

NORTHWESTERN Banker Newsletter

Vol. 10 No. 48

Des Moines, Iowa

March 22, 1982

DIDC, Congress Consider Changes

THOSE who thought this Congressional session would be relatively quiet for banking legislation must be shaking their heads. Several important bills affecting banks and thrifts are being considered, and the DIDC is scheduled for another important meeting today, March 22.

The DIDC agenda includes proposals to adopt a Reg Q phase-out schedule and to create a short-term deposit instrument that is competitive with money market instruments. FHLBB Chairman Richard Pratt is expected to introduce a \$2,500 minimum NOW account, with the continuing quarter percent differential favoring thrifts over banks. Amounts in excess of the minimum would trigger an account with a preferential rate earning the 90-day T-bill rate (roughly 50 basis points below MMMF rates). The rate would float weekly, interest could be compounded, and early withdrawal would carry no penalty.

The ABA promptly fired off a letter to each DIDC member opposing the quarter percent differential rationale. Some segments of the S&L industry indicated interest in Chairman Pratt's plan (he is a member of DIDC) and others said they felt any move to deregulate deposit instruments should await Congressional action to aid thrifts with their low-yielding mortgage situation.

ABA's counter-proposal, firmed up at the recent Banking Leadership Conference, states emphatically that it opposes any additional powers or aid to thrifts until the differential is eliminated and banks are given an equal footing in all regards. ABA's proposed new deposit instrument is a super NOW with a minimum of \$5,000 and no interest ceiling. The Consumer Bankers Association backs the ABA proposal and initiated a campaign to get Congressional and public support for it.



Fed Chairman Paul Volcker reportedly opposes any new type of short-term instrument with a minimum deposit criteria set below the range of \$10,000. Fed Governor Nancy Teeters has stated she doesn't like accounts that sweep money out of reservable accounts into accounts over which the Fed has less oversight because she feels control of the money supply is difficult enough. Yet, the Fed has resisted every move by thrifts and banks to make the MMMF's carry reserves

on the billions they have removed from the deposit institutions.

In the meantime, The U.S. League of Savings Associations and the National Association of Mutual Savings Banks have proposed to Congress a \$10 billion federal bail-out program. Under the plan, the Treasury would offer supplements of half the difference between the "warehouse mortgages" and the average of 30-month Treasury yields for the prior calendar quarter. If T bills averaged 14% in the most recent quarter, an 8% loan would receive a 3% supplement. Price tag — estimated \$7.5 billion first year.

Also, they propose that the government create a Community Depository Conservation Corporation that would issue Treasury-backed promissory notes to institutions whose net worth falls below 1.5%. The institutions would issue special income capital certificates to the CDCC in exchange for the guaranteed promissory note. Interest on the note would become payable either when the institution became profitable or else when it was liquidated by its federal insuring agency.

In the third part of the proposal, the trade groups ask Congress to authorize a "mortgage buy-down" plan under which lenders would offer mortgage rates at one percentage point below market rates, with the Treasury throwing in an additional supplement of three percentage

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points, so that the buyers actually would pay four percentage points less than market rates. This provision would expire after three years. Price — \$2.5 billion the first year. Proponents claim it will stimulate an additional \$83.5 billion in new home mortgages, resulting in construction of 1.6 million new housing units. □

Iowa News

ALBIA: The Peoples National Bank and Trust Company observed its 75th Charter Anniversary with an open house on April 15 and 16 in the bank lobby. J.E. King, Tucson, Ariz., and chairman of the board was in attendance.

CHARITON: Thomas D. McMahan was recently named executive vice president and cashier at First State Bank, announced Burton Cross, president. Mr. McMahan has had over 15 years experience with Hawkeye Bancorporation, and was previously with Clay County National Bank as senior vice president.

CORALVILLE: First National Bank in Iowa City recently received approval from the Comptroller of the Currency to establish a CBCT branch at 2nd Street and 22nd Avenue, Coralville.

DES MOINES: UCB Systems, Inc., has announced the appointment of Richard E. Davis as executive vice president; Larry D. Glass, vice president of marketing and customer support, and Gerry L. Graff, vice president of planning and methods.

EAGLE GROVE: Steve Nessa has been advanced to assistant vice president and Barbara Dodge to assistant cashier at Security Savings Bank. Mr. Nessa has been with the bank since 1975, most recently as assistant cashier. Mrs. Dodge has worked for the bank since 1970.

SERGEANT BLUFF: Richard L. Aadland, was promoted to executive vice president at the annual meeting of Pioneer Valley Savings Bank. Mr. Aadland joined the bank in 1966, serving most recently as vice president and cashier.

Nebraska News

The future of LB 626 was clouded by an amendment added March 11 which would authorize the takeover of the few remaining co-op credit associations by banks within the same county. The amendment also would grant authority to leave a full service office in the town in place of the co-op.

