the Reuss bill, state

INDEPENDENT BANKERS . . .
[Turn to page 7, please]


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Iowa News

A decision is expected by September 29 from the Iowa superintendent of banking on the petition of Iowa credit unions to offer credit card service to their members. Superintendent Thomas H. Huston conducted a hearing September 5 to hear presentations from the Iowa Credit Union League and attorneys for the Iowa Bankers Association. The IBA has opposed this move by credit unions, stating at the hearing that it is entry into third party transactions and that such authority for credit unions is not found in the statutes. The Supreme Court of Iowa recently ruled against share drafts for credit unions on the same grounds. The ICUL also asked the superintendent to rule whether banks have

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authority under the statutes to offer credit cards to customers.

The Central Iowa Chapter of Bank Administration Institute will meet September 21, 1978, at the Merle Hay Travelodge in Des Moines. There will be a 5:30 p.m. dinner and program at 6:30. Richard Turner, Iowa attorney-general, will be the speaker.

AMES: Funeral services were held recently for G. Roger Alley, 80. Mr. Alley was chairman of the First National Bank in Ames and also was a past president of the bank.


CEDAR RAPIDS: An offer to acquire the \$39 million Guaranty Bank and Trust Co. of this city has been made by Hawkeye Bancorporation, a Des Moines bank holding company. The \$3.3 million sale would give Guaranty stockholders 2.35 shares of Hawkeye for each share of Guaranty. More than 50% of the stock has been tendered and the offer has been sent by letter to all minority holders. If approved by federal authorities, this acquisition would bring Hawkeye's total banks in the state to 20, with assets of \$850 million. Application to acquire Mt. Pleasant Bank and Trust Co. is awaiting regulatory approval.

CLARION: Robert O. Grathwohl has joined the First National Bank as assistant vice president and operations officer. He formerly was with the United Home Bank & Trust Co. of Mason City for the past eight years.

DES MOINES: Lester C. Mealiff, formerly with Capital City Bank, has opened an office for Mealiff Corporation in the West Towers, West Des Moines. The corporation will specialize in farm investments, management and sales. The branch office in Humboldt will be managed by Milan Petras.

DES MOINES: Central National Bancshares, Inc., Des Moines based multi-bank holding company, has completed the purchase of Union Trust & Savings Bank, Fort Dodge, according to Kenneth M. Myers, president of Central, and Peter Garatoni, president of Union Trust. Union Trust, which had assets exceeding \$89 million at June 30, 1978, has two banking offices in Fort Dodge, and one each

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NEW ISSUE

MOODY'S: "A"

\$1,410,000

VALLEY CITY, NORTH DAKOTA

General Obligation Refunding Improvement Bonds

Dated: October 1, 1978

Denomination: \$5,000

Both principal and semiannual interest (May 1 and November 1, first coupon due May 1, 1979) payable at the Northwestern National Bank of Minneapolis, Minneapolis, Minnesota.

IN THE OPINION OF COUNSEL INTEREST ON THESE BONDS IS EXEMPT FROM ALL PRESENT FEDERAL INCOME TAXES.

MATURITIES

\$ 80,000	<u>4.75%</u> May 1, 1980	4.75	\$120,000	<u>5.10%</u> May 1, 1986	5.10
	<u>4.90%</u> May 1, 1981	4.90	120,000	<u>5.15%</u> May 1, 1987	5.15
120,000	<u>5.00%</u> May 1, 1982	5.00	120,000	<u>5.20%</u> May 1, 1988	5.20
120,000	May 1, 1983	5.00		<u>5.25%</u> May 1, 1989*	5.25
120,000	May 1, 1984	5.00		<u>5.30%</u> May 1, 1990*	5.30
	<u>5.05%</u> May 1, 1985	5.05		<u>5.35%</u> May 1, 1991*	5.35
			125,000		
			125,000		

*Optional in inverse numerical order beginning May 1, 1988 at 100%.

LEGALITY TO BE APPROVED BY DORSEY, WINDHORST, HANNAFORD, WHITNEY & HALLADAY, ATTORNEYS, MINNEAPOLIS and ST. PAUL, MINNESOTA.

