

**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**

December 4, 2009

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, December 4, 2009.

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

MEMBERS ABSENT: None

ALSO PRESENT: Robert J. Entringer, Assistant Commissioner (*Office*)
Corey Krebs, Chief Examiner – Credit Unions (*Office*)
Taylor Lee, Financial Institutions Examiner (*Office*)
Suzette Richardson, Administrative Assistant (*Office*)
Aaron Webb, Assistant Attorney General (*Office*)
Doug Wolf, Midwest Corporate Federal 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 September 11, 2009.

DICKINSON EDUCATORS CREDIT UNION, DICKINSON, TO MERGE INTO WESTERN COOPERATIVE CREDIT UNION, WILLISTON

Assistant Commissioner Entringer reviewed his Memorandum dated November 24, 2009, which indicates the Department received the application on November 13, 2009. Assistant Commissioner Entringer indicated the Board of Directors of Western Cooperative Credit Union, Williston, and Dickinson Educators Credit Union, Dickinson, both approved a Resolution for Merger on September 24, 2009. Assistant Commissioner Entringer indicated the membership of Western Cooperative Credit Union approved the merger on October 27, 2009, by a vote of 64 to 1, and the membership of Dickinson Educators Credit Union approved the merger on November 3, 2009, by a vote of 40 to 0, with 1 member abstaining.

Assistant Commissioner Entringer indicated notice was sent to all credit unions within a 50 mile radius, as well as included in the November 2009 Department Bulletin. Assistant Commissioner Entringer indicated the North Dakota Bankers Association and Independent Community Banks of North Dakota also received notice of the merger, along with a copy of the application. Assistant Commissioner Entringer concluded that no comments were received regarding the merger application.

Mark Lowe, President of Dickinson Educators Credit Union, indicated the Board discussed the possible merger or dissolution of the credit union at its meeting held in April 2009. President Lowe stated four issues were impacting the credit union: (1) membership trend has been going down, with totals members previously at approximately 175 and current members is now 150; (2) loan volume is only 24% of total assets; therefore, 76% of assets are in cash or short-term investments, with the spread on the assets so small that it is difficult to maintain the current minimal expenses and break even; (3) complying with increased federal regulations is difficult with one part-time employee and 100% of the Board members volunteering; (4) additional federal assessments would be difficult to meet without a positive income.

President Lowe concluded the Board of Directors of Dickinson Educators Credit Union determined it made sense to seek a merger partner while the credit union is still in good shape financially, along with preserving the present equity for the current members.

Member Brucker commended President Lowe and the Board for taking these steps, as the logic is solid and it is the right decision.

Member Watne questioned Assistant Commissioner Entringer's Memorandum wherein it refers to an application for merger; however, later it states the Department does not have a formal merger application. Assistant Commissioner Entringer explained the Department has not developed a form for the application; therefore, the North Dakota Administrative Code which sets forth the criteria that must be met in order to merge is provided to both credit unions.

President Stillwell added that President Lowe approached Western Cooperative Credit Union regarding a possible merger due to his previously stated reasons. President Stillwell indicated Western Cooperative Credit Union presently has two branches in Dickinson and feels the members of Dickinson Educators Credit Union can be well served by Western Cooperative Credit Union. President Stillwell noted there are dual memberships at Dickinson Educators Credit Union and Western Cooperative Credit Union's branch locations in Dickinson at the present time. President Stillwell indicated the financial aspect regarding the merger will not be significant even with the equity payout, adding that Dickinson Educators Credit Union has done a great job and is very strong financially.

Chief Examiner Krebs indicated the impact on Western Cooperative Credit Union will be minimal; adding it is a very sound thought process of President Lowe and the Board.

Assistant Commissioner Entringer indicated the Department recommends approval of the application by Western Cooperative Credit Union, Williston, to merge Dickinson Educators Credit Union, Dickinson, into Western Cooperative Credit Union, Williston, along with a proposed Order approving the merger that would be signed by Chairman Karsky on behalf of the State Credit Union Board.

It was moved by Member Watne and seconded by Member Brucker to merge Dickinson Educators Credit Union, Dickinson, into Western Cooperative Credit Union, Williston, and to approve the proposed Order regarding the merger to be signed by Chairman Karsky on behalf of the State Credit Union Board. Member Stillwell abstained; however, for the record the motion carried by a vote of 5 to 0.

PROPOSED MEETING DATES FOR 2010

Chairman Karsky indicated if the Board continues to meet quarterly on the first Friday the proposed dates would be March 5, June 4, September 3, and December 3, 2010. The proposed dates were acceptable for the Board.

SPECIAL MEETING TO BE HELD DECEMBER 17, 2009

Assistant Commissioner Entringer informed Member Watne a special meeting will be held by conference call on Thursday, December 17, 2009, at 8:00 a.m., in order to act on the merger application of Embden Farmers Union Credit Union, Embden, and Elm River Credit Union, Page.

President Lowe left the meeting and the Board went into closed session at 9:45 a.m.

Timothy J. Karsky, Chairman

Robert J. Entringer, Secretary