

NORTHWESTERN Banker Newsletter

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650 Area Bankers Report On Economy

DESPITE a rebound in economic activity during the third quarter of this year, a recent survey of Upper Midwest bankers indicates that "increasing numbers of Twin Cities bankers are braced for recession while their agricultural counterparts remain seemingly confident," according to Dr. Sung Won Son, senior vice president and chief economist at Northwestern National Bank of Minneapolis.

Results of Northwestern's seventh semi-annual survey of more than 650 Upper Midwest bankers revealed that more than 40% of the bankers in the metropolitan area are expecting economic conditions to deteriorate during the next six months, sending the confidence index for the Twin Cities to its lowest level since this survey began. Only 12% of the bankers surveyed expect conditions to improve.

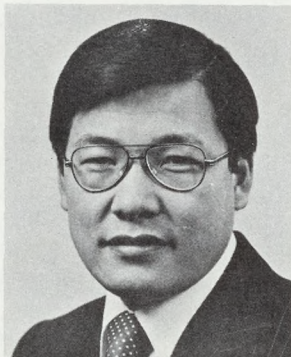
Less Severe

However, Twin Cities bankers appear to be braced for recession, they expect the local economy to be less severely affected than the national economy, Dr. Son said.

"Pessimism also prevails among Minnesota Iron Range bankers, a sharp reversal of attitudes since last April. In contrast, agricultural bankers in the Upper Midwest expected their communities will be spared the impact of a national economic

downturn," said Dr. Son.

Over half of the agricultural bankers expect a continuation of current favorable conditions. Another 23% anticipate improvement in economic conditions. This optimism is due to the fact that some farmers are benefiting from the combination of record crops and favorable prices resulting from strong export demand. Nevertheless, the economic outlook is more



DR. SUNG WON SON

subdued in the western portion of Montana and South Dakota where very poor moisture conditions prevail.

The survey results also indicate continued tightening of credit in both the metro and agricultural sectors. Interest rates continued their steep climb at Twin Cities and Iron Range banks reflecting heavy loan demand, tighter monetary policy and sharp increases in costs of de-

posits and purchased funds.

While still lagging behind rates in non-farm areas, interest rates charged by agricultural banks have also risen sharply. The recent tightening by the Federal Reserve is causing agricultural bankers in Iowa and South Dakota to ration credit based on the purpose of the loans as interest rates are bumping up against usury limits in these states,

High Ratios

Loan-to-deposit ratios at agricultural banks are at an all-time high as deposits have not kept pace with the surge in loan demand. About one-third of the agricultural bankers said they turned down loan requests due to lack of funds and nearly half were less active in seeking new customers.

The largest jump in loan-to-deposit ratios occurred in Minnesota and the Dakotas, where significant numbers of bankers now indicate that transportation problems and the grain handlers strike in Duluth are having a severe effect on the availability of loan funds.

Record interest rates and a faltering economy are expected to dampen the growth of loan demand in the Twin Cities during the next six months. Home mortgages are expected to show the greatest weakness. Even greater softening of loan demand is expected in the Iron Range.

Agricultural bankers anticipate

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continued strong growth in farm loan volume over the next year. Loans for crop operating expenses are expected to increase the most due to escalating production costs and increased crop acreage in 1980.

Heavy loan demand will keep pressure on agricultural bank liquidity, although increased marketing of grain should help ease liquidity pressures. However, agricultural bankers feel that grain transportation bottlenecks will continue to plague agriculture in this region. □

Iowa News

BROOKLYN: Winifred D. Wold, 50, a director of the Poweshiek County Savings Bank here, died November 18 following a long illness. Her husband, Gordon L. Wold, is president of the bank.

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Services were held last week in Des Moines.

CLINTON: The First National Bank has applied for consent from the regional administrator of national banks to open a facility at 2335 N. Third St. here.

DAVENPORT: Brenton First National Bank has opened a CBCT unit at 220 W. Kimberly Road here.

KIMBALLTON: The Landmands National Bank of Kimballton has filed an application with the regional administrator of national banks to relocate the head office from Main Street in Kimballton to 201 S. Division St. in Audubon and retain the head office as a branch.

KIRON: The Kiron State Bank has received consent from the FDIC to change the location of its main office from Grove and Prairie Streets in Kiron to Third and Main Streets in Odebolt, and to establish an office at the Grove and Prairie Street location in Kiron.

MUSCATINE: Organizers of the Community National Bank of Muscatine have received consent from the Comptroller of the Currency to establish the new full-service bank. Charles S. Bullock has been named president of the new bank, which is in organization. He formerly served as vice president of the Clinton National Bank.

WASHINGTON: The National Bank of Washington has received consent from the regional administrator of national banks to exercise trust powers.

WAUKON: David Pike has joined the Waukon State Bank as vice president. He was formerly cashier of Farmers Savings Bank, Grundy Center, and previously with the First National Bank of Clinton.