Valley City, the county seat of Barnes County is nestled within the valley of the Sheyenne River and is located in east central North Dakota, approximately 58 miles west of the Minnesota boundary, 75 miles north of the South Dakota boundary, and 165 miles south of the Canadian international boundary. Valley City serves as a trade center of approximately 2,000 square miles. The City is the home of over 100 diversified retail outlets to serve this trade area. In addition to the retail outlets, the City has approximately 30 wholesale outlets and several manufacturing concerns producing such diversified materials as trophies, furniture, metal products, ready-mix cement, bakery goods, and electric motors to plumbing fixtures. The City is also the home of the Valley City State College which has an enrollment of approximately 1,000 students and is noted as being the only science planetarium in the state.

These bonds are being issued under the authority granted in Chapter 40-27 and related chapters of the North Dakota Century Code, as amended, for the purpose of refunding warrants issued to defray the cost of construction and related costs of street paving, curb, gutter and water and sewer improvements within the City. In the opinion of counsel, these bonds are legal and binding general obligations of Grand Forks, North Dakota, and all taxable property located therein is subject to the levy of sufficient taxes to pay the principal of and interest on these bonds without limit as to rate or amount.

FINANCIAL STATEMENT

Market value of taxable property, 1977	\$77,609,500
Assessed value of taxable property, 1977	9,313,130
Net direct debt, including this issue	2,655,390
Total direct, overlapping & underlying debt	3,038,956
Population, 1978 estimate: 8,000	
	Direct debt per capita: \$332.00
	Total debt per capita: 380.00

Tax collections have approximated 97.9% of taxes levied for the past four years.

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

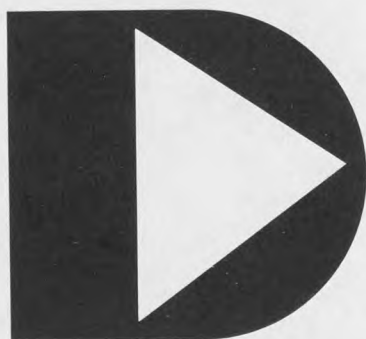
Supplement To Northwestern Banker Newsletter 9-11-78

What's New With

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SHARP has a new line of cartridge calculators to perform all of your financial calculations. The 4520 even has "operator prompting" to step you through each program.



We are now a representative for **DATAPOINT CORPORATION'S** complete line of mini-computers. Several software packages have been completed and are ready for installation.

Iowa Bankers —

Be sure and stop to see us in Des Moines at the Installment Lending Conference Sept. 13 & 14. All of the new systems will be on display.

Other Bankers —

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FREMONT: Roger E. Claypool has joined the Farmers Savings Bank as a loan officer. He is a graduate of Iowa State University with a major in agricultural business.

MUSCATINE: John B. Rigler, president of the Central State Bank, has announced the promotion of Leland J. Hanson from assistant cashier to assistant vice president and the election of William J. Nuss to loan officer.

Nebraska News

GRAND ISLAND: Michael T. Higgins has been elected president of the Overland National Bank in Grand Island. A former resident of Grand Island, Mr. Higgins comes to Overland from a \$220,000,000 bank in Wichita Falls, Tex., where he was executive vice president. Hugh Hansen, formerly president, also has been elected to vice chairman of the board.

SOUTH SIOUX CITY: Ted Dap-pen has been appointed agricultural loan officer at the Dakota County State Bank.

STAMFORD: Construction has begun on a new building for the Stamford State Bank. Proposed features of the 2,400 square foot building are a drive-up window, night depository, vault, fireproof storage room, employes lounge and office for the Stamford Insurance Agency.

Minnesota News

The following banks have in-

creased their capital stock by sale of new stock: Farmers and Merchants State Bank of Alpha, from \$50,000 to \$75,000; Blaine State Bank, from \$225,000 to \$281,250; Bank of Elk River, from \$100,000 to \$150,000, and First State Bank of St. Joseph, from \$50,000 to \$100,000.

