

DEPARTMENT OF FINANCIAL INSTITUTIONS
MINUTES OF MEETING
November 12, 2020

The Members of the Department of Financial Institutions virtually met at 10:00 a.m., EDT. Present from the Department were Thomas C. Fite, Director; Troy Pogue, Chief Operations Officer; Christopher Dietz, Deputy Director, Depository Division; Lyndsay Miller, Deputy Director, Consumer Credit Division; Michael Fracassa, Deputy Director, Administration Division; Nicole Buskill, General Counsel and Secretary; Kirk J. Schreiber, Senior Depository Analyst and Assistant Secretary, Depository Division; Brad Stone, IT Director; and Sharmaine Stewart, Administrative Assistant. Also present representing for FarmBelt Financial Inc. was the President, Bill Salin III, Chief Financial Officer Sam Salin, and Attorney Tom Maxwell with Barnes & Thornburg LLP.

I. EXECUTIVE SESSION: 10:00 a.m.

- A. Discussion of records classified as confidential by state or federal statute, authorized under Ind. Code § 5-14-1.5-6.1(b)(7).

II. PUBLIC SESSION: 10:20 a.m.

Roll Call was taken at the start of the Public Session.

- A. Members Present: Richard J. Rice, Chairman; Mark Schroeder, Vice Chairman; Thomas C. Fite, Director; Jean Wojtowicz and Benjamin Bochnowski. Donald E. Goetz was absent.
- B. Date of next meeting: December 10, 2020 @ 10:00 a.m., at the Indiana Department of Financial Institutions, 30 South Meridian Street, Suite 300, Indianapolis, Indiana.
- C. Chairman Rice entertained a motion to approve the minutes of the October 8, 2020 meeting.

Mr. Schroeder moved approval of the minutes; Mr. Bochnowski seconded the motion and the motion passed unanimously.

Ms. Buskill called roll for a vote. Richard Rice, Mark Schroeder, Jean Wojtowicz, Ben Bochnowski, and Tom Fite all voted yes. The minutes were approved 5-0.

D. BANK DIVISION:

FarmBelt Financial, Inc., Indianapolis, Marion County, Indiana

Mr. Kirk Schreiber, Senior Depository Analyst presented this application. Representing FarmBelt Financial, Inc. ("FarmBelt") was Attorney Thomas Maxwell from Barnes &

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Thornburg LLP, FarmBelt President Bill Salin III and Chief Financial Officer Sam Salin. Mr. Schreiber informed the Members that FarmBelt has requested a Certificate of Authority to operate as an Industrial Loan and Investment Company pursuant to IC 28-5.

FarmBelt intends to specialize in agricultural production loans, rural community investment loans, and real estate loans through the United States Department of Agricultural Farm Services Agency ("FSA") guaranteed loan program and Business and Industry loan guarantee program. In order to participate in the lender guaranty programs, FarmBelt must be subject to regulatory supervision in order to qualify for the FSA and B&I programs. The issuance of a Certificate of Authority authorizing the company to engage in the business of an Industrial Loan and Investment Company meets this requirement. The Certificate of Authority issued by the Department will restrict FarmBelt from issuing, negotiating, and selling certificates of investments or indebtedness or accepting any deposit like obligations.

Mr. Schreiber discussed the Board of Directors and Officers experience and qualifications. Additionally, a review of the five year financial projections and assumptions and the beginning capital and restrictions were discussed. Mr. Schreiber noted that FarmBelt agreed to sign an Operating Agreement with the Department agreeing to certain safety and soundness issues.

Mr. Schreiber informed the Members that with respect to IC 28-5-1-4: (1) The financial standing and character of the organizers, directors and principal shareholders was considered acceptable; (2) The character, qualifications, and experience of the officers and directors are considered acceptable; (3) The future earnings prospects for the corporation appeared reasonable; and (4) Capital of the corporation was considered adequate.

Mr. Schreiber concluded that based on the findings, it was the opinion of the staff that all of the statutory requirements of IC 28-1-5-4 have been satisfactorily met and it is recommend that FarmBelt be issued a Certificate of Authority to engage in the business of a non-depository Industrial Loan and Investment Company.

After the presentation, the Members had a short discussion about the proposed formation. Mr. Schroeder asked several questions concerning regulatory oversight, capital requirements, and why FarmBelt was being formed as an Industrial Loan and Investment Company. Mr. Schreiber responded that regulatory oversight wouldn't be any different than any other financial institution the Department regulates, the capital requirements are consistent with other non-depository ILC's and the USDA requires the entity be regulated by the Department to have access to the FSA loan program.

