

SOUTH DAKOTA BANKING COMMISSION

Minutes of the regular meeting of Tuesday, May 3, 2011 and Wednesday, May 4, 2011

The South Dakota Banking Commission held a regular meeting on Tuesday, May 3, 2011, and Wednesday, May 4, 2011, at Northern State University, Student Center, Centennial Rooms in Aberdeen, South Dakota.

The meeting was called to order at 3:00 pm.

In attendance: Chairman Jeff Erickson, Commissioners Paul Christen, Richard Westra and Steve Hayes; Commission Legal Counsel Curt Jensen; Director of Banking Roger Novotny; Deputy Director Tim Ahartz; Division Legal Counsel Bret Afdahl; Secretary to the Commission Lynda Fratzke; examiners Scott Kelly, Todd Youngbluth, Don Berger and senior examiner John Crompton; Pamela Roberts, Secretary of the Department of Labor and Regulation; Dustin Johnson, Governor's Chief of Staff; Curt Everson, SDBA; Ron Feldman, FRB; Jim LaPierre and Mark Moylan, FDIC; Mike Stevens, CSBS; Bruce Ley, GOED; and Charles Habhab, Pierce McDowell and Brad Grossenberg, Governor's Trust Task Force.

Agenda Items:

1. Welcome and Introductions
2. Approval of Meeting Minutes for October 6, 2010, February 25, 2011, March 15, 2011 and April 21, 2011
3. Division Budget Review
4. FTE Analysis and Overview
5. Executive Session
6. Update on the Banking and Financial Services Degree
7. Federal Reserve Supervisory and Economic Update
8. Bank Condition and New Issues from the FDIC Kansas City Region
9. Final Observations and Comments
10. Introductions and Comments
11. What is evolving in Washington, DC?
12. South Dakota Banking Perspectives
13. Trust Company Briefing
14. Commission Discussion and Adjournment

AGENDA ITEM #1 WELCOME AND INTRODUCTIONS

Director Novotny introduced the staff of the Division of Banking and Curt Jensen, legal counsel to the Banking Commission.

AGENDA ITEM #2 APPROVAL OF MEETING MINUTES FOR OCTOBER 6, 2010, FEBRUARY 25, 2011, MARCH 15, 2011 AND APRIL 21, 2011

Motion: by Hayes, 2nd by Westra to approve the meeting minutes from October 6, 2010, February 25, 2011, March 15, 2011 and April 21, 2011

Approved by the following vote:

ACTION: 4-0 AYE (Erickson, Christen, Hays, Westra / Vice Chairman Lillibridge was absent)

AGENDA ITEM #3 DIVISION BUDGET REVIEW

Deputy Director Ahartz gave an update of performance indicators, bank and trust company applications, the current fee structure and overview of bank ratings. He also gave an overview of the Conference of State Bank Supervisors Fly-In that he attended.

AGENDA ITEM #4 FTE ANALYSIS AND OVERVIEW

Deputy Director Ahartz gave a brief overview of the Division of Banking's current staffing levels and the projected future needs.

AGENDA ITEM #5 EXECUTIVE SESSION

Chairman Erickson entertained a motion to move into Executive Session.

Motion: by Christen, 2nd by Westra to move into Executive Session.

At 4:02 pm, the Commission went into Executive Session.

At 5:15 pm, the Commission reconvened.

Motion: by Westra, 2nd by Hayes to come out of Executive Session

At 5:15 pm, the Commission recessed until the following morning.

At 8:34 am, the Commission reconvened.

AGENDA ITEM #6 UPDATE ON THE BANKING AND FINANCIAL SERVICES DEGREE

Dr. James Smith, President of Northern State University gave an update on the Banking and Financial Services degree program offered the college.

AGENDA ITEMS #7 FEDERAL RESERVE SUPERVISORY AND ECONOMIC UPDATE

Ron Feldman, Senior Vice President, Federal Reserve Bank of Minneapolis, addressed the Commission in regards to "Too Big to Fail", Dodd Frank Act and what's going on in the economy.

AGENDA ITEMS #8 BANK_CONDITION AND NEW ISSUES FROM THE FDIC KANSAS CITY REGION

Jim LaPierre, Regional Director, and Mark Moylan, Deputy Region Director, FDIC Kansas City Region, gave an overview of the banking conditions and new issues as the FDIC Kansas City Region looks at the country.

AGENDA ITEMS #9 FINAL OBSERVATIONS AND COMMENTS

Director Novotny gave an overview of the past seven years, where we've been and where we're going. He introduced examiners Scott Kelly, Todd Youngbluth, Don Berger and senior examiner John Crompton. This was Director Novotny's final Commission meeting and left the Commission and others present with two messages from his namesake, Roy Rogers. They were The Roy Rogers Club Rules and the lyrics to Happy Trails to You.

AGENDA ITEMS #10 INTRODUCTIONS AND COMMENTS

Dusty Johnson, Chief of Staff to Governor Daugaard, addressed the Commission and commended Director Novotny, the Banking Commission and the Division of Banking for all they have done and will do in the future.

Pamela Roberts, Secretary of Labor and Regulation, gave a brief overview of the changes in the department.

AGENDA ITEMS #11 WHAT IS EVOLVING IN WASHINGTON, DC?

At 11:30 am, the Commission recessed for lunch where Mike Stevens, Senior Vice President of Regulatory Policy with Conference of State Bank Supervisors, spoke about what is evolving in Washington, DC.

At 1:00 pm, the Commission reconvened.

AGENDA ITEMS #12 SOUTH DAKOTA BANKING PERSPECTIVES

Curt Everson, President of South Dakota Bankers Association, addressed the Commission about the South Dakota banking perspectives regarding Dodd Frank, Stop and Study Debit Card Interchange Legislation, the farm credit system, and footprints of some federal credit unions.

AGENDA ITEMS #13 TRUST COMPANY BRIEFING

Bret Afdahl and Scott Kelly gave a brief overview of the trust company application, the application process and the examination process.

Bruce Ley, Charles Habhab, Pierce McDowell and Brad Grossenberg addressed the Commission about the history and future of the Governor's Trust Task Force.

AGENDA ITEM #14 COMMISSION DISCUSSION AND ADJOURNMENT

There being no further business, Chairman Erickson asked for a motion to adjourn.

Motion: by Hayes, 2nd by Westra to adjourn

Approved by the following vote:


ACTION: 4-0 AYE (Erickson, Christen, Westra, Hayes / Vice Chairman Lillibridge was absent)

At the hour of 2:55 pm. the Banking Commission adjourned.

Respectfully submitted on this
13th day of June, 2011, by:


Lynda Fratzke
Secretary to the Banking Commission

Approved on this 25th day of
July, 2011 by:


Jeff Erickson
Chairman
South Dakota Banking Commission