

President's Message



Today makes one speculate as to when winter will be over in South Dakota. After days of spring-like weather, we again have a cover of snow with more in the forecast. But the moisture is appreciated and, hopefully, it will continue throughout the year. However, it will also be good to see the permanent signs of spring.

Signs of spring, in ICBSB, include the annual Strategic Planning Sessions, the National ICBA Convention, and the ICBA Policy Summit Meeting in Washington, DC.

Your Board of Directors will conduct its annual planning session, for our association, on May 6 - 7, at Sutton Bay Golf Resort. At this meeting, we will be setting goals for the next one to five years. We will prioritize these goals and configure plans for attaining them.

Additionally, on May 20 - 21 our executive committee, will be in Aberdeen, to meet with our counterparts from North Dakota. This meeting will continue an ongoing dialog about what our two associations can do together for the mutual benefit of our members.

We are always open to the thoughts and fresh ideas of our membership. If you have recommendations or an agenda topic, for either of these planning sessions, please contact me at 605-258-2641 or Ginger, in our association office, at 605-996-9329.

The ICBA National Convention was recently held in Orlando, FL. South Dakota was well represented at this successful event. The convention provided a choice of numerous educational seminars and provided opportunities to meet and visit with fellow bankers from communities, throughout the United States. The general sessions featured excellent speakers including Bill O'Reilly, host of the Fox News O'Reilly Factor and Lou Holtz, the winning college football coach who is now an ESPN football announcer and author. Other speakers were Ben Bernanke, Chairman of the Federal Reserve and Sheila Bair, Chairman of the FDIC, both of whom were able to make personal appearances this year. The 2009 Convention and TechWorld will be held at the Phoenix, AZ Convention Center, on March 18 - 22.

April 27 - 30, 2008 is the date for the annual ICBA Washington Policy Summit Meeting in Washington D.C. Ginger Adams and I will be representing your association, at this event, along with Hugh Bartels, Dick Behl, Bob Laird, and Jack Hopkins, all of whom serve on national committees. Our group looks forward to our scheduled appointments with Senators Johnson and Thune and Congresswoman Herseth Sandlin. Please contact any of us if you have a message you would like us to convey.

Finally, I would like to thank the Nominating Committee for the work they did, this year, in putting together our 2008 - 2009 Officer/Director slate. You can find their results on page eight. As you know, the board election takes place at our Annual Business Meeting, in July. Please plan to join us this year, at Sylvan Lake, on July 24 - 26.

We would always be pleased to welcome new members to ICBSB and to have current members become more involved. I guarantee that you will benefit from both your membership and your involvement in promoting the value and merit of community banking.

Good riddance to winter!



Michael B. Owens,
President

National Director's Report



By now, I'm sure all of you have read and heard just about enough on the Bear Stearns mess, to be truly sick of it. But the repercussions of this unprecedented bailout are going to be long lasting and felt by community bankers, for years to come. The fact that we, as taxpayers, bailed out the investors/stockholders, in Bear Stearns, was bad enough. But when the shareholders, a large portion of whom were their own employees which created the mess, complained and threatened to veto the takeover, they were rewarded by a 5 time increase in payout from \$2.00, per share, to \$10.00 per share. I believe the President of Bear Stearns will walk away with a paltry \$84 million or so. When a community bank collapses, we are sanctioned with civil penalties and probably some sort of criminal penalties. We are not paid millions to go away. As I have been told by others, we are not "too big to fail" or "too big to punish."

What I see happening now is a real attempt at a power grab, by the Treasury Department, in creating one 'super regulator' which has the power to regulate all financial entities. My concern with one super regulator goes back to a saying by Lord John Dalberg-Acton, in the 1870's, who said: "And remember, where you have a concentration of power in a few hands, all too frequently men with the mentality of gangsters get control. History has proven that. All power corrupts; absolute power corrupts absolutely."

This proposal, by the Treasury Department, would dismantle what has been the most successful financial system in history, and in the world today, which is based on being able to have a regulator of choice through our dual banking system. Our banking system is the envy of the world and has been the driving force behind making the United States the wealthiest country in the world. It is not that the current regulatory system is broken as much as there is too large a concentration of financial assets, in too few hands, and they do not have the regulatory structure, knowledge, or staff available to regulate these gargantuan entities. Maybe we should revisit the Graham, Leach, Bliley Act? According to the American Banker, on April 4, 2008, even John Reed, the then head of Citicorp, thinks that the combination of Citi, and Travelers, was a bad idea.

