

NORTHWESTERN Banker Newsletter

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Des Moines, Iowa

July 6, 1981

Differential Is Out Aug. 1, '83

AT THEIR June 25 scheduled meeting, the five members of the Depository Institutions Deregulatory Committee voted 4-1 against maintaining the thrift institutions' quarter percent rate differential on money market certificates. In addition, the DIDC voted to end on August 1, 1983, the differential completely.

Facing a Congressional mandate to phase out all interstate rate controls by March 31, 1986, the DIDC finally moved that phase-out deadline up by one year, announcing a five step program to lift interest rate ceilings and the differential as follows:

1. August 1, 1981— Remove all rate ceilings on deposits of four years or more. Deposits of 30 months to four years would be pegged to the yield on comparable Treasury securities; compounding permitted; thrift interest rate differential maintained, with thrifts paying full rate as above, banks $\frac{1}{4}$ % less.

2. August 1, 1982— Remove interest rate ceilings on deposits of three to four years; deposits of two to three years would remain pegged to the Treasury securities rate; thrift interest rate differential maintained for these deposits, as above.

3. August 1, 1983— Remove interest rate ceilings on remaining

deposits of two years or more; deposits between one and two years remain pegged to Treasury securities rate; quarter percent rate differential eliminated on all deposits.

4. August 1, 1984— Remove interest rate ceilings on deposits of one to two years; deposits under one year remain pegged to Treasury securities rate; no rate differential between thrifts and banks.

5. August 1, 1985— Remove



interest rate ceilings on deposits of under one year maturity.

No action was taken on discussion to make changes in the early withdrawal penalties, but DIDC members said they would reconsider this if evidence warrants.

The DIDC members also agreed to discuss at their September meeting the subject of passbook account rates. They asked for "informal" comment on this.

They tabled action on discussion of any new instrument to compete with

Money Market Mutual Funds, awaiting the outcome in Congress of discussions to authorize a new All Savers certificate and/or take action on liberalizing the IRA and Keogh retirement plans.

At the time of the DIDC meeting, some House members were aiming at making the All Savers certificate available only at institutions making mortgage loans, with an established threshold minimum amount of mortgages or on a percentage basis of such loans to total loan business. The ABA was contacting its members nationwide last week to oppose this discriminatory provision. The All Savers certificate would authorize an instrument at financial institutions that would pay 70% of the one-year Treasury bill rate, tax free, on minimums of \$1,000 for individuals and \$2,000 for couples. While this was being assailed again as a device for the "rich," the ABA was stressing to Congress that banks need such an instrument to compete.

Members of the DIDC are Treasury Secretary Donald Regan (DIDC chairman); Federal Reserve Chairman Paul Volcker (DIDC vice chairman); National Credit Union Administration Chairman Lawrence Connell; FDIC Chairman Irvine Sprague, and FHLBB Chairman Richard Pratt.

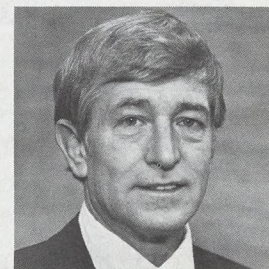
Mr. Pratt objected to removal of

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the rate differential, saying it "is a small price to pay to maintain long-term viability" of thrifts. He was voted down 4-1 by the other members, who pointed out that retaining the differential also would hurt small commercial banks and would not aid thrifts enough to solve their current problems.

A few days after the DIDC meeting, the NCUA removed the 12% ceiling on credit union share certificates of 14 days to six years. As of August 1, 1981, certificates of 14 days to four years will be pegged to the rate for 30-month Treasury securities. Any certificates above four years are free of any ceiling. The current rate on such Treasury securities is 14.35%. The NCUA board also agreed to study a proposal


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raising the dividend rate from 7% to 12% on regular share accounts, which are the equivalent of passbook accounts at banks and S&Ls.

While the DIDC was drawing up its four-year schedule of deregulation, many banks nationwide were experimenting with various innovations to offer MMFs or their equivalent to customers in an effort to stem the outflow of deposit funds that have helped swell the MMFs to approximately \$122 billion. It has been estimated that at least 15% to 20% of that money came out of banks. □

Kristin Gandrud Selected For "Youth in Concert"

Kristin Gandrud, 18, of Glenwood, Minn., was selected from nationwide applications as one of 70 young musicians to take part in a "Youth in Concert" 25-day tour to major cities in Germany, Switzerland, France and England. Kristin plays oboe in the orchestra, which is accompanied by another 120 young people in a choral group also selected from leading talent nationwide.

