

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

April 10, 2014

A special 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 Entringer called the meeting to order at 9:02 a.m., Thursday, April 10, 2014, by conference call.

MEMBERS PRESENT: Robert J. Entringer, Chairman (*Office*)
Nancy Baerwald, Member (*Cando*)(*Joined call at 9:10 a.m.*)
Linda Beall, Member (*Velva*)
Bill Daniel, Member (*Bismarck*)
Kim Larson, Member (*Casselton*)(*Joined call at 9:05 a.m.*)
Anita Quale, Member (*Watford City*)
Tom Stennes, Member (*Harwood*)

MEMBERS ABSENT: None

ALSO PRESENT: Aaron K. Webb, Secretary (*Office*)
Jan Murtha, Assistant Attorney General (*Office*)
Tim LeClair (*Fargo*)
Brian Johnson (*Grand Forks*)

LAKESIDE STATE BANK, NEW TOWN – ARTICLES OF AMENDMENT

Assistant Commissioner Webb indicated Lakeside State Bank asked the Department to review its Articles of Association to determine if they were in compliance. Assistant Commissioner Webb explained that minor changes were made (1) changes to the numbering system, and (2) Article IV, Purposes and Powers, was updated to reflect banking powers rather than business powers.

Chairman Entringer added that Lakeside State Bank indicated the Articles of Association had not been updated for many years. Chairman Entringer indicated that Tony Moch, Winthrop & Weinstein, Minneapolis, MN, assisted the bank in updating their Articles of Association, and that Mr. Moch is preparing an article to be included in the Department Newsletter regarding the benefits of banks updating their Articles of Association.

It was moved by Member Stennes, seconded by Member Beall, and carried by a vote of 6 to 0, with Member Baerwald absent, to approve the Amendments to the Articles of Association for Lakeside State Bank, New Town.

MERGER APPLICATION – CHOICE FINANCIAL GROUP, GRAFTON

Assistant Commissioner Webb reviewed his Memorandum dated March 10, 2014, indicating the Department received the Interagency Bank Merger Act Application on February 20, 2014, for Choice Financial Group, Grafton, to merge Great Plains National Bank, Belfield, into Choice Financial Group.

Assistant Commissioner Webb indicated that notice of the application was published pursuant to the joint state and federal requirements in the Dickinson Press on February 19, March 4, and March 14, 2014, and in the Walsh County Record on February 19, February 26, and March 12, 2014. Assistant Commissioner Webb added that the public comment period ended March 21, 2014, and no comments were received nor were there any requests for copies of the application.

Assistant Commissioner Webb indicated Section 6-03-11 of the North Dakota Century Code provides that any two or more banking institutions, as defined in Section 6-01-02, upon making application to the State Banking Board may consolidate or merge if authorized by the State Banking Board into one banking institution under the charter of either existing banking institution on such terms and conditions as lawfully may be agreed upon by a majority of the board of directors of each banking institution proposing to consolidate or merge subject to rules adopted by the State Banking Board.

Assistant Commissioner Webb indicated Section 13-02-13-02 of the North Dakota Administrative Code sets forth the application requirements.

Assistant Commissioner Webb indicated the Plan of Reorganization or Merger were reviewed by the Office of the Secretary of State and deemed to be compliant.

Assistant Commissioner Webb indicated a copy of the Consent Resolution from Choice Financial Holdings, Inc., as the Sole Shareholder of both Choice Financial Group and Great Plains National Bank was included in the application. Assistant Commissioner Webb indicated Choice Financial Holdings, Inc., waived the notice of shareholder meeting, and approved the execution of the Merger Agreement.

Assistant Commissioner Webb indicated the pro forma balance sheet of the resultant bank is included in the application, as well as a list of the directors and senior executive officers of the resultant bank.

Assistant Commissioner Webb indicated the application provides that there will be no adverse changes in products and services as a result of the merger; adding that additional products and services will be available to Great Plains National Bank customers.

Assistant Commissioner Webb indicated the application details the projected capital of the resultant bank on a pro forma basis as of December 31, 2013, totaling 9.24% Tier 1 Leverage, 10.59% Tier 1 Risk-based, and 11.61% Total Risk-based; as of December 31, 2014, the above respective ratios are 8.96%, 10.35%, and 11.14%. Assistant Commissioner Webb concluded the bank is projecting to remain in the “Well Capitalized” capital category.

Assistant Commissioner Webb indicated Section 6-03-13.3 of the North Dakota Century Code, provides that upon approval by the State Banking Board of a merger application under Section 6-03-11, the former main office and facilities of the banking institutions being merged will become facilities of the surviving banking institution and the banking institution is not required to file an application under this section. Assistant Commissioner Webb noted that Choice Financial Group intends to continue operations in the former main office and facilities of the merging bank located in Belfield, Dickinson, Ellendale, Lamoure, and South Heart, North Dakota.

Mr. LeClair added this is an affiliated bank merger, and that Choice Financial Holdings, Inc., Grafton, acquired Great Plains National Bank as of December 30, 2013.

Mr. LeClair indicated the Federal Deposit Insurance Corporation approved the merger application on April 1, 2014.

Chairman Entringer indicated the Board received a Memorandum from Doug Hoselton dated March 5, 2014, regarding the Department's visitation of Great Plains National Bank on March 3 and 4, 2014; adding the Department does not have any concerns with regard to the condition of Great Plains National Bank.

Member Stennes questioned if approximately 40% of the shareholders of the resultant bank will be current directors of Choice Financial Group, and Mr. LeClair stated that is correct as Choice Financial Holdings, Inc., currently owns 100% of both Choice Financial Group and Great Plains National Bank.

In response to Chairman Entringer's question, President Johnson indicated the bank does not have an outside director at this time, and all directors are shareholders of the bank.

Chairman Entringer indicated that Chief Examiner Kruse reviewed the financials and had no issues with the projections regarding the proposed merger.

Assistant Commissioner Webb indicated it is the opinion of the Department that all of the above criteria have been met; the assumptions used and projections provided in the application are accurate; would recommend that the merger application be approved; and that Chairman Entringer be authorized to sign the proposed Order.

Chairman Entringer reviewed the conditions of the proposed Order for Mr. LeClair and President Johnson.

In response to Chairman Entringer's questioning the proposed merger date, President Johnson indicated it would be April 25, 2014.

It was moved by Member Larson, seconded by Member Stennes, and unanimously carried to approve the application by Choice Financial Group,

Grafton, to merge Great Plains National Bank, Belfield, into Choice Financial Group, and that Chairman Entringer be authorized to sign the Order on behalf of the Board.

The meeting adjourned at 9:22 a.m.

Robert J. Entringer, Chairman

Aaron K. Webb, Secretary