Another real concern, in the Treasury Department's proposal, is buried deep inside the 218 page document. It basically tears down the separation of banking and commerce. There would be no prohibition against the commercial ownership of financial entities. We, and other countries, have been down that road before and it **has always** ended in disaster. These entities would then also be regulated by the Federal Reserve. This is the exact reason we are working very hard to close the ILC loophole.

I have not seen a proposal coming out of the Executive Branch to do away with either the judicial, or legislative, branch of government. These separate branches were set up this way to prevent one person, party, or branch of the government from having too much power. It has worked reasonably well for over two centuries. Why would we now change these principals, in our financial markets, so that too much power is concentrated, in the hands of Wall Street Bankers, who inevitably end up in the Treasury Department? We see how well the greed on Wall Street has hurt our country over and over again.

As always, I would like to hear from you, if you have any questions, concerns, or would just like to talk about banking issues, in general. I am serving as your representative on the ICBA Board of Directors and take your input seriously.

Jack H. Hopkins
ICBA Director for South Dakota

LOBBYIST REPORT

The 2008 Legislative Session came to a close on March 17th. Seven vetoes by the Governor were presented on closing day and 6 were sustained. The one override provides for another form of license for wine and beer. The last day of the Legislature is reserved for Governor vetoes and no other business can be conducted.

There were 321 House bills presented, during the Session, and 165 became law. The Senate had 203 bills presented, with 108 passing. There was a total of 30 hog houses, of which 18 were signed. Hog houses are bills that have not passed and become a vehicle for a new piece of legislation, supposedly generic to the original bill. Thus, there was a total of 554 bills, with 291 passing, which is approximately 53%. This percentage has been consistently in the 50-58% range for as long as I can remember.

****HB 1005** passed and will phase out the 150% rule. Opponents feel that this will result in a cost shift when it is implemented in July, 2009, as the 2009 Legislature has to re-confirm its support. This could be problematic when you look at the number of seats vacated in both Houses.

****HB 1297** would have placed a maximum finance charge on consumer loans. Even though it had 86 sponsors, it was defeated 10 - 2, in committee.

****SB 17** revised certain provisions of bank regulation and passed with only 8 dissenting votes in the House. I know that all of you are very familiar, with the main components, of this legislation.

****SB 105** would have allowed tribal courts to decide order and judgments. This would have eliminated the progress previously made with regard to the willingness of South Dakota bankers to make loans on the Reservations. This died in committee.

****Trust legislation and UCC legislation** passed without any dissenting votes.

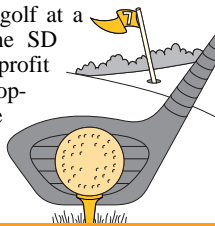
The Senate has 11 seats open and the House has 29 seats open. This has resulted in 29 primaries and only one senate seat is unopposed, which is Democrat Paul Nielson, in District 9. This scenario is unprecedented. The make-up of our entire Legislature will definitely change!

Again, I encourage you to get to know the candidates in your respective districts. You could end up being a valuable resource for your legislators, as well as for your state, and national, associations. **Thank You for the opportunity to work with all of you.**

Dean Krogman

GOLF FOR GUARDIANSHIP

The Independent Community Bankers of South Dakota is pleased to continue its sponsorship of 'Golf for Guardianship'. ICBSD members look forward to this worthwhile sponsorship opportunity each year. Our member banks promote the purchase of a Golf Card, which entitles the holder to golf at a reduced rate, on many state courses. The SD Guardianship Program is a private, non-profit agency, which services people with development disabilities and who have no one else to act in their behalf. All of the money raised, stays in our state, and goes directly to the Program.



FHLB SPRING REGIONAL WORKSHOPS

FHLB Des Moines representatives, and industry experts, will again be on the road providing member education, during nine Spring Regional Workshops. They will be in **Sioux Falls** on **Tuesday, May 13th**, at the **Sheraton Hotel**. These one-day meetings are designed for directors, chief executive officers, chief financial officers and other bank finance managers. Karl Nelson, Director of Industry and Governmental Relations, with Silverton Bank in Atlanta, GA, will offer insight on managing liquidity, in this turbulent market. FHLBDM leaders will also discuss their latest Bank products and services.

Registration is complimentary. For further information, and to register, visit www.fhlbdm.com.