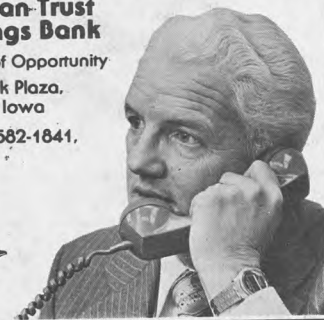
The group left June 29 for Frankfurt, Germany, where the first concert was to be given. Other cities being visited for several days each, with concerts in each city, include Heidelberg, Munich, Salzburg, Luxembourg, Geneva, Paris and London. Each day the students will

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be given lectures on the history of music originating from the locales visited, and will then give their concerts.

Kristin was graduated in June from Glenwood High School. She is the daughter of Dick and Lorraine Gandrud. Mr. Gandrud is president of the Pope County State Bank in Glenwood and in June completed his year as president of the Minnesota Bankers Association.

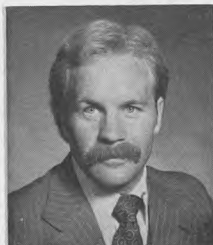
Iowa News

CHARTER OAK: Tom Van Overbeke has joined the Farmers State Bank as assistant vice president. Farmers State also recently held an open house to celebrate the completion of its extensive remodeling project.

CLUTIER: Superintendent of Banking Tom Huston has concurred with the recommendation by the state banking board to deny the application of Clutier State Bank to move to Dysart and retain a Clutier office.

JOHNSTON: James Krannawitter has been named vice president and manager of Northwest Brenton National Bank's office here. He joined the bank in 1978.

MAPLETON: Orval W. Spahn, 73,


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Supplement to Northwestern Banker Newsletter 7-6-81

NEW ISSUE

SALE DATE: June 29, 1981

MOODY'S: A

\$1,435,000 **LAKEVILLE, MINNESOTA** General Obligation Bonds of 1981

Dated: August 1, 1981

Denomination: \$5,000

Both principal and semiannual interest (February 1 and August 1, first coupon due on February 1, 1982) payable at a bank to be designated.

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

MATURITIES

\$ 30,000	<u>8.00%</u> February 1, 1982	8.00	\$130,000	<u>9.20%</u> February 1, 1988	9.20
155,000	<u>8.20%</u> February 1, 1983	8.20	130,000	<u>9.40%</u> February 1, 1989*	9.40
160,000	<u>8.40%</u> February 1, 1984	8.40	130,000	<u>9.60%</u> February 1, 1990*	9.60
165,000	<u>8.60%</u> February 1, 1985	8.60	120,000	<u>9.80%</u> February 1, 1991*	9.80
170,000	<u>8.80%</u> February 1, 1986	8.80	120,000	<u>10.00%</u> February 1, 1992*	10.00
125,000	<u>9.00%</u> February 1, 1987	9.00			

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

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The City of Lakeville, Minnesota, is located in southern Dakota County, approximately 15 miles south of Minneapolis. The present area of the City is approximately 38 square miles. During the 1970's, Lakeville was the third fastest growing City in Dakota County with a 96% increase in population. The 1980 U.S. Census count is 14,790 and the 1970 U.S. Census was 7,556. As a part of the Minneapolis-St. Paul metropolitan area, Lakeville's labor market is drawn from many of the surrounding communities and conversely, many City residents commute to other areas of the Twin Cities for work. Some of the largest employers in the City include: Schaper Manufacturing Co.; ISD #194; Menasha Corporation; Despatch Industries, Inc.; and Merillat Industries.

These bonds are being issued in accordance with Minnesota Statutes to finance various improvement projects within the City. In the opinion of counsel, these bonds are legal and binding general obligations of the City of Lakeville, Minnesota, and all taxable property located therein is subject to the levy of sufficient taxes to pay the principal of and interest on the bonds without limit as to rate or amount.

FINANCIAL STATEMENT

Indicated market valuation, taxable property, 1980	\$319,457,934
Assessed market valuation, taxable property, 1980	55,007,710
Net direct debt, including this issue	1,174,901
Total direct and overlapping debt	7,243,871
Population, 1980 Census: 14,790	Net direct debt per capita: \$ 79.44
	Total debt per capita: 489.78

Tax collections have approximated 98.34% of taxes levied for the past three years.

