

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

**July 9, 2020**

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 July 9, 2020, by conference call.

MEMBERS PRESENT: Lise Kruse, Chair *(Phone)*  
Linda Beall, Member *(Phone)*  
Todd Heilman, Member *(Phone)*  
Pete Jahner, Member *(Phone)*  
John Schmid, Member *(Phone)*  
Tom Stennes, Member *(Phone)*

ALSO PRESENT: Corey Krebs, Secretary *(Office)*  
Ryan Spah, Chief Examiner – Banks *(Phone)*  
Angie Mills Fischer, Review Examiner *(Phone)*  
Dean DePountis, Assistant Attorney General *(Phone)*  
Lisa Kirschmann, Administrative Assistant *(Phone)*  
Greyson Tuck, Gerrish Smith Tuck *(Phone)*  
Kevin Mason, Vogel Law Firm *(Phone)*

**APPROVAL OF MINUTES**

Chair Kruse indicated the Board received copies of the minutes of the regular meeting held on May 14, 2020 and of the special meeting held June 15, 2020.

**It was moved by Member Schmid, seconded by Member Heilman, and carried by a vote of 6 to 0 to approve the minutes of the regular meeting held May 14, 2020 and the special meeting held June 15, 2020.**

**APPLICATION RETROACTIVE CHANGE OF CONTROL – (1) JOHN HOEVEN, IV; (2) MARCELA SAMSON; (3) MARCELA SAMSON AND JACK HOEVEN IRREVOCABLE TRUST (TRUSTEE FIRST WESTERN BANK & TRUST, MINOT, ND – VOTING OF SHARES CONTROLLED BY JOHN HOEVEN, IV AND MARCELA SAMSON); (4) MATTHEW ELDER; (5) ALESHA BAILEY; (6) ADAM DUFFIS; AND (7) AUSTIN DUFFIS TO RETAIN VOTING SHARES OF WESTBRAND, INC., MINOT, ND AND THEREBY JOIN THE HOEVEN FAMILY SHAREHOLDER GROUP, A GROUP ACTING IN CONCERT, WHICH CONTROLS WESTBRAND INC. AND CONTROLS 100% OF THE FIRST WESTERN BANK & TRUST AND BLACKRIDGEBANK, FARGO, ND.**

Chief Examiner Spah reviewed the memorandum. The request was received on May 13, 2020 and the application was deemed complete on May 19, 2020.

Mr. Tuck added that the application was also provided to the Federal Reserve and that the Federal Reserve had provided their approval of the retroactive filing.

There were no questions from the Board.

Chief Examiner Spah stated it is the recommendation of the Department to approve the retroactive change of control application to retain voting shares of Westbrand, Inc., Minot, ND and thereby join the Hoeven family shareholder group, which controls Westbrand, Inc. and controls 100% of the First Western Bank & Trust and BlackRidgeBANK, Fargo, ND.

**It was moved by Member Stennes, seconded by Member Schmid, and carried by a vote of 6 to 0 to approve the application for change of control – John Hoeven, IV; (2) Marcela Samson; (3) Marcela Samson and Jack Hoeven Irrevocable Trust (trustee First Western Bank & Trust, Minot, ND – voting of shares controlled by John Hoeven IV and Marcela Samson); (4) Matthew Elder; (5) Alesha Bailey; (6) Adam Duffis; and (7) Austin Duffis to retain voting shares of Westbrand, Inc., Minot, ND and thereby join the Hoeven family shareholder group, a group acting in concert, which controls Westbrand, Inc. and controls 100% of the First Western Bank & Trust and BlackRidgeBANK, Fargo, ND.**

Greyson Tuck left the meeting.

**APPLICATION RETROACTIVE CHANGE OF CONTROL – SUSAN D. SAYER TO RETAIN 100% VOTING SHARES OF CITIZENS BANK HOLDING COMPANY, FINLEY, ND, WHICH CONTROLS 100% OF THE CITIZENS STATE BANK OF FINLEY, ND.**

Chief Examiner Spah reviewed the memorandum. The request was received on May 26, 2020 and the application was deemed complete on June 9, 2020.

Kevin Mason stated a notice was also published in the Steele County Press.

There were no questions from the Board.

Chief Examiner Spah stated it is the recommendation of the Department to approve the retroactive change of control application for the voting shares of Citizens Bank Holding Company.