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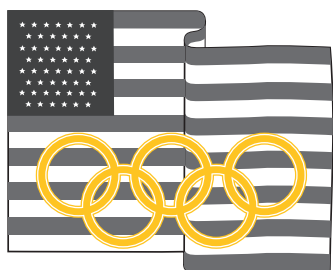
2008 ANNUAL RETREAT HIGHLIGHTS

Plans are fully underway for another ICBSD Annual Retreat on July 24 - 26! You will find a brief synopsis of some of the highlights, included here, for your planning purposes:

- * As already announced, we are pleased that **Steve Ford** will be with us, on Friday morning.
- * Some of the other *morning presenter* biographies are reviewed below.
- * The **Thursday, 18-Hole Golf Scramble** will be back at **The Golf Club at Red Rock**.
- * We will be attending the **Black Hills Playhouse** musical production of **'Big River: The Adventures of Huckleberry Finn'**, on Friday evening. ~ Mark Twain's timeless classic takes audiences on a whirlwind journey, with Huck Finn, down the mighty Mississippi River in a tale that captures the rhythms, sounds, and spirit of life, on the big river!
- * **Something New:** We have horses reserved for an **ICBSD Trail Ride at Blue Bell Stables**, on Saturday afternoon. There will be about 20 riders, in each group. This is for Retreat attendees, of all ages.
- * It is hoped that you are already planning for your **ICBSD PAC Auction** contribution.
- * It is recommended that you **reserve your lodging**, with Ginger, before you receive your registration packet.



There has been a **major renovation of the Sylvan Auditorium**, this winter. Some of the major changes are *listed below*:



- ◆ Stage, and side storerooms, have been taken out. That whole area is now part of the main floor. The stage archway was left in place.
- ◆ Kitchen area has also become part of the main floor.
- ◆ Upstairs bathrooms have been eliminated.
- ◆ New kitchen, and main floor bathrooms, have been added.
- ◆ All meals will now be prepared in the Auditorium, instead of being brought down from the Lodge.
- ◆ Fireplace, on outside wall of former kitchen, has now become a main feature of the new, inside, main floor wall.



David L. Petro, EVP - ICBA Services Network, joined **ICBA** in 1996, as Bancard's EVP, to build the debit card program. In 2001, he assumed responsibility for business development at Bancard, before moving to ICBA Services Network, in 2004, as Executive Vice President of Business Development. Over the past 4 years, Dave has guided the Services Network Marketing organization and worked with Gary Teagno, on new business opportunities. Dave was named President of ICBA Mortgage, in 2007, to assure that its transition to a new vendor, would deliver the products community banks need, to expand their mortgage originations. He leads the strategic planning process, for all five operating companies, in the ICBA Services Network.

Jim Nowak, Assistant Vice President Risk Management, for **United Bankers' Bank**, received a B.S. in Finance, from St Cloud State. Prior to joining UBB, in 2002, he had eight years of Asset Liability Management experience working for several institutions, one with \$5 billion in assets. Jim developed, and manages, ALMEdge, UBB's asset liability modeling product. He is a member of the faculty at the Graduate School of Banking at the University of Wisconsin, Madison where he teaches courses in Asset/Liability Management.



Cynthia L. Blankenship is Chairman of the **Independent Community Bankers of America** (ICBA). Vice Chairman/COO and charter shareholder of the Bank of the West, in Irving, TX, Blankenship is also Chairman of the ICBA Strategic Planning Committee and has testified, on Capitol Hill, before the House Financial Services Committee. She has previously served on the Bank Education, Policy Development and Marketing Committees. Her local community service includes Community Bankers Education Foundation and the Bear Creek Community Development Project.

RETREAT HEADLINER **Steve Ford**

Steve's unique perspective on life, as the President's son, encompasses a broad range of fascinating subjects: Being 18 years old and having 10 Secret Service agents as constant companions; His father's pardon of President Nixon to help put an end to the infamous Watergate affair; Two assassination attempts on his father's life and his mother's bout with alcoholism and breast cancer.

During Steve's non-political presentation, you will learn the tools of his success in, and outside, Washington, D.C. With a focus on such issues as the value of a strong family unit, living life with values and character, setting and juggling priorities and making the right choices in life, Steve's presentation will be entertaining, enlightening, insightful and inspirational.

Steve is also an accomplished actor and has appeared in more than 30 feature films including the hit movie, *Black Hawk Down* and *When Harry Met Sally*, as Meg Ryan's boyfriend. Before becoming an actor in 1979, Steve worked on the professional rodeo circuit as a team roper and still ropes today, in his spare time, on his California ranch. Some of you may also know him as Detective Andy Richards on the Emmy Award-winning, *The Young and The Restless*.





