

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

October 15, 2015

A special 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 9:00 a.m., Thursday, October 15, 2015, by conference call.

MEMBERS PRESENT: Robert J. Entringer, Chairman (*Office*)
Nancy Baerwald, Member (*Cando*)
Linda Beall, Member (*Velva*)
Kim Larson, Member (*Casselton*)
John Schmid, Member (*Carson*)
Tom Stennes, Member (*Harwood*)
Cheryl Thompson, Member (*Fargo*)

MEMBERS ABSENT: None

ALSO PRESENT: Aaron K. Webb, Secretary (*Office*)
Suzette Richardson, Administrative Staff Officer (*Office*)
Lise Kruse, Chief Examiner – Banks (*Fargo*)
James Williams III (*Casselton*)
Fred Manuel (*Detroit Lakes*)
Tim LeClair (*Fargo*)
Jeff Kram (*Fargo*)

CHANGE OF CONTROL – GOOSE RIVER HOLDING COMPANY

Chairman Entringer reviewed his Memorandum dated October 5, 2015, indicating the Department received the above referenced change of control application on September 17, 2015, for James L. Williams III (Williams III) to acquire 25% or more of the voting shares and thereby acquire control of the Goose

River Bank Holding Company, Mayville (Holding Company) which controls The Goose River Bank, Mayville (Bank). Chairman Entringer indicated the application was deemed complete on September 24, 2015.

Chairman Entringer indicated pursuant to North Dakota Administrative Code § 13-02-17-01, notice was published in the *Traill County Tribune*, Portland, on September 19, 2015, with the comment period not ending before October 12, 2015. Chairman Entringer indicated no comments have been received nor were there any requests for copies of the application.

Chairman Entringer reviewed North Dakota Century Code § 6-08-08.1(4) which outlines the conditions regarding a change of control application.

Chairman Entringer indicated Williams III's ownership is increasing from 24.9% to 28.1% as a result of the redemption of 620 shares by James L. Williams II, thus reducing the outstanding shares of the Holding Company from 5,460 to 4,840. Chairman Entringer indicated upon completion of the redemption of the shares by James L. Williams II he will control 63% of the outstanding shares and Williams III will control 28.1% of the outstanding shares of the Holding Company.

Chairman Entringer indicated since the change in control occurs as a result of redemption, the Department did not request copies of purchase and sale agreements, shareholder agreements, non-compete agreements, and employment contracts. Chairman Entringer added there will be no changes to the board of directors or senior executives of the bank or holding company.

Mr. Manuel indicated additional information was requested and provided to the Federal Reserve, as well as copies provided to the Department. Since this additional information had not been provided to the Board, Mr. Manuel explained this material pertained to expanded information regarding Williams III's involvement in various entities, which includes Williams Farms, as well as a cash flow analysis even though he provides no cash to the transaction or is not purchasing any shares.

Mr. Manual indicated the anticipated date for completion of the transaction is November 24, 2015, which is the 60 day period requirement from submission of the application to the Federal Reserve.

Chairman Entringer indicated based on the statutory criterion the Department recommends approval of the change of control for Williams III to acquire 25% or more of the voting shares and therefore control of the Holding Company.

It was moved by Member Stennes, seconded by Member Schmid, and unanimously carried to approve the application for James L. Williams III to acquire 25% or more of the voting shares of the Goose River Holding Company, Mayville.

Messrs. Manuel and Williams left the conference call at 9:10 a.m.

MERGER APPLICATION – NORTHLAND FINANCIAL, STEELE, TO MERGE WITH AND INTO CHOICE FINANCIAL GROUP, FARGO

Assistant Commissioner Webb indicated on July 15, 2015, the Board approved the change of control application for Choice Financial Holdings, Inc. to acquire 100% of Northland Financial, Steele, which was effective on August 31, 2015.

Assistant Commissioner Webb indicated on September 4, 2015, the Department received the application by Choice Financial Group, Fargo (Choice) to merge Northland Financial, Steele (Northland) with and into Choice.

Assistant Commissioner Webb indicated notice of the application was published pursuant to the joint state and federal requirements in *The Fargo Forum* on September 2, 14, and 28, 2015; and in *The Steele Ozone* and *Kidder County Press* on September 2, 9, and 23, 2015. Assistant Commissioner Webb indicated the public comment period ended no later than October 2, 2015, and no comments were received nor were there any requests for copies of the application.

Assistant Commissioner Webb reviewed the provisions of Section 6-03-11 of the North Dakota Century Code, and Chapter 13-02-13 of the North Dakota Administrative Code regarding mergers or consolidations.

Assistant Commissioner Webb indicated the application includes a Written Action of the Board of Directors of Choice Financial Holdings, Inc., dated

September 1, 2015, in lieu of holding a special meeting since it is the sole shareholder of both Choice and Northland.

Assistant Commissioner Webb indicated the required pro forma statements, as well as names of the directors and officers of the resultant institution were included in the confidential section of the merger application.

Assistant Commissioner Webb indicated that customers of Northland will have access to expanded products and services following the proposed merger.

Assistant Commissioner Webb stated application materials detail the projected capital of Choice on a pro forma basis as of yearend 2015, 2016, and 2017, with the bank projecting to remain in the "Well Capitalized" capital category.

Assistant Commissioner Webb stated Choice has indicated they are firmly committed to serving the banking needs of the communities they serve and to comply with the CRA; adding that copies of each bank's current CRA Performance Evaluations that outlines current services provided by each institution are included in the application.

In regard to the adequacy and competence of management, Assistant Commissioner Webb indicated the Department has no information that would indicate the former Northland officers are not qualified, experienced or financially responsible.

Assistant Commissioner Webb reviewed the provisions of Section 6-03-13.3 of the North Dakota Century Code, which provides in part that upon approval of a merger application the former main office and facilities of the banking institution being merged will become facilities of the surviving banking institution and the banking institution is not required to file a facility application. Assistant Commissioner Webb indicated that Choice intends to continue operations in the former main office of Northland, as well as three facility locations in Medina and Bismarck.

Mr. LeClair added that the anticipated merger date is October 23, 2015.

Chairman Entringer added that Choice has requested approval to close its facility located at 324 North 3rd Street, Bismarck, effective January 8, 2016.

Assistant Commissioner Webb indicated based on the assessment of the criterion, the Department recommends approval of the application by Choice to merge Northland into and with Choice, and that Chairman Entringer be authorized to sign the proposed Order on behalf of the Board.

It was moved by Member Beall, seconded by Member Larson, and unanimously carried to approve the application by Choice Financial Group, Fargo, to merge Northland Financial, Steele, with and into Choice Financial Group, Fargo, and that Chairman Entringer be authorized to sign the Order on behalf of the Board.

The meeting adjourned at 9:40 a.m.

Robert J. Entringer, Chairman

Aaron K. Webb, Secretary