ANNANDALE: The Annandale State Bank has added James Peterson, Jr., to its staff. He has prior experience with Thorp Finance and as assistant vice president of the Citizens State Bank of Big Lake.

NISSWA: The Nisswa State Bank opened for business in August with capital, surplus and undivided profits of \$600,000. David W. Jones is president and cashier.

NORTHFIELD: Stephen J. Arbour has been elected a vice president of the Northfield National Bank. Mr. Arbour formerly was a credit liason officer at First Bank System, Inc., in Minneapolis.

Illinois News

CHICAGO: The promotions of Sybil A. Mundy and Burt J. Miller to assistant vice presidents have been announced by Emory Williams, chairman and chief executive officer of the Sears Bank and Trust Company.

North Dakota News

The following banks have increased their capital stock by stock dividend: Northwood State Bank, from \$175,000 to \$225,000, and The



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Casselton State Bank, from \$300,000 to \$600,000.

Wyoming News

RAWLINS: Gene McMillen has been succeeded by David Fleming as president of the First Wyoming Bank. Mr. McMillen will remain chairman of the board. Mr. Fleming has served as executive vice president since November 1977.

INDEPENDENT BANKERS . . . [Continued from page 1]

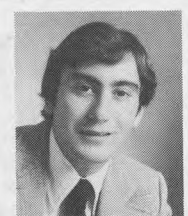
non-member banks under \$100 million would gain an important new option according to IBAA. By becoming a member of the Fed, such a bank would be relieved of any state-set reserve requirement and have complete access to Fed services and the discount window.

Call our Bond Department

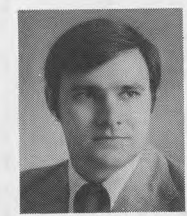
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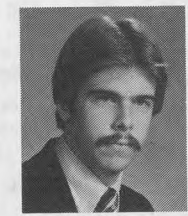
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8 A state non-member bank choosing to remain in non-member status would still have access to the discount window, but on a modified basis.

The IBAA did urge consideration of a series of perfecting amendments which would:

1. Clarify the duty of the Fed to minimize the paperwork impact of the universal reporting requirement;

2. Eliminate any certification requirement for access to the discount window for state non-member banks;

3. Prevent evasion of reserve requirements by multibank holding companies; and

4. Clarify the preemption of state law reserve requirements for state member banks.

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POSITION AVAILABLE

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POSITION AVAILABLE

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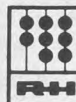
LENDING - IA bank. Excellent location. Bank is progressive & growing. Will work in ag lending. Salary in mid teens.

COMMERCIAL LOAN OFFICER - Need 4 yrs. exp. in business development with ag background. Salary to \$23,000.

COMMERCIAL CREDIT - Growth situation in leasing sub of bank. High exposure. 3+ yrs. exp. in financial analysis for credit purposes needed. Salary to \$23,000.

COMMERCIAL LENDER - Nebraska bank wants someone to take charge. Make the dept. grow & you'll grow with it. Need exp. in lending & credit decision. Salary in upper teens.

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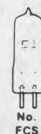


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REAL ESTATE LOAN—Suburban bank seeks individual with strong single family and secondary market background to start Real Estate Dept. \$23,000

BRANCH MANAGER—Strong commercial loan background desired. Should be well versed in 6-figure credits. \$22,000

PRESIDENT—\$25MM Iowa bank. Should presently be CEO and have excellent administrative background. Rural location. \$30,000

INSTALMENT LOAN—Complete charge of \$35MM portfolio. Both direct and indirect experience required. \$25,000

AG-LOAN—\$20MM Nebraska bank seeks addition to staff. Commercial experience helpful. \$20,000

INSTALMENT LOAN—Supervise \$7MM dept. in Iowa bank. Background will include dealer experience. \$18,000

A sample of our current listings. Please forward resume and salary history in confidence to:

TOM HAGAN & ASSOCIATES

Linda Blue Smith, Pres.
Box 12346 - 208 E. 18th Ave.
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