

**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 17, 2011

The regular meeting of the State Credit Union Board was called to order by Chairman Entringer in the Office of the Commissioner, Department of Financial Institutions, 2000 Schafer Street, Suite G, Bismarck, North Dakota, at 9:32 a.m., Friday, June 17, 2011.

MEMBERS PRESENT: Robert J. Entringer, Chairman (*Office*)
Paul Brucker, Member (*Office*)
Melanie Stillwell, Member (*Williston*)
Steve Tonneson, Member (*Minot*)
Darlene Watne, Member (*Minot*)

MEMBERS ABSENT: None

ALSO PRESENT: Aaron Webb, Secretary (*Office*)
Suzette Richardson, Administrative Assistant (*Office*)
Corey Krebs, Chief Examiner – Credit Unions (*Office*)
Todd Van Orman, Financial Institutions Examiner (*Office*)
Taylor Lee, Financial Institutions Examiner (*Office*)
Greg Tschider (*Office*)
Robbie Thompson, Mid-America CU Association (*Office*)
Art Hellman, Glen Ullin Credit Union (*Glen Ullin*)

MINUTES PREVIOUSLY APPROVED BY MAIL

Chairman Entringer indicated the Board had previously received and approved the minutes of the regular meeting held on March 4, 2011.

CAPITAL CREDIT UNION, BISMARCK – REQUEST TO INVEST \$20,000 INTO CO-OP FINANCIAL SERVICES NETWORK

Chief Examiner Krebs reviewed his Memorandum dated April 25, 2011, as well as attachments regarding the request by Capital Credit Union, Bismarck, for approval to invest \$20,000 in a CUSO known as Co-Op Financial Services, Network. Chief Examiner Krebs indicated Capital Credit Union would be using this product for debit card processing services.

Chief Examiner Krebs reviewed the regulations which apply to this request, indicating (1) per Section 13-03-12-01, N.D. Admin. Code, Capital Credit Union is requesting approval from the State Credit Union Board to invest in this CUSO; (2) per Section 13-03-23-06, N.D. Admin. Code, Capital Credit Union's investment in the CUSO would not exceed 10% of its net worth as the CUSO investment limit for the credit union as of 12-31-10 Call Report data is \$2.6 million; (3) Capital Credit Union has prior authorization to invest up to \$274,902 into CUSOs, of which it has investment a total of \$89,902 as of 12-31-10, therefore an additional investment would be within the limits outlined; (4) per Section 13-03-23-05 of the N.D. Admin. Code, debit card processing services is a permissible CUSO activity; (5) Capital Credit Union has performed its pre-purchase analysis and due diligence over the CUSO; and (6) the financial impact of this investment should be minimal.

Chief Examiner Krebs indicated the Department recommends approval of this request.

It was moved by Member Brucker, seconded by Member Tonneson, and unanimously carried to approve the request by Capital Credit Union, Bismarck, to invest \$20,000 into Co-Op Financial Services Network, as well as authorizing Chairman Entringer to sign the Order on behalf of the State Credit Union Board.

CITIZENS COMMUNITY CREDIT UNION, DEVILS LAKE – REQUEST TO INVEST IN THE FYNANZ STUDENT LENDING PROGRAM

President Darwin Brokke was not available for the conference call.

Chairman Entringer indicated that Chief Examiner Krebs and Robbie Thompson, President of Mid-America Credit Union Association, have been discussing the Fynanz Student Lending Program for approximately three months.

Chairman Entringer indicated the State Credit Union Board needs to discuss this program since the Department has received a request to invest by Citizens Community Credit Union.

Chief Examiner Krebs explained this product is a private label student loan program billed as a supplemental student loan program, so if students exceed their financing capacity from federal or other sources, this is an alternative to supplement education costs. Chief Examiner Krebs explained the process for a credit union involved in the program would be that one of its members would approach the credit union; the credit union would book the credit with the underwriting assistance and expertise of the CUSO; the CUSO will service the credit and help the credit union determine what the criteria is for making the underwriting decision, with the underwriting decision falling upon the credit union. Chief Examiner Krebs explained once a credit is booked it becomes insured through a private insurer so that the credit default risk is insured. Chief Examiner Krebs indicated if a credit union retains 100% of its own member's loan the credit union can insure the loan under a provision of this program, which results in this not being a participation credit but a credit to its own member, with the underwriting assisted by and serviced through the CUSO. Chief Examiner Krebs explained in an attempt to diversify risk further a credit union can participate out 90% of a loan to nine other credit unions, and in return purchase 10% of nine other loans from different credit unions. Chief Examiner Krebs explained if there is a problem with a specific account, this process reduces a credit union's risk exposure to 10%.

