

NORTHWESTERN Banker Newsletter

Vol. 8 No. 9

Des Moines, Iowa

June 25, 1979

Predict Floating Ag Interest Rates

AS RURAL banks are forced to compete for more expensive and more volatile funds in the 1980s, farm borrowers may be faced with a new cost factor in agriculture production as they are subjected to the possibility of changing interest rates.

Five bankers who participated in the American Bankers Association's Agricultural News Media Seminar held recently in Kansas City, Mo., expressed concern that future rural borrowers will be paying floating rates of interest reflective of the competition for funds—the supply and demand for funds in the national and foreign money markets.

“In House Prime”

“Small banks will have to begin to operate more like larger banks by adopting an in-house prime rate reserved for their low risk, high balance borrower and peg other rates upward from that guideline,” observed Alan R. Tubbs, seminar panelist and president of the First Central State Bank in Dewitt, Iowa.

Addressing the topic of “Agricultural Credit in the 80s—Needs and Solutions,” the seminar, one of a series sponsored by the ABA agricultural bankers division, offered opportunity for news media representatives to discuss with

knowledgeable rural lenders factors that affect the agriculture borrower-lender relationship.

The panel of bankers, moderated by James R. Eatherly, president, the First National Bank, Tonkawa, Okla., included: Clinton D. Kurtz, president, Citizens State Bank, Norwood, Minn.; Rex G. Plowman, president and chairman, Lewiston State Bank, Lewiston, Utah; W. E. Drenner, executive vice president, First National Bank, Topeka, Kan., and Mr. Tubbs.

The agriculture lenders agreed that a major challenge to the rural banker in the years ahead will be to educate agricultural borrowers to the true cost of money. More sophisticated rural bank management will find themselves in the new position of actively practicing liability (deposit) management as well as the more familiar task of managing assets (loans).

Rail transportation will further affect the agricultural borrower, observed Mr. Drenner. “The frequency or timeliness of its availability and its ultimate cost determine which firms and which communities and growing areas remain in the grain business.”

Rail Service

Decisions made by Congress and the Administration regarding pro-

posed “phased deregulation” of the nation's railroad system for hauling freight will dramatically affect the future prices paid to grain producers, the frequency of rail service and the rates quoted by railroads on grain shipments, Mr. Drenner said.

He predicted that by 1990, there will be fewer railroads and a different system of rail regulation. There will also be fewer but larger truck transportation companies.

“There is currently a rush to apply the simplistic word ‘deregulation’,” the banker cautioned. “The question is how much regulation is needed to assure stable farm commodity prices.”

Other observations made by the five banker panelists include the following:

- The net increase in total farm debt has been in the \$15 billion to \$20 billion range annually and now totals approximately \$135 billion. These increases are certain to continue at even higher levels, and total farm debt could exceed \$300 billion by 1983 and approach \$400 billion by 1985.

- There are approximately 14,500 full service banks in the United States: 73% of these banks are under \$25 million in assets, and hold only 16% of the deposits. At the same time, they handle over half of

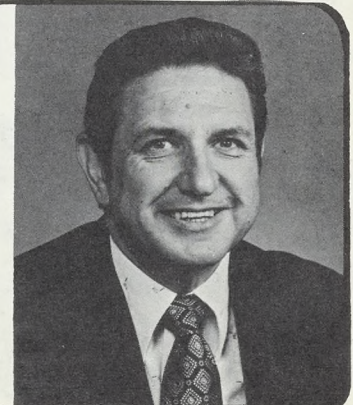
AG INTEREST RATES . . .
[Turn to back page, please]

When you choose a city correspondent,
do what over half of the banks in Iowa do
— bank at MNB.

John Mangold
Senior Vice President

Merchants National Bank 

222 Second Ave. S.E. Cedar Rapids, Iowa 52401 • A BANKS OF IOWA BANK



Call
1-800-362-2514
to get a lot of help
for your
money.



John Rigler

**IOWA-
Des Moines**
NATIONAL BANK

Member FDIC An Affiliate of Northwest Bancorporation **BANCO**®

Iowa News

DES MOINES: The Iowa-Des Moines National Bank has received approval from the regional administrator of national banks to open a customer-bank communication terminal at 86th and Douglas.

