

Hear ye, hear ye

The Town Crier

OFFICIAL NEWSLETTER OF TOWN & COUNTRY BANK



Town & Country
BANK

January - February 2011 | Published bi-monthly

SENIOR LENDER TO SERVE ON FUND BOARD

Executive VP & Chief Lending Officer P. West Martin was recently appointed to serve on the board of the Revolving Loan Fund, which is managed by the Five County Association of Governments.

The Five County Association of Governments is a voluntary association of local governments from the five southwestern counties of the State of Utah: Beaver, Garfield, Iron, Kane and Washington. The mission of the Association is to plan, prepare and partner with federal, state and local governments to strengthen the role of southwestern Utah local officials in executing state and federal programs at the local level.



P. West Martin

The purpose of the Revolving Loan Fund is to create permanent, long-term jobs within the southwestern region of Utah by providing gap financing to qualified businesses for eligible activities. Funds may be used for land and building acquisition, purchase of machinery and equipment, building construction and/or renovation and working capital.

Of his board appointment, West said, "The Five County Association of Governments has a great track record of helping spur economic growth in Southwestern Utah. We share that same objective at Town & Country Bank, so I'm excited to become directly involved with the Revolving Loan Fund."

Bankers Teach Local 4th Graders

Teach them while they're young! That's exactly what Town & Country Bank VP Wendy Holt and Assistant VP Shannon Walker did on December 15th, when they visited Heritage Elementary School to instruct 4th grade students on the basics of banking. Students learned how putting money into a bank provides safety, and how banks reward

customers for saving by paying interest.

Real deposit slips were handed out and students practiced adding up money and filling out the slips correctly. Afterwards, they brought their deposit slips and sample money to the classroom "bank" and made deposits with their "Concierge Bankers", Wendy and Shannon. In the holiday spirit, depositors were given candy canes from their banker.



Shannon Walker accepting "deposits" from students

The big question from the 4th graders was: "What happens to our money if the bank gets robbed?" A brief explanation was given that if the bank is robbed you still get your money back, thanks to insurance and the protection of the FDIC.

Many of the children presented "thank you" notes in appreciation for Town & Country Bank coming to teach them about banking.

Marine Corps League Recognizes Bank

The Utah Dixie Detachment #1270 of the Marine Corps League awarded a certificate of appreciation to Town & Country Bank on December 18th. Dennis Cory, Commandant, presented the certificate to CEO Bruce Jensen in recognition of the bank's support of the 235 year-old League. Monthly board meetings of the Detachment are held in Town

& Country's Board Room, and the bank made a financial donation to aid the League in its charitable endeavors.

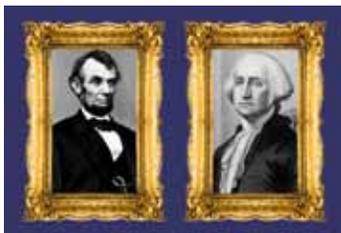
Members of the Marine Corps League join together in camaraderie and fellowship for the purpose of preserving the traditions and promoting the interests of the United States Marine Corps, banding together those who are now serving in the United States Marine Corps and those who have been honorably discharged from that service. The League promotes the ideals of American freedom and democracy, voluntarily aiding and rendering assistance to all Marines, former Marines and their widows and orphans. They also exist to perpetuate the history of the United States Marine Corps and, by fitting acts, to observe the anniversaries of historical occasions of particular interest to Marines. Locally, the Utah Dixie Detachment has been involved in providing color guards for special events, aiding Toys For Tots and helping to look after local Marine families.



Town & Country Bank is proud of the accomplishments of the United States military, and is happy to lend support to organizations that advance the interests of those who protect our nation's freedom. Last summer, Town & Country Bank was similarly recognized by the Dixie State College Army ROTC "Red Storm Company" for its support given to that entity.

Bank Closes On Presidents Day

In observance of the federal holiday, Town & Country Bank will be closed on Monday, February 20th. The bank will reopen on Tuesday at 8 AM (drive thru) and 9 AM (office).

