

**REGULAR STATE CREDIT UNION BOARD MEETING  
HELD BY CONFERENCE CALL  
OFFICE OF THE COMMISSIONER  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
2000 SCHAFFER STREET, SUITE G  
BISMARCK, NORTH DAKOTA**

**June 17, 2014**

The regular meeting of the State Credit Union Board was called to order by Chairman Entringer in the Office of the Commissioner, Department of Financial Institutions, 2000 Schafer Street, Suite G, Bismarck, North Dakota, at 9:30 a.m., Tuesday, June 17, 2014, by conference call.

MEMBERS PRESENT: Robert J. Entringer, Chairman (*Office*)  
Paul Brucker, Member (*Office*)  
Don Clark, Member (*Fargo*)  
Melanie Stillwell, Member (*Williston*)  
Steve Tonneson, Member (*Minot*)

MEMBERS ABSENT: None

ALSO PRESENT: Aaron Webb, Secretary (*Office*)  
Suzette Richardson, Administrative Staff Officer (*Office*)  
Corey Krebs, Chief Examiner – Credit Unions (*Watford City*)  
Nick Woodard, United Saving CU (*Fargo*)

**APPROVAL OF MINUTES**

Chairman Entringer indicated the Board received copies of the minutes of the regular meeting held on March 7, 2014, and the special meeting held on April 2, 2014.

**It was moved by Member Brucker, seconded by Member Clark, and carried by a vote of 4 to 0, with Member Stillwell absent, to approve the minutes of the regular meeting held March 7, 2014, and of the special meeting held April 2, 2014, as presented.**

Member Stillwell joined the conference call at 9:33 a.m.

## **UNITED SAVINGS CREDIT UNION, FARGO – APPLICATION TO EXPAND ITS FIELD OF MEMBERSHIP**

Assistant Commissioner Webb reviewed his Memorandum dated June 4, 2014, indicating the Department received an application on January 24, 2014, from United Savings Credit Union (“USCU”), Fargo, North Dakota, to expand its field of membership.

Assistant Commissioner Webb indicated USCU’s current field of membership is limited to “...individuals who reside or are employed in Cass and Ransom Counties in North Dakota, Clay County in Minnesota, and that portion of Otter Tail County in Minnesota that is west of a line which is five (5) miles east of and parallel to Highway 59, and members of their immediate families, and also including existing membership of this credit union up to and as of March 25, 1997”.

Assistant Commissioner Webb indicated USCU is proposing to expand its field of membership to “...individuals who reside within a 75 mile radius of the home office of the credit union, located at 220 N. 10<sup>th</sup> Street, Fargo, North Dakota, and members of their immediate families. Membership will also include all credit union members existing as of June 17, 2014.”

Assistant Commissioner Webb referred to North Dakota Administrative Code Section 13-03-14-02(1) which provides that a North Dakota state-chartered credit union may expand its field of membership subject to approval by the State Credit Union Board and in accordance with the provisions of this Chapter and North Dakota Century Code Chapter 6-06.

Assistant Commissioner Webb stated the Board of Directors of USCU approved the expansion of the field of membership at its meeting on Tuesday, December 17<sup>th</sup>, 2013.

Assistant Commissioner Webb indicated an updated Amendment to the Bylaws was received by the Department on February 28, 2014, and the date for membership in the credit union was changed to the date of this meeting, June 17, 2014.

Assistant Commissioner Webb indicated notice of the application was published (at least 30 days prior to this meeting) in the Fargo Forum, Grand Forks Herald, Griggs County Courier, Traill County Tribune, Steele County Press, Jamestown Sun, Valley City Times Record, Ransom County Gazette, Sargent County Teller, Richland Daily News / Richland City News Monitor, Breckenridge Daily News (Wilkin County MN), Clay County Union (Clay County MN), The Exponent (Polk County MN), Norman County Index (Norman County MN), Mahnomen Pioneer (Mahnomen County MN), Becker County Record/Detroit Lakes Tribune (Becker County MN), The Daily Journal (Ottertail County MN), Grant County Herald (Grant County MN), Alexandria Echo Press (Douglas County MN), Farmers Independent (Clearwater County MN), Wheaton Gazette (Traverse County MN); as well as included in the Department's monthly Bulletin.

Assistant Commissioner Webb stated the Department has not received any letters or comments from other credit unions indicating a negative impact resulting from the proposed application.

Assistant Commissioner Webb stated various other credit unions, including the applicant, currently serve the proposed geographic area to be secured by USCU.

Assistant Commissioner Webb stated the Department has received no indication that USCU will have any issues succeeding in the expansion of its field of membership.

Chief Examiner Krebs indicated he has no concerns regarding the proposed expansion of field of membership.

President Woodard explained that USCU initially began operation as Burlington Northern Credit Union, with the home office located in Dilworth, Minnesota. President Woodard stated that location is now a branch of USCU and continues to expand and grow. President Woodard explained the Board of Directors of USCU concluded the best option would be to expand the field of membership so individuals within the 75 mile radius of the home office can become members of USCU. President Woodard indicated this would include the Wahpeton, Grand Forks, and Valley City area, as well as college students attending NDSU.

