

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

May 9, 2019

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. Chair Kruse called the meeting to order at 9:00 a.m., Thursday, May 9, 2019, by conference call.

MEMBERS PRESENT: Lise Kruse, Chair *(Office)*
Linda Beall, Member *(Velva)*
Todd Heilman, Member *(Devils Lake)*
Kim Larson, Member *(Casselton)*
John Schmid, Member *(Carson)*
Tom Stennes, Member *(Harwood)*
Cheryl Thompson, Member *(Fargo)*

MEMBERS ABSENT: None

ALSO PRESENT: Corey Krebs, Secretary *(Office)*
Ryan Spah, Chief Examiner – Banks *(Office)*
Heidi LaBree, Administrative Examiner *(Office)*
Anders Odegaard, Assistant Attorney General
(Office)
Fred Manuel, CPA *(Detroit Lakes, MN)*
Tim Siegle, United Valley Bank *(Mahnomen, MN)*
Drew Olafson, United Valley Bank *(Cavalier)*

APPROVAL OF MINUTES

Chair Kruse indicated the Board received copies of the minutes of the regular meeting held on March 14, 2019.

It was moved by Member Beall, seconded by Member Heilman, and unanimously carried, to approve the minutes of the regular meeting held March 14, 2019.

ITEMS FOR APPROVAL

APPLICATION FOR CHANGE OF CONTROL – FIRST HOLDING COMPANY OF CAVALIER, INC. TO ACQUIRE 100% OF NORTHERN SKY BANK, CROOKSTON, MN

Assistant Commissioner Krebs reviewed the memorandum. The application was received on March 28, 2019. Additional information was requested on April 8, 2019. The application was deemed complete on April 23, 2019.

Mr. Manuel provided clarification on details within the application.

Mr. Siegle provided information on how Northern Sky Bank fits in with the current operations of First Holding Company of Cavalier and United Valley Bank, Cavalier.

Assistant Commissioner Krebs stated it was the recommendation of the Department of Financial Institutions to approve the application for the Change of Control, in which First Holding Company of Cavalier, Inc. will acquire 100% of Northern Sky Bank, Crookston, Minnesota.

It was moved by Member Thompson, seconded by Member Schmid, and carried by a vote of 7 – 0, to approve the change of control by First Holding Company of Cavalier, Inc. to acquire 100% of Northern Sky Bank, Crookston, Minnesota.

Mr. Manuel, Mr. Siegle, and Mr. Olafson left the meeting.

2019 ANNUAL ASSESSMENT POLICY FOR STATE CHARTERED BANKS AND TRUST COMPANIES

Chair Kruse presented the Annual Assessment Policy. Four scenarios were presented to show estimated carryovers for the 2019 – 2021 biennium; no credit, 20% credit, 25% credit, and 30% credit. Chair Kruse recommended the 25% credit.

It was moved by Member Larson, seconded by Member Heilman, and unanimously carried, to approve the 2019 Annual Assessment Policy with a 25% credit to the bank and trust company assessment.

ITEMS TO BE NOTED

Chair Kruse gave an overview of approvals that were done by the Commissioner since the last State Banking Board meeting. Bell Bank established an LPO in Peoria, Arizona and Albuquerque, New Mexico, and an interstate branch in Maple Grove, Minnesota. Starion Bank established a facility in Fargo, North Dakota.

BANK BUDGET UPDATE

Chair Kruse gave an update on the budget.

The Board went into closed session at 9:22 a.m. to review the Supervisory Reports of Examination pursuant to North Dakota Century Code 6-01-07.0, and to discuss any confidential records pursuant to North Dakota Century Code 44-04-19.2, and returned to open session at 9:41 a.m. Those that were present during the executive session were Chair Kruse, Member Beall, Member Heilman, Member Larson, Member Schmid, Member Stennes, Member Thompson, Corey Krebs, Ryan Spah, Heidi LaBree, and Anders Odegaard.

OTHER BUSINESS

Commissioner Kruse discussed the IT project that the Department has begun working on.

Commissioner Kruse gave an update on legislative session.

Commissioner Kruse stated that the appraisal waiver application has been accepted; however, it has not yet been put in the Federal Registry.

Commissioner Kruse thanked Member Thompson for her service on the State Banking Board for the past five years.

The meeting adjourned at 9:47 a.m.

Lise Kruse, Chair

Corey Krebs, Secretary