Chief Examiner Krebs stated that a quick explanation of the product is that servicing is held at the CUSO level, and the underwriting decision and option to purchase 10% of other loans is made by each credit union. Chief Examiner Krebs explained this is not an investment in the CUSO, but instead a vendor due diligence issue, which results in a credit union working with a third party to draft wholly-owned or participating credits.

Chief Examiner Krebs indicated the Department questioned a credit union's ability to purchase participation credits from other institutions since these credits were unsecured.

Robbie Thompson, President of Mid-America Credit Union Association, added he feels this product is very diverse and detailed. President Thompson explained there are actually two entities: (1) the CUSO, which is owned by approximately 15 credit unions, and (2) the Fynanz Student Lending Program,

which is the technology company. President Thompson stated the CUSO exists solely for liability purposes for the group that sets the underwriting guidelines, and does not generate any income or have any revenue source coming in; however, a credit union does have the option to invest in the CUSO.

Assistant Commissioner Webb stated the Department initially viewed this product as falling under the investment powers of a credit union, which would fall under North Dakota Century Code Section 6-06-06(5)(e). Assistant Commissioner Webb stated the Department found this activity would only be allowed in accordance with the statute if (1) it was secured by a security interest or lien on encumbered property, and (2) did not exceed 90% of the market value of the property secured. Assistant Commissioner Webb stated since the product is unsecured it may not be expressly authorized under this Section of the North Dakota Century Code.

Assistant Commissioner Webb stated that since the initial review of the issue by the Department, additional information has been received through correspondence from Robbie Thompson; discussions with Jim Laidlaw – the former Credit Union Chief Examiner; and various discussions with the Attorney General’s Office. Assistant Commissioner Webb indicated, based on the additional information received and further review of North Dakota law, the Department has altered its initial opinion that this activity would be an investment and subject to the limitations found under Section 6-06-06(5)(e) of the North Dakota Century Code. Assistant Commissioner Webb explained though all the discussions it appears that instead of Chapter 13-03-20 of the North Dakota Administrative Code being created under the investment power of Section 6-06-06(5), it was instead created under the parity power of Section 6-06-06(11) of the North Dakota Century Code. Assistant Commissioner Webb further explained that parity was based on mirroring CFR 701.22 of the federal law. Assistant Commissioner Webb indicated that based on the foregoing, the Department determined that the limitations found under Section 6-06-06(5)(e) would not apply to this product, and that the product would continue to be regulated under Chapter 13-03-20 of the North Dakota Administrative Code.

Assistant Commissioner Webb indicated the Department’s recommendation is to issue guidance to credit unions regarding investment in this product.

Member Tonneson questioned if Assistant Commissioner Webb is indicating this product should be viewed under parity law versus participation law. Assistant Commissioner Webb explained the Department always believed this came under

Chapter 13-03-20 of the North Dakota Administrative Code; however, questioned under what authority the Administrative Code provision was created. Assistant Commissioner Webb stated if it is created under the investment power, it is subject to the limitations found under the investment section of the North Dakota Century Code; if it is created under the parity section of the North Dakota Century Code, which appears to be the case, it would not be subject to the limitations of the investment section, but instead would follow the process established for parity and the federal law on which it was based. Assistant Commissioner Webb stated all evidence points towards parity and not investment, which is a big distinction.

Member Tonneson asked what the federal view is on this product if it falls under parity law. Chairman Entringer stated the North Dakota Administrative Code participation law mirrors federal law. Chairman Entringer explained when the Department redid the North Dakota Administrative Code several years ago it did not specifically identify the implementing law, which is the parity statute under Section 6-06-06(11).

Chairman Entringer indicated the final conclusion is that this product would fall under parity; however, the Department is looking at the participation rule as the governing guidance as far as authority for credit union's to purchase loans from other eligible organizations.

Chief Examiner Krebs indicated the next step is the safety and soundness issue regarding this product. Chief Examiner Krebs indicated much guidance exists regarding due diligence over third party service providers and participations. Chief Examiner Krebs stated after conferring with other state regulators and NCUA he concluded in a best case scenario this product could be a great tool for credit unions; however, if not a best case scenario it could become a huge loss potential. Chief Examiner Krebs stated the structure of this product whereby a credit union can separate from at least 90% of the consequences of its underwriting decisions, moving into a group, and then insuring the risk away, bears too much resemblance to private label mortgage-backed securities and third party servicing.