2008 CALENDAR OF EVENTS

ANNUAL RETREAT

July 24 - 26

Sylvan Lake Lodge, Custer State Park

CAREER DAY

September 30

Dakota State University, Madison

TRADE SHOW & CEO/DIRECTORS' CONFERENCE

October 29 - 30

Best Western Ramkota, Sioux Falls

ICBA'S 2008-2009 COMMITTEES

ICBA is the national voice for community banking, while ICBSD on the state level, is your local connection for grassroots lobbying, committee member participation and utilization of ICBA's numerous products and services. The following ICBSD members were recently all re-appointed to ICBA committees, for 2008-2009:

- Agriculture:** **Robert K. Laird**, President
Valley Bank, N.A., Sioux Falls
- Regulation:** **Hugh Bartels**, President
Reliabank Dakota, Watertown
Dick Behl, President
The F&M State Bank, Scotland
- Lending:** **Jack Hopkins**, President/CEO
CorTrust Bank, N.A., Sioux Falls

***As a Director-At-Large, on the ICBA Board of Directors, Jack will also serve on the Policy Development and Strategic Planning Committees.*

WE'VE GOT LIFE ALL BACKWARDS!

"I think that the life cycle is all backwards. You should die first, get it out of the way, then live twenty years in an old age home. You get kicked out when you're too young, you get a gold watch, you go to work. You work forty years until you're young enough to enjoy your retirement.

You go to college . . . until you're ready for high school. You go to grade school, you become a little kid, you play, you have no responsibilities. You become a little baby, you go back into the womb, you spend your last nine months floating, and you finish off as a gleam in somebody's eye!"

By Robert Benson

DIRECTOR'S COLUMN - *Tim Prince*



'March Madness!' I believe that the average South Dakota - US Citizen would associate these two brief words with the NCAA Division I, end-of-the-year, basketball tournament. i.e. "The Road to the Final Four". Ultimately, one team is crowned champion. This truly is the highlight of college athletics, for the year. While football has its 'National Championship' game, it gathers nowhere near the attention that this tournament draws. People who have very little interest in sports, in general, find themselves filling out their own 'bracketology.' I am sure the bankers, I know, do this only for bragging rights, if nothing else.

'*March Madness!*' As I thought about those two words, and looked around at current events, on both the national and local scene, they seemed to be more applicable than I would have imagined. Let's take a look at just a few events and see if you agree:

1. *Bear Stearns:* How could you not start with the Bear Stearns bailout? For those of you who have not read the article by Cam Fine, on the ICBA website, it is re-printed in this newsletter on page five. As he states, every community banker should be 'mad' that our current financial system allows this to happen.
2. *Interest Rates:* Another .75% drop in rates, totaling 2% in less than 60 days. Most of our risk assessment models talk about steep drops, or movement in rates, which include a 2% drop or rise in rates, but I doubt that very many look at this large of a change in rates, in such a short period of time.
3. *Democratic Presidential Campaign:* As we moved into March, and the delegate counts continued to add up, with the discussion moving to super delegates, each campaign took new shots at each other. As March moved on, we all wondered when this madness might end.
4. *Crop Insurance:* Crop prices are established at the beginning of the month, and as an agent you have until March 15th to renew or sell all of your crop policies, for the year. If you are involved in lending, imagine if you had two weeks to complete all of your renewals for the year. For those of you who sell Crop Insurance, I'm sure you agree these two weeks are 'madness'.
5. *Ag Real Estate Sales:* I know that we all have our own stories and have read more on this subject than we probably care to read, but I am going to share mine. Hand County real estate peaked near \$450, per acre, in the 1980's and last week a section of real estate sold for \$2,687, per acre. How high will real estate go? Will there be a correction? How big? When?
6. *Stock Market:* How's your 401K doing? The Dow is still down over 8% for the year. Down 200+ one day, up \$400+ the next. Good luck, day traders!!

This list could go on and on with the things happening in our world today that might fit the 'March Madness' label. I would have liked to have shared more of mine with you, but as I finish writing this, the Final Four tip-off is in ten minutes. Go Tar Heels!

Tim Prince is SVP of American Bank & Trust, in Miller, and is currently an ICBSD 3-Yr Director.



Richard D. Pier, CEO/President, of Community Bank in Avon, passed away on March 15, 2008. He was laid to rest in Trinity Presbyterian Cemetery, with military honors, on March 20th.

Dick was a graduate of the University of South Dakota, and enlisted in the US Air Force where he was in the Ninth Air Force Band. He began working at Community Bank, after graduating from the University and had continued working there until his death, which totaled 50 years in the banking industry.