GRINNELL: Dennis Hanson will join the Poweshiek County National Bank as an officer trainee on July 2. He recently resigned as athletic director and head basketball coach at Grinnell High School.

HARLAN: F. J. Lewis has announced that he will retire as

Don Carmody: BANKERS' BANKER

Come Grow
With Us



Bankers Trust
Des Moines, Iowa 50304



We're Committed.

For ag overlines, data processing, investment services and all your correspondent banking needs, think of your Security Banker. We're committed to helping you!

Wilma Weeks
Correspondent Banking
Operations Officer 712/277-6517



SECURITY NATIONAL BANK

SIoux CITY, IOWA 51101 MEMBER F.D.I.C.

© 1979 SNB

president of the Harlan National Bank sometime after the first of the year. Robert S. Ross, vice president, will move up to Mr. Lewis' position as chief operating officer. Richard O'Bryan will fill the position vacated by Mr. Ross. Mr. Lewis will stay on as chairman of the board.

LAKE CITY: The Federal Reserve Bank of Chicago announced recently that consent has been given the Hawkeye Bancorporation to acquire the Lake City State Bank. The bank has assets of over \$13 million.

OSCEOLA: Jeffrey Raines has joined the Clarke County State Bank as an officer trainee. He is a graduate of Buena Vista College, Storm Lake.

RED OAK: The Montgomery County National Bank of Red Oak has received consent to open a facility on Commerce Drive here.

SIoux CITY: The Toy National Bank has withdrawn its application to the regional administrator of national banks to open an office in the Lincolnshire Shopping Center here.

WASHINGTON: The National Bank of Washington has filed an application with the regional administrator of national banks for fiduciary powers and a trust department.

Nebraska News

FALLS CITY: Blake A. Matousek has joined the First National Bank & Trust Co. here as an assistant vice president with primary responsibilities as an agriculture/commercial lending officer. He was formerly with the Bank of Yutan.

GIBBON: Rex Minert has joined the Exchange Bank here as an instalment loan officer. He recently

graduated from Nebraska Wesleyan University with a BS degree in business administration.

OXFORD: Dan R. Johansen has been named executive vice president of the Security State Bank here. He previously was with the North Loup Valley Bank in North Loup.

WAYNE: The First National Bank has opened an office at 703 Main St. here.

Minnesota News

BRAINERD: The Silver Anniversary Conference of the Upper Midwest Agricultural Credit Council, featuring national and regional experts speaking on topics related to agricultural banking, will meet June 27-29 at Madden's Resort in Brainerd. The conference will include workshops, tours and discussion sessions. A highlight will be recognition of charter member members who formed UMACC 25 years ago. Persons interested in attending should contact Michael Leonard at First American National Bank of St. Cloud, Minn. 56301 (612 251-3300).

CHASKA: Klein Bancorporation, Inc. here has announced the retirement of George A. MacDonald as vice president and investment consultant. S. R. (Bud) Omlie, formerly a vice president at the First National Bank of Minneapolis, will replace Mr. MacDonald on July 1.

MINNEAPOLIS: Funeral services were held last week for Richard H. Vaughan, 51, president of Northwest Bancorporation. Mr. Vaughan was electrocuted in the yard of his Lake Minnetonka home when he stepped on a high tension wire downed by a wind storm. He had been president since November, 1971, and chief executive officer since June 1, 1977. Chester C. Lind,



NEW ISSUE

MOODY'S: A 1

\$4,250,000
MENOMONEE FALLS, WISCONSIN
General Obligation Corporate Purpose Bonds

Dated: June 1, 1979

Denomination: \$5,000

Both principal and semiannual interest (June 1 and December 1, first coupon June 1, 1980) payable at a bank to be designated.

