

NORTHWESTERN Banker Newsletter

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Des Moines, Iowa

August 15, 1983

On Proposed Stock Redemption Rule—

Fed is Heeding Small Bank Views

ALTHOUGH no definitive answer could yet be made, it appeared last week that the Federal Reserve Board is willing and anxious to respond cooperatively to the views of small bankers who made comments by August 8 on the Fed's proposal of last May that would severely restrict the ability of small bank holding companies to redeem stock.

That proposed ruling to update Reg Y was intended by the Fed to give it more opportunity to forestall stock redemptions that it calculates would put undue strain on the capital or balance sheet of a holding company. In seeking that goal it feels it needs greater flexibility in controlling stock redemptions in cases where such redemption would financially harm the holding company. Presently, the Fed's only alternative is the formal, cumbersome cease and desist order.

The severity of the rule change proposed in May has been outlined at numerous state banker conventions in recent months. Both ABA and IBAA officials have alerted their membership to the restrictive measures included in the rule change. Presently, a holding company can buy up to 10% of its net worth in securities without notify-

ing the Fed or getting its advance OK. For redemptions of more than 10%, the Fed must be notified at least 45 days prior to the planned date of redemption, under present rule.

The proposed rule would limit such redemption to 1% or \$10 million of the firm's net worth in any one-year period. For holding companies of under \$150 million in size, the rule would require the holding company to have no more than a 30% debt-to-equity ratio.

Those proposed changes would make it impossible for the small one-bank holding companies to remain viable, according to industry leaders. James D. Herrington, president of IBAA, told his audience recently at the Iowa Independent Bankers at Lake Okoboji that such a rule would decimate the ability of community banks to remain independent and urged all bankers to express their concerned views with the Fed by the closing date of August 8.

The same subject was reviewed from the platform of state bank association by ABA and IBAA officials, as well as state association executives. By Monday, August 8, the Fed had a lot of response, so far as letter writing on rule change proposals go, but on this vital matter,

the total was 600 letters on the revisions of Reg Y, and at least three-fourths of them aimed at the stock redemption limitation.

ABA's Gerald Lowrie, executive director for government relations, said, "The disadvantages to smaller bank holding companies from the proposed change in procedures will far outweigh whatever marginal enforcement advantages may accrue through its adoption." He said ABA understands the Fed's desire to maintain proper capital in bank holding companies, but the proposed change was too drastic.

Mr. Herrington, in his prepared statement, noted there is "no showing by the board of abuses under the current rule which would justify such a dramatic reversal of policy."

Fed sources, of course, would not discuss the matter in detail yet because the closing date for comments had just been passed, but enough unfavorable comment had already been received that top officials apparently will seek ways to accomplish their capital safety margin without devastating the viability of the smaller holding companies' stock redemption capability. This may take the form of requiring advance notice of stock redemption, rather than the present ability to redeem up to 10% of the stock without notification to the Fed. □



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Dennis Nahnsen

Iowa News

DAVENPORT: Davenport Bank and Trust Company recently announced the appointment of James R. Peterson and Walter F. Buettner as correspondent banking officers and Carl F. Becker as vice president, operations. Mr. Peterson has had eight years of prior banking experience in Iowa. Mr. Buettner has been with the bank nine years, most recently as an officer in the credit card division. Both will work with banks in Iowa and Illinois. Mr. Becker has had 19 years banking experience in the Quad-City area. Also announced were the promotions of Michael A. Bauer, first vice president, correspondent banking; Glen W. Piotter, first vice president, and Robert J. Hartman, vice president, both in computer services.

DES MOINES: The Federal Reserve announced last week its approval of the acquisition of Tipton State Bank by Hawkeye Bancorporation. Terms of the acquisition, which is for cash and Hawkeye Common stock were not disclosed. The acquisition of Tipton State Bank, with assets of \$42 million, is anticipated to be completed by the end of the third quarter, 1983.

OTTUMWA: Louis H. Anderson has joined Union Bank & Trust Company as vice president to head

up the newly-revised retail division of the bank. Prior to joining the Ottumwa bank, Mr. Anderson was employed at Bankers Trust in Des Moines for seven-and-a-half years as vice president in charge of installment loans. Also at the bank Dick C. Stoffer has joined as assistant vice president in the agricultural and commercial lending area.