He is survived by three daughters, two sons, a brother and a sister. He was preceded in death by his wife and his parents. ****A memorial, sent on behalf of ICBSD, will be designated for either an Avon School or community project.*

Martha Winum, wife of newly-elected ICBA National Treasurer, Larry Winum, was killed in a car accident while returning from the Orlando ICBA Convention, on March 7th. Larry, their youngest daughter, and Martha's brother, Grant Dean, were uninjured in the accident, as they were driving north on I-29, near Nebraska City, NE. A car going south crossed the median and collided with their car. Larry Winum is President of Glenwood State Bank, in Glenwood, IA and Grant Dean is one of the bank's vice presidents.

This article by Cam Fine, recently ran in the NewsWatch Today:

Bail Out - Same Song - Different Verse

Past generations have seen this all before. That is why for nearly three decades the ICBA has been warning that our financial system was becoming dangerously over concentrated, and that there would be ruinous consequences to pay – just as in earlier times. Now, ICBA's warnings are reality...again.

The financial structure policies of several recent administrations, plus those of a very encouraging and accommodating Federal Reserve Board have led to the bailout of Bear Stearns. For nearly 30 years, national policymakers have allowed our financial system to become so concentrated, at the top, that it resembles the equivalent of European royal inbreeding - look beneath the skin and there is only one strain of financial DNA - every entity is related (directly or indirectly) to every other entity.

Who will pay for this mess? Community banks, small businesses and ultimately consumers and taxpayers, in the form of higher operating costs, and much great regulation (which falls hardest on community banks which least can handle it), and for consumers, higher fees and transaction costs. Ultimately, we will all pay for this mess.

While Wall Street is being accommodated by our Washington policymakers, and executive managers of the Wall Street firms that caused this train wreck, are walking away with hundreds of millions of dollars in their own pockets, or are being allowed to hold on to their multi-million-dollar jobs, community bankers are struggling under new regulatory burdens, and are being harassed by overly zealous examiners taking out their frustrations on banks too small to fight back (unlike Wall Street mavens who get on their private jets and come meet with top Washington policymakers on a day's notice).

To say that the community banking industry is upset would be one of the great understatements of all time. When is enough, enough?! How many times must the community banker, on Main Street, bear the sins of Wall Street through more burdensome regulations and harsh exams before the policy makers "get it"?

The Wall Street banks, and brokerage houses, caused much of this financial chaos, but it is the community banks that will be rounded up and shot. Does this make sense? When do national financial policies become so counter-productive that economic growth is harmed at the grass roots level? Why are 'all banks' being targeted, when just a handful of the largest Wall Street firms caused 95 percent of this mess?

I urge every community banker in America to call, write or e-mail your senators and representatives. Tell them you are mad as hell and you are not going to take it anymore. Tell them to punish the Wall Street moguls that caused this mess, and to haul the federal regulatory officials whose accommodating policies allowed this all to happen, before them and bring some accountability to our financial system.

Let's bring sanity back to our American financial system and stop allowing the creation of these behemoths that are too big to fail, too big to punish, too big to regulate and too big to manage.

Cam Fine
ICBA President/CEO

ICBA PREFERRED SERVICE PROVIDERS

Listed below is a synopsis of the numerous ICBA Preferred Service Providers. You can learn more about these valuable services, for your bank, at the following website address: <http://www.icba.org/products/index.cfm?ItemNumber=4684>.

New Services:

BancVue – Reward Checking Program
Strohl Systems – Business Continuity Planning Program

in Business Services – Customer Relationship Management Program

Didier Printing – Debit and Credit Card Plastics Program

Fidelity National Information Services – Core and Item Processing Program / Value Added Checking Program

Bank Property Advisors – Customized Sale-Leaseback Program

Other Services:

American Banker – Banking and Financial Daily News Source
BancIntelligence – Financial and Market Advisory Program

BenefitsBank – Bank Employee Benefits Program

Promontory Interfinancial Network (CDARS) – Certificate of Deposit Account Registry Service

Equifax – Credit Reporting Program

Floodwatch – Flood Compliance and Forced Place Insurance Program

Holtmeyer & Monson – SBA Lending and Consulting Program

M Benefit Solutions – Executive and Director Compensation Consulting and BOLI Program

Main Street Checks – Check Manufacturing Program

Michael White and Associates – Bank Insurance Consulting Program

Pitney Bowes – Mailing and Shipping Supplies Program

Profit Technologies Corporation – Earnings Enhancement & Courtesy Overdraft Program

QwickRate – Non-Brokered Wholesale CD Trading Network

Student Loan Finance Corporation – Student Loan Program

Travelers – ICBA Bank Insurance Program for Insurance including Professional Liability and Directors and Officers Liability

Travelex – ICBA / Travelex Prepaid Card Program

Triton – ICBA / Triton ATM Program

Wolters Kluwer Financial Services – Discount Program for Printed Forms and Deposit and Lending Software

COMMUNITY BANKING MONTH IS HERE!