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

MATURITIES

	<u>6.90%</u>			<u>5.50%</u>	
\$175,000	December 1, 1985	5.25	\$350,000	December 1, 1992*	5.50
125,000	December 1, 1986	5.30	350,000	December 1, 1993*	5.55
125,000	December 1, 1987	5.35		<u>5.60%</u>	
	<u>5.55%</u>		350,000	December 1, 1994*	5.60
250,000	December 1, 1988	5.35		<u>5.70%</u>	
	<u>5.40%</u>		375,000	December 1, 1995*	5.70
300,000	December 1, 1989	5.40		<u>5.75%</u>	
325,000	December 1, 1990	5.40	375,000	December 1, 1996*	5.75
	<u>5.45%</u>			<u>5.80%</u>	
325,000	December 1, 1991	5.45	400,000	December 1, 1997*	5.80
			425,000	December 1, 1998*	5.85

* Optional in inverse order beginning December 1, 1991 at 100.50% and December 1, 1992 at 100%

LEGALITY TO BE APPROVED BY QUARLES & BRADY, ATTORNEYS, MILWAUKEE, WISCONSIN

Menomonee Falls is located in southeastern Wisconsin in Waukesha County. The Village is adjacent to Milwaukee, a major urban and industrial center of the nation. Population has grown from 2,500 in 1954 to over 32,000 at present. There are a number of industrial parks located at Menomonee Falls. Excellent location and transportation facilities, along with good government attitude toward business have helped make the area attractive to industry and business. One of the largest employers in the Village is Stolper Industries. Three Divisions of Stowell Industries are located in the village. They are: Dostal & Lowey; Graham, Inc.; and Seaman Company. Other large employers are: Bradley Corp.; Holiday Cups; E. F. Brewer; Realist Industries; and Briggs & Stratton. Some of the largest taxpayers located within the Village and their 1978 Equalized Valuations are: Clarence Dittmar-\$7,797,665; Stolper Industries-\$6,160,970; Bradley Co.-\$5,953,135; Village Green, Inc.-\$5,055,625 and Carnation Can-\$4,947,230.

These bonds are issued pursuant to the Constitution and laws of the State of Wisconsin, including Chapter 67 of the Wisconsin Statutes and resolutions adopted by the Village Board. The proceeds from the sale of the bonds will be used for the construction of parks, sanitary sewer extensions and improvement, storm sewer and drains, street improvements, and water system extensions and improvements. In the opinion of counsel, these bonds will be legal and binding general obligations of Menomonee Falls, Wisconsin, 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

Equalized Valuation, 1978	\$630,374,170
Assessed Valuation, 1978	138,324,585
Direct debt, including this issue	8,625,000
Total direct and overlapping debt	14,343,950
Population, 1979 estimate: 32,842	
	Direct debt per capita: \$262.62
	Total debt per capita: 436.76

Tax collections have approximated 99.99% 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:

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.

MORE MONEY MUSCLE — LEASE IT!

WHY LEASE? Today, businessmen, farmers, and professionals find they can move ahead faster financially by making maximum use of other money resources and not tie up large blocks of capital.

ARE BUYING AND LEASING ALIKE? There is much in common . . . you "shop" for your equipment . . . you decide model, size of particular options you want.

LEASE PAYMENTS . . . Are arranged to fit your cash flow. Thus, equipment and payments are "customized" to accommodate your needs.

THE MOST IMPORTANT THING . . . You have the equipment to use whether you're buying or leasing, and can own the equipment at the end of the lease.

AND . . . HOW ABOUT A LEASEBACK?

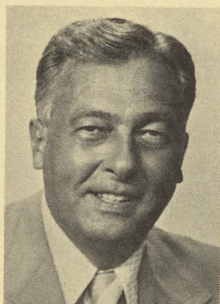
. . . Sure, suppose you are a business or professional man or farmer, and your equipment is "free and clear," or at least you have a good equity in it. You are "loaned up" at the bank, but you need cash now for a good inventory buy, to carry additional receivables, or for any worthwhile purpose. If your cash flow will carry the rental payments, then consider a Leaseback.

. . . You simply "sell" all or part of your equipment to the Leasing Company (if you still owe on it we will pay it off), and we in turn lease it back to you at a rental figure in keeping with your cash flow. As a result . . .

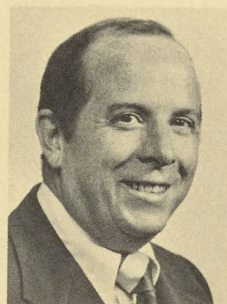
- You get cash now!
- You don't disturb your present credit lines.
- THE FULL LEASE PAYMENT IS PROBABLY DEDUCTIBLE.

Leasing isn't for everyone — let us help determine when it makes sense.

