

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

September 12, 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 9:01 a.m., Thursday, September 12, 2019, by conference call.

MEMBERS PRESENT: Lise Kruse, Chair *(Office)*
Linda Beall, Member *(Phone)*
Todd Heilman, Member *(Office)*
Kim Larson, Member *(Office)*
John Schmid, Member *(Office)*
Tom Stennes, Member *(Office)*
Molly Herrington, Member *(Office)*

MEMBERS ABSENT: None

ALSO PRESENT: Corey Krebs, Secretary *(Office)*
Ryan Spah, Chief Examiner – Banks *(Office)*
Anders Odegaard, Assistant Attorney General *(Office)*
Heidi LaBree, Business Manager *(Office)*
Megan Sauer, Administrative Examiner *(Office)*
Dana Ereth, Eide Bailly *(Office)*
Jerod Bullinger, American Bank Center *(Phone)*
Dave Ehlis, American Bancorp *(Phone)*
Scott Bullinger, American Bancorp *(Phone)*
Tim LeClair, Eide Bailly *(Phone)*
Jill Schneider, Eide Bailly *(Phone)*
John Marchell, First State Bank *(Phone)*
Steve Swartz, First State Bank *(Phone)*
Brenda Foster, First Western Bank & Trust *(Phone)*
Dawn Ystaas, First Western Bank & Trust *(Phone)*
Grayson Tuck, First Western Bank & Trust *(Phone)*
Jason Hauff, Dakota Heritage Bank *(Phone)*

APPROVAL OF MINUTES

Chair Kruse indicated the Board received copies of the minutes of the regular meeting held on July 17, 2019.

It was moved by Member Schmid, seconded by Member Larson, and unanimously carried, to approve the minutes of the regular meeting held July 17, 2019.

ITEMS FOR APPROVAL

DAKOTA HERITAGE BANK OF NORTH DAKOTA, HUNTER – REQUEST TO CHANGE NAME TO DAKOTA HERITAGE BANK

Commissioner Kruse reviewed the request. The articles of amendment were received on September 4, 2019. Commissioner Kruse stated the Department had verified that the Dakota Heritage Bank name has not been used and is not currently in use by any other financial institution in North Dakota.

Mr. Hauff stated the bank wishes to simplify the name to prevent public confusion.

It was moved by Member Beall, seconded by Member Heilman, and unanimously carried, to approve the name change of Dakota Heritage Bank of North Dakota, Hunter to Dakota Heritage Bank .

AMERICAN BANK CENTER DICKINSON – APPLICATION TO RELOCATE MAIN OFFICE FROM 140 1ST AVE W, DICKINSON, TO 220 1ST AVE W, DICKINSON

Assistant Commissioner Krebs reviewed the memorandum. The application was received on August 21, 2019.

Mr. Ehliis stated the bank had evaluated remodeling the current location building and the cost of a new building and had determined the cost benefit of relocating was greater.

It was moved by Member Larson, seconded by Member Stennes, and unanimously carried, to approve the relocation of the American Bank

Center Dickinson main office from 140 1st Ave W, Dickinson, to 220 1st Ave W, Dickinson.

AMERICAN BANK CENTER, DICKINSON – APPLICATION TO MERGE PRAIRIE MOUNTAIN BANK, GREAT FALLS, MT INTO AMERICAN BANK CENTER, DICKINSON

Assistant Commissioner Krebs reviewed the memorandum. The application was received on July 3, 2019.

Mr. Ereth provided clarification on details about the merger.

Member Stennes asked if it is believed that a waiver will be obtained from the Federal Reserve.

Mr. Ereth provided information about the communications he has had with the Federal Reserve.

Assistant Commissioner Krebs stated it was the recommendation of the Department of Financial Institutions to approve the application to merge Prairie Mountain Bank, Great Falls, Montana into American Bank Center, Dickinson on the condition that Prairie Mountain Bank provide satisfactory evidence to the Department of ratification by two-thirds of the shareholders prior to the merger.

It was moved by Member Schmid, seconded by Member Heilman, and unanimously carried, to merge Prairie Mountain Bank, Great Falls, MT into American Bank Center, Dickinson with the condition that Prairie Mountain Bank provides satisfactory evidence to the Department of ratification by two-thirds of the shareholders.

FIRST STATE BANK, BUXTON – APPLICATION TO MERGE THE FIRST AND FARMERS BANK, PORTLAND, INTO FIRST STATE BANK, BUXTON

Chief Examiner Spah reviewed the memorandum. The application was received on August 9, 2019.

Mr. LeClair provided clarification on details within the application.

Chief Examiner Spah stated it was the recommendation of the Department of Financial Institutions to approve the application to merge First and Farmers Bank, Portland into First State Bank, Buxton and that Commissioner Kruse be able to sign the Order on behalf of the Board.

It was moved by Member Larson, seconded by Member Stennes, and unanimously carried, to approve the application to merge the First and Farmers Bank, Portland into First State Bank, Buxton.

WESTBRAND, INC., MINOT – APPLICATION TO ACQUIRE 100% OF BLACKRIDGE FINANCIAL, INC., IRONWOOD, MN, AND THEREBY CONTROL OF BLACKRIDGEBANK, FARGO, ND

Chief Examiner Spah reviewed the memorandum. The application was received on August 5, 2019.

Mr. Tuck provided clarification on details within the application.

Chief Examiner Spah stated it was the recommendation of the Department of Financial Institutions to approve the application for the Change of Control, in which Westbrand, Inc., Minot will acquire 100% of Blackridge Financial, Inc., Ironwood, Minnesota, and thereby control of BlackRidgeBank, Fargo, North Dakota.

It was moved by Member Heilman, seconded by Member Larson, and unanimously carried, to approve the application to acquire 100% of Blackridge Financial, Inc., Ironwood, Minnesota, and thereby control of BlackRidgeBank, Fargo, North Dakota.

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, Fargo, established an LPO in Windmere, Florida, Scottsdale, Arizona, and Murfreesboro, Tennessee which were approved, by the Commissioner.

BANK BUDGET UPDATE

Chair Kruse gave an update on the budget. The budget presented was as of June.

Chair Kruse stated personnel changes due to the retirement of Business Manager Joan Becker and the promotion of Heidi LaBree. Chair Kruse explained that the provided budget will be in a different format because of these changes and in the future it will improve due to the utilization of Power BI.

Chair Kruse stated that the Department's IT Legacy systems that are utilized for records retention will be phased out and are now in the process of replacing these systems and notated the expense in the budget.

The Board went into closed session at 10:03 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 10:57 a.m. Those that were present during the executive session were Chair Kruse, Member Beall, Member Heilman, Member Larson, Member Schmid, Member Stennes, Corey Krebs, Ryan Spah, Heidi LaBree, Megan Sauer, and Anders Odegaard.

The meeting adjourned at 11:00 a.m.

Lise Kruse, Chair

Corey Krebs, Secretary