Chief Examiner Krebs indicated the Department's decision is to relay thoughts and concerns to the credit unions, and remind them of guidance already available, as well as what examiners will be expecting as part of a credit union's due diligence and ongoing monitoring of this product.

Chief Examiner Krebs referred to his Memorandum dated June 23, 2011, which is an update from his previous Memorandums dated June 6 and April 25,

2011. Chief Examiner Krebs indicated the Department is trying to counter the optimism with cautiousness by disclosing some of the risks with this product. Chief Examiner Krebs reviewed the following issues with the Board in detail: Strategic Planning; Third Party Due Diligence; Appropriate Controls, Policies, and Procedures; and Regulation and Guidance.

Chief Examiner Krebs indicated that various factors would need to be addressed by credit unions considering this product, including standard new product decision making: making sure this product falls within its strategic goals, an analysis of projected revenues, and a cost benefit analysis.

Chief Examiner Krebs indicated third party due diligence is the crux of the risk in this product as a credit union will be relying on a third party to do much of the analysis and keep apprised of how well the program is working.

Chief Examiner Krebs indicated appropriate controls, policies, and procedures which include underwriting criteria detailing limits on the growth of the program, establishing aggregate limits, setting limits within each risk category, establishing systems for monitoring including deficiency and default reports from the service provider, developing an audit system to ensure processes are being complied with as well as what steps will be taken to make sure the third party's obligations are met, and ensuring there is Board of Director involvement.

Chief Examiner Krebs reviewed regulations and guidance relating to third party due diligence and loan participations. Chief Examiner Krebs indicated this is a newly developed product that has not completed the first cycle with initial borrowers, as well as these borrowers being individuals that have not established cash flows records.

Chief Examiner Krebs indicated a big selling point of the product is the insurance, and indicated while visiting with regulators from the State of Washington they have questioned the ability of the insurance company to insure credits in their state. Chief Examiner Krebs stated the Department would have to work with the North Dakota Department of Insurance once more information on this product is received to verify that these credits can be insured.

Chief Examiner Krebs indicated the intent of issuing a Memorandum to the credit unions is to set forth a cautionary note, which is similar to what the State of Washington issued.

Member Brucker asked if this is an issue the Board would deal with or whether the Department would provide guidance to credit unions if they should choose to proceed with this product. Chairman Entringer indicated he believes the Department, not the Board, is responsible to provide upfront guidance to the credit unions, so they are aware of Department expectations regarding this product.

Member Brucker asked if the student loans this product is underlining are bankruptcy proof, and Chairman Entringer indicated he did not believe they were bankruptcy proof.

President Thompson stated the student loans are bankruptcy proof; however, he feels a credit union would be wise to not use this as criteria for making a decision of whether or not proceed with this product.

Chairman Entringer added that the Department will ask credit unions to perform due diligence on the insurance company also, as to whether the company is authorized to do business in North Dakota.

Chairman Entringer reiterated the Department would issue guidance to the credit unions before they proceed with this product that details what will be expected by the Department.

Chief Examiner Krebs added even if the insurance company is sound the credit unions must evaluate their risk and concentration exposure.

President Thompson stated when talking to credit unions about this product he advised them to not even consider the insurance factor; that they should look at the underwriting, collection process, and procedures, and do not rely on the insurance in any fashion based on what has previously happened in the market place.

President Thompson asked if the guidance issued by the Department would be for all types of participations or specifically student loans. Financial Institutions Examiner Van Orman indicated he believes these are reasonable guidelines which apply to any participation loans. President Thompson asked if the guidance would be redundant to NCUA guidelines, and Chief Examiner Krebs stated to an extent there would be some redundancy. Chairman Entringer expressed his concern that credit unions are aware what the Department expects from a state regulatory perspective, even if there is redundancy to NCUA guidelines.

Chief Examiner Krebs stated since the Department is the primary regulator for state-chartered credit unions he believes it is prudent that the credit unions receive a letter from the Department clearly outlining the relevant guidance regarding this product. Chief Examiner Krebs stated if the Department would not issue guidance he believes the credit unions' due diligence would be insufficient.