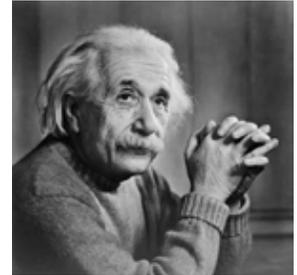


Message From The President

"The Road Ahead"

Albert Einstein once remarked, "When the number of factors coming into play in a phenomenological complex is too large, scientific method in most cases fails. One need only think of the weather, in which case the prediction even for a few days ahead is impossible."

As I ponder what business conditions will be like in 2011 in Washington County, I similarly note that an abundance of variables makes any scientific assessment difficult. Nationally, nearly all economists



admit that the tax cut package has taken the double dip recession scenario off the table, but most aren't looking for much in the way of end zone celebrations either. While the consensus among Wall Street clairvoyants is that recovery will take firm root, Main Street cautiously awaits proof.

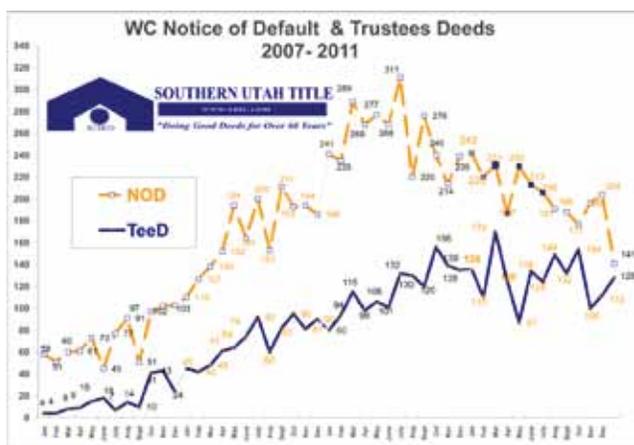
Many of the "variables" have damaging connotations relating to the pace of recovery. These negative factors were recently catalogued in a banking trade journal by Scott Brown, chief economist at Raymond James & Associates: high unemployment and the lack of job creation, the recent rise in long-term interest rates (including mortgage rates), the increases of gasoline prices and the end of federal stimulus funding for states. He believes that these factors will have a constraining effect on growth. Consequently, "the data for the next few months are likely to be mixed", says Brown.

He is certainly not alone. Pacific Coast Bankers Bank (the largest correspondent bank in the U.S.) recently published a Fed Funds rate forecast that included projections from 28 major broker dealers. All 28 dealers predicted no increase whatsoever through the first six months of 2011. Only one showed an increase in the rate during Third Quarter 2011 and only one (the same dealer) showed an increase in the Fourth Quarter. These findings are significant because the Fed Funds rate is a reliable indicator of underlying business activity—and most broker dealers seem to be forecasting a lackluster recovery.

To be sure, there are many positive factors impacting the economic landscape. My former colleague and award winning economist James Paulsen at Wells Capital

Management (Wells Fargo's institutional asset management arm) is reasonably optimistic. He cites the tax cuts, growth in the money supply, and rising U.S. international trade attributable to the weak dollar as cause for optimism. Paulsen says that "the biggest economic boost this year may be from rising economic confidence", whereby businesses will escalate capital spending. Indeed, the rising stock market would seem to support Paulsen's contentions.

Locally, the economic signals are mixed, at best. Unemployment in Washington County hovers around 10%. Much of the job loss has been centered in the construction sector. Our Southern Utah economy has traditionally been real estate driven, and solid, sustained recovery in this sector is yet to be seen. I recently asked Vardell Curtis, CEO of Washington County Board of Realtors, for his thoughts on the local residential real estate market in 2011. Due to high inventory of homes, and high volume of both short sales and bank-owned sales, he sees "no significant change" for the balance of the year. Joseph McPhie, Chairman of Southern Utah Title agrees, but points out that 2010 home sales were the highest in three years. He also provides the following chart, which depicts the relationship between Washington County notices of default and trustee deeds (foreclosures). As you can see, fewer people are receiving default notices, but the number of foreclosures ---due to a lag effect---continues to rise. It would appear that it will be a while for all this to play out and for normalcy to return to the market.