Investigate THE BANKERS' PARTICIPATING LEASEPLAN



R. L. "DICK" SELLON



P. D. "DUANE" DEVAULT

EVERYBODY IS LEASING TODAY



**THE BUTCHER - THE BAKER - THE CANDLESTICK MAKER -
THE DOCTOR - THE DENTIST - THE FARMER - THE ACCOUNTANT.**

OUR BANKERS' PARTICIPATING LEASEPLAN

It is designed to help State and National banks be involved in the growing leasing business without added personnel, training or any extra overhead.

WE PROVIDE

Basic information to determine when leasing rather than financing or purchasing is most beneficial. We handle all documentation, equipment purchasing, and lease accounting. We have all marketing material available that you might need.

THE BANK

Finances the lease or participates (but only if you want to). The lending limit with your customer is not disturbed. The credit decision is yours. The lease is insured against deficiency balance loss and all lease payments are assigned direct to your bank. State banks comply without a holding company or other entity. High yield for you and loss free! Attract new customers and hold old ones!

AND WHO IS AN EQUIPMENT LEASE PROSPECT?

- ... A customer with lending limit problems.
- ... A customer in the higher brackets, who needs the fastest write-off possible.
- ... The party who needs to conserve his cash for operations or expansions, but needs additional equipment.

Investigate



LeasePlan, Inc.

545 - 31st Street, Des Moines, Iowa 50312 □ 515/282-5008

Errors & Omissions Coverage

1. Directors & Officers Liability
2. Trust Errors & Omissions
3. Data Processing Errors & Omissions
4. Mortgage Errors & Omissions
5. "All Risk" Liability Package

AUTOMATED SYSTEMS OF IOWA, INC.

301 N. Ankeny Blvd., Suite 220
Ankeny, Ia 50021 515-964-1358

senior executive vice president, was designated acting chief executive officer until the board of directors elects a successor.

ST. LOUIS PARK: H. William Strandquist has joined the Shelard National Bank here as a commercial loan officer. He was formerly vice president of the First National Bank of Minnetonka for the past two years.

Illinois News

CHICAGO: Sam Scott has been named executive vice president and a director of Capitol Bank of Chicago. Since 1971 he was an executive vice president and board member of the Bank of Chicago.

CHICAGO: Richard J. Burke has been elected assistant vice president and business development officer at the Mid-City National Bank of Chicago. J. Michael Steill was named comptroller.

COAL VALLEY: Charles F. Myers, 77, died recently. He was a founder and member of the board of directors of the Coal Valley State Bank, which opened in 1971.

METAMORA: An application for a permit to organize the Germantown Hills Bank here has been filed with the commissioner of banks and trust companies. The bank's capitalization of \$750,000 would consist of \$300,000 capital stock, \$300,000 surplus and \$150,000 reserve for operating expense. Correspondent is Arlyn R. Rubash, Peoria.

PALATINE: Suburban Bancorp, Inc. here has received consent from the Federal Reserve Board to

become a bank holding company by acquiring the Palatine National Bank.

Colorado News

ENGLEWOOD: Thomas A. Dinkel has been appointed vice president and assistant manager of the real estate loan department of Continental National Bank. He joined the bank's loan department in 1977 as an assistant vice president.

RIFLE: Incorporators of the proposed Rifle Industrial Bank have filed an application for a charter with the state banking board. A public hearing on the matter will be held July 9.

North Dakota News

UNDERWOOD: First Security Bank here recently moved into a new bank building, opening for business June 18. The new telephone number is (701) 442-3722.

South Dakota News

MITCHELL: Doyle L. Sage has joined the First Mitchell National Bank as trust officer. He formerly held that position at the Farmers & Merchants Bank of Huron.

SIOUX FALLS: Jack P. Allmon Sr. will retire as senior vice president of the United National Bank effective July 1. He has been a senior officer of the bank for the last two years, most recently serving as branch supervisor of United's West River branches and manager of the 14 St. Joe and Sixth & Main branches in Rapid City. In a related announcement, James D. Hopkins has been elected vice president and manager of the two Rapid City offices.

For availability of funds, knowledgeable people and professional service, call our correspondent bank department.

**TOLL FREE
1-800-362-1615**

"C"

**Central National Bank
& Trust Company**

LOCUST AT 6TH/DES MOINES, IA 50309
MEMBER FDIC

• AFFILIATED WITH CENTRAL NATIONAL BANCSHARES, INC.