April is Community Banking Month! This special observance gives community bankers, across the country, a great opportunity to tell the public what community banking is all about and to thank your customers for banking with you and reminding them that they are the reason you are able to support your community, in the numerous ways, that you do. It is the perfect time to communicate the true benefits of banking with a REAL community bank. All ICBSD members have received a marketing/promotional kit, which contains many ideas for CBM, including color and contest pages for your elementary school.

As you know, the *Independent Community Bankers of America (ICBA)*, and all of its state affiliates, sponsored a formal resolution supporting CBM, in 2005, which was adopted by the U.S. House of Representatives.



Ginger Snaps

- #1. **April** is ‘*Community Banking Month!*’ It is a time of celebration, and validation, while being a great opportunity to reflect on who you are, why you are, and what you are. You play a definite, positive role in your community, and state, economy.
- #2. Your **2008 Annual Retreat** features are reviewed on page three. Registration material will be sent out in May. You can reserve your lodging with me (605-996-9329), at any time, and it is definitely not too early to start thinking about doing so.
- #3. Short biographies, of our **2008 CEO/Directors’ Conference** presenters, can be found in this newsletter issue. Remember: The Conference will be preceded by our Biennial Trade Show this year. It will be **October 29 – 30**, at the **Sioux Falls Best Western Ramkota**. Be sure you have this new, combined event, marked on your calendar.

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‘KEEP YOUR PLATE - JULY, ‘08’

In July of this year, South Dakota will change from a license plate with vehicle system to a license plate with owner system, which was first approved by the South Dakota legislature, in 2005. In order to accommodate the change, lawmakers also approved the creation of a new computer system called SDcars (South Dakota Customized Automated Registration System), which has been in development since that time. The Division of Motor Vehicles has been training everyone, since January, who will be using SDcars when it becomes fully operational July 1st, the same time the state’s new license plate with owner system becomes effective.

Under the current license plate with vehicle system, the plates stay with the vehicle when it is sold and the license plate number remains the identifying number for that specific vehicle as long as the plate series is valid. With the new license plate with owner system, the plates belong to the titled owner(s) of the vehicle. If the vehicle is sold, the seller keeps the plates for use on their next vehicle, as long as it is the same type of vehicle. Division of Motor Vehicles Director, Debra Hillmer, says the changeover to the new license plate system will make things more efficient for everyone involved.

For more information on ‘Keep Your Plate - July ‘08’, and the SDcars system, log on to SDcars.org.

2008 TRADE SHOW & CEO/DIRECTORS’ CONFERENCE

ICBSD’s Biennial Trade Show & Annual CEO/Directors’ Conference, will be combined for the first time, on October 29 - 30, at the Sioux Falls Best Western Ramkota. The Trade Show will be open mid-morning, to late afternoon, on Wednesday and will be followed by the evening reception/dinner that has always preceded the CEO/Directors’ Conference. As in the past, the Conference will conclude mid-afternoon on Thursday. *Registration information will be available this summer.* We are very pleased to announce that David Kemp, and James McLaren, will be our featured Conference presenters.



David L. Kemp is President of **Bankers Management, Inc.**, formerly the Management Group. BMI is a nationally recognized company in financial services training and bank consulting. He has more than thirty years of management experience in consulting, credit administration training and new business development. Some of his areas of expertise include commercial lending, consumer lending, portfolio management, risk management and director responsibilities. He is known for his presentations at Director Conferences, as well as his frequent presentations at ICBA National Conventions. David also serves as a visiting professor, and guest lecturer, at many colleges and universities.

James S. McLaren is Founder, President and Managing Director of **Strathkirk Inc.**, which is a business consulting firm focused on new technology and emerging markets, ranging from primary production inputs to downstream value-chain impacts, biofuels and renewable resources. Strathkirk works with multi-nationals, institutes and government organizations, on executive management business strategies, R&D direction setting, product valuations, future scenarios and the analyses of new market opportunities. James has published over 35 papers in peer-review journals, edited a major book and published numerous invited articles, in the trade press.



FINE POINTS - by Camden R. Fine



America's Core Principles and ICBA
"History never repeats itself; man always does." - Voltaire

The American culture is built upon a foundation of self-reliance, entrepreneurship, fair play and a deep distrust of the concentration of power in all its forms. Our Constitution embodies these elements. The Founding Fathers constructed a government that fragmented power among three separate and coequal branches. It was their intent that

political power would never again rest in the hands of a single sovereign or government institution.