On the commercial real estate side, Neil Walter, Managing Director at NAI Utah Southern Region, says, "Lease rates are still low and vacancy rates are still high." However, he says industrial activity showed gains during the second half of '10, and is expected to continue growing this

year. While he remains cautiously optimistic and feels that interest in commercial property is heating up, he thinks a substantial rise in values or lease rates is unlikely in 2011.

But there are bright spots! Two months ago, Town & Country Bank Advisory Board member Steve Davis, owner of Rainbow Sign & Banner, was concerned about the slow demand for new signage. In mid February, he now says, "Business is on fire... it's like somebody pulled the cork." His business is not just coming from the "Parade of Homes" event, but from many sources. Lecia Langston, Regional Economist for the Utah Department of Workforce Services, notes that Washington County actually experienced positive, though slight, job growth by the end of 2010. She also sees glimmers of hope with last year's increase in home building, improvement in the sale of new automobiles and the uptick in the St. George home price index. Vardell Curtis indicates that there has actually been real home price appreciation in the \$150,000-\$175,000 range, owing to multiple buyers competing for a more limited set of properties.

While there are definitely signs of economic life in Utah's Dixie, no one is ready to pass out party favors and dance the Macarena just yet. No, our plodding emergence from recession is in no way the economic equivalent of Lady Gaga's glitzy, popping-out-of-an egg entrance at this year's Grammy Awards ceremony. Until more jobs are created and the real estate market improves significantly, a broad-based, local recovery should be slow in coming. Also, the growth engines of our economy—banks—are still dealing with the weight of impaired credits, and most are not able to aggressively lend money at this juncture.

So while all the variables don't seem to form a clear picture today, time will reveal the path of our economic recovery. Like Albert Einstein said on another occasion, "I never think of the future. It comes soon enough."



Bruce T. Jensen
 President &
 Chief Executive Officer
 bjensen@tcbankutah.com

[more>>>](#)

Customer Spotlight

Balanced Spinal Care

169 West 2710 South Circle, Suite 204

St. George, UT 84790

(435) 688-2292

BalancedSpinalCare.com



Balanced Spinal Care

After practicing a specific form of health care known as NUCCA in Salt Lake City, Dr. Brent Noorda came to St. George in the fall of 2009. He recognized the need to provide specialized care in St. George so patients wouldn't need to travel to Salt Lake or Las Vegas to get relief.

NUCCA is a fun and very effective way of working with the top of the spine to alleviate aches and pains all over the body—without popping, cracking, or twisting. Most of Dr. Noorda's patients come to him with low back pain, knee pain and headaches, but there are so many other benefits from NUCCA care. For example, NUCCA grabbed the world's attention in 2007 for its positive effects regarding blood pressure. Additionally, there are many people here in St. George that have found relief from migraines, fibromyalgia, and trouble sleeping. For a more complete list of symptoms visit www.balancedspinalcare.com.

When he first came down south, Dr. Noorda opened an office for Jack Stockwell & Associates, located in the back of the Bosch store in the Hurst building. After about a year, he decided to open up Balanced Spinal Care in Bloomington in order to lower his prices and make NUCCA more affordable to more people.



Dr. Brent Noorda

Since it's opening in December, Balanced Spinal Care has had tremendous success in helping many people with their everyday aches and pains. If you are wondering if NUCCA

care is right for you, schedule a complimentary consultation with Dr. Noorda by calling 688-2292. You can also attend their Grand Opening on February 26th from 9-4 at 169 West 2710 South Circle, Suite 204. For more information on FREE classes, FREE chair massages, drawings & prizes visit www.balancedspinalcare.com.

When Dr. Noorda decided to open his own office, the first bank he approached was Town & Country. He and his wife visited other banks as well, but decided early on that Town & Country was the financial institution they wanted, even if offers from other banks seemed more attractive. As Dr. Noorda remembers, "Well, it turns out that the other offers weren't better, and that only confirmed our decision!" He says that he "fell in love with Town & Country Bank the second time I walked in, and my concierge banker called me by name". Town & Country Bank salutes Dr. Brent Noorda and Balanced Spinal Care!



Town & Country
BANK

Where banking is a simple pleasure

(435) 673-1150



405 East St. George Blvd. - St. George, Utah 84770

www.tcbankutah.com