There appeared to be no opposition to this amendment, which was favored by Banking Director Paul Amen to resolve the co-op problem, and the co-ops appeared to be willing to pursue this course of action.

However, one sentence was added to that amendment that changes the city-wide branching intent of LB 626 (the same multi-bank holding company bill as last year's LB 376). That sentence would authorize county-wide branching and was advanced for final reading on a 25-19 vote. Proponents of the amendment were upset by the sentence having been added on. Advocates of LB 626 also appeared upset by it being "mysteriously" tacked on, feeling it will harm the chances for the MBHC bill with its provision for four city-wide branches.

The Federal Reserve Bank of Kansas City has recently approved the application of Mason State Company of Mason City to acquire Mason State Bank.

BUSHNELL: Nick W. Wackel, president of Kimball County Bank, has purchased the controlling interest of the Kimball County Bank from Joel W. Wiens. Mr. Wackel and Mr. Wiens have been associated in banking since 1964. The bank's management will remain the same.

DAVID CITY: At First National Bank of David City, Rex Minert has joined the staff as assistant vice president and Gary Maricle will head the new leasing marketing department of the bank.

Minnesota News

First Northwestern National Bank in Hoyt Lakes and Eveleth, both affiliates of Northwest Bancorporation, have agreed to merge, pending approval by regulatory authorities. If approved, Robert P. Hatten, president of the Eveleth bank, will head the combined operation.

DETROIT LAKES: John Barry, owner of the First National Bank of Detroit Lakes, has sold the bank to Theodore Deikel, president of Fingerhut Corp. in Minneapolis. Mr. Barry is president of Bank Services Corp. of St. Paul.

HALSTAD: Jean Paul "JP" Bennett recently joined the Red River State Bank of Halstad as managing officer. He succeeds Lee W. Helgeron, who resigned after 29 years of banking service. Mr. Bennett was previously serving as a director, vice president and cashier at the Bank of Breckenridge, Colorado.

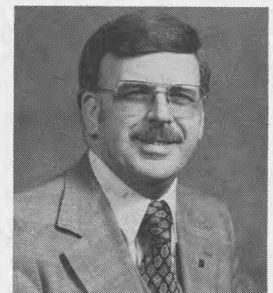
LUVERNE: Clifford Boom has been elected assistant vice president and farm loan manager and Paul Hanson, assistant vice president and cashier of First Bank Luverne.

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MOODY'S: "Aa-1"

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\$7,100,000

CITY OF SIOUX CITY, IOWA

Hospital Revenue and First Mortgage Bonds, Series C
(Marian Health Center Project)

DATED: March 1, 1982

DENOMINATION: \$5,000

Both principal and semiannual interest (July 1 and January 1; first coupon due January 1, 1983) payable at the Toy National Bank, Sioux City, Iowa, the Trustee, or at the principal office of Manufacturers Hanover Trust Company, New York, New York.

IN THE OPINION OF COUNSEL INTEREST ON THESE BONDS ARE FREE FROM FEDERAL INCOME TAX.

MATURITIES

	<u>9.00</u>			<u>11.50</u>	
\$310,000	January 1, 1984	9.00	\$495,000	January 1, 1989	11.50
	<u>9.50</u>			<u>12.00</u>	
\$335,000	January 1, 1985	9.50	\$550,000	January 1, 1990	12.00
	<u>10.00</u>			<u>12.25</u>	
\$365,000	January 1, 1986	10.00	\$615,000	January 1, 1991	12.25
	<u>10.50</u>			<u>12.50</u>	
\$405,000	January 1, 1987	10.50	\$690,000	January 1, 1992	12.50
	<u>11.00</u>			<u>12.75</u>	
\$445,000	January 1, 1988	11.00	\$780,000	January 1, 1993	12.75
				<u>13.50</u>	
			\$2,110,000	January 1, 2008	13.50

LEGALITY TO BE APPROVED BY MESSRS. DICKINSON, WRIGHT, MOON, VAN DUSEN & FREEMAN, DETROIT, MICHIGAN, AND MILLER, CANFIELD, PADDOCK AND STONE, DETROIT, MICHIGAN.

Sioux City, with a population of approximately 118,000, is located in the extreme western edge of Iowa, at the junction of the States of Iowa, Nebraska and South Dakota. Sioux City is the trading, distribution and transportation center for a large agricultural area.

Sisters of Mercy Health Corporation, a Michigan nonprofit corporation formed in 1976 owns and operates twenty-two hospitals located in Michigan, Iowa and Indiana. Marian Health Center, one of the corporation's sixteen divisions, operates two hospital units in Sioux City, with a combined bed complement of 556 beds. Marian Health Center was formed on April 1, 1977 by the merger of two Sioux City hospitals and are located within two miles of each other and are designated as the Hospital's North Campus (formerly St. Joseph Mercy Hospital) and South Campus (formerly St. Vincent Hospital).

