

First Bank System Purchases 21% of Banks of Iowa Stock

FIRST Bank System, Inc., Minneapolis, has purchased 21% of the stock of Banks of Iowa, Inc., Des Moines, in what is termed by the Iowa department of banking to be a violation of Iowa law.

At their annual meeting in Des Moines April 16, BofI shareholders approved the agreement first announced December 9, 1981, for future sale of the company's assets by way of a 15-year agreement, contingent upon federal law making such interstate sales permissible. Shareholders also approved the authorization of a new class of non-voting common shares of the company and the reclassification of 499,046 common shares of the company held by Ben Schwartz, a director of BofI, members of his family and related interests, into an equal number of non-voting shares upon the purchase of such shares of First Bank System.

Shortly after adjournment of that meeting, BofI President Holmes Foster announced that First Bank System purchased the Schwartz' 499,046 shares for \$57.04 per share, which would make the purchase price \$28,465,583.

Under terms of the 15-year agreement announced December 9, Donald Grangaard, chairman of FBS, said First Bank System will purchase BofI and its subsidiaries "when interstate banking enables

ownership of Iowa banks by First Bank System. At the present time, such sale is not legally permissible and no legislation is pending which would permit such sale."

That agreement calls for FBS to purchase BofI remaining stock at a minimum price of 1½ times shareholders' equity at the end of the month preceding purchase. The price could be adjusted upward to 2½ times shareholder equity according to a formula based on earnings performance.

Thomas H. Huston, Iowa superintendent of banking, had stated at the time of the original discussion last December that it "would appear" such a transaction would violate Iowa statutes, and still adheres to that position. He cites the 1972 Iowa legislature's Multi Bank Holding Company Bill that clearly states, "unless such (out-of-state) bank holding company was on January 1, 1971, registered with the Federal Reserve Board as a bank holding company, and on that date owned at least two banks in this state," then such out-of-state holding company would not be authorized to purchase in Iowa.

That law also requires that any offer to shareholders of a bank holding company must be extended to all shareholders for the same price and all other terms, Mr. Huston said.

Mr. Huston noted that the 1972

law was upheld in a federal district court in Washington, D.C., in 1975. He has also requested from the Fed a ruling supportive of his position. The Federal Reserve has not responded to that request made nearly three months ago.

Mr. Foster announced at the April 16 BofI meeting that first quarter income before securities transactions totaled \$1,966,177, or \$.85 per share, compared with \$3,697,465, or \$1.59 per share for the 1981 first quarter. Net income was \$1,971,077, or \$.85 per share, compared to \$3,241,707, or \$1.40 per share in 1981 first quarter. He said first quarter results were adversely affected by an increase in loan loss provisions, an increase in the amount of loans placed on non-accrual status during the period, lower net interest income, and increases in operating expenses. Further, he said, the company expects 1982 earnings will be below those of 1981.

Nebraska News

The state legislature adjourned April 16 without attempting in its final day to over-ride Gov. Charles Thone's earlier veto of LB 626, the bill that would have authorized multi-bank holding companies in Nebraska. It was passed 25-22, but vetoed, as the Governor had stated he would do.

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ORLEANS: The board of directors of the Republican Valley Bank of Orleans, has elected Dale E. Bantam chairman, to succeed Robert A. Ott, who recently died. Mr. Bantam has been associated with the bank since its organization 35 years ago. Mr. Ott had served as both president and chairman for many years prior to his death.

Iowa News

The Iowa Senate was considering S.F. 2300 on its last day of the session on Saturday, April 24. The bill is the S&L Major Financial Institutions package. It passed the House 95-4 on April 20 with an amendment containing several provisions. One of these would require that interest be paid on escrow accounts held by banks, S&Ls and credit unions on 1-2 owner occupied dwellings.

Another provision limits the investment in S&Ls by banks or bank holding companies to 8% of the thrift industry's total deposits and strikes the increase to 9% from the present statutory 8% that bank holding companies may own of the state's commercial bank deposits. S&Ls offering commercial loans or NOWs would have to comply with banking office laws, with present of-

fices grandfathered. It limits S&Ls to investing 5% of their assets through service corporations for two years, then increases 1% per year to cap of 10%.

The amendment also strikes the restrictive service charge for bad checks. Previously the bill limited the maximum charge to 1% of the check amount or minimum hourly wage.

BURLINGTON: Leonard W. Lane, cashier of Farmers & Merchants Bank & Trust since 1969, recently was elected executive vice president and cashier, announced Charles H. Walsh, president.

