

**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**

December 6, 2019

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 8:59 a.m., Friday, December 6, 2019, by conference call.

MEMBERS PRESENT: Lise Kruse, Chair *(Phone)*
Paul Brucker, Member *(Office)*
Deb Gallagher, Member *(Phone)*
Melanie Stillwell, Member *(Phone)*

MEMBERS ABSENT: George Economon, Member

ALSO PRESENT: Corey Krebs, Secretary *(Office)*
Ryan Spah, Chief Examiner *(Office)*
Dave Hatton, Supervising Examiner *(Phone)*
Megan Sauer, Administrative Examiner *(Office)*

APPROVAL OF MINUTES

Chair Kruse indicated the Board received copies of the minutes of the regular meeting held on September 6, 2019.

It was moved by Member Brucker, seconded by Member Stillwell, and carried with a vote of 4 to 0, with Member Economon absent, to approve the minutes of the regular meeting held September 6, 2019.

**FIRST COMMUNITY CREDIT UNION – UPDATE ON APPROVED
BRANCH TO BE ESTABLISHED IN MANDAN, ND**

Assistant Commissioner Krebs reviewed the memorandum. The memorandum was to formally notify the Board and document the status of the previously approved branch location that did not materialize.

CREDIT UNION BUDGET UPDATE

Chair Kruse stated that the Department is within the budget guidelines.

Chair Kruse stated IT efforts have intensified to try and get year-end forms live and the new online system tested in January.

2020 MEETING DATES

Chair Kruse stated that the proposed meeting dates are the first Friday of every third month. There were no objections to that schedule. The meeting dates for 2020 will be March 6, June 5, September 4, and December 4.

OTHER BUSINESS

Chair Kruse stated that the Department is wanting to be pre-emptive and proposed a Request for a Legal Opinion from the Attorney General's office clarifying North Dakota Century Code requirements for credit union branching, acquisition, and field of membership.

Assistant Commissioner Krebs went over the proposed letter to the Attorney General's office.

Member Brucker proposed getting clarification in the instance of a credit union purchasing a bank, would the credit union be able to serve the existing customers of the purchased bank.

Member Gallagher asked if NCUA had stated that if a credit union did not bid to purchase a conserved credit union, banks would be allowed to purchase it.

Assistant Commissioner Krebs stated that is correct, as NCUA has a fiduciary responsibility to the insurance fund, although the situation did not arise.

Member Gallagher stated credit unions may have concerns if there is not preference given to other credit unions over banks that were to bid on a conserved credit union.

Assistant Commissioner Krebs stated that his interpretation of how the letter is written asks if a bank purchasing a credit union is permissible by order or rule. This seems to indicate that it would depend on how the rules were to be drafted.

Member Stillwell proposed getting clarification in the instance of once a credit union has purchased a bank, will they be able to serve the customers that are outside the 75-mile radius.

Member Gallagher asked what the next steps would be after the Board would receive the legal opinion, if requested. Member Gallagher asked if this would then create more questions or work for the Department.

Assistant Commissioner Krebs stated that the Attorney General's office will only give legal opinions on the law, and if there is not a law pertaining to a situation, they are not able to provide an opinion. This means the industry may want to introduce legislation to address areas where the law is silent on certain situations. If it were a safety and soundness issue, such as the purchase of a conserved credit union by a bank, the Department may want to bring forth legislation to address it.

It was moved by Member Gallagher, seconded by Member Brucker, and carried with a vote of 4 to 0, with Member Economon absent, to send a letter to request a legal opinion from the Attorney General's office as proposed, with the suggested changes by Member Brucker and Member Stillwell.

The Board went into closed session at 9:37 a.m. to review the Supervisory Reports of Examination pursuant to North Dakota Century Code 6-01-07.1 and returned to open session at 10:02 a.m. Those that were present during the executive session were Chair Kruse, Member Brucker, Member Gallagher, Member Stillwell, Corey Krebs, Ryan Spah, Dave Hatton, and Megan Sauer.

Chair Kruse gave an update on the appraisal meeting that was hosted on November 6, 2019. There was some national attention, with Maxine Waters and Sherrod Brown writing a letter to the appraisal sub-committee questioning the appraisal waiver. Overall the meeting was well received by those who attended.

Chair Kruse stated that NCUA has proposed the threshold requiring appraisals for real estate transactions secured by single 1 to 4 family residential property to increase to \$400,000, which is consistent with what the bank regulators have already done. The Department will provide a comment to that and be supportive of the proposed change.

The meeting adjourned at 10:04 a.m.



Lise Kruse, Chair



Corey Krebs, Secretary