URBANDALE: John G. Garnass has been elected senior vice president and a member of the senior management group at Plaza State Bank. Mr. Garnass, who will serve as the chief loan officer, previously was employed for seven years at First National Bank of Minneapolis and First Bank System, Inc.

Nebraska News

DAVID CITY: The David City Bank is completing a major remodeling and expansion of its bank building. The bank's stockholders will have a preview showing of the renovated facilities at the annual stockholders' meeting to be held on August 25. An open house for the general public and area bankers will be held all day, Friday, August 26, according to Lester W. "Bill" Souba, president.

LOUP CITY: Sherman County Bank recently announced the appointment of G.E. Wortman as ex-



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ecutive vice president and cashier; Norman L. Anders as assistant vice president, and Larry Volf, assistant cashier.

OMAHA: Gerald J. Tomka has joined the correspondent bank department of First National Bank of Omaha as a correspondent bank representative. Mr. Tomka graduated from Creighton University with a degree in business administration and has had several years experience as an agricultural loan officer.

Minnesota News

BLAINE: Judith B. Blanchard has joined the staff of First Bank Northtown as vice president and second officer. Her major areas of responsibility will be in the retail, commercial and real estate banking divisions. Prior to joining the bank, Ms. Blanchard served as a commercial banking officer at First Bank St. Paul.

MINNEAPOLIS: Phillip L. Hender-shott has been elected executive vice president of the banking related businesses division of First Bank Sys-

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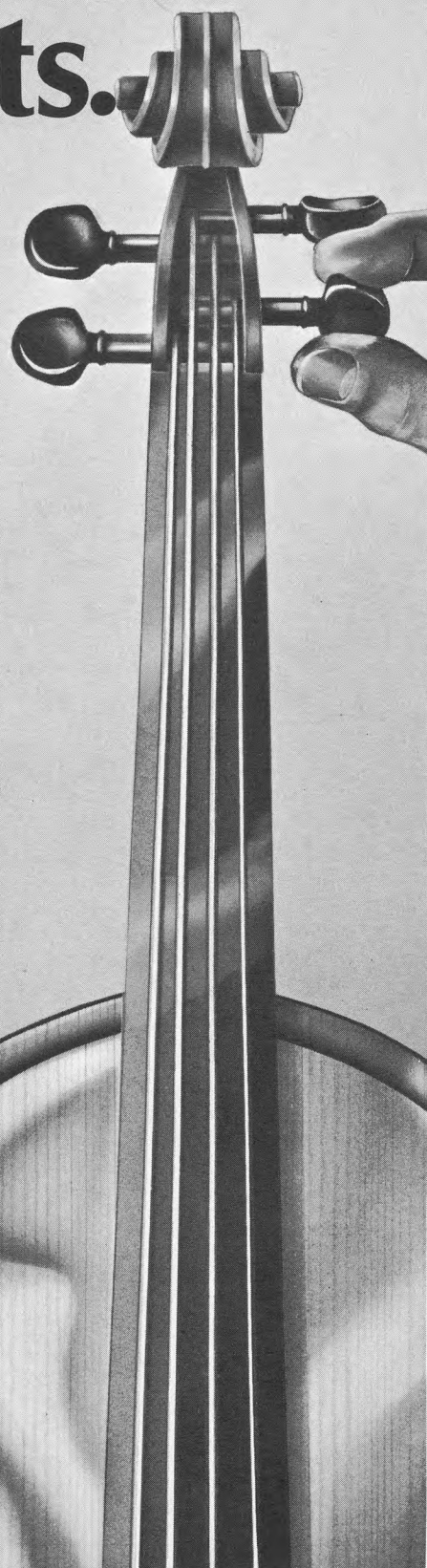
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BOONE COMMUNITY SCHOOL DISTRICT, IOWA
 School Building Bonds

DATED: August 1, 1983

DENOMINATION: \$5,000

Both principal and semiannual interest (June 1 and December 1; first coupon due June 1, 1984) payable at Citizens National Bank of Boone, Iowa

