

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

March 4, 2021

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. The meeting was conducted via Microsoft Teams. Chair Kruse called the meeting to order at 9:00 a.m., Thursday, March 4, 2021 by conference call.

MEMBERS PRESENT: Lise Kruse, Chair
Linda Beall, Member
Todd Heilman, Member
Pete Jahner, Member
John Schmid, Member
Tom Stennes, Member
Pao-Yueh (Claudia) Schollmeyer

ALSO PRESENT: Corey Krebs, Secretary
Ryan Spah, Chief Examiner – Banks
Angie Mills Fischer, Review Examiner
Megan Sauer, Administrative Examiner
Dean DePountis, Assistant Attorney General
Kelly Rachel, Unison Bank
Tim LeClair, Eide Bailly
Fred Manuel, Consultant for United Valley Bank
Drew Olafson, United Valley Bank
Barry Hanson, United Valley Bank

APPROVAL OF MINUTES

Chair Kruse indicated the Board received copies of the minutes of the regular meeting held on January 14, 2021.

It was moved by Member Heilman, seconded by Member Schmid, and carried by a vote of 7 to 0 to approve the minutes of the regular meeting held January 14, 2021.

APPLICATION TO MERGE NORTHERN SKY BANK, CROOKSTON, MN, INTO UNITED VALLEY BANK, CAVALIER, ND.

Assistant Commissioner Krebs reviewed the memorandum. The request was received on December 14, 2020.

Fred Manual gave an overview of how the application process took place and thanked the Department and Board for moving the Board Meeting date. He also stated that Pat Mahar had retired and his son, Scott Mahar has taken his position on the Board of Directors, which may not have been in the application at the time it was filed. Lise stated the Department would take note of that. Drew Olafson and Barry Hanson went over the reasons the banks would like to merge.

There were no additional comments or questions from the Board.

Assistant Commissioner Krebs stated it is the recommendation of the Department that the merger application be approved, and that the Commissioner be authorized to sign the proposed Order on behalf of the Board.

It was moved by Member Stennes, seconded by Member Schmid, and carried by a vote of 7 to 0 to approve the application for Northern Sky Bank, Crookston, MN, to merge into United Valley Bank, Cavalier, ND.

Drew Olafson, Barry Hanson, and Fred Manual left the meeting.

APPLICATION BY UNISON BANK, JAMESTOWN, TO MERGE SECURITY STATE BANK, WISHEK, WITH AND INTO UNISON BANK; AND APPLICATION BY UNISON BANK, JAMESTOWN, TO INVEST IN AN INSURANCE SUBSIDIARY.

Review Examiner Mills-Fischer reviewed the memorandum. The request was received on January 29, 2021.

Tim LeClair stated it is structured as a cash merger and is purchasing the stock of Security State Bank from the holding company and merge it immediately. Tim LeClair went over other details of the merger. Kelly Rachel emphasized the need for a strong community bank presence in the two communities and went over other specifics and history of the merger.

Pete Jahner asked questions regarding the closure of the Lehr branch. Kelly stated that there is not much left in Lehr and is fifteen miles from Wishek. The Lehr branch was only open one to two mornings a week, and very limited hours. Since there are no businesses located in Lehr, customers must drive to Wishek for other services and business regardless.

Review Examiner Mills-Fischer stated it is the recommendation of the Department that the merger application be approved, and that the Commissioner be authorized to sign the proposed Order on behalf of the Board.

It was moved by Member Heilman, seconded by Member Jahner, and carried by a vote of 7 to 0 to approve the application for Security State Bank, Wishek to merge into Unison Bank, Jamestown; and the application by Unison Bank to invest in an insurance subsidiary.

Tim LeClair and Kelly Rachel left the meeting.

ITEMS TO BE NOTED

Chair Kruse gave an overview of approvals that were done by the Commissioner since the last State Banking Board meeting. Starion relocated the Monona, WI facility to 1574 West Broadway, Suite 107, Madison, WI. Cornerstone Bank, Fargo, will relocate two facilities in Bismarck to 1806 N 12th Street, Bismarck. Bell Bank established an LPO located at 11671 Fountains Drive, Suite 200, Maple Grove, MN. Prairie Mountain Bank, a Division of American Bank Center, Dickinson, established an LPO at 1420 Market Place Drive, Suite 3, Great Falls, MT. Equiniti Trust Company requested to use the word “trust” in the registered trade name of the business.

BANK BUDGET UPDATE

Assistant Commissioner Krebs gave an overview of the Department's budget. He stated the Department budget, and what is remaining for the biennium is tracking well within budget.

Lise stated that the Bismarck office is looking at relocating to reduce some of the space and the security concern at the current location. The Department has been given three different options for offices, but a decision has not been made yet. Lise also stated that the Fargo location will also be moving to accommodate the number of examiners at that location.

Paul Jahner stated that he thought the virtual examination was a good process and asked if there will be more of that going forward. Lise stated there will likely be more of that, but also have some presence at the bank, such as the EIC, Asset Manager, etc. or where there is deterioration at the bank.

Chair Kruse went over the status of bills or studies going through the legislature that may affect the Department.

It was moved by Member Beall, seconded by Member Schmid, and carried by a vote of 7 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, Member Jahner, Member Schollmeyer, Corey Krebs, Ryan Spah, Angie Mills Fischer, Megan Sauer, and Dean DePountis.

The meeting adjourned at 10:04 a.m.

Lise Kruse, Chair

Corey Krebs, Secretary