

**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**

March 19, 2010

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 9:30 a.m., Friday, March 19, 2010.

MEMBERS PRESENT: Timothy J. Karsky, Chairman (*Office*)
Paul Brucker, Member (*Office*)
Melanie Stillwell, Member (*Williston*)
Darlene Watne, Member (*Mexico*)

MEMBER ABSENT: Steve Tonneson, Member

ALSO PRESENT: Robert J. Entringer, Assistant Commissioner (*Office*)
Corey Krebs, Chief Examiner – Credit Unions (*Office*)
Todd Van Orman, Financial Institutions Examiner (*Office*)
Taylor Lee, Financial Institutions Examiner (*Office*)
Les Bossert, Genie-Watt CU (*Office*)
Leslie Heisler, Genie-Watt CU (*Office*)

MINUTES PREVIOUSLY APPROVED BY MAIL

Chairman Karsky indicated the Board had previously received and approved the minutes of the regular meeting held on December 4, 2009, and the special meeting held on December 17, 2009.

GENIE-WATT CREDIT UNION, BISMARCK – EXPANSION OF FIELD OF MEMBERSHIP

Assistant Commissioner Entringer indicated that Genie-Watt Credit Union, Bismarck, is a closed charter credit union whose current field of membership is limited to those people who are employees of MDU Resources Group, Inc., and its subsidiaries and this credit union and all members of the immediate families of the aforementioned employees. Assistant Commissioner Entringer indicated the credit union's Board of Directors voted to change the field of membership to add "current and former affiliates".

Assistant Commissioner Entringer explained the reason this request is being brought before the State Credit Union Board is because the Department is questioning whether or not adding "former affiliates" is a problem since this is closed charter credit union. Assistant Commissioner Entringer indicated the "once a member, always a member" concept is not an issue; however, allowing individuals who are employees of the former affiliate but are not members of the credit union could be a problem as it may imply an "open charter" credit union membership rather than "closed charter".

Assistant Commissioner Entringer indicated the Board will not be acting on this request, it is a discussion item, and if the Board decides it has no issues the field of membership request will be published and brought back before the Board at its June 2010 meeting.

Chairman Karsky indicated Assistant Attorney General Webb plans to review this request and provide information to the Board. Chairman Karsky suggested that Les Bossert explain to the Board the reason the credit union is requesting this change.

Mr. Bossert indicated the two work locations are specifically Coyote Station, located south of Beulah, and Dakota Westmoreland Mine, located adjacent to Coyote Station, Beulah. Mr. Bossert indicated Montana Dakota Utilities (MDU) is the predecessor to MDU Resources Group, Inc., and in the late 1970s when the Coyote Station was built MDU was the operating agent. Mr. Bossert indicated Coyote Station is now owned by three or four different utility companies and the operating agent designation rotates over time as necessary; Otter Tail Power is the current operating agent. Mr. Bossert indicated Dakota Westmoreland Mine purchased all of the coal mining assets of Knife River Coal (a MDU subsidiary) sometime in 1990.

Mr. Bossert indicated Genie-Watt Credit Union currently has credit union members at Coyote Station and Dakota Westmoreland Mine that are no longer MDU employees; however, there are fellow employees or neighbors that are ineligible to become members of Genie-Watt Credit Union because of the current structure of the bylaws. Mr. Bossert indicated the Board of Directors debated over terms for the field of membership expansion request, whether “affiliate”, “associate”, or “subsidiaries” should be used. Mr. Bossert indicated the Board felt adding the words “current and former affiliates” would accomplish its goal to gain new potential members from Coyote Station and Dakota Westmoreland Mine.

Chairman Karsky indicated the interpretation of “affiliate” has been questioned, and indicated he believes Genie-Watt Credit Union is defining “affiliate” as ownership. Mr. Bossert indicated that is correct, and that the credit union would define “affiliate” in its operating policy.

Assistant Commissioner Entringer indicated the Department refers to an affiliate as owning 25% or more, and Mr. Bossert indicated that would be the case as MDU does own 25% of Coyote Station.

Member Brucker asked if Coyote Station and Dakota Westmoreland Mine are the only two entities the credit union is targeting, and Mr. Bossert indicated those are the only entities at this time, and continued that the credit union does not have an aggressive marketing campaign to obtain members.

Ms. Heisler indicated since MDU can change its relationship within these companies in the future and if there is the possibility they may sell MDU utilities that would be a large part of the credit union’s membership and makes the credit union very vulnerable; therefore, the suggested language would protect the credit union in the future.

Member Brucker asked if the credit union could provide a definition of whom the “affiliates” are, since the expansion request states “former affiliates”.

There was further discussion, and Chairman Karsky indicated the Department does not allow a credit union to have an open and closed field of membership.

Member Watne suggested the credit union define the affiliates at this time and if need be, add others when necessary. Assistant Commissioner Entringer

explained the possible outcome if adding “former affiliates” to the credit union’s field of membership is approved.

Chairman Karsky indicated the Department may receive comments from other industries when this expansion of field of membership is published. Chairman Karsky reiterated this was brought before the Board today for a determination as to whether the Department should publish the request as worded.

Mr. Bossert asked if the Board could recommend any other terms in lieu of “affiliates”. Assistant Commissioner Entringer indicated he does not have a problem with the term “affiliates”; however, when “former affiliates” is used will this allow people that are not current members to become members, which could then cross over to an open charter.

There was further discussion, and Chairman Karsky added the credit union operates out of the Bismarck office only. Mr. Bossert added that the credit union does not intend to establish a branch in the Beulah area; a customer service representative would operate out of home in the Beulah area. Mr. Bossert pointed out it is not the objective for the credit union to grow in capital or membership.

Assistant Commissioner Entringer asked if Coyote Station is considered a subsidiary since MDU only owns 25%, and Mr. Bossert indicated it is not a subsidiary, but a business partner.

Chairman Karsky concluded that Assistant Attorney General Webb will review the language and his suggestions will be provided to the State Credit Union Board before publication.

The Board went into closed session at 10:15 a.m.

Timothy J. Karsky, Chairman

Robert J. Entringer, Secretary