

**REGULAR STATE BANKING BOARD MEETING
OFFICE OF THE COMMISSIONER
DEPARTMENT OF FINANCIAL INSTITUTIONS
2000 SCHAFFER STREET, SUITE G
BISMARCK, NORTH DAKOTA**

May 9, 2014

The regular meeting of the State Banking Board was held in the Office of the Commissioner, Department of Financial Institutions, 2000 Schafer Street, Suite G, Bismarck, North Dakota. Chairman Entringer called the meeting to order at 9:05 a.m., Friday, May 9, 2014, by conference call.

MEMBERS PRESENT: Robert J. Entringer, Chairman (*Office*)
Nancy Baerwald, Member (*Cando*)
Linda Beall, Member (*Velva*)
Bill Daniel, Member (*Bismarck*)
Kim Larson, Member (*Casselton*)
Anita Quale, Member (*Office*)
Tom Stennes, Member (*Office*)

MEMBERS ABSENT: None

ALSO PRESENT: Aaron K. Webb, Secretary (*Office*)
Suzette Richardson, Administrative Staff Officer (*Office*)
Lise Kruse, Chief Examiner – Banks (*Fargo*)

APPROVAL OF MINUTES

Chairman Entringer indicated the Board received copies of the minutes of the regular meeting held on March 14, 2014, and the special meeting held on April 10, 2014.

It was moved by Member Baerwald, seconded by Member Quale, and unanimously carried, to approve the minutes of the regular meeting held March 14, 2014, and the special meeting held April 10, 2014, as presented.

NAME CHANGE – FRONTIER TRUST COMPANY, FARGO

Chairman Entringer indicated on March 31, 2014, the Department received the Articles of Amendment from Frontier Trust Company, Fargo, to change its name to Ascensus Trust Company, Fargo.

Chairman Entringer explained that Ascensus is a very large third-party record keeper for trust companies and employee benefit plans. Chairman Entringer continued that Ascensus is the immediate parent of Frontier Trust Company and the name change would reflect the uniformity between the two.

It was moved by Member Daniel, seconded by Member Baerwald, and carried by a vote of 6 to 0, with Member Beall absent, to approve the Articles of Amendment for Frontier Trust Company, Fargo, to change its name to Ascensus Trust Company, Fargo.

2014 ANNUAL ASSESSMENT POLICY FOR STATE-CHARTERED BANKS, TRUST COMPANIES

Chairman Entringer referred to his Memorandum dated May 9, 2014, and highlighted the following changes to the Administrative Salaries and Benefits: the Commissioner's salary was reduced from 75% to 70% since more time is allocated to the credit union division; the Assistant Commissioner's salary was increased from 35% to 40% due to processing more applications; and the Chief Examiner – Banks' salary was reduced from 100% to 97% due to conducting money transmitter examinations.

Chairman Entringer reviewed the three projections provided by Joan Becker, Director of Administration, which detailed the granting of a 12.5%, 15%, or 20% assessment discount to state-chartered banks.

In reference to Member Quale's question as to whether an assessment discount would also apply to the Bank of North Dakota, Chairman Entringer explained it would not since the Bank of North Dakota is now being phased into the assessment schedule; adding this will be the second year the Bank of North Dakota is paying a higher assessment which is 75% of what they will pay when fully phased in.

Chairman Entringer indicated the Department recently completed an examination of the Bank of North Dakota, and explained they do not expect additional growth this year.

Chairman Entringer indicated the Board needs to approve the State-Chartered Bank and Trust Company Annual Assessment Policy, along with a possible discount. Chairman Entringer indicated he recommends approval of the 20% discount. Chairman Entringer explained the Department budget will be approximately \$7 million and the Department does not want to have too much carryover in the bank and credit union division budgets since any excess above 20% of the Department budget would go to the State's General Fund.

It was moved by Member Quale, seconded by Member Larson, and carried by a vote of 6 to 0, with Member Beall absent, to approve the State-Chartered Bank and Trust Company Annual Assessment Policy, along with granting a 20% assessment discount to state-chartered banks.

ITEMS TO BE NOTED

Chairman Entringer indicated that on March 19, 2014, he approved, as Commissioner, the request by Bell State Bank & Trust, Fargo, to discontinue its interstate branch at 11100 Wayzata Blvd, Minnetonka, MN, effective May 9, 2014.

Chairman Entringer indicated that on April 29, 2014, he approved, as Commissioner, the request by First Western Bank & Trust, Minot, for an extension until December 31, 2014, to commence business at 2105 16th St NW, Minot.

BANK BUDGET UPDATE

Chairman Entringer reviewed the March 31, 2014, Organizational Status Report by Summary Account for the bank division.

DAY WITH THE COMMISSIONER

Chairman Entringer indicated the evaluations from the May 7, 2014, Day with the Commissioner have been reviewed and the results were very positive. Chairman Entringer explained the Department received great suggestions for future meetings, and from the comments received it appeared that the Town Hall Meeting was the most valued event. Chairman Entringer stated it is the Department's intent to hold the next Day with the Commissioner in two years and incorporate suggestions provided in the evaluations for future speakers or topics.

Member Stennes stated he feels the state and national representatives need to be informed of the bankers concerns. Chairman Entringer agreed, adding his plan is to hold the next Day with the Commissioner during a congressional recess so our congressional delegation will be available to attend and participate.

LAST MEETING DATE FOR MEMBERS DANIEL AND QUALE

Chairman Entringer indicated the terms on the Board for Members Daniel and Quale expire as of June 30, 2014.

Chairman Entringer stated that Member Daniel has served on the Board for 13 years, as he became a member on August 27, 2001. Chairman Entringer indicated Member Daniel had indicated he was not interested in being reappointed. Chairman Entringer thanked Member Daniel for his years of service to the Board. Member Daniel commented it has been a pleasure and very rewarding to serve on the Board; adding it has been a great experience to learn more about the bank regulatory industry, as well as witnessing professionals who are willing to serve on the Board in order to safeguard and represent the public interests, along with the Department staff.

Chairman Entringer stated that Member Quale has served on the Board for 10 years, as she became a member on July 1, 2004. Chairman Entringer thanked Member Quale for her years of service to the Board.

Chairman Entringer indicated he will inform the Governor's Office that two replacements will be needed on the Board.

Member Beall joined the conference call at 9:27 a.m.

Chairman Entringer informed the Board that Assistant Attorney General Murtha is not present as her daughter was born May 2, 2014.

The Board went into closed session at 9:28 a.m. to review the Supervisory Reports of Examination pursuant to North Dakota Century Code 6-01-07.1, and to discuss any confidential records pursuant to North Dakota Century Code 44-04-19.2.

The Board reconvened to open session at 10:13 a.m.

STRATEGIC PLAN

Chairman Entringer indicated an update to the Strategic Plan was not available for this meeting due to preparation for the Day with the Commissioner; however, will be on the agenda for the July 10, 2014, meeting.

The meeting adjourned at 10:14 a.m.

Robert J. Entringer, Chairman

Aaron K. Webb, Secretary