

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

October 13, 2014

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., Monday, October 13, 2014, by conference call.

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

MEMBER ABSENT: Kim Larson, Member

ALSO PRESENT: Aaron K. Webb, Secretary (*Office*)
Suzette Richardson, Administrative Staff Officer (*Office*)
Jan Murtha, Assistant Attorney General (*Office*)
Lise Kruse, Chief Examiner – Banks (*Fargo*)
Karen Grandstrand, Fredrikson & Byron (*MN*)

CHANGE OF CONTROL – MERCHANTS HOLDING COMPANY, RUGBY

Assistant Commissioner Webb reviewed his Memorandum dated September 12, 2014, indicating the Department received the change of control application on August 27, 2014, and the application was deemed complete on September 4, 2014.

Assistant Commissioner Webb indicated pursuant to North Dakota Administrative Code § 13-02-17-01, notice of the above transaction was published

jointly with the Federal Reserve Bank of Minneapolis in the *Argus Leader*, Sioux Falls, SD, on August 28, 2014, and the *Pierce County Tribune*, Rugby, ND on August 30, 2014, with the comment period ending September 19, 2014. Assistant Commissioner Webb indicated as of the date of this Memorandum no comments were received nor were there any requests for copies of the application.

Assistant Commissioner Webb reviewed the provisions of Section 6-08-08.1(4) of the North Dakota Century Code regarding a change of control application.

Assistant Commissioner Webb indicated this is a retroactive application for change of control since both Jane M. Wyatt and Anne D. McClintock currently control over 25% of the total voting shares of Merchants Holding Company.

Assistant Commissioner Webb indicated that Jane M. Wyatt retains control of Merchants Holding Company by way of individual ownership of shares and her position as co-trustee of the George and Aileen McClintock Irrevocable Trust (“G&A Trust”); therefore, she now controls a total of 35.56% of the outstanding voting shares of Merchants Holding Company (20,134 shares as co-trustee of the G&A Trust and 2,255 shares in her individual capacity). Assistant Commissioner Webb added that as of June 14, 2013, Ms. Wyatt has served as President and Chairperson of Merchants Holding Company, as well as being a director of the company since 1998 and secretary since 2001.

Assistant Commissioner Webb indicated in June of 2013, Anne D. McClintock replaced the late Michael McClintock as co-trustee of the G&A Trust; therefore, she now controls a total of 35.48 % of the outstanding voting shares of Merchants Holding Company (20,134 shares as co-trustee of the G&A Trust and 2,203 shares in her individual capacity).

Assistant Commissioner Webb continued since this retroactive change of control is due to inheritance there is no financing information contained within the application, and there will be no change in the board of directors or senior management.

Karen Grandstrand added the change of control application has been filed as a result of inheritance due to the passing of George and Michael McClintock.

In response to Member Schmid, Chairman Entringer indicated there have no management concerns.

Chairman Entringer explained the Department's examination of Merchants Bank, Rugby, precipitated this change of control application since Anne D. McClintock is a new trustee; therefore, he suggested the Federal Reserve be contacted on whether a change of control application was actually required.

Chairman Entringer indicated Jane Wyatt believed a change of control application was not required pursuant to documentation her father obtained from the Federal Reserve.

In response to Chairman Entringer, Ms. Grandstrand indicated Ms. Wyatt contacted her and explained she was under the assumption as long as the voting shares remained within the family a change of control application was not required. Ms. Grandstrand continued after she conferred with the Federal Reserve, it was determined a control application was required.

Assistant Commissioner Webb indicated based on the statutory criterion it is the recommendation of the Department to approve the retroactive change of control for Jane M. Wyatt and Anne D. McClintock, individually and as trustees of G&A Trust, to retain control of 25% or more of the voting shares of the Merchants Holding Company.

It was moved by Member Schmid, seconded by Member Beall, and carried by a vote of 6 to 0, with Member Larson absent, to approve the retroactive change of control application for Jane M. Wyatt and Anne D. McClintock, individually and as trustees of G&A Trust, to retain control of 25% or more of the voting shares of the Merchants Holding Company, Rugby.

In response to Chairman Entringer, Ms. Grandstrand indicated the Federal Reserve has not made a determination on this application, adding that their 60-day processing period ends October 25, 2014.

The meeting adjourned at 9:07 a.m.

Robert J. Entringer, Chairman

Aaron K. Webb, Secretary