
COVERED BRIDGES, JOHN WAYNE, DELICIOUS APPLES, AND A BANK MERGER

“Banker on Wheels”; American odyssey continues in two Iowa communities

After he hung up his president hat, bank chairman Larry Marik and his wife, Mary Ann, decided to sell their home, buy a Winnebago, and see more of America. They will now also be blogging about what they see about banking for ABA Banking Journal. In the couple’s second report, they narrate their visits to two Iowa towns, Winterset and Osceola. You can read more about the Mariks in the first blog in this series, “Chairman of the Open Road”;

Second stop in the Marik’s banking odyssey was Winterset, of Madison County, known for its covered bridges. Bottom, Larry Marik and the couple’s dog pose by one of the six “Bridges of Madison County”; Winterset is also birthplace of John Wayne, top right, whose birthday celebration is to be held May 27-28 this year.

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By Larry and Mary Ann Marik

It's not really possible to make a sudden left turn with a motor home, but when we saw signs for the Bridges of Madison County and John Wayne's birthplace, we did nearly that. Heading north on I-35 after spending the weekend with Mary Ann's brother and sister-in-law, Peggy and Terry Geiger, a retired banker from Leon, Iowa, the signs beckoned us onto a "blue highway" that meandered through wooded hills.

Our destination was Winterset, county seat of Madison County and birthplace of John Wayne...and of course the setting for the book and movie, Bridges of Madison County. Winterset's downtown is charming and vibrant. All four sides of the square surrounding the stately court house are filled with occupied buildings. We saw no empty storefronts. We looked through Winterset's Park & Recreation Activity Guide, and there is no doubt that Winterset values its children. The economy in this Iowa community is based on agriculture, which consists mainly of row crops and cattle, but tourism contributes to the economy as well. There is a lovely park and campground and the Madison County Museum is very well done. We were surprised to find that the Delicious apple was developed in Madison County.

We looked at the possibility of several banks, but right across the street from the Statue of John Wayne is Exchange State Bank... "A True Community Bank," its slogan states. That got our interest so we made a call.

Besides bridges, Madison is know for the Delicious Apple.

Exchange State links up with new downstate parent

Kendall Kerns, senior vice-president, was in his office with the door open. Exchange is soon to become a branch of American State Bank of Osceola, and Kendall was clearly excited about the new relationship. He stressed that the acquisition would be good for Winterset, where the median age is 38.6, a demographic that expects its bank to provide needed technological services.

When we asked Kendall what made Exchange Bank a community bank, he said, "You can walk in the door and talk to me. You can form a relationship with the person you're working with." Exchange State's assets currently stand at \$10 million, but Kendall is looking forward to growing.

At the outset of our conversation, Kendall encouraged us to talk to Kevin Klemesrud, president and CEO of American State Bank, so the next day, back we went to Osceola, 37 miles south on I-35.

The day before had been beautiful weather-wise, but heading back south on I-35 we battled winds and rain. We kept the map open and tracked the severe thunderstorms racing across southern Iowa and actually spent some time in a gas station parking lot waiting for the storms to pass us by...us and a lot of truckers.

Osceola sits amid rolling hills. This part of Iowa is not "flat and black," so agriculture consists of some row crops, but there are also many cow-calf operations. The average farm size is smaller, and farmland sells for approximately \$2,500 to \$3,500 an acre.

We spent that night at a great RV park in Osceola at Terrible's Lakeside Hotel & Casino. We'd been there before.

Visiting with management at American State

The next morning we headed to American State Bank, where we talked to David Bemis, financial center manager and marketing director, and Kevin Klemesrud, president and CEO. The bank's chairman, Jim Schipper, has been recently named Superintendent of the Iowa Division of Banking.

The bank opened its doors in April 1987. The new bank assumed the deposits and acquired the assets of the Osceola State Bank, which had failed due to the farm crisis of the 1980s. It is owned by five local families with a strong desire to remain independent. The bank has steadily grown, and like many banks today, liquidity is not a problem.

American State is the leading bank in the community of Osceola.

"In order to be a leader," Kevin said, "you need to know what is required to be a leader. We have a model of high performance, and we consider the importance of the employee, the importance of the customer, the importance of the shareholder, and the importance of the community. We concentrate on products and services that fit our community."

After doing some checking on-line, we agree that this is one strong community bank.

American State's logo states "What a Bank Should Be," but the motto that employees see each morning when they come in the back door is "Your Community, Our Commitment." What a clever way to remind employees of the bank's mission! Well done, we think.

American State lives that commitment …. not only with monetary donations but with community involvement. The state of Iowa requires a financial literacy course as part of the curriculum, and American State provides a web-based course to the local school.

Getting into today's challenges

We discussed the Dodd-Frank legislation.

Observed Kevin Klemesrud: "We got lumped together with the shadow banks. Legislators had good intentions, but they didn't consider the consequences, but we'll be able to deal with it. It's a challenge. I've told my employees, if it takes so much of your time that it impedes serving customers, let me know. We'll look at hiring more staff."

When we asked about the Durbin Amendment, Kevin mentioned a statistic from an Iowa Bankers Association letter to the Board of Governors of the Federal Reserve System.

“It’s going to cost Iowa bankers about \$43 million in revenue,” Kevin said, “which is about the same amount that Iowa bankers now contribute to charitable, community, and economic development organizations.” What Larry liked to hear was Kevin’s attitude about the pending legislation … not defeatist. He doesn’t like it, but he will work with it, and he’s extending that attitude to his employees.

And regarding the purchase of Winterset’s Exchange State Bank. “Our acquisition philosophy is, if an opportunity arises, we look at it, but we’re not aggressively expansive,” said Kevin. “We want to, first, grow organically and, second, expand. Winterset was a good market for us to enter so Exchange was a good fit. It’s a youthful community with a good work force. We think that doubling assets in three years is achievable.”

It was great to see a community bank looking at expansion. You hear and read so much about community banks “going away.” This bank is not going away.

“We’re lucky to be bankers in Iowa,” Kevin said. “Farmers are smart consumers.”

Larry and Mary Ann Marik visited with David Bemis, financial center manager and marketing director, and Kevin Klemesrud, president and CEO, at American State Bank.

Osceola’s Amtrak Station is at mile 359 of the run of the “California Zephyr,” that originates in Chicago and ends in Emeryville, Calif., at mile 2,438.

Keep your eyes open for Larry and Mary Ann Marik and their huge Winnebago Journey. If they come to your bank, you just might wind up as their next blog.