GRISWOLD: Joseph V. Prokop, president of Griswold State Bank, recently announced the sale of the bank to a group of investors associated with Mike L. Keim of Omaha. The sale is subject to approval by the Federal Reserve Board and the Iowa State Department of Banking. Mr. Keim has been an officer and director of several Nebraska and Iowa agriculturally related businesses including three Iowa banks, Harlan National Bank of Harlan, First National Bank of Missouri Valley and Thurman State Corporation of Thurman. No change is expected for the bank; it will remain a local, independent institution, serving Griswold and the surrounding area. Mr. Prokop, who has been with the bank since 1954, has not announced future plans.

WILLIAMSBURG: Jon E. Kinzenbaw, owner of Kinze Manufacturing, has been appointed director of the Farmers Trust and Savings Bank.

Minnesota News

"Accent on Management" is the theme for the first Minnesota State Conference of the National Association of Bank Women scheduled for May 5-7 at the Sheraton Park Place Hotel in Minneapolis.

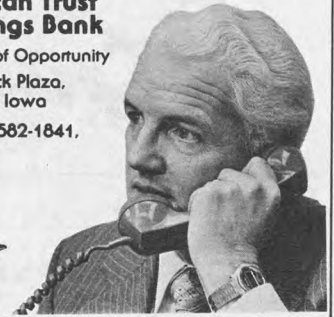
Futurist Joel A. Barker of Infinity Limited will be the keynote

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speaker, with his address: "Strategic Management: Dealing with the New Rules of the 80's." He will also moderate a panel discussion on "Management Perspectives" that will include panelists Dale Barlage, senior vice president, Dean Witter Reynolds; Lee Gunderson, past president of the American Bankers Association and currently president of the Bank of Osceola, Wis., and senior executives from other financial institutions.

Mary Nygaard, vice president of Infinity Limited, will speak on "Management Balance: Skills for the 80's" and Gina Logan, educational services administrator for the



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NEW ISSUE

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

\$900,000
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General Obligation Bonds

Dated: March 1, 1982

Denomination: \$5,000

Both principal and semiannual interest (June 1 and December 1; first coupon due December 1, 1982) payable at the office of the City Treasurer, Red Oak, Iowa.

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

MATURITIES

	<u>10 3/4 %</u>			<u>10.20%</u>	
\$60,000	June 1, 1984	8.30	\$80,000	June 1, 1990	10.20
60,000	June 1, 1985	8.70			
60,000	June 1, 1986	9.00		<u>10 1/2 %</u>	
70,000	June 1, 1987	9.30	\$80,000	June 1, 1991	10.50
				<u>10 3/4 %</u>	
	<u>10.00%</u>		\$80,000	June 1, 1992	10.75
\$70,000	June 1, 1988	9.60			
				<u>11.00%</u>	
	<u>9.90%</u>		\$90,000	June 1, 1993	11.00
\$70,000	June 1, 1989	9.90	90,000	June 1, 1994	11.25
			90,000	June 1, 1995	11.50

LEGALITY TO BE APPROVED BY AHLERS, COONEY, DORWEILER, HAYNIE & SMITH, ATTORNEYS,
DES MOINES, IOWA

Red Oak is located in the southwestern part of the state in Montgomery County approximately 120 miles from Des Moines and 50 miles from Council Bluffs. Red Oak serves as the commercial, governmental and financial center for the surrounding, prosperous agricultural area. The city also serves as the county seat of Montgomery County. Major manufacturers in the area include Union Carbide Corporation (batteries); Thomas D. Murphy Company (calendars and advertising specialties); Uniroyal, Inc. (high pressure hydraulic hose) and Douglas & Lamason Company (auto seat frames, conveyors and related equipment). Transportation is provided by the Burlington-Northern, U.S. Highway 34, State Highway 48 and the City is approximately 30 miles south of Interstate 80. Commercial airline service is available in Omaha, Nebraska, 50 miles west of Red Oak. There are two banks located in the City with deposits of over \$89,798,087.00 and two savings and loan associations with deposits exceeding \$20,700,000.00. The current population is 6,810.

The bonds are being issued for the purpose of paying costs of construction, reconstruction and repairing of street, sidewalk and storm sewer improvements and the acquisition, construction, improvement and installation of street lighting fixtures, connections and facilities.