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

MATURITIES

	<u>11.70%</u>			<u>9.10%</u>	
\$140,000	June 1, 1985	6.50	\$320,000	June 1, 1994	9.10*
	<u>11.90%</u>			<u>9.30%</u>	
\$155,000	June 1, 1986	7.00	\$350,000	June 1, 1995	9.30*
170,000	June 1, 1987	7.40		<u>9 1/2%</u>	
185,000	June 1, 1988	7.70	\$385,000	June 1, 1996	9.50*
205,000	June 1, 1989	8.00	425,000	June 1, 1997	NRO*
225,000	June 1, 1990	8.25	465,000	June 1, 1998	NRO*
245,000	June 1, 1991	8.50	505,000	June 1, 1999	NRO*
	<u>9 7/8%</u>		555,000	June 1, 2000	NRO*
\$270,000	June 1, 1992	8.70	605,000	June 1, 2001	NRO*
	<u>8.90%</u>				
\$295,000	June 1, 1993	8.90			

*Callable June 1, 1993 at 102% declining to 100%

LEGALITY TO BE APPROVED BY BELIN, HARRIS, HELMICK, HEARTNEY & TESDELL, ATTORNEYS,
 DES MOINES, IOWA

The Boone Community School District is located in central Iowa, about 40 miles northwest of Des Moines. Included in the school district is the City of Boone. Boone is the county seat of Boone County and the trading center for the surrounding agricultural area. The district currently operates six elementary schools and three junior/senior high schools, with a total current enrollment for 1982-83 of 2,193 students. The economy of the area is primarily agricultural in nature with major crops produced being corn and soybeans. Transportation is provided by U.S. Highway 30 and Highway 17. Boone has two commercial banks with assets over \$99,800,000 and two savings and loan associations with assets of \$103,733,306.

These bonds are being issued for the purpose of remodeling and furnishing the existing junior-senior high school and building and furnishing an addition thereto.

FINANCIAL STATEMENT

Assessed Valuation, 1983		\$203,671,734.00
Actual Valuation, 1983		262,813,994.00
Net Direct Debt, including this issue		5,500,000.00
Net Direct Overlapping and Underlying Debt		10,684,516.00
Population, 1983 estimate:	12,602	
Net Direct Debt:	\$366.67 per capita	
Combined Net Debt:	\$712.30 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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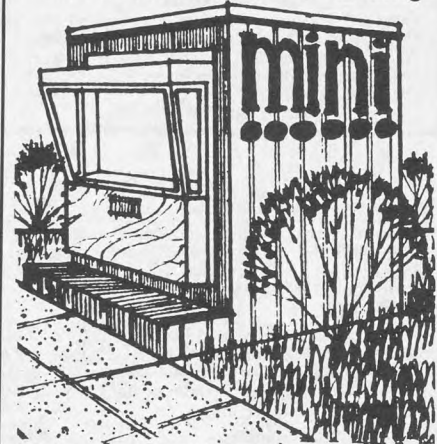
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tem, Inc. He previously was senior vice president of that division, a position he has held since 1981.

ST. PAUL: First Security State Bank recently elected Rodell L. Hofland as senior vice president and second officer. Mr. Hofland, who began his career in 1967 with First Bank Edina, was elected president of First Bank Northfield in 1978.

Illinois News

The Illinois Bankers Association is joining five other states at a Regional Banking Leadership Teleconference at the Hyatt Oak Brook, September 14-16. Registration fee is \$60 per person and can be sent with your registration to: ABA Registration Coordinator, American Bankers Association, 1120 Connecticut Ave., N.W., Washington, D.C. 20036. Specific agenda details and speakers are still being decided.

CHENOA: Jack Keefer has been named president of the Bank of Chenoa, effective August 15. He previously was president of Bank of Chebanse, and executive vice president of the First National Bank of Byron.

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CHICAGO: James Monhart recently joined the central division of Northern Trust Company's banking department as commercial banking officer and has been assigned calling responsibilities for banks in Iowa and Nebraska. In that position he succeeds Jeffrey B. Early, commercial banking representative, who has been promoted to a supervisory position with Northern's management development program.

CHICAGO: First Chicago Corp. has agreed to purchase American National Bank and Trust Company, Chicago's fifth largest bank, for \$275 million. Acquisition of American, which has assets of about \$3 billion and deposits of \$2.5 billion, would boost First Chicago assets by about 8% to \$38 billion. The sale requires approval by shareholders of Walter E. Heller International Corp., the holding company which owns American National. With their approval and that of the Federal Reserve Board, the sale could be completed by first half 1984, unless other bidding complicates the picture. First Chicago's Chairman Barry L. Sullivan said the agreement signed with Heller precludes that possibility. If acquired, American National then would be merged into First National Bank, second largest in Chicago and 11th largest in the nation.