Nebraska News

HERSHEY: Donald C. Clauson has been appointed executive vice president of the Hershey State Bank and executive vice president and director of the American Agri-Credit Corp. of Hershey. He succeeds Bob Ufen who resigned recently to return to his hometown of Miller, S.D. Mr. Clauson formerly was a vice president at American Security Bank in North Platte.

McCOOK: The First National Bank of McCook has applied for consent to open CBCT units at 501 W. Fifth St. and West Fifth and D Streets here.

OMAHA: James W. Kresha has been elected an assistant cashier at Security National Bank here. A loan officer in the instalment department, he joined the bank in May, 1978.

John Murano: BANKERS' BANKER

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NEW ISSUE

MOODY'S: A 1
S & P: A +

\$955,000
LINCOLN, NEBRASKA
Electric System Revenue Bonds
(Distribution Facilities, 1979 Series A)
(Part of an issue of \$5,000,000)

Dated: December 1, 1979

Denomination: \$5,000

Both principal and semiannual interest (March 1 and September 1, first coupon due March 1, 1980) payable at the National Bank of Commerce Trust and Savings Association, Lincoln, Nebraska; or at Citibank, N.A., New York, New York; or at The First National Bank in Chicago, Chicago, Illinois.

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

MATURITIES

<u>7.25%</u>			<u>7.25%</u>		
\$40,000	September 1, 1980	6.75	\$60,000	September 1, 1987	6.80
40,000	September 1, 1981	6.75	65,000	September 1, 1988	6.85
45,000	September 1, 1982	6.75	70,000	September 1, 1989	6.90
50,000	September 1, 1983	6.75	75,000	September 1, 1990*	6.95
50,000	September 1, 1984	6.75	80,000	September 1, 1991*	7.00
55,000	September 1, 1985	6.80	85,000	September 1, 1992*	7.05
55,000	September 1, 1986	6.80	90,000	September 1, 1993*	7.10
			95,000	September 1, 1994*	7.20

*Optional in inverse order beginning September 1, 1989 at 103%; September 1, 1991 at 102%; and September 1, 1993 at 101%.

**LEGALITY TO BE APPROVED BY CLINE, WILLIAMS, WRIGHT, JOHNSON & OLDFATHER, ATTORNEYS,
LINCOLN, NEBRASKA**

Lincoln, the capital of Nebraska, is located in southeastern Nebraska, near the center of population of the State. It is approximately midway between Chicago and Denver. It has an area of 58.03 square miles, and in its growth and development has annexed five other municipalities so that the City includes most of the urban area of Lancaster County. It enjoys a unique position in Nebraska as the center of the State government and educational activities. Lincoln has made steady and continuing progress in industrial development. Leading in manufacturing and industrial employment are such employers as Russell Stover Candies; Goodyear Tire and Rubber Company; Square-D Company; Cushman Motors, a subsidiary of Outboard Marine Company; the Burlington Northern Shops; Gooch Milling and Elevator; Control Data; Capital Bridge Company; American Stores Packing Company, a division of Acme Markets, Inc.; Norden Laboratories, a subsidiary of Smith, Kline and French; Dorsey Laboratories, a division of the Sandoz Wander Company; Brunswick; and Kawasaki Motors Corp. U.S.A. International Business Machines has purchased 880 acres of land adjacent to the City for future development. The City is a retailing and wholesaling center with an estimated 3,000 business firms. Retail sales in the metropolitan area amounted to \$889 million in 1978, and wholesale business is estimated in excess of \$500 million. The University of Nebraska, with its 22,477 students, and Nebraska Wesleyan University and Union College, with a combined enrollment of approximately 2,094 are in the City of Lincoln.

The proceeds of the Distribution Facilities 1979 Series A Bonds are to be used for part of the capital costs anticipated to be incurred during the next twelve months for distribution facilities and to make a deposit into the Bond Reserve Fund equal to one year's interest on the Distribution Facilities 1979 Series A Bonds and to provide for bond discount and financing and legal expense. The Distribution Bonds will be issued on a parity with an aggregate of \$66,520,000 Distribution Facilities 1977 Series A and 1978 Series A Bonds outstanding. Revenues and certain other moneys are pledged to payment of the Distribution Bonds subject to the prior pledge thereof to payments of all operating expenses (including "fixed cost" payments under "take or pay" power purchase contracts) and to payments for debt service on Power Supply Bonds. On the basis of assumptions, Net Receipts are estimated by Lincoln Electric System to cover debt service on all Bonds not less than approximately 1.53 times for each fiscal year through fiscal year 1984-85.

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

The information contained herein 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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FIRST NATIONAL LINCOLN

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OMAHA: The U.S. National Bank of Omaha has opened a CBCT unit at 10144 Maple St. here.