Ms. Wojtowicz asked about the FSA guarantee loan program. Mr. Dietz gave a brief summary on how the Department would regulate the loan program.

Mr. Bochnowski asked about the proforma provided by FarmBelt and how the salary, staffing and dividends were derived.

A motion for approval of the application of FarmBelt to operate as an uninsured non-depository Industrial Loan and Investment Company was made by Ms. Wojtowicz and seconded by Mr. Bochnowski.

Ms. Buskill called roll for the vote. Richard Rice, Mark Schroeder, Jean Wojtowicz, Ben Bochnowski, and Tom Fite all voted yes. The application was approved 5-0.

E. CONSUMER CREDIT DIVISION:

1. CW Financial of IN, LLC License Revocation

Nicole Buskill presented the CW Financial of IN, LLC License Revocation, stating the following in support: On May 5, 2020, the Department received a notice of bond cancellation from Licensee's surety bond company stating that Licensee's surety bond pledged to the State of Indiana was set to expire on July 22, 2020. Upon receiving this notice, Department staff began attempting to contact the Licensee, but was unsuccessful. On July 22, 2020, the Department issued an Order to Show Cause to Suspend Licensee's License pursuant to IC 24-4.5-7-102 and IC 24-4.5-3-504, citing violations of the Small Loan Act's surety bond and renewal requirements.

Upon receiving the Order to Show Cause, Licensee contacted the Department and began working with the Department to surrender its license. The Department chose to not further pursue an enforcement action at the time, hoping the parties could amicably resolve the license violations and wind up the license.

On August 24, 2020, Licensee voluntarily agreed to have its status in the Indiana small loan database changed to restricted, which prevents it from issuing any new loans, but allows it to continue to collect on outstanding loans. However, after that last communication on August 24, 2020, Licensee again ceased communicating with the Department and has failed to return the Department's phone calls and emails.

On September 24, 2020, the Department issued a second Order to Show Cause, this time to revoke Licensee's license. When issuing an Order to Show Cause, IC 24-4.5-3-504 requires that the DFI set a meeting for the two parties to discuss matter before proceeding forward with any license revocation. The Department notified Licensee of the telephonic meeting set on October 1, 2020 at 9 a.m. to discuss the matter, but Licensee failed to appear or communicate with the Department regarding the meeting and the second Order to Show Cause.

To date, Licensee has not submitted all its required 2019 renewal forms, nor has it obtained a surety bond. Licensee is in violation of its renewal (IC 24-4.5-3-503.6) and surety bond

requirements (IC 24-4.5-7-413), and its license should be revoked.

Pursuant to IC 24-4.5-3-504(2), the Department held a telephonic meeting to consider the revocation of Licensee's license on October 1, 2020 at 9 a.m., but Licensee failed to appear at the meeting. As required by IC 24-4.5-3-504(3), the Department provided Licensee notice that the Members would consider revoking its license at this meeting and that it has (1) a reasonable opportunity to be heard; and (2) that it may show its compliance with all lawful requirement for retention of the license.

IC § 24-4.5-3-504(3) states in part that after the Order to Show Cause meeting the Department may revoke or suspend the license if it finds that the licensee repeatedly and willfully violated Indiana's small loan act or does not meet licensing qualifications. Failing to submit required renewal paperwork and failing to maintain a surety bond is a violation of the Uniform Consumer Credit Code. Therefore, pursuant to IC 24-4.5-3-504(3), Buskill recommended that the Members find that Licensee repeatedly and willfully violated IC 24-4.5-3-503.6 and IC 24-4.5-7-413, revoke its license, and enter an order.

Wojtowicz asked if the licensee had any outstanding loans, and if so, how many and asked about the risk associated with the licensee continuing to collect on any outstanding loans without a surety bond. Deputy Counsel Miller responded that the risk associated with collect outstanding loans in this situation is small. All outstanding loans will be removed completely from Veritec once the license is revoked.

Bochnowski asked if that means the loan is forgiven. Miller responded that it does not mean that the borrower will not owe the money, but that the database will show that the consumer is eligible for a new loan

Rice asked if there were any more questions and hearing none, he called for a motion to revoke the license. Schroeder made a motion to revoke CW Financial of IN, LLC's license. Wojtowicz seconded the motion.

Mr. Schreiber called a roll call vote. Richard Rice, Mark Schroeder, Jean Wojtowicz, Ben Bochnowski, and Tom Fite all voted yes. The motion was approved 5-0.

F. DIRECTOR'S COMMENTS AND ACTIONS:

1. Financial Update (**Michael Fracassa**)

FINANCIAL HIGHLIGHTS
FYE JUNE 30, 2021 October 31- YTD

As of October 31, 2020, we are 33.3% through the budget year and are currently running at 32.4%

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of Expenses and 68.22% of Revenue.