President Thompson asked if this guidance would apply to all types of financial institutions the Department regulates, and Chairman Entringer stated it would apply to state-chartered credit unions only regarding this particular product.

Member Brucker stated as a credit union manager he would prefer guidance so he was aware of what the credit union was getting involved with and what the Department will look at during an examination.

Mr. Tschider stated he believes the State of Washington is the only other state with the same requirements the Department is proposing regarding this product.

President Thompson stated he does not believe any state-chartered credit unions would have issues with the proposed requirements; however, he believes it should be distinguished that these loans are need based, not government student loans which are not underwritten in the private student loan marketplace; therefore, the repayment capability will be much more questionable.

President Thompson stated there are approximately 500 credit unions nationwide that are currently involved with this type of program, which fills the gap in the marketplace regarding student loans. He continued that the delinquency rates are going to be much higher on these loans that are cosigned, underwritten on credit scores, and other factors subject to university attendance, grade point average, year of school the person is in compared to government need based loans.

President Thompson questioned if 10% of the credit union's net worth is a correct level regarding this program. Chief Examiner Krebs and Financial Institutions Examiner Van Orman indicated the Department is strongly suggesting the same limit as provided in NCUA Part 723. Chief Examiner Krebs added if a credit union with a 20% net worth position requests investing 20% in this program and provides a strong argument to do so, there is the possibility this would not be criticized during a Department examination. President Thompson stated approximately 65% of all state-chartered credit union loans are real estate secured and approximately 35% are agricultural based, which is a high level of

concentration; therefore, this program provides the ability to diversify within a credit union's portfolio. Chief Examiner Krebs stated he is concerned about concentration risk also; however, based on history every effort to diversify beyond a comfortable position too quickly results in the greatest loss.

Member Tonneson asked about the insurance regarding this product. President Thompson explained a Technology Company provides the platform and does the servicing of this product; adding that the insurance company would set requirements on the collection practices of the Technology Company which create a very robust procedure to follow in order to claim the insurance, and if these procedures are not followed the Technology Company would pay the loan.

Chairman Entringer indicated he will send the Memorandum of suggested procedures to the Board for review and comment.

Mr. Tschider indicated President Brokke would ask when he can begin offering this product. Chairman Entringer informed Mr. Tschider to share the proposed Memorandum with President Brokke and if he feels he complies with the guidance items, he can begin offering this product.

NORTHERN STATES POWER CO. FEDERAL CREDIT UNION, FARGO, TO MERGE INTO TOWN AND COUNTRY CREDIT UNION, MINOT

Jay Landsiedel, Town and Country Credit Union, Minot, was not available for the conference call.

Assistant Commissioner Webb reviewed his Memorandum dated June 10, 2011, which indicates the Department received the merger application on May 9, 2011. Assistant Commissioner Webb noted Section 6-06-36 of the North Dakota Century Code refers to the right of credit unions to merge. Assistant Commissioner Webb also reviewed the procedures of Section 13-03-05-01 of the North Dakota Administrative Code. Assistant Commissioner Webb indicated all the requirements of the North Dakota Administrative Code have been met, and that no comments were received regarding the proposed merger.

Assistant Commissioner Webb indicated the Board of Directors of Town and Country Credit Union, Minot (TCCU) and Northern States Power Co. Federal Credit Union, Fargo (NSPCU) approved a Resolution to merge on January 17, 2011, and January 20, 2011, respectively. Assistant Commissioner Webb

indicated the membership of TCCU approved the merger on April 25, 2011, by a vote of 42-0 and the membership of NSPCU approved the merger on February 24, 2011, by a vote of 58-1.

Assistant Commissioner Webb indicated notice of the proposed merger was mailed to all credit unions within a 50 mile radius of NSPCU and included in the Department's May 2011 Bulletin.

Assistant Commissioner Webb indicated this was a voluntary merger, with NSPCU choosing to merge with TCCU.

Assistant Commissioner Webb indicated the March 31, 2011, pro forma balance sheet for TCCU is included and shows a capital to asset ratio of 10.69% post merger.

Assistant Commissioner Webb indicated the Department recommends approval of the merger application, as well as the proposed Order.

Chairman Entringer indicated this is a straight forward merger, and that NSPCU falls within the current field of membership of TCCU.

It was moved by Member Brucker, seconded by Member Tonneson, and unanimously carried to approve the application for Northern States Power Co. Federal Credit Union, Fargo, to merge into Town and Country Credit Union, Minot, and that Chairman Entringer be authorized to sign the Order on behalf of the State Credit Union Board.

