

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

**March 7, 2002**

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. Chairman Karsky called the meeting to order at 9:07 a.m., Thursday, March 7, 2002, by conference call arrangement.

MEMBERS PRESENT: Timothy J. Karsky, Chairman (*Office*)  
Dee Ann Baertsch, Member (*Golva*)  
Ron Braseth, Member (*Mayville*)  
Bill Daniel, Member (*Office*)  
Launa Moldenhauer, Member (*Bismarck*)  
Gary Petersen, Member (*New Town*)  
Terry Zeltinger, Member (*Minot*)

MEMBERS ABSENT: None

ALSO PRESENT: Robert J. Entringer, Assistant Commissioner (*Office*)  
Scott Miller, Assistant Attorney General (*Office*)  
Jeff Jungman, Chief Examiner – Banks (*Office*)

**APPROVAL OF MINUTES**

Chairman Karsky indicated the Board received copies of the minutes of the regular meeting held on January 29, 2002. **It was moved by Member Braseth, seconded by Member Baertsch, and carried by voice vote to dispense with the reading of the minutes and approve the minutes as published.**

## **OLIVER BANCORPORATION, INC., CENTER – CHANGE OF CONTROL**

Assistant Commissioner Entringer referred to his Memorandum and indicated that notice of the application had been published in the Mandan News on February 21, 2002, with the comment period ending March 4, 2002. Assistant Commissioner Entringer indicated no comments or requests for copies of the application had been received.

Assistant Commissioner Entringer reviewed the approval criteria set forth in Section 6-08-08.1(4), North Dakota Century Code, indicating that there were no new stockholders, as Jim Goetz is an existing stockholder, as well as David Goetz, and that Jim Goetz is currently President of the subsidiary bank.

Assistant Commissioner Entringer reviewed the application proposal, indicating that essentially what was happening is Carl Goetz was selling his stock to the holding company as treasury stock, and because he was selling more than 25% of his stock in the holding company a change of control application is required since the governing statutes indicates if you sell or otherwise dispose an association, the State Banking Board must be given prior written notice and approve the proposed disposition. Assistant Commissioner Entringer indicated the projections show that the dividend to net income is less than 37% throughout the projection period and that all other assumptions in the projections are quite reasonable. The projected retirement of the debt is within the 13-year period and is adequate based on the projections.

Assistant Commissioner Entringer indicated the Department recommends approval of the application, and then asked if there were any questions by the Board.

**It was moved by Member Moldenhauer and seconded by Member Daniel, and unanimously approved to approve the change of control application by Carl A. Goetz and Oliver Bancorporation, Inc., Center.**

## **AMENDMENT TO ARTICLES – PERPETUAL EXISTENCE**

Chairman Karsky indicated the Department has received Articles of Amendment to the Articles of Incorporation for perpetual existence from Bank Center First, Bismarck, on February 12, 2002; Peoples State Bank, Fairmount, on

February 6, 2002; and Security State Bank of North Dakota, Hannaford, on February 8, 2002. Assistant Commissioner Entringer indicated the language in all three Articles of Amendment was proposed language offered by the Department, which reads “This corporation shall have perpetual existence unless it is sooner dissolved according to the provisions of Title 6 of the North Dakota Century Code, or unless its franchise becomes forfeited by a violation of law”.

**It was moved by Member Petersen, seconded by Member Braseth, and unanimously carried to approve the Articles of Amendment for perpetual existence for Bank Center First, Bismarck; Peoples State Bank, Fairmount; and Security State Bank of North Dakota, Hannaford.**

## **ARTICLES OF AMENDMENT – INCREASE CAPITAL STOCK**

Chairman Karsky reviewed the request by Union State Bank of Fargo, Fargo, to increase capital stock, which is due to the growth the bank has experienced resulting from the new locations in the Fargo market. He indicated the bank had committed to increase the capital stock depending on the growth experienced after its last facility approval by the State Banking Board.

Chairman Karsky asked if any members had questions regarding the increase in capital stock. **It was moved by Member Moldenhauer, seconded by Member Daniel, and unanimously carried to approve the Articles of Amendment by Union State Bank of Fargo, Fargo, to its increase capital stock.**

## **ITEMS TO BE NOTED**

### *Department of Financial Institutions*

Bank Center First, Bismarck, Articles of Amendment to change number of directors from 5 to 6.

Frandsen Financial Corporation, Detroit Lakes, MN, to purchase 100% of Community National Corporation, which owns 100% of Community National Bank of Grand Forks (enclosed).

Chairman Karsky indicated the corporation has a number of banks in Minnesota and that it was his understanding that Bill Lee had decided to sell out to

this organization. Member Braseth indicated Mr. Lee would be staying on with the bank.

### *Comptroller of the Currency*

U.S. Bank National Association, Minneapolis, withdrew application to acquire U.S. Bank National Association, ND, Fargo, ND, on 2-13-02.

Chairman Karsky indicated he believes the bank which was proposed to be acquired is U.S. Bank's credit card bank in Fargo, and that he thought the reason for the proposed merger was due to privacy. Chairman Karsky explained that Assistant Commissioner Entringer would contact the bank analyst to find out what the situation was with this proposed acquisition.

### **NODAK STATE TRUST COMPANY, BISMARCK**

Chairman Karsky updated the Board regarding Nodak State Trust Company, Bismarck, indicating that the Department had filed suit in January as noted in the January State Banking Board minutes, and that the defendant's response had been filed as of Monday, February 4, 2002. He indicated the Department has been reviewing the response and according to Assistant Attorney General Doug Anderson we plan to make an additional response based on the defendant's filing on Monday.

The Board went into closed session at 9:21 a.m., and returned to open session at 9:32 a.m.

### **DAY WITH THE COMMISSIONER**

Chairman Karsky indicated the Day with the Commissioner had been very successful and that with the addition of Chief Examiner – Banks Jeff Jungman the Department is catching up on the workload in the office, and that he and Assistant Commissioner Entringer would start visiting banks in the western part of the State within the next week or two.

The meeting adjourned at 9:34 a.m.

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Timothy J. Karsky, Chairman

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Robert J. Entringer, Secretary