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 are based. Bonds of a particular maturity may or may not still be available or may now be available at a price or yield different from that indicated above.



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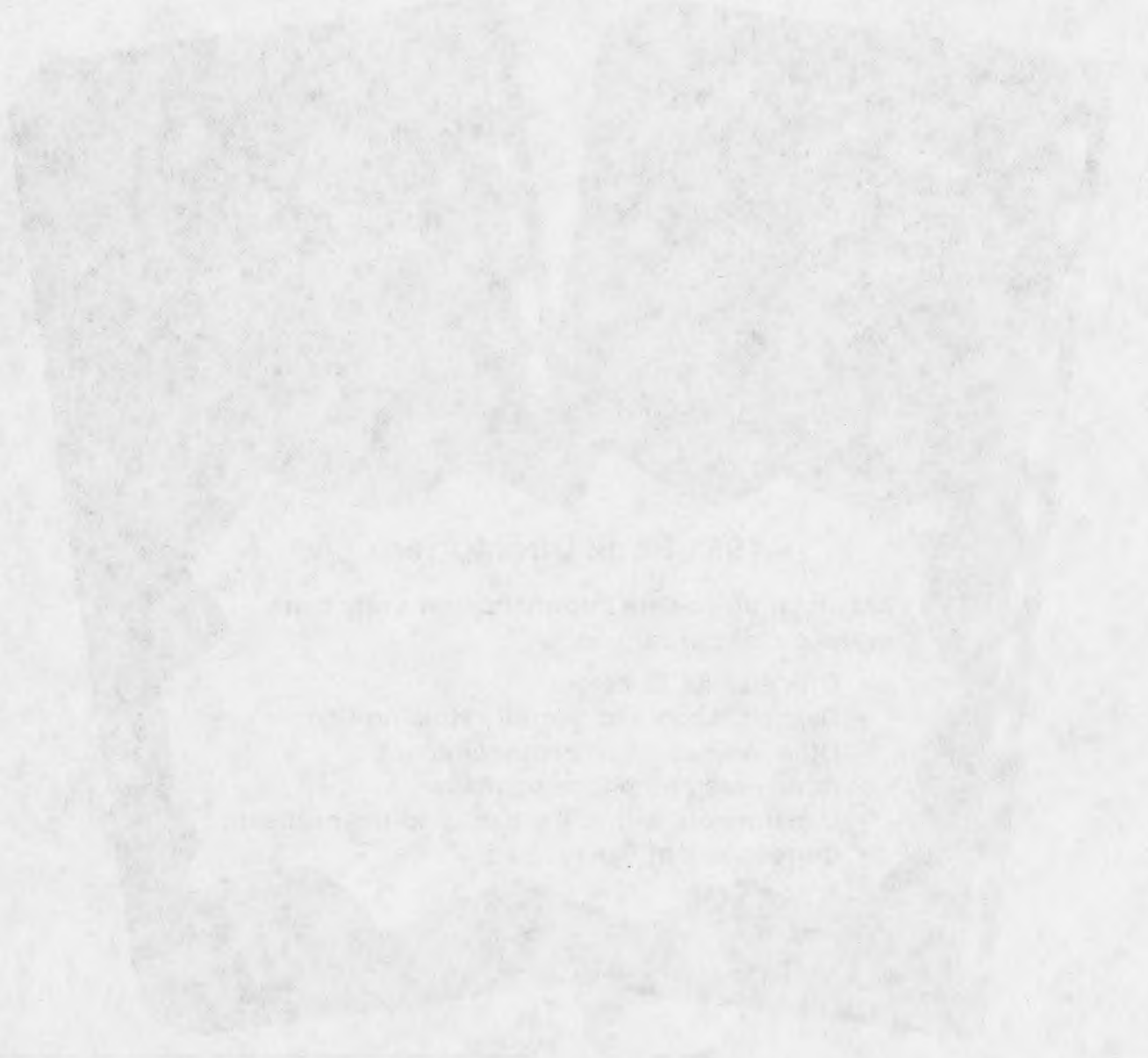
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retired executive vice president of First State Bank, died recently following a lengthy illness. He began his banking career in 1927 at the Savings Bank in Ute. In 1940 he joined First State, retiring in 1973.

MOORHEAD: Nearly 200 guests attended Moorhead State Bank's recent open house to celebrate the completion of the bank's new addition and complete renovation.

SUTHERLAND: James J. Johnson, vice president, has been elected president of Security State Bank, succeeding M.J. Kuehl, who has resigned. The board also elected Charles K. Kummerfeld vice president and cashier.

