

**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**

June 15, 2007

The regular meeting of the State Credit Union Board was called to order by Chairman Karsky in the Office of the Commissioner, Department of Financial Institutions, 2000 Schafer Street, Suite G, Bismarck, North Dakota, at 9:31 a.m., Friday, June 15, 2007.

MEMBERS PRESENT: Timothy J. Karsky, Chairman (*Office*)
Paul Brucker, Member (*Office*)
Judy A. Millar, Member (*West Fargo*)
Melanie Stillwell, Member (*Williston*)

MEMBER ABSENT: Steven Tonneson, Member

ALSO PRESENT: Robert J. Entringer, Secretary (*Office*)
Jim Laidlaw, Chief Examiner – Credit Unions (*Office*)
Corey Krebs, Financial Institutions Examiner (*Office*)
Todd Van Orman, Financial Institutions Examiner (*Office*)

MINUTES PREVIOUSLY APPROVED BY MAIL

Chairman Karsky indicated the Board had previously received and approved the minutes of the regular meeting held on March 2, 2007.

ARTICLES OF AMENDMENT TO THE BYLAWS – FIRST COMMUNITY CREDIT UNION, JAMESTOWN

Assistant Commissioner Entringer indicated the amendment to the bylaws for First Community Credit Union, Jamestown, eliminates the Supervisory Committee. Chief Examiner Laidlaw indicated the credit union has significantly strengthened its internal audit function and also obtains an external audit;

therefore, the combination of these should mitigate any concerns with regard to elimination of the Supervisory Committee.

It was moved by Member Millar and seconded by Member Brucker to approve the Articles of Amendment to the Bylaws for First Community Credit Union, Jamestown.

Chairman Karsky noted that for a credit union this size it is difficult for volunteer members to perform the Supervisory Committee functions and felt this was a good move.

The motion carried by a vote of 4 to 0, with Member Tonneson absent.

AMENDMENT TO THE BYLAWS – FREEDOM COMMUNITY CREDIT UNION, FARGO

Assistant Commissioner Entringer noted the amendment provides that if you currently serve on the Board of Directors of another credit union, you would be ineligible to serve on the Board of Directors for Freedom Community Credit Union. Assistant Commissioner Entringer noted this is essentially a conflict of interest issue that is being adopted. Chief Examiner Laidlaw noted the issue has to do with a member of Freedom Community Credit Union's Supervisory Committee that is on the Board of Directors at the Elm River Credit Union, Page, and the credit union did not want any problems since Elm River Credit Union is now in competition with Freedom Community Credit Union.

It was moved by Member Stillwell and seconded by Member Millar to approve the Articles of Amendment to the Bylaws of Freedom Community Credit Union, Fargo. The motion carried by a vote of 4 to 0, with Member Tonneson absent.

EXPIRATION OF ORDER GRANTING APPROVAL FOR TOWN AND COUNTRY CREDIT UNION, MINOT, TO ESTABLISH A BRANCH AT 1720 SOUTH UNIVERSITY DRIVE, FARGO

Chairman Karsky noted that Town and Country Credit Union's application to establish a branch at 1720 South University Drive, Fargo, had initially been approved in 2004 and were granted one year to have the branch operational; the

Board approved an extension in June 2006 granting the credit union one additional year to have the branch operational, and this extension expired on June 5, 2007. Chairman Karsky indicated he spoke to the new president, Darrell Olson, and informed him he would be recommending to the Board that an additional extension not be granted, and that the credit union would need to reapply to establish the branch. Chairman Karsky indicated President Olson agreed. Chairman Karsky indicated since we have a request to extend the deadline again, it was appropriate for the Board to formally entertain a motion not to grant an additional extension, if that was the Board's wish.

It was moved by Member Brucker that the Order granting approval for Town and Country Credit Union, Minot, to establish a branch at 1720 South University Drive, Fargo, be allowed to expire and not be extended. The motion was seconded by Member Millar and was carried by a vote of 4 to 0, with Member Tonneson absent.

APPROVAL OF 2007 ANNUAL ASSESSMENT POLICY FOR STATE-CHARTERED CREDIT UNIONS

Chairman Karsky noted that by statute the State Credit Union Board must set the assessment necessary to fund the portion of the Department's budget relating to credit unions. Attached to his Memorandum is the Assessment Policy, and included within the Memorandum are the projected revenue and expenses through June 30, 2007, along with a schedule of projected revenue and expenses for the fiscal year July 1, 2007, through June 30, 2008. Chairman Karsky noted we are projecting a carryover at the end of the June 30, 2007, fiscal year of \$48,255, adding that the projections for the fiscal year 2008 estimate a carryover of \$28,780.

Member Brucker asked if the Department is close to last year's projections, as far as the carryover. Assistant Commissioner Entringer referred to the Memorandum dated June 2006 which noted the projected carryover was \$18,457, compared to our current projected carryover for June 30, 2007, of \$48,255.

Chairman Karsky noted the most difficult part of the projection is the assessment dollars because March 31st total assets are used in the projection, whereas the assessment is based on June 30th total assets.

Member Stillwell asked why the dollar amount is better than the projection and if it is because of assessments; Chairman Karsky indicated application fees

would be a small part of this, as well as higher assessments than projected, and all of the operating was not expended either.

Member Brucker noted salaries were under what had been projected also.

In referring to the Assessment Policy, Chairman Karsky noted the Administrative Assistant salary was increased from 5% to 15%; the previous Policy did not include the salary of the Chief Examiner – Credit Unions, which is 100%; and the equipment line item went from 5% to 20%.

It was moved by Member Stillwell and seconded by Member Millar to approve the amended Annual Assessment Policy for State-Chartered Credit Unions. The motion carried by a vote of 4 to 0 with Member Tonneson absent.

ADDITIONAL AGENDA ITEM

Chairman Karsky indicated he had sad news to report; he was notified by the Governor's Office that they are going to appoint a new member to the State Credit Union Board to replace Judy Millar, whose term expires on June 30, 2007. Chairman Karsky stated that Judy has been on the Board since 1993, and that he would like to thank Judy for all her years of service, adding that she has done an outstanding job, along with making trips to Bismarck during some tough times. Chairman Karsky indicated he has a Resolution before him which has been sent out to the Board members for signature, and read the Resolution at this time:

WHEREAS, Judy A. Millar, has been the public member-at-large of the State Credit Union Board since July 1993,

WHEREAS, Judy A. Millar, diligently carried out the duties and responsibilities as a member of the State Credit Union Board,

WHEREAS, Judy A. Millar, has been a valued and dedicated member of the State Credit Union Board,

NOW, THEREFORE, BE IT RESOLVED that Judy A. Millar be duly recognized by the State Credit Union Board for her years of unselfish dedication and service to the State of North Dakota, its state-chartered credit unions, and the public at large; that the Board expresses its gratitude, best wishes, and good health to Judy.

Dated this 15th day of June, 2007.

It was moved by Member Brucker and seconded by Member Stillwell to approve the above Resolution. The motion carried by a vote of 3 to 0, with Member Tonneson absent and Member Millar abstaining.

The Board went into closed session at 9:51 a.m.

Timothy J. Karsky, Chairman

Robert J. Entringer, Secretary