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Banking veteran seizes opportunity to add to community bank mix

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OLDSMAR — Investors and executives of the former Madison Bank want to raise up to \$20 million to launch Jefferson Bank of Florida.

Robert McGivney, former president and CEO of Palm Harbor-based Madison, a bank bought by Whitney Holding Corp. in 2004, would lead Jefferson, which could open by year-end in a former BB&T branch at 3711 Tampa Road. Madison was the first Tampa Bay area acquisition by New Orleans-based Whitney (Nasdaq: WTNY), which has since expanded locally with more bank buys.

Melvin Cutler, former chairman of Madison, and two former Madison directors, Wayne Coulter and Paul Wikle, are proposed directors of Jefferson Bank. Margaret Orr, who was the controller of Madison and has stayed on as regional controller for Whitney, would be Jefferson's CFO, according to a charter application filed April 16 with the Florida Division of Financial Institutions.

The application calls for the group to raise at least \$12 million. McGivney said their target is \$16 million and the maximum is \$20 million.

Organizers, who have committed to owning about one-third of the shares, will be able to start raising funds once regulators give their approval. The bank is being organized as a C-corporation, and McGivney expects to have about 200 shareholders.

'GOLDEN OPPORTUNITY'

McGivney was Whitney's regional president when he left in September 2005. He said he waited out a non-compete agreement before he began organizing Jefferson.

"All I really know how to do is to be a banker," said McGivney, who was a banker in San Antonio, Texas, for 21 years prior to joining Madison in 1991. "I've never really seen a time when there wasn't a need for a good community bank."

Profits at the Bay area's largest community banks were up an average 15 percent in 2006, despite shrinking net interest margins — the



KATHLEEN CABBLE

Robert McGivney, president and CEO of Jefferson Bank of Florida in Oldsmar.

difference between the amount of interest paid on deposits and the amount of interest collected on loans — and a soft housing market that has swelled many banks' portfolios of problem loans.

"I don't disagree that interest margins are compressed. That's a fact. Real estate has also contracted," McGivney said. "However, we believe that real estate won't contract forever and we think this is a golden opportunity to get in."

Every industry has good times and bad times, said attorney Greg Yadley, a partner in the corporate practice group in the Tampa office of Shumaker Loop & Kendrick LLP.

"When times are easy, everyone can do a deal. In hard times, quality is more important and experience counts," said Yadley.

Yadley is not involved with Jefferson Bank but worked with the organizers of USAmeriBank in Largo, which opened in February under the leadership of investors and executives at the former PCB Bancorp Inc., before PCB was



Yadley

bought by Colonial BancGroup (NYSE: CNB).

Acquirers often impose restrictive covenants on the top executives of the banks they are buying, while keeping the loan officers and others who have more face-to-face contact with customers.

"Acquiring banks such as Colonial are pretty savvy," Yadley said. "If they can't keep their customers after a couple of years that's their fault."

Leveraging the base

McGivney said all of Jefferson's organizers have been in community banking for years. "We feel strongly we have a base and we'll be able to leverage that base into another successful business," he said.

Cutler, who was a founding director at Madison in 1985, is president of Cutler Capital Management and a principal shareholder in Cutler Associates Inc., a design, building and contracting firm.

Former Madison director Coulter is a partner in the law firm Delzer Coulter & Bell PA, while Wikle, another former Madison director, is president and owner of Coldwell Banker/Wikle Properties in Palm Harbor.

Also in Jefferson's organizing group is Gary Blackwell, a Pasco County real estate investor and developer who has been a director for several community banks, most recently First Kensington prior to its acquisition by Birmingham, Ala.-based Superior Bancorp (Nasdaq: SUPR). Another Jefferson organizer is Joseph Oliveri, president of Oliveri Architects in Palm Harbor.

McGivney, Cutler, Blackwell and Coulter have each committed to buy 100,000 Jefferson shares, or 8.3 percent of the total shares, at \$10 a share, the charter application says. Oliveri and Wikle would buy 30,000 shares each, or 2.5 percent of the total.

McGivney is the second top executive from Madison to launch a new bank. Martin Gladysz, who was Madison's executive VP and CFO, opened Central Bank in New Tampa in February as president and CEO.

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