FINANCIAL STATEMENT

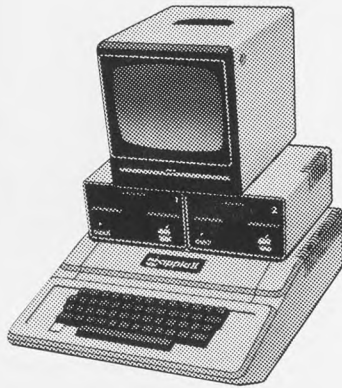
Actual Valuation, 1980	\$99,307,839.00
Assessed Valuation, 1980	80,260,095.00
Net Direct Debt, including this issue	1,895,000.00
Net Direct Overlapping & Underlying Debt	2,214,800.00
Population, 1981 estimate:	6,810
Net Direct Debt:	\$278.26 per capita
Combined Net Debt:	\$325.22 per capita

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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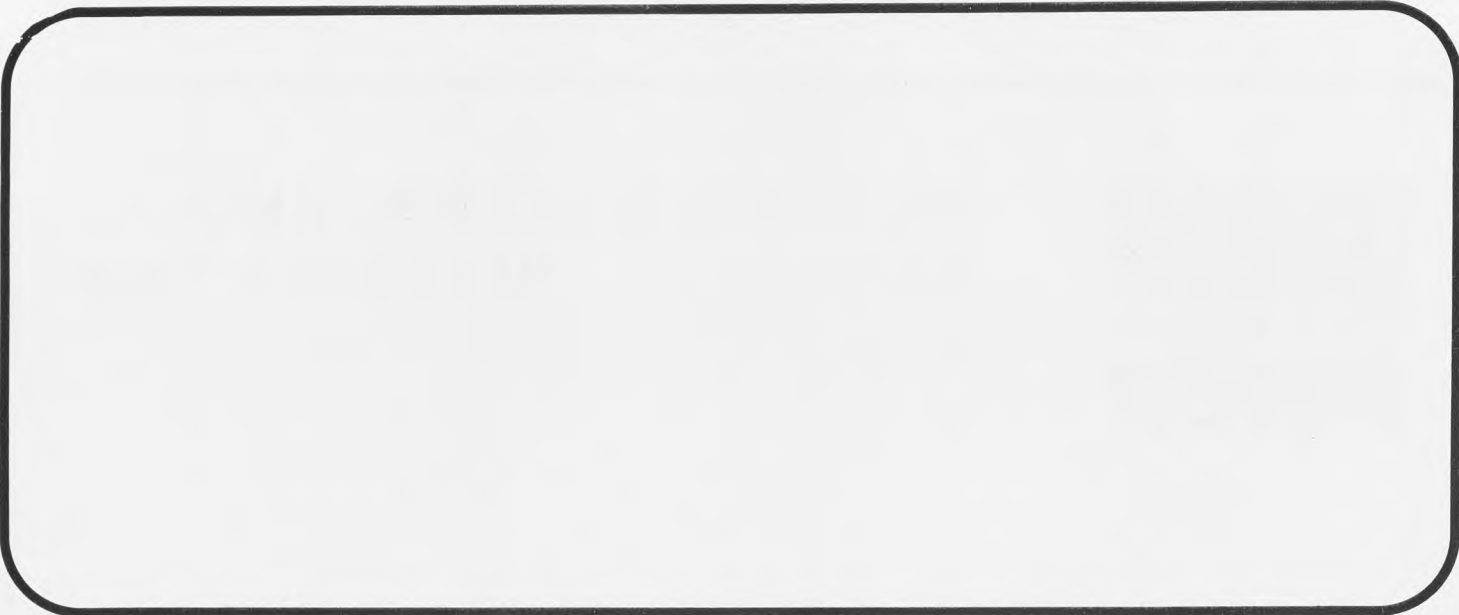
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- PLEASE SEND MORE INFORMATION ON THE UPDATE.
- WE WOULD LIKE TO SCHEDULE OUR UPDATE.

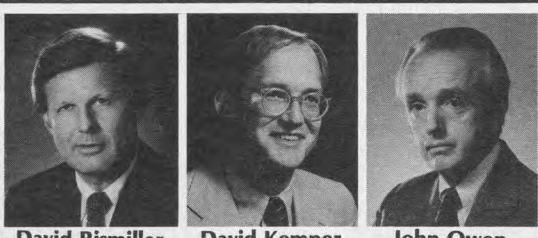
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NABW Education Foundation, will address "Leadership Styles . . . Theirs, Yours."

Workshop sessions will be conducted, and the conference will conclude with remarks from Janie Jasin, president of Creativity No-Limits, Inc., on "Motivation." For registration information contact Carol Edblom, Northwestern National Bank of Minneapolis.

BRAINERD: The board of directors of First Bank Brainerd recently elected Lee R. Mielke president and chief executive officer, effective June 1. Mr. Mielke succeeds George J. Peterson, who was elected chairman. Mr. Peterson, who will retire July 1, will remain as a director through the end of the year. Mr. Mielke is currently president of First System Agencies, Inc., the insurance brokerage subsidiary of First Bank System, Inc. Mr. Peterson began his banking career in 1948

and has served as president of First Bank Brainerd since 1972.