Member Tonneson asked if the proposed field of membership expansion includes a 75 mile radius from the home office in Minnesota as well as North Dakota, and President Woodard indicated that was correct.

Chairman Entringer pointed out that USCU published Notice of the proposed expansion of field of membership in the required Minnesota counties.

Assistant Commissioner Webb indicated the Department recommends approval of the application by United Savings Credit Union, Fargo, North Dakota, to expand its field of membership.

**It was moved by Member Clark, seconded by Member Tonneson, and unanimously carried to approve the application by United Savings Credit Union, Fargo, to expand its field of membership to individuals who reside within a 75 mile radius of the home office of the credit, located at 220 North 10<sup>th</sup> Street, Fargo, North Dakota, and members of their immediate families; membership shall also include all credit union members existing on June 17, 2014.**

President Woodard left the conference call at 9:42 a.m.

#### **APPROVAL OF 2014 ANNUAL ASSESSMENT POLICY FOR STATE-CHARTERED CREDIT UNIONS**

Chairman Entringer reviewed his Memorandum dated June 10, 2014, highlighting the proposed changes to the Budget Allocation Cost Center 2100. Chairman Entringer indicated the proposed changes are to increase the salary and benefits percentages for the following: Commissioner from 20% to 25%; Assistant Commissioner from 10% to 20%; Business Manager from 10% to 20%; and Administrative Assistant from 15% to 37%. Chairman Entringer explained these proposed changes were based on time studies conducted by the Department.

Chairman Entringer referred to the Department Revenue & Expense projections provided by Joan Becker, Director of Administration, which detailed granting no discount, as well as providing a 10%, 15%, 20%, or 25% discount to state-chartered credit unions.

Chairman Entringer indicated the projected salary increases and allocation of salary and benefits will result in approximately \$56,000 more in salary expense for the credit union division; therefore, he is suggesting the Policy be changed to accurately reflect the amount of Department resources allocated to the credit union division.

Chairman Entringer noted a copy of the Annual Assessment Policy should have been provided to the Board; however, indicated the proposed changes are outlined in his Memorandum. Chairman Entringer offered his recommendation that the Board approve the proposed Annual Assessment Policy with no discount on the assessment.

In response to Member Stillwell, Chairman Entringer indicated a 25% discount was given last year. Also in response to Member Stillwell, Chairman Entringer indicated the Department will do time surveys every year if requested by the Board.

In response to Member Brucker, Chairman Entringer indicated the time study is based on how much time is spent on the various divisions of the Department and conducted for a one-week time period every quarter.

Chairman Entringer discussed the carryovers based on each scenario presented. Chairman Entringer indicated if no discount is offered, the Department's carryover would be approximately \$200,000; a 10% discount would result in a \$100,000 carryover; a 25% discount would result in a \$76,000 carryover.

In response to Member Clark, Chairman Entringer reiterated the Department's recommendation that no discount be offered.

Member Brucker commented he believes if a discount is offered the carryover could possibly be too low. Member Brucker questioned if the credit union staff time spent is increasing, even though the number of credit unions is decreasing, because the remaining credit unions are more complex. Chairman Entringer indicated that is one part, along with the Department receiving more questions from credit unions which results in more staff research.

In response to Member Brucker, Chairman Entringer indicated if the allocations are lower next year the Board has the option of offering an assessment discount.

**It was moved by Member Brucker and seconded by Member Clark to approve the 2014 Annual Assessment Policy for State-Chartered Credit Unions as amended, without an assessment discount to state-chartered credit unions.**

In response to Member Tonneson, Chairman Entringer indicated in 2013 the Board decided to target a 50% carryover of the following year's expenses.

There was further discussion regarding the possibility of credit unions converting to a national charter. Chief Examiner Krebs reported he contacted two of the largest state-chartered credit unions and was told even if the state assessment is higher than the NCUA assessment they would not convert as they felt there is value in having a state charter. Chairman Entringer added that the state has a competitive disadvantage in that NCUA had a 10% increase in the overhead transfer rate, allowing them to lower assessments for federal credit unions.

**The motion was unanimously carried.**

## **CREDIT UNION BUDGET UPDATE**

Chairman Entringer reviewed the Organizational Status by Summary Account and Source for credit unions for the month ending April 30, 2014, as presented.

**The Board went into closed session at 10:02 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 in open session at 10:27 a.m.

## **DEPARTMENT NEWSLETTER**

Chairman Entringer asked for input regarding the Department Newsletter and Member Brucker indicated he has heard very positive comments.

## **NEXT MEETING**

Chairman Entringer indicated the next regular meeting will be held September 5, 2014.

## **NASCUS**

Chairman Entringer informed the Board that John Kolhoff, Director of Credit Union in Michigan, has resigned as the Chairman of NASCUS (National Association

of State Credit Union Supervisors) to pursue “other opportunities”. Chairman Entringer added that Kim Santos, Director of Credit Unions in Wisconsin has replaced John Kolhoff as a member of the NASCUS Board.

The meeting adjourned at 10:31 a.m.

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Robert J. Entringer, Chairman

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Aaron Webb, Secretary