**It was moved by Member Jahner, seconded by Member Stennes, and carried by a vote of 6 to 0 to approve the application for retroactive change of control – Susan D. Sayer to retain 100% voting shares of Citizens Bank Holding Company, Finley, ND, which controls 100% of The Citizens State Bank of Finley, ND.**

Kevin Mason left the meeting.

**APPLICATION TO AMEND THE 2020 BANK ASSESSMENT POLICY TO ALLOW FOR THE EXCLUSION OF CARES ACT TEMPORARY FUNDING FROM THE ASSET CALCULATION FOR TURTLE MOUNTAIN STATE BANK.**

Commissioner Kruse stated the Department had received a letter requesting that the Cares Act temporary funding be excluded from the asset calculation for Turtle Mountain State Bank. In the previous State Banking Board meeting the bank assessment policy was approved and had excluded PPP loans because they are temporary funds in each bank. It was decided that it would be unfair for those banks that had done a lot of PPP loans to help their customers then having to pay the Department for those loans. Likewise, there was another Cares Act related fund that was given to the tribe. Turtle Mountain State Bank is a smaller institution and

had more than doubled their assets due to the CARES Act related funds. The impact to assessments would also more than double. The funds were distributed to the tribe and FDIC has allowed the bank to exclude the money from their assessments and Capital calculation. The request is to exclude these temporary funds from the bank's asset calculations.

Member Schmid asked if the policy could be changed to include any bank that had CARES Act related deposits exceeding 20% of total bank deposits could exclude the amount over that 20% from the asset calculation for assessment purposes for that time period. Member Schmid stated he wanted it to be fair for all banks these temporary deposits may affect.

Chair Kruse stated she has not heard of other banks being affected the way this bank had been. This is the only North Dakota bank that FDIC had given any relief.

Member Stennes asked if the Board could make the policy specific to the CARES Act, since this is an unusual situation that most likely will not reoccur.

Member Schmid agreed that he did not want to make the asset exemption for assessments too broad in this case, so as not to create possible instances of the exemption being utilized not how intended.

**It was moved by Member Schmid, seconded by Member Heilman, and carried by a vote of 6 to 0 to amend the Yearly Assessment of Banks and Trust Companies Assessment calculation for 2020 to allow banks to deduct Paycheck Protection Program loans and certain deposits directly related to the CARES Act (if such deposits exceed 20% of the bank's total deposits) in determining the 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, Fargo, relocated an LPO in Burnsville, MN and established an LPO in Surprise, AZ. Blue Ridge Area Food Bank, Inc. requested to use the word "Bank" in the registered trade name of the business. All were approved by the Commissioner.

## **BANK BUDGET UPDATE**

Assistant Commissioner Krebs gave an overview of what the report entails due to the new Banking Board Member and new graphs. Assistant Commissioner Krebs stated that due to the COVID-19 outbreak the Department has not been traveling, which has saved the Department money and kept the Department far below budget.

Chair Kruse updated the Board on the budget process for the next biennium as well as department strategies going forward. With the growth in the consumer division, the Department is considering expanding its financial literacy program, which is also recommended during our accreditation reviews. Lastly, with the new IT system, communication with the banks should become more streamlined and our monitoring processes should improve.

Member Jahner asked when looking at the upcoming budget, is the Department taking into consideration the lower cost of exams conducted offsite versus onsite.

Chair Kruse stated that was one of the challenges the Department faced with COVID-19. The Department is reallocating a portion of what would have been projected as travel expenses to training.

**It was moved by Member Beall, seconded by Member Heilman, and carried by a vote of 6 to 0 to adjourn to executive session.**

**The Board went into closed session at 9:49 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 10:03 a.m. Those that were present during the executive session were Chair Kruse, Member Beall, Member Heilman, Member Schmid, Member Stennes, Corey Krebs, Ryan Spah, Angie Mills Fischer, Lisa Kirschmann, and Dean DePountis.**

## **OTHER ITEMS**

Chair Kruse stated the Department filed for an extension on the appraisal waiver. It was signed by both banker's associations, the credit union association,

and the Governor. They will need to act on it within the next thirty days and the Department will keep the Board informed as to the decision.

Member Stennes welcomed Member Jahner to the Board.

The meeting adjourned at 10:05 a.m.

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Lise Kruse, Chair

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Corey Krebs, Secretary