DULUTH: James H. Claypool, chairman and chief executive officer of First Bank-Duluth, recently was named "Business Leader of the Year." at the twelfth annual Student Business Banquet. Arend Sandbulte, president of the Duluth Area Chamber of Commerce, presided at the banquet.

FERGUS FALLS: Robert D. Phillips, president of Northwestern National Bank, recently announced the election of Richard E. Drevlow to vice president, agricultural loans. He joined the bank in 1976 and was named assistant vice president in 1980.

MINNEAPOLIS: At Northwestern National Bank, Robert C. Brown has been appointed executive vice president and John C. Nelson has been appointed senior vice president

and head of consumer banking, effective May 17. Mr. Brown is head of the bank's bond group and was a senior vice president, prior to his appointment. Mr. Nelson is currently head of retail banking at the United National Bank of Omaha.

MINNEAPOLIS: Independent State Bank of Minnesota recently elected Robert C. Beck, vice president and cashier; D.D. Lee, vice president; Darla Sorenson and Leon S. Erhard, assistant vice president, and Alexandra C. Seelig, administrative and lending officer.

WEST ST. PAUL: Richard E. Stevenson has recently joined the Signal Hills State Bank as vice president. He will assist in the area of public relations and business development. From 1970-81 he served as president of Mid-America National Bank of Eagan and has been involved in banking for the past 40 years.

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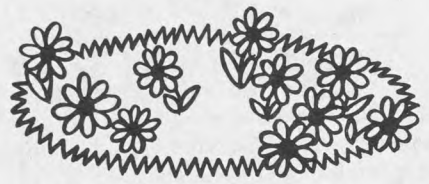
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Illinois News

The Illinois Bankers Association's first Bank Operations Conference will be held May 5 at the Marriott Oakbrook, and May 6 at the Decatur Holiday Inn. "The Nuts and Bolts of Banking" is the theme for the conference that will begin at 9:30 a.m. with registration and end at 4:30 p.m.

South Dakota News

OLDHAM: The Federal Reserve Bank of Minneapolis recently announced approval of the application by Consolidated Holding Company, Oldham, to become a holding company through the acquisition of American State Bank, Oldham.

Wyoming News

CASPER: First Interstate Bank of Casper, N.A. recently promoted Gloria Lane to credit adjustment officer and Linda Overman to financial services officer.

Montana News

Butte has been chosen as the host city for the combined meeting of groups 5A, 5B and 6, to be held Friday, May 7 at the War Bonnet Inn.

Groups 5A and 5B will be electing a banker to serve a three year term on the Montana Bankers Association board of directors starting July 1, 1982, and group 5B, the city of Great Falls, will select a candidate for MBA treasurer.

A golf tournament has also been planned for Saturday morning at 9:00 a.m. at the Butte Country Club. Registration cards should be sent direct to the War Bonnet Inn in Butte.

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BRANCH BANK MANAGER-INSURANCE AGENCY—Southeastern South Dakota bank needs branch manager who has had experience in agriculture and installment loans and operations experience. Insurance agency is part of salary. Contact Boyd D. Hopkins, Jr., executive vice president, Livestock State Bank, 100 East Havens and Main, Mitchell, SD 57301. Phone 605/996-7775. (PA)

IMMEDIATE OPENING for installment lender with 2-4 years experience. Bank located in central Minnesota. Will manage installment loan department with opportunity for greater responsibility. Send resume to file PBV, c/o Northwestern Banker. (PA)

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SECOND OFFICER—\$17 million central Illinois bank. Prefer lending background. Need aggressive person with CEO potential. Contact Bart Solon, State Bank of Girard, IL. Phone (217) 627-2112. (PA)

POSITIONS AVAILABLE

COMMERCIAL LOAN—\$18MM suburban bank chartered three yrs. ago desires second officer; 3-5 yrs. commercial lending and strong business development skills. \$25,000

INSTALLMENT LOAN—\$30MM suburban bank with \$5MM installment dept. Supervise all consumer lending and actively solicit new business. \$20,000

AGRI-LOAN—requires 2-3 yrs. Ag-Lending experience. Insurance licenses helpful. Rural Iowa bank. \$18,000

OPERATIONS—prefer 5 yrs. experience with at least a \$50MM bank. Will handle proof and transit, teller operations, lock box and bookkeeping. \$25,000

TRUST OFFICER—generalist position with emphasis on personal trust accounts. Some banking experience required. \$22,000

ENTRY LEVEL—\$40MM bank close to a major midwestern city desires recent college grad for training program. Prefer some bank experience. \$13,000

SECOND OFFICER—\$45MM suburban bank with excellent earnings record desires strong commercial lending officer for the #2 position. \$35,000

Your inquiry will be held in confidence. Forward resume and salary history.

TOM HAGAN & ASSOCIATES

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