The Project includes the purchase of land; the construction of a parking structure, a connecting link to the new Hospital building and a portion of the connecting link to an existing medical office building; the purchase of a telephone system, certain radiology equipment and a laboratory computer system; and the construction and equipping of a cardiac catheterization laboratory and linear accelerator unit.

FINANCIAL INFORMATION

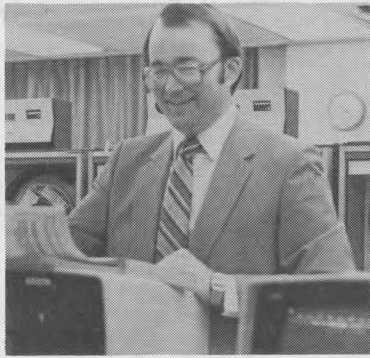
	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
Total Operating Revenue	\$306,331	\$370,192	\$419,000	\$478,466	\$546,793
Total Operating Expenses	299,106	357,080	401,817	459,445	529,562
Non Operating Revenue	1,718	4,676	5,991	10,038	15,619
Excess of Revenues over Expenses	9,689	17,788	23,174	29,059	34,002
Maximum Annual Fixed Payment Requirements of long term debt and Capital Leases	14,890	19,254	22,380	20,860	26,174
Coverage Ratio	1.99x	2.48x	2.56x	3.20x	3.13x

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 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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HELENA: Robert F. McNellis has been promoted to vice president of the Helena branch of the Minneapolis Federal Reserve Bank. Mr. McNellis joined the Helena branch in 1975 as systems analyst and was named assistant vice president in 1979.

Wyoming News

CHEYENNE: Daryl Gaines has been promoted to senior vice president and trust officer; Barbara Atkinson to vice president and manager of consumer loans, and Larry Catalano to assistant vice president of consumer loans and compliance officer at First Wyoming Bank, N.A.

MINNEAPOLIS: Northwest Computer Services, Inc., a subsidiary of Northwest Bancorporation, has named Nadine M. Gasch, vice president of human resources and John R. Nugent, vice president and security officer.

serving as first vice president in 1970, then as president from 1971 until moving to Moline in 1974. Earlier, he had been associated for a number of years with First National Bank of Muscatine, Ia., resigning as vice president and cashier in 1970 to join the bank in Davenport.

MINNEAPOLIS: C. Bernard Jacobs, chairman and chief executive officer of National City Bank, has been elected to succeed Frederick L. Deming as president and chief executive officer of National City Bancorporation, effective April 30. Mr. Deming has served as president since 1971 and will remain as chairman.

North Dakota News

DILWORTH: Patrick J. Triggs has been appointed vice president of the Clay County State Bank, where he will be working in commercial, agricultural and consumer loans, and with the Dilworth Insurance Agency. He was previously employed at Dakota Bank and Trust Co. in Fargo.

ST. PAUL: Thomas J. Eklo has been elected vice president and cashier and Sandra L. Kissner to personal banking officer of Capital City State Bank.

Montana News

Due to airline scheduling, there has been a change in dates for the MBA collection workshops scheduled for April. The correct dates and locations follow: April 6, Village Red Lion, Missoula; April 7, Sheraton, Great Falls, and April 8, Holiday Inn, Billings.

Illinois News

CHICAGO: Leonard J. Dombeck, instalment loan officer, has been elected to the position of assistant vice president of Lawndale Trust and Savings Bank. He joined the bank in 1966 and will assume responsibilities in the instalment loan division.

BUTTE: Scott A. Santee has been elected president and chief executive officer of Miners Bank of Montana, N.A., replacing Timothy J. Shea, who is now consultant to the bank. Mr. Santee, who was also elected a director, started his banking career in 1969 in Idaho and joined Miners Bank in 1978 as a vice president.

MOLINE: R.A. Schultz, president of the First National Bank since March, 1974, resigned that post recently. Prior to joining First National, he had been with First Trust & Savings Bank in Davenport, Ia.,



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Community banker — Married, 42, and experienced in all areas, desires position as second man or cashier in Iowa. Reply to file PBM, c/o Northwestern Banker. (PW)

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SENIOR LENDER—responsibility for all lending areas in \$30MM suburban bank. Prefer degree and at least 5 yrs. commercial loan experience. \$35,000

TRANSIT SUPERVISOR—\$250MM metro-area bank with good growth record seeks experienced banker to supervise transit department. \$20,000

COMMERCIAL LENDER—requires 2-3 yrs. lending experience in \$100MM or over bank. Nice suburban location. \$25,000

Your inquiry is confidential. Salary history and resume requested.

TOM HAGAN & ASSOCIATES
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