Expense breakdown YTD:

Expense Category	Spent YTD- 10/31/20	Budget FY 21	%	Remaining Budget
Salaries and Fringe Benefits (Point 1)	\$2,380,414.00	\$7,375,816.00	32.27%	\$4,995,402.00
Utilities, Phone, IT (PT 2)	\$42,697.00	\$135,478.00	31.52%	\$92,781.00
Legal and Professional Fees, IT employee contract (Pt 3)	\$475,980.00	\$603,099.00	78.92%	\$127,119.00
Office Supplies/Building Maintenance (Pt 4)	\$2,387.00	\$14,926.00	15.99%	\$12,539.00
Office Equipment/Furniture (Pt 5)	\$2,589.00	\$12,000.00	21.58%	\$9,411.00
Point 9- In State Travel	\$835.00	\$410,150.00	0.20%	\$409,315.00
Point 9- Out of State Travel	-\$396.00	\$60,400.00	-0.66%	\$60,796.00
Point 9 (Office Leases/IT)	\$38,279.00	\$459,621.00	8.33%	\$421,342.00
Totals	\$2,942,785.00	\$9,071,490.00	32.44%	\$6,128,705.00

Expenses are running under budget by just under 1% (\$90,000). This is almost all due the fact that we have not yet started traveling for FY 2021. If DFI does not start travel until the fourth quarter of FY 21 (April 21), then the savings on travel will be around \$350,000. If DFI does not travel at all for FY 21 then the travel savings will be \$470,000.

This \$350,000-\$470,000 in travel expenses will be re-allocated to other expenses, most likely to pre-pay rent or dues.

Revenue Breakdown YTD:

Account #	Category	YTD	Budget	%
422301	DEPOSITORY ANNUAL ASSESSMENT	6,427,295	6,431,347.00	99.94%
422302	CONSUMER CREDIT LICENSE	181,700	350,000.00	51.91%
422304	APPLICATION EXAMINER	3,380		6.76%

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EXPENSE		50,000.00	
422305	FORMATION APPLICATION FEE	4,000	-
422308	CHANGE OF CONTROL FEE	500.00	1,000.00 50.00%
422310	ESTABLISHMENT OF A BRANCH FEE	2,500	10,000.00 25.00%
422312	RELOCATION MAIN OFFICE/BRANCH	2,000.00	2,200.00 90.91%
422314	MERGER FEE	-	4,000.00 0.00%
422318	CONVERSION FEE	-	7,000.00 0.00%
422322	EXAMINATION FEE	-	800.00 0.00%
422327	LATE FEE	1,270.00	1,000.00 127.00%
422329	CONSUMER CREDIT RENEWAL	2,350.00	1,765,000.00 0.13%
422330	VOLUME FEE	31,207.00	1,135,000.00 2.75%
	TOTAL	\$6,656,202	\$9,757,347 68.22%

YTD \$6.65 million in revenue, which is 68.22% of budgeted revenue has been received, which includes virtually 100% of annual assessment revenue (it will not be 100% of the projection this year due to a late merger). The annual assessment revenue always comes in early, but Consumer Credit Revenue is running ahead of FY 2020, which likely means that we will surpass revenue projections, possibly by more than \$300,000

Fund Balance

The additional projected revenue, along with expenses staying at budget should lead to a fund balance increase over \$900,000. This will bring the total fund balance at year end to approximately \$8.2 million.

Hiring Update

We are awaiting State approval to bring on two new bank examiners on November 30th. We also hope to hire 1 IT examiner and 1 Credit Union Examiner, with a goal to start them both in January.

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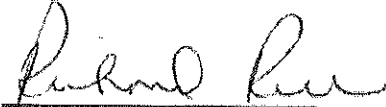
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2. Director Fite advised the Members of actions taken pursuant to Delegated Authority.
3. Other Matters

OTHER BUSINESS:

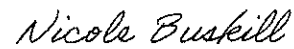
Chairman Rice asked if there was other business. There being no further business, Chairman Rice entertained a motion to adjourn the meeting. Mr. Bochnowski moved for adjournment. Ms. Wojtowicz seconded the motion, and it passed unanimously.