GLEN ULLIN CREDIT UNION, GLEN ULLIN, TO MERGE INTO WESTERN COOPERATIVE CREDIT UNION, WILLISTON; WESTERN COOPERATIVE CREDIT UNION TO ESTABLISH A BRANCH AT 212 C STREET SOUTH, GLEN ULLIN; WESTERN COOPERATIVE CREDIT UNION TO EXPAND ITS FIELD OF MEMBERSHIP

Member Stillwell removed herself as a State Credit Union Board member in order to represent Western Cooperative Credit Union, Williston. Chairman Entringer indicated per the North Dakota Administrative Code Member Stillwell would not be allowed to vote on this merger application.

Art Hellman, Board Member of Glen Ullin Credit Union, joined the conference call at 10:30 a.m.

Assistant Commissioner Webb reviewed his Memorandum dated June 10, 2011, noting the Department received the above applications on April 25, 2011.

Assistant Commissioner Webb noted Section 6-06-36 of the North Dakota Century Code refers to the right of credit unions to merge. Assistant Commissioner Webb also reviewed the procedures of Section 13-03-05-01 of the North Dakota Administrative Code. Assistant Commissioner Webb indicated all the requirements of the North Dakota Administrative Code have been met, and that no comments were received regarding the proposed merger.

Assistant Commissioner Webb indicated the Board of Directors of Western Cooperative Credit Union, Williston (WCCU) and Glen Ullin Credit Union, Glen Ullin (GUCU) approved a Resolution to merge on February 24, 2011, and February 10, 2011, respectively. Assistant Commissioner Webb indicated the membership of WCCU approved the merger on April 19, 2011, by a vote of 62-0 and the membership of GUCU approved the merger on February 10, 2011, by a vote of 23-0.

Assistant Commissioner Webb indicated notice of the proposed merger was mailed to all credit unions within a 50 mile radius of GUCU and included in the Department's April 2011 Bulletin.

Assistant Commissioner Webb indicated this was a voluntary merger, with GUCU choosing to merge with WCCU.

Assistant Commissioner Webb indicated the December 31, 2010, pro forma balance sheet for WCCU is included and shows a capital to asset ratio of 8.92% post merger after the equity payout of 5% of GUCU's January 31, 2010, shares.

Assistant Commissioner Webb noted Chapter 13-03-15 of the North Dakota Administrative Code sets forth the requirements for WCCU to establish a branch at 212 C Street South, Glen Ullin, the former location of GUCU. Assistant Commissioner Webb indicated this branch would be approximately 181 miles from the main office in Williston and would provide all the services WCCU now provides its current members.

Assistant Commissioner Webb indicated WCCU is applying to establish this branch as part of the merger application with GUCU. Assistant Commissioner Webb indicated notice was published in the official Burleigh and Morton County newspapers on May 11, 2011, and May 6, 2011, respectively, which specified the time and place of the meeting of the State Credit Union Board at which application for establishing this branch will be acted on.

Assistant Commissioner Webb indicated the branch application is accompanied by an application to expand the field of membership of WCCU to include a 50 mile radius of Glen Ullin.

Assistant Commissioner Webb indicated since this is a merger application and WCCU will be taking over the former GUCU there should be no negative impact to any other credit unions, as well as offering greater services than were previously available at GUCU.

Assistant Commissioner Webb indicated the Department did not receive any comments opposing the application.

Assistant Commissioner Webb noted under Section 6-06-07(2) of the North Dakota Century Code, WCCU may expand its field of membership to include a 50 mile radius of Glen Ullin.

Assistant Commissioner Webb indicated due to the size of WCCU there will be minimal impact to operations from the merger, branch, or field of membership expansion; therefore, the Department recommends approval of these applications, as well as the proposed Orders.

Member Stillwell stated that Glen Gerving, Chairman of the Board of Glen Ullin Credit Union, contacted WCCU over a year ago to visit regarding a potential merger. Member Stillwell indicated GUCU is approximately 15 miles from WCCU's Hebron branch. Member Stillwell indicated GUCU was concerned about its ability to continue in regards to regulatory services, the membership wanting more services, and the problem of finding Board members. Member Stillwell indicated after review GUCU decided to pursue merging with WCCU. Member Stillwell indicated GUCU is not a huge credit union; therefore, it would not be a big financial impact to WCCU. Member Stillwell indicated she believes WCCU will be able to offer GUCU services it could not have achieved on its own.