PAXTON: Joe (Jody) Beveridge Jr. has been named president and cashier of the Bank of Paxton. He is a nephew of Peter Eginton III, who had served as president until his recent death. Mr. Beveridge, formerly assistant cashier, has been with the bank for seven years.

WAUNETA: John W. Green, 90, died last month in Wauneta. A pioneer banker, he served at the Wauneta Falls Bank for 67 years. He retired as president in 1954, remaining as a director and chairman of the board.

Minnesota News

McGREGOR: Janet Miller has been promoted to assistant cashier and instalment loan officer at the State Bank of McGregor. She joined the



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bank in 1974 and has served as teller and executive secretary.

NEWPORT: John W. Norris has been named a vice president at the Town & Country State Bank here. He will be taking charge of the bank's new detached facility in Woodbury. He formerly was with a St. Paul savings and loan.

RICHFIELD: Dot Pope has been promoted from mortgage loan manager to assistant vice president/mortgage loan manager at the Richfield Bank & Trust Co. She joined the bank in 1974.

Illinois News

CHICAGO: Patrick E. McNarny and Mary Garst have been elected to the 1980 board of directors of the Federal Reserve Bank of Chicago by member commercial banks in the Seventh Federal Reserve District. Each will begin a three-year term on January 1. Mr. McNarny is president of the First National Bank of Logansport, Ind. Ms. Garst is manager of the cattle division of The Garst Co., Coon Rapids, Iowa. Mr. McNarny was elected as a Class A or "banker" director. Ms. Garst was re-elected as a Class B or "nonbanker" director after serving on the Chicago Fed board during 1979.

CHICAGO: Recently promoted at Citizens National Bank of Chicago were Vincent Saverino, vice president and cashier, and Joseph De Franco, Samuel Ferraro and Tony Toniolo, assistant cashier.

CHICAGO: J. Joseph Herro has

joined Capitol Bank of Chicago as a vice president and will be involved in many facets of the bank's operations including commercial lending and new account relationships. He formerly was senior vice president, lending division, at Mercantile National Bank of Chicago.

South Dakota News

GARRETSON: Upper Midwest Financial Corp. here has received consent from the Federal Reserve Bank of Minneapolis to become a bank holding company by acquiring the First National Bank of Garretson.

Colorado News

DENVER: D. David Jones and Douglas S. Sprague have been appointed to the position of vice president at United Bank of Denver. Also named were Linda Archambault, personal banking officer; Susan K. Rogers, marketing officer, and Robert E. Young, commercial banking officer.

GREELEY: An application by Central Bank of West Greeley here for Federal deposit insurance has been approved by the FDIC. The bank's total capital accounts are \$900,000.

WINTER PARK: The Bank of Winter Park has received consent from the FDIC to change the location of its main office from 78967 U.S. Highway 40 to 78515 U.S. Highway 40 here.

Montana News

HELENA: Joe Bower has joined



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DONALD E. HOLDER, Principal

First Bank-Helena as a real estate lending officer. He was formerly associated with First Bank West-ern, Missoula.

Wyoming News

CASPER: Four staff members at the First National Bank of Casper have been promoted. They are John McAteer, vice president and trust officer; Cathy Sears, trust officer, and Mike Pierce and Doug William-son, loan officer.

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Installment Loan Officer, with some experience, wanted by \$30 million Iowa bank. Contact Malcolm Freeland, c/o Northwestern Banker. (PA)

Agricultural Lending Officer wanted by \$30 million bank in northwest Iowa. Write file IBI, c/o Northwestern Banker, in confidence. (PA)

Trust Administrator with law degree and 3-5 years experience wanted. Send resume in complete confidence to Diane Good, Personnel Officer, National Bank of Waterloo, Waterloo, Ia. 50704. We are an equal opportunity employer. (PA)

Excellent Opportunity

Experienced trust officer in charge of small growing trust department in suburban bank of midwest metro area. Salary open. Send resume to file IBF, c/o Northwestern Banker. (PA)

Aggressive metropolitan Des Moines bank is seeking an individual experienced in all areas of consumer lending, including dealer contacts, to head up our installment loan department. Excellent opportunity for right person. Salary open. Write file IBE, c/o Northwestern Banker. (PA)

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LENDER—Work in all lines for IL bank. \$14,000.

AG—Mt bank wants experienced lender. \$13,000.

AG—Combination lending & farm management. \$18,000.

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LENDING—Potential to become VP Cashier. \$15,000.

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CEO—South Dakota S&L is anxious to hire. \$25,000.

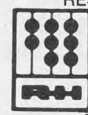
TRUST—Investment portfolio manager. Experience needed. \$18,000.

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CASHIER—20MM rural bank. Has own mini-computer. Advancement possible . . . \$18,000

PRESIDENT—Close to metro area. Must be strong in lending and community activities \$30,000

COMMERCIAL LOAN—Suburban 100MM bank. Background in real estate loans helpful \$28,000

Resume and salary history requested.

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