APPROVED:



Richard Rice, Chairman

ATTEST:



Nicole Buskill, Secretary

**ACTION TAKEN UNDER DELEGATED AUTHORITY
OCTOBER 14, 2020**

1. CENTRA CREDIT UNION, COLUMBUS, BARTHOLOMEW COUNTY, INDIANA

The credit union has applied to the Department for approval to relocate a branch office from **601 Union Street, Columbus, Bartholomew County, Indiana** to **501 Washington Street, Columbus, Bartholomew County, Indiana**. The application was received on September 28, 2020. The branch is to be known as the **Washington Street Branch**. The credit union will continue to have 16 branches after the relocation. **APPROVAL IS RECOMMENDED - (KJS)**

DEPUTY APPROVED 

DIRECTOR APPROVED 

2. HOOSIER HILLS CREDIT UNION, BEDFORD, LAWRENCE COUNTY, INDIANA

The credit union has applied to the Department for approval to establish a branch office to be located at **3590 West State Road 46, Bloomington, Monroe County, Indiana**. The application was received on September 11, 2020. The branch is to be known as the **Ellettsville Service Center**. This will be the institution's ninth branch. **APPROVAL IS RECOMMENDED - (KJS)**

DEPUTY APPROVED 

DIRECTOR APPROVED 

3. INDIANA MEMBERS CREDIT UNION, INDIANAPOLIS, MARION COUNTY, INDIANA

The credit union has applied to the Department for approval to establish a branch office to be located at **8941 Bellmoore Drive, Newburgh, Warrick County, Indiana**. The application was received on October 9, 2020. The branch is to be known as the **Newburgh Branch**. This will be the institution's 34th branch. **APPROVAL IS RECOMMENDED - (KJS)**

DEPUTY APPROVED 

DIRECTOR APPROVED 

**ACTION TAKEN UNDER DELEGATED AUTHORITY
OCTOBER 14, 2020**

4. TEACHERS CREDIT UNION, SOUTH BEND, ST. JOSEPH COUNTY, INDIANA

The credit union has filed for approval of a proposed Amendment of the Articles of Incorporation. IC 28-7-1-10 allows a credit union to add one or more qualified groups to its field of membership. This amendment would place the following organization into the field of membership of the credit union:

Mark's East Side Incorporated – Appleton, Wisconsin – 50 members (common bond of occupation as defined by IC 28-7-1-10)

Shea Enterprises LLC – Appleton, Wisconsin – 2 members (common bond of occupation as defined by IC 28-7-1-10)

James Madison Hotels, Inc. – Dubuque, Iowa – 7 members (common bond of occupation as defined by IC 28-7-1-10)

APPROVAL IS RECOMMENDED - (KJS)

DEPUTY APPROVED 

DIRECTOR APPROVED 

5. SEACOAST COMMERCE BANK, SAN DIEGO, SAN DIEGO COUNTY, CALIFORNIA

An application for issuance of a certificate of admission was received from Seacoast Commerce Bank, San Diego, San Diego County, California ("Seacoast"). Seacoast filed the application to enable it to transact business in Indiana in accordance with the provisions of IC 28-1-22. The California state-chartered commercial bank intends to assist customers who are primarily Home Owner Associations with Seacoast's HOA Property Manager National Accounts with one employee in the State of Indiana. Cogency Global, 9221 Crawfordsville Road, Indianapolis, Marion County, Indiana has been appointed as resident agent for service of legal process by Seacoast. **ISSUANCE OF A CERTIFICATE OF ADMISSION IS RECOMMENDED – (KJS)**

DEPUTY APPROVED 

DIRECTOR APPROVED 

6. CITIZENS BANK, MOORESVILLE, MORGAN COUNTY, INDIANA

The bank is requesting an extension of time for the opening of its branch to be located at **1767 West Stones Crossing Road, Greenwood, Johnson County, Indiana**. The branch application was approved under delegated authority on January 15, 2020 with a projected opening date of January 2, 2021. The projected opening date was delayed due to unavoidable construction delays. The FDIC has approved the branch until July 23, 2021. **APPROVAL TO GRANT THE BANK'S REQUEST FOR AN EXTENSION UNTIL JULY 23, 2021 IS RECOMMENDED. - (KJS)**

DEPUTY APPROVED 

DIRECTOR APPROVED 

**ACTION TAKEN UNDER DELEGATED AUTHORITY
OCTOBER 28, 2020**

1. HOOSIER HEARTLAND STATE BANK, CRAWFORDSVILLE, MONTGOMERY COUNTY, INDIANA

The bank has applied to the Department for approval to relocate its main office from **1400 Darlington Avenue, Crawfordsville, Montgomery County, Indiana** to **1661 South US Highway 231, Crawfordsville, Montgomery County, Indiana**. The application was received on October 13, 2020. The expected date to relocate is December 1, 2020. **APPROVAL IS RECOMMENDED - (KJS)**

DEPUTY APPROVED _____

Chris D. J.

DIRECTOR APPROVED _____

Thomas J. H.