Wyoming News

CHEYENNE: Don M. Taylor has been promoted to vice president of investments for Wyoming Bancorporation. Jerry Rankin was named assistant vice president.

NEWCASTLE: A reorganization of the ownership and structure of the First State Bank of Newcastle has been announced by Donald L. Jording, president. Effective this month, majority ownership will be transferred to a new holding company called Northeastern Wyoming Bank Corporation, Inc. No structural or personnel changes are planned.

WHEATLAND: Ilah Shaffer and Deborah Osberg have been promoted to assistant cashier at the First National Bank in Wheatland.

Joins 10th Fed Board

Wayne D. Angell, president of Council Grove National Bank, Council Grove, Kan., was named June 14 as winner of the five-banker contest for election as a director of the Federal Reserve Bank of Kansas City.

CALL ON THE "PERFORMANCE TEAM"

where common transactions are handled uncommonly well.



FIRST NATIONAL LINCOLN

13th & M Street • Lincoln, Nebraska 68501 • Member, F.D.I.C.

AG INTEREST RATES . . .

[Continued from front page]

the nation's non-real estate farm borrowing.

- Tapping the secondary market for loan funds will be the major key for banks in providing adequate capital for agriculture in the future.

- Federal compliance regulations and governmental red tape have become a real burden for the small agricultural bank.

- There is often considerable overlapping of governmental programs, causing many inconsistencies.

- Agriculture is facing a continuing and expanding challenge from industrial and recreational users of limited supplies of water. Because of the competition, some farmers may not be able to afford the costs for irrigating farm lands—or they may be forced to find alternative crops which require less irrigation.

- Food prices will have to reflect increased energy costs, not so much in the production phase, but certainly in processing and distribution.

- While farmers' net worth has gone up because of the inflated value of their farm land, farm income has not gone up proportionately. Many farmers are using up their reservoir of equity held in their land to meet their loan needs.

- There is an enormous financing challenge coming in the next decade as approximately 40% of farm estate, now owned by elderly people, will have to be taxed and refinanced as it changes ownership.

- Agricultural lenders will have to run to keep up their knowledge of agri-finance in the 1980s and to meet the challenge of competition from other aggressive bankers. □

WANT ADS

Rates 50 cents per word per insertion. Ad \$2 for file numbers. Identity of file number advertisers cannot be revealed. Payment in advance, please.

NORTHWESTERN BANKER
306-15th St., Des Moines, Iowa 50309

Holder and Associates

Bank Consultants

Specializing in Bank Acquisitions
515-232-0814

P.O. Box 450 405 Main Ames, Iowa 50010

DONALD E. HOLDER, Principal

POSITION AVAILABLE

Second person, heavy in operations and lending, for \$10 million bank. Salary negotiable. Send resume to file, FBO c/o Northwestern Banker. (PA)

90MM Bank in North Central Iowa city of 35M looking for an aggressive marketing officer. Prefer a creative and goal oriented person with a marketing or related degree and 1-3 years marketing experience. Write FBT, c/o Northwestern Banker. (PA)

CREDIT INSURANCE SALES. Insurance subsidiary of nationwide financial institution located in Des Moines is seeking person to develop, coordinate and implement new credit insurance programs with Iowa Banks. Instalment lending experience and business development capabilities preferred. Excellent salary, benefits, and ground floor opportunity. Write file FBV, c/o Northwestern Banker (PA)

Large central Montana Bank seeks commercial loan officer. Experience necessary. Please send resume and salary history to file FBZ, c/o Northwestern Banker. (PA)

OPERATIONS AND LOAN OFFICER: Prefer at least 2 years of experience in operations. Good opportunity with excellent fringe benefits. Salary open. Contact George Mechem, President, Brenton Bank and Trust Company, Clarion, Iowa 50525. (PA)

POSITION WANTED

BS degree in ag business and ag finance. Ag background. Has had banking courses. Desire position in ag department. Willing to relocate. Write file FBU, c/o Northwestern Banker. (PW)

FOR SALE

Brandt "Countess" Document and Currency Counter. Like New (515) 498-7714. (FS)

AUTOMATED CHECK FILE - A used Diebold 6600 series with 580 filing inches — Good Condition. \$1,500 or best offer, FOB Keokuk, Iowa — Call R. Chamberlain (319) 524-2944. (FS)