Minnesota News

ADA: First State Bank recently celebrated its 100th anniversary with a week-long open house. Festivities included a barbeque and display of antique bank machines.

BLUE EARTH: Greg Mohr has joined the Blue Earth State Bank as vice president and senior lending officer. He was most recently with Citizen's State Bank of Donnelson, Ia., where he was vice president and cashier.

COON RAPIDS: Jerry Wright has been named president of the First Mid America State Bank. Mr. Wright was named president and managing officer of the Shelard National Bank in St. Louis Park in 1975, and continues to hold that position. He will also join the board of First Mid America.

EITZEN: Steve Schuldt has joined the Eitzen State Bank as assistant

vice president. The past five years he has been with the Caledonia State Bank.

MINNEAPOLIS: Paul A. Burkland, 77, retired trust officer at Northwestern National Bank, died recently.

MINNEAPOLIS: American National Bank has hired Charles Strothman as senior vice president and a divisional head.

MINNEAPOLIS: Richard Huart has joined Northwestern Bankwest as vice president and portfolio manager

Illinois News

CHICAGO: John R. Tilton, vice president, American National Bank & Trust Co., has been appointed head of the bank's newly-organized investment management group.

CHICAGO: Huibert A.H. Soutendijk has been promoted to president of the Northern Trust International Banking Corporation in New York City, a subsidiary of the Northern Trust Company of Chicago

CHICAGO: Steve Schmoldt has been promoted to assistant vice president-finance of the Colonial Bank & Trust Co., according to W.R. Duquaine, president.

CHICAGO: Continental Bank has announced the following promotions: Theodore E. Bulow, Kenneth J. Fetzer and Thaddeus P. Vannice to vice presidents, and Cathy S. Callender and Robert G. Sinn to second vice presidents.

Nebraska News

BLAIR: Harold Matney has been appointed chief executive officer of

the Blair Bank, according to Howard C. Hanson, Jr., president. Mr. Matney has been serving as senior vice president.

NORFOLK: Bruce D. Lemon has been named senior vice president-loan administration at Northwestern National Bank. Mr. Lemon transferred from Northwestern National Bank of Sioux Falls, where he most recently served in commercial lending and correspondent banking.

OMAHA: First National Bank has appointed Kenneth Nimmo as second vice president-data processing. Mr. Nimmo recently retired from the United States Air Force after 24 years of service, most recently as director of data processing.

South Dakota News

SIOUX FALLS: The Federal Reserve Bank has approved the application by Minnehaha Bankshares, Inc. to become a bank holding company through the acquisition of the First National Bank here.

North Dakota News

FARGO: First National Bank has announced the appointment of Paul F. Gentzkow to assistant vice president. Mr. Gentzkow joined First National in 1975 as a messenger.

GRAND FORKS: First National Bank recently broke ground for its new "Express Bank" and community park to be located at the corner of 5th and Demers downtown. The bank is scheduled for completion in November of 1981. The park will occupy 43,200 square feet of the development, with more than 150 trees and 600 shrubs planted.

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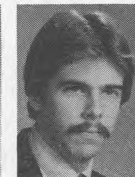
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Jim McLaughlin
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Rusty Reese
Bond Officer
234-2674



Dave Wittenborn
Bond Representative
234-2691

Montana News

HELENA: Curtis B. Briggs has joined Northwestern Bank as vice president-commercial loans. He was previously vice president of First National Bank of Moorhead, N.D.

Wyoming News

LOVELL: Mike Carter has joined the Western National Bank as executive vice president and managing officer. He was previously associated with Citicorp Person-to-Person in Salt Lake City. His father is Bill Carter, president of the Centennial State Bank of Englewood.

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\$50 million bank seeks qualified agricultural loan officer. Experience required. Excellent potential. Send resume and salary requirements to file NBQ, c/o Northwestern Banker. (PA)

EMPLOYMENT OPPORTUNITY for an experienced trust officer with legal background. Contact: R.O. Johnson, President, First National Bank, 120 North Mill Street, Fergus Falls, Minnesota 56537. Phone: 218-739-4461. (PA)

EMPLOYMENT OPPORTUNITY - CEO for Northeast Nebraska Bank under \$5 million. Must also be qualified in all areas of insurance and capable of managing and selling. Send resume and compensation requirements to file NBN, c/o Northwestern Banker. (PA)

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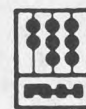
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