

**REGULAR STATE CREDIT UNION BOARD MEETING
HELD BY CONFERENCE CALL
OFFICE OF THE COMMISSIONER
DEPARTMENT OF FINANCIAL INSTITUTIONS
2000 SCHAFFER STREET, SUITE G
BISMARCK, NORTH DAKOTA**

September 7, 2018

The regular meeting of the State Credit Union Board was called to order by Chair Kruse in the Office of the Commissioner, Department of Financial Institutions, 2000 Schafer Street, Suite G, Bismarck, North Dakota, at 9:00 a.m., Friday, September 7, 2018, by conference call.

MEMBERS PRESENT: Lise Kruse, Chair *(Office)*
Paul Brucker, Member *(Office)*
George Economon, Member *(Fargo)*
Deb Gallagher, Member *(Office)*
Melanie Stillwell, Member *(Williston)*

MEMBERS ABSENT: None

ALSO PRESENT: Aaron Webb, Secretary *(Office)*
Anders Odegaard, Assistant Attorney General *(Office)*
Corey Krebs, Chief Examiner – Credit Unions *(Office)*
Heidi LaBree, Administrative Examiner *(Office)*
Tammy Egeland, Credit Union Examiner *(Office)*
Ryan Spah, Chief Examiner – Banks *(Office)*
Steve Schmitz, First Community CU *(Jamestown)*
Dawn Rognlien, City and County Employees CU *(Fargo)*

APPROVAL OF MINUTES

Chair Kruse indicated the Board received copies of the minutes of the regular meeting held on June 1, 2018.

It was moved by Member Gallagher, seconded by Member Brucker, and unanimously carried, to approve the minutes of the regular meeting held June 1, 2018, as presented.

FIRST COMMUNITY CREDIT UNION, JAMESTOWN – APPLICATION TO ESTABLISH A BRANCH IN MANDAN

Assistant Commissioner Webb reviewed the memorandum. The Department received the application from First Community Credit Union (FCCU), Jamestown, on June 25, 2018. FCCU proposed to establish a branch at 3021 Sunset Drive NW, Mandan. This location currently falls within the current field of membership, and FCCU is not seeking an expansion of membership.

Assistant Commissioner Webb reviewed the application requirement to establish a branch, which is set forth in North Dakota Administrative Code 13-03-15-04(1). The FCCU Board approved the resolution on May 15, 2015. The application was received by the Department on June 25, 2018. The notice was published between July 18 and July 21, 2018 in newspapers located in Beulah, Bismarck, Elgin, Hazen, Garrison, Harvey, Jamestown, Linton, Mandan, McClusky, Napoleon, and Steel.

CEO Schmitz addressed the requirements the State Credit Union Board must consider for a branch application, which are set forth in North Dakota Administrative Code 13-03-15-04(2). FCCU is not requesting an expansion to the field of membership. The current field of membership includes a 50-mile radius of Bismarck, which Mandan is well within. There will be no harm done to any other state or federally-chartered institution. There are no credit unions in this area of Mandan and currently there is only one bank. The overall profitability of the institution is strong, and while they are projecting losses in the new branch for the first three years, there will be minimal impact on the institution as a whole.

Assistant Commissioner Webb stated the fixed assets to total assets ratio is currently 2.1%, so the institution will not exceed the fixed asset limitation of 6%.

Assistant Commissioner Webb stated the Department recommends approval of the application by First Community Credit Union to establish a branch at 3021 Sunset Drive NW, Mandan, North Dakota. Additionally, the Department recommends that the State Credit Union Board authorize the Commissioner to sign the proposed Order on behalf of the Board.

It was moved by Member Gallagher, seconded by Member Stillwell, and unanimously carried by a vote of 5-0 to approve the application by First Community Credit Union, Jamestown, to establish a branch at 3021 Sunset Drive NW, Mandan, North Dakota, and for the Commissioner to sign the proposed Order on behalf of the State Credit Union Board.

CEO Schmitz left the call.

CITY AND COUNTY EMPLOYEES CREDIT UNION, FARGO – ARTICLES OF AMENDMENT TO THE BYLAWS

Manager Rognlien reviewed the changes to the bylaws. They would like to eliminate the Supervisory Committee. CPA Ben Yasgar has been doing the duties of the Supervisory Committee for nine years. They will eliminate the election of the Supervisory Committee members and the Credit Union Board of Directors will hire the person who will perform those duties.

Member Brucker asked for clarification on whether the only change to the bylaws would be eliminating the Supervisory Committee and the Board of Directors taking over that responsibility.

Manager Rognlien confirmed that was correct.

Member Gallagher commented that on page three of the bylaws that were provided indicated that Article VI, Section 3 was to be deleted; however, that section did not appear to be deleted in the application.

Member Brucker inquired if the Department had reviewed the revisions.

Chief Krebs stated the Department had reviewed them; however, had not noted the discrepancy between the application and the red line version of the bylaws.

Member Gallagher asked if it was the intent to completely delete the section that allows special meetings to be called by the presiding officer upon resolution of the majority of the Board of Directors or upon the written request of not fewer than ten members. Deleting the Supervisory Committee from that section would make most sense, as there is no other section in the bylaws that gives the members authority to call special meetings.

Manager Rognlien agreed that removing the part in that section regarding the Supervisory Committee and leaving the rest would be most appropriate.

It was moved by Member Brucker, seconded by Member Gallagher, and unanimously carried by a vote of 5-0 to approve the Articles of Amendment to the Bylaws with the correction to Article VI, Section 3.

Manager Rognlien left the call.

CREDIT UNION BUDGET UPDATE

Chair Kruse stated that the Department is within the budget guidelines. The Department has submitted a proposal with cuts to the Governor's office. However, the Governor is having conversations with every agency, so the cuts are not being done across the board.

ADMINISTRATIVE RULES UPDATE

Assistant Commissioner Webb stated that the administrative rules process was restarted. The rules were republished. The hearing was on August 30, 2018, in which there were no comments. One comment letter has been received. Comments can be submitted until September 12, 2018. The comment letters will be forwarded to the State Credit Union Board for review.

The Board went into closed session at 9:26 a.m. to review the Supervisory Reports of Examination pursuant to North Dakota Century Code 6-01-07.1 and to discuss any confidential records pursuant to North Dakota Century Code 44-04-19.2, and returned to open session at 10:23 a.m.

ITEMS TO BE NOTED

Chair Kruse stated that any administrative rules comments that are received will be uploaded to the Box for review immediately after the comment period ends so there is time to review them before the next meeting.

Chair Kruse updated the Board on the appraisal waiver application. The application was submitted to the Appraisal Subcommittee on August 1, 2018. If approved, this waiver will allow institutions to do inhouse appraisals rather than requiring a licensed or certified appraiser to complete the work. The request was for increasing the limit for requiring licensed or certified appraisers for 1 – 4 family up to

\$500,000 and commercial real estate up to \$1 million. This application will benefit the consumers since it will give another option in the instances when it is difficult to obtain an appraisal.

The meeting adjourned at 9:52 a.m.

Lise Kruse, Chair

Corey Krebs, Secretary