Addressograph, model 970B, mounted in regular addressograph 10 tray metal cabinet with foot control. Graphotype, model 6381, by Addressograph. Both are in excellent condition and were in use until 5-79. Will sell separately or together. Contact Myron Canada, First State Bank, Loomis, Nebraska. (308) 876-2452. (FS)

One NCR 775-2000 with 8 pockets, one NCR 775-2000 with 12 pockets, one 775-2000 with 16 pockets. Two NCR 7740 single pocket desk top proof machines. Call (512) 837-6783. (FS)

12 NCR 152-70 teller machines; 4 Burroughs TR-101 electronic teller machines; 2 Burroughs check writers; 3 Burroughs T-100 desk top check encoders; 2 NCR 490 desk top encoders. Call (512) 836-5864. (FS)

4 NCR full key wide carriage adders. Call (512) 836-5865. (FS)

One NCR 775-2000 proof machine with 8 pockets. Maintenance contract will be transferred. \$9,500. Call (512) 837-6783. (FS)

WANT TO BUY

Investor wants to purchase 25M approx. deposit bank in live community. Long term investment. Need good management. No brokers. Write file FBX, c/o Northwestern Banker. (WTB)

Addressograph machine and graphotype. Please list model and serial number and send to Box 607, Boone, Iowa 50036. (WTB)

We have qualified buyers for your majority bank stock.

If you are ready to sell your bank please contact:

J. Mason Henry

Charles E. Walters Co., Inc.

P.O. Box 1313, Omaha, Nebraska 68101
Phone: (402) 553-6400

PARTIAL LIST OF AVAILABLE APPLICANTS

EVP - Exp in all areas of lending. Has had exposure in marketing and is strong in operations. Active in community affairs, can develop new business. Asks \$25,000.

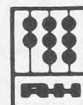
AG LOAN OFFICER - Degree in Ag Business & Fin. Exp as a farm rep. Other areas include instalment and real estate. Solid ag background.

OPERATIONS OFFICER - Very strong in DP. Been instrumental in converting demand deposits, savings and an accrual acctg system. Currently Cashier in 44MM bank. In charge of tellers, bkpg, DP, payroll & money position. Asks \$18,000.

CEO - Masters degree and 10 yrs exp. Manages entire loan portfolio. Can write policy & procedures. Familiar with compliance. Strong in commercial lending. Asks \$27,000.

LENDING OFFICER - Is Credit Analyst & assists commercial loan officers. Performs quality control analysis & documentation review. Confirms collateral & makes customer call. Background also includes DP & acctg. Earns \$16,500.

FOR FURTHER INFORMATION
RESPOND IN CONFIDENCE TO:



Bank Division

ROBERT HALF of Iowa, Inc.

317 6th Ave.
Des Moines, IA 50309
(515) 244-4414



BANKERS PARTICIPATING

LeasePlan, Inc.

545 - 31st Street Des Moines, Iowa 50312
R. L. "DICK" SELLON • P. D. "DUANE" DEVAULT

SERVING PROFESSIONALLY

**Banking, Financial & Business Personnel
Iowa and Nationwide**

CAPITAL PERSONNEL SERVICE

814 Central National Bldg. 515-283-2545
Des Moines, Iowa 50309

POSITIONS AVAILABLE

AG LOAN — Rocky mountain 22MM bank. Background in Comm'l also helpful \$20,000

MARKETING — Prefer marketing degree and some bank experience. Several positions available in 50-100MM mid-west banks. \$20,000

INSTALMENT LOAN — Several junior officer and middle management openings. Some will accept finance company experience Mid Teens

TRUST OPERATIONS — Requires 2-3 years trust experience. #2 position in department. Opportunity to get into administration. Mid Teens

TRUST INVESTMENT — Analysis of accounts and industries. Prefer bank background but will consider related experience \$18,000

BRANCH MANAGER — Metro area. Aggressive community minded banker with loan background \$18,000

CREDIT ANALYST — Position will lead to commercial loan desk. Degree and 6-12 mos. exper. desired \$15,000

All inquiries handled on a confidential basis. Resume and salary history requested.

TOM HAGAN & ASSOCIATES

Linda Blue Smith, President
P.O. Box 12346/2024 Swift #203
NKC, MO 64116 (816) 474-6874