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Colorado News

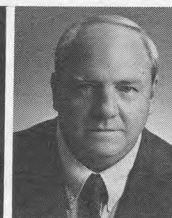
STERLING: Jerry C. Reeves has been promoted to executive vice president and a member of the board at Commercial Bank of Sterling. Mr. Reeves joined the bank in 1975 and has served as senior vice president in charge of commercial loans since 1981.

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AA/AEOE

POSITION AVAILABLE

The National Bank of Waterloo, Iowa, has opening for a **CORRESPONDENT BANK OFFICER**. Need strong experience in lending and operations. Send resume to Diane Good, National Bank of Waterloo, 100 E. Park Ave., Waterloo, Iowa 50704. (PA)

The National Bank of Waterloo has opening for an **AUDITOR**. Need CPA plus two to three years audit experience. Banking experience would be helpful. If interested, please send resume to Diane Good, National Bank of Waterloo, 100 E. Park Ave., Waterloo, Iowa 50704. (PA)

V.P.-AG LENDING—Number two position in rural SW Iowa bank near metro area. Several years' ag lending experience necessary. Salary commensurate with ability. Send resume and salary requirements to Mike Keim; 9691 Meadow Drive; Omaha, Nebr. 68114. (PA)

CASHIER—\$25 million southwestern Minnesota bank in town of 1,500 people seeking top notch operations person for somewhat sophisticated shop. Salary commensurate with experience. Please send resume to file UBQ, c/o Northwestern Banker. (PA)

OPERATIONS OFFICER—\$20 million bank located in southern Minnesota in a community of 1,800 people seeking aggressive individual to oversee all bank operations. Excellent opportunity for right individual. Please send resume to file UBR, c/o Northwestern Banker. (PA)

\$43 million northeast Wyoming bank has opening for **LOAN OFFICER** with 3-5 years bank loan experience. Degree and ag background preferred. Send resume to: First State Bank of New Castle, P.O. Box 910, New Castle, Wyoming 82701. (PA)

AG LENDING OFFICERS—Expansion necessitates hiring 3 new ag lending officers, northwest, central, and southern Iowa areas. Two to four years experience. Send resume and salary requirements in confidence to F.B. Bruner, United Federal Savings Bank of Iowa, Locust at Fourth, Des Moines, Iowa 50308. (PA)

\$20 million bank in northwest Illinois town of 1,000 is seeking **CHIEF EXECUTIVE OFFICER**. Send resume to file UBS, c/o Northwestern Banker. (PA)

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Operations, \$25mm bank, Lake area location \$25,000

Commercial Lender, 3 yrs. experience, prime metro bank Open

Commercial Loan Officer, \$50mm bank, resort area \$27,000

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Credit Analyst, 250,000 population \$35,000 + Bonus

#2 or #3 Man, Commercial, 100,000 population Open

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Number Two person for western Iowa community bank. Can lead to number one position in two years. Prefer ag-oriented person. Salary \$40,000

Commercial Lender for \$60 million community bank located in town of 5,000. Must have demonstrated lending ability to small business. Salary to \$40,000

Commercial Lender for major eastern Iowa bank. Requires minimum of five years experience. Salary \$36,000

Commercial Lender for southeastern Iowa bank. Requires sufficient experience to head department in \$45 million bank. Salary \$36,000

Ag Lender for southern Minnesota community bank. Excellent opportunity for person with experience in either bank or PCA. Salary to \$30,000

Ag Lender for community bank in northeast Iowa dairy region. Will consider either bank or PCA experience. Salary to \$25,000

Commercial Lender for major Iowa bank. Requires three or more years experience and college degree. Salary to \$32,000

Ag Lender for north central Iowa bank. Requires degree and two or more years experience. Salary to \$25,000

Ag Lender for northwest Iowa community bank. Requires experience with bank or PCA. Insurance licenses a plus. Salary \$25,000

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COMMERCIAL LOAN—\$60MM suburban bank seeks junior commercial lender with two-three years bank lending experience. \$28K

EXECUTIVE OFFICER—large community bank desires senior commercial lender with administrative experience. Second position. \$40K

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