Our Founding Fathers experienced the consequences of highly concentrated and unchecked political and economic power; and when given the chance to fashion their own government, they sought mightily to avoid such concentration. The revolutionary principles that guided our nation's founders still hold true today. Our cultural heritage strongly suggests that Americans prefer diversity in both their government and economic system. Since the early 19th century, our leaders have discouraged over-concentration of economic power.

As our history shows, excessive concentration of economic power leads to abuse, corruption and manipulation. Given events earlier in this decade, and more recent events, we seem condemned to relearn this lesson over and over. The laws of the 1930s, passed in the dark days of the Great Depression, separating securities activities and market making from commercial banking activities were passed for good reason. Now, sadly, Voltaire's words ring true, human nature does repeat itself.

Today we find ourselves faced with new threats of overwhelming concentrations of economic power. There are think tanks in Washington that espouse the doctrine that bigger brings scale and efficiency to markets and "spreads the risk" so that no one gets hurt. Unfortunately in this new economically concentrated "spread the risk" world, everyone gets hurt. It is difficult to spread anything too far if only a handful of companies owns everyone else.

These think tanks harp on about how orderly the markets will be in a new concentrated economic world, and that excess capacity will be squeezed from the system, and we will all be better off. Of course the same arguments were being used in the boom years of the 1920s - until it all went bust!

A highly concentrated economic system may well be orderly and efficient. It may eliminate "excess capacity." But it has no soul and no room for dealing with people at the individual level, the human level.

When you advocate bigger is better just for the sake of size and "efficiency" you cut out the very soul of what this nation is all about. You sacrifice consumer choice, initiative and opportunity. You actually limit choice, and you eventually concentrate risk - not spread it, as many on Wall Street are learning the hard way today.

In the think tank world of Washington, and in the marble high-rise office towers on Wall Street, the only things that really count are ratios, leverage, economic power, and greater and greater returns to fewer and fewer people.

That is not the world of community banks or of ICBA - in our world people matter - people count and are recognized. Our values today are the same upon which America, and this association, was founded. They are the values upon which I believe are at the heart of this nation still.

Camden R. Fine is President/CEO of ICBA. Reach him at cam.fine@icba.org.

FROM THE TOP



Guidance from the Pulpit
By Cynthia L. Blankenship

My father, a Baptist preacher, taught me two very important lessons: Do not be afraid of sharing a message, and live a life of service with a servant's heart.

Of course, from the pulpit as a young child, I never imagined that one day I would be running a community bank, much less be chairman of an association as important to the community banking industry as ICBA.

Thank you for the honor and privilege.

I did, however, aspire to make a difference, and as a community banker I think I have. Community bankers provide funding and financing to help the people in our towns and cities grow and prosper. We help families buy homes. We help people make a business from an idea. We help farmers and ranchers feed our country. I'm proud of that as I know you are.

That's why we come together, in an association as great as ICBA, to ensure that our industry and communities continue to thrive. Our business model works. It's based on service. We must protect it. That is my message as your new ICBA chairman. We come together by aggregating our voice with clarity of vision and purpose - one that has our interest, and only our interest, at heart. That voice has been, and always will be, ICBA.

Our great national trade association has accomplished some remarkable things. Take my community bank in Texas: ICBA's lobbying efforts in Washington allowed us to convert to a Subchapter S corporation. And ICBA's education, information, products and services help each of us grow our institutions, as well as develop personally and professionally as individual community bankers.

But ICBA can't do it alone. It takes every community banker getting involved, and answering the call, to make sure our industry does not get crushed by competing interests.

Recently, I testified before the House Financial Services Committee in Washington at a hearing on changes that might be needed to CRA. It was easy to speak up for community banks because we have made investing in our communities a way of life. I expect there will be many more times over the next year when I will be called upon to tell policymakers about the difference community banks make to America. Whenever and wherever I can, I will speak out against unfair competition that threatens not only community banks but also the communities we've pledged to serve.

As Chairman, I will focus on building on what has come before to ensure our association stays strong and vital. We cannot - and must not - sit back and let others decide our destiny.

Community banking has stood the test of time. We must protect our businesses so that we, and future generations of community bankers, can continue to thrive. We need to make sure that any laws enacted are fair to both our industry and our customers. We must be committed to being proactive and educating lawmakers and the American people about the vital role that community banks play. Call on your servant's heart as you do every day. Share your message to make a difference for your family, your community and your industry.

Cynthia L. Blankenship is ICBA's Chairman and Vice Chairman/CEO of Bank of the West, Irving, TX.