Board Member Hellman indicated the Board discussed a possible merger and contacted three credit unions in the area. Board Member Hellman indicated WCCU met with the Board of GUCU and the Board agreed WCCU would be a good fit for the community as well as having the services that are needed in Glen Ullin.

Chairman Entringer indicated that as of May 12, 2011, NCUA issued its preliminary approval of the merger.

Member Tonneson asked how the Board would be structured following the proposed merger. Member Stillwell indicated the WCCU Board will remain the same as there currently is Board representation from the Dickinson area. Member Stillwell indicated GUCU does not request a position on WCCU's Board.

It was moved by Member Tonneson and seconded by Member Brucker to approve the merger application of Glen Ullin Credit Union, Glen Ullin, into Western Cooperative Credit Union, Williston; the application for Western Cooperative Credit Union to establish a branch at 212 C Street South, Glen Ullin, North Dakota; and the application by Western Cooperative Credit Union to expand its field of membership to include those residents living within a 50 mile radius of the home office of Glen Ullin, North Dakota, along with the proposed Orders to be signed by Chairman Entringer on behalf of the State Credit Union Board. The motion was carried by a vote of 4 to 0, with Member Stillwell unable to vote due to a conflict of interest.

Board Member Hellman left the conference call at this time.

STATE-CHARTERED CREDIT UNION ANNUAL ASSESSMENT POLICY

Chairman Entringer indicated he emailed an updated Memorandum and Assessment Policy on June 16, 2011, as there was a flaw in the proposed assessment schedule. Chairman Entringer indicated a minimum needed to be added so there would be no disparity between the tiers.

Chairman Entringer reviewed his June 16, 2011, Memorandum which details the expense descriptions for the credit union division.

Chairman Entringer indicated two scenarios have been provided for the projected revenue and expenses through fiscal yearend June 30, 2012, which are based on changing the assessment formula or leaving it the same. Chairman

Entringer indicated the current assessment policy has 10 tiers versus the proposed assessment policy having 3 tiers; adding that only 3 or 4 of the 10 tiers were used.

Member Brucker indicated he is in favor of reducing the tiers from 10 to 3, and also asked what the purpose of the carryover amount is.

Chairman Entringer explained by statute the Department cannot carryover more than 20% of its budget (expenses) from one biennium to the next; if more than 20% is carried over those monies transfer to the General Fund. Chairman Entringer indicated it is the Department's goal to keep the carryover down since any amount transferred to the General Fund results in a de facto tax to the Department's regulated entities. Chairman Entringer indicated the Department sets a goal of having an approximate cushion of 15-20% of estimated expenses.

Member Brucker asked what the carryover would be if the proposed assessment is used, and Chairman Entringer indicated it would be at 38% for the Department as a whole.

Member Tonneson asked for clarification of the proposed assessment and if it would result in a reduced assessment for the majority of the credit unions. Chairman Entringer indicated the proposed assessment would result in 4-6% reductions for most credit unions, with the exception of the largest credit unions paying a higher assessment. Chairman Entringer added the proposed assessment would still be lower individual assessments compared to federally-chartered credit union assessments.

Member Brucker commented he likes the concept of every credit union's state assessment fee being less than if it were federally-chartered. Chairman Entringer added it is the Department's goal that assessment fees never be higher than federal assessment fees.

Chairman Entringer indicated the Board needs to approve either the existing Annual Assessment Policy for State-Chartered Credit Unions or the proposed Policy.

It was moved by Member Brucker, seconded by Member Watne, and unanimously carried to approve the 2011 Annual Assessment Policy for State-Chartered Credit Unions as proposed.

SPECIAL MEETING

Chairman Entringer reminded the Board a special meeting has been scheduled for 9:30 a.m., Wednesday, July 20, 2011, by conference call to consider the application to merge Ray Co-operative Credit Union, Ray, into Western Cooperative Credit Union, Williston; and the application by Town and Country Credit Union, Minot, to establish a branch in Stanley, which he expects to be contested.

ANNOUNCEMENT

Chairman Entringer indicated effective July 1, 2011, Financial Institutions Examiner Van Orman will become Supervising Examiner of the Bismarck bank examiner crew, resulting in a vacant examiner position in the credit union division.

The Board went into closed session at 11:06 a.m.

Robert J. Entringer, Chairman

Aaron K. Webb, Secretary