ICBSD WELCOMES NEW ASSOCIATE MEMBER

Maize & Blue Consulting, LLC offers numerous services to assist in developing, maintaining and auditing an effective information security program, at a time when safeguarding all sensitive customer information is an extremely high priority for all community banks. **Darrin Suess** can be contacted at **605-261-1615** or **darrin.suess@maizeblueconsulting.net**. The company website is **www.maizeblueconsulting.net**.

NOMINATING COMMITTEE SELECTS 2008 - 2009 ICBSD OFFICER/DIRECTOR SLATE

The Nominating Committee, for ICBSD's upcoming fiscal year is:

- Jan Thompson, EVP/COO** The First National Bank of Volga
*Chairman
- David Bender, VP** Menno State Bank
- David Callies, EVP/CEO** Miner County Bank, Howard
- Jeff Eitreim, SVP** First Dakota National Bank, Sioux Falls
- Pennie Lutz, VP** Richland State Bank, Bruce

The Nominating Committee has submitted the following Officer/Director Slate for election, at our Annual Business Meeting, on July 26, 2008:

- President:** **Jan Thompson, EVP/COO**
The First National Bank of Volga
- President-Elect:** **David A. Callies, EVP/CEO**
Miner County Bank, Howard
- Secretary/Treasurer:** **Timothy A. Prince, SVP**
American Bank & Trust, Miller
- 3-Year Director:** **Scott Campbell, EVP**
First National Bank, Frederick
- 3-Year Director:** **Emily Hofer, Contoller**
Merchants State Bank, Freeman
- 2-Year Director:** **Todd Berndt, President**
First State Bank, Wilmot

ICBA CONVENTION RECEPTION

ICBSD registrants, at the recent ICBA National Convention, enjoyed an evening Joint Reception with our counterparts from Minnesota and North Dakota, as well as United Bankers' Bank. A few of the attendees were (l to r):



Emily Hofer, Freeman;
Wayne Olsen, Oldham;
Jill & Bob Laird, Sioux Falls.



Ray Smith, Philip and Dick Behl, Scotland.



Shelley Bartels, Clair & Wylla Konold, Hugh Bartels and Merlaine Eisnach, all with Reliabank Dakota.



GHIGLIERI JOINS SHAZAM

James Ghiglieri, who was recently Chairman of the Independent Community Bankers of America, has been named Vice President of Corporate Communications for SHAZAM, Inc. Prior to accepting this new position, he was President of Alpha Community Bank, in Toluca, IL. He will be responsible for the company's communication efforts and hopes to use his national experience to represent the voice of community financial institutions, in the electronic payments industry. He and his wife, Mary Kay, will continue to live in Toluca.

FIRST MIDWEST BANK CELEBRATES 125 YEARS!

Originally a wooden, two-story structure, covered in brick, The Bank of Centerville opened its doors, in May of 1883. The first president was Albert Rowley. Seth Ely bought stock in 1890 and was soon named president. James S. Thomson also joined the bank in 1890. He became president in 1912. Many storms occurred nationally, and locally, during his tenure. In 1925, a fire in a neighboring business got out of control and spread to the bank. Both were completely destroyed. The bank then voluntarily closed its doors and began a reorganization plan, to protect its depositors, which was approved by the State Banking Department a couple years later. Son, John N. Thomson had joined the bank in 1921 and eventually became South Dakota State Treasurer. He was named president of the bank, in 1948, when his father retired.

John W. Thomson began his banking career in 1950 and became bank president in 1964. An extensive remodeling project took place in 1982 - 1983, and the bank name was changed to First Midwest Bank, in 1988. John W's son, James R. joined the bank in 1977 and was named president in 1987. Expansion continued, and with the creation of the Thomson Holding Company, came the opening of First Midwest's branch, the Deerfield Bank, in Sioux Falls. The second Deerfield branch opened in 1999. John W. currently serves as Chairman with James R. as Vice Chairman. Lee C. Peterson was named President, of both First Midwest and the Deerfield branches, in 2001. There are currently thirty-eight employees, in the three locations, which includes the fully licensed Thomson Insurance Agency, in Centerville.

First Midwest's 125th Celebration will be in conjunction with a Centerville city-wide summer celebration, on July 4th - 6th. Among other things, the bank is providing the event brochures, large tents to seat the All Class Reunion and prizes for give-away drawings.

Did you know? The Bank of Centerville was robbed, in 1934, by 4 men. The FBI never caught them, but did identify them. Two died in later shootouts and two died in prison.

****Every issue of the 'Independent Community Banker' will continue to feature one of our member banks.**

