

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF RAMSEY

SECOND JUDICIAL DISTRICT

CASE TYPE: OTHER CIVIL

BREMER FINANCIAL CORPORATION,
RONALD JAMES, JEANNE H. CRAIN,
MARY BRAINERD, GLENN D. MCCOY,
KEVIN A. RHEIN, WENDY SCHOPPERT,
and CHARLES WESTLING,

Court File No. 62-CV-19-8203
Hon. Robert A. Awsumb

AMENDED COMPLAINT

Plaintiffs,

-v.-

S. BRIAN LIPSCHULTZ, DANIEL C.
REARDON, and CHARLOTTE S.
JOHNSON, individually and in their capacity
as Trustees of the Otto Bremer Trust,

Defendants.

INTRODUCTION

1. Otto Bremer was a German immigrant who lived his entire adult life in Saint Paul. Bremer took a job in banking shortly after his arrival in Minnesota, and, as biographical materials prepared by the Otto Bremer Trust on the fiftieth anniversary of its creation make clear, his life's work was to build community banks in the Upper Midwest. Throughout the Great Depression and World War II, Bremer saved dozens of "shaky small town banks," investing his own funds and labor to keep them afloat. As the materials show, Bremer "wanted small town banks to thrive, separate from gigantic holding companies that set guidelines from afar and didn't know the families who sat by loan officers' desks."

2. A few years before his death in 1951, Otto Bremer created Bremer Financial Corporation (then called the Otto Bremer Company) and the Otto Bremer Trust (then called the Otto Bremer Foundation). Bremer created these twin institutions to carry on his lifelong

commitments to community banking and community philanthropy. At Bremer's direction, Bremer Financial provided banking services to underserved communities in the Upper Midwest. The Trust supplied Bremer Financial with permanent capital to provide these services and received in return for that investment a steady and substantial annual dividend. The Trust contributed the proceeds of these dividends to the same communities served by the bank, in the form of philanthropic grants for community projects such as schools and hospitals.

3. For decades after Otto Bremer's death, Bremer Financial and the Trust operated as the virtuous circle Bremer envisioned. The bank provided the capital necessary for community development. It generated profits that allowed the Trust to sustain important philanthropic initiatives in the same communities. And that in turn supported the life and health of the bank's communities, enhancing their ability to thrive and generate revenue for charitable distribution.

4. Fundamental to Otto Bremer's vision was that his trust and his bank would operate in tandem. As the Trust's historical materials put it, "Bremer wanted to increase the benefits of living in the location of a Bremer bank." Bremer believed that local banks were civic cornerstones that must be preserved. So he created Bremer Financial Corporation "to avoid the[] sale [of community banks] after his death." And he created the Trust to ensure that the bank would enjoy the stability afforded by permanent capital. "The [Trust] is set up into perpetuity; it will always be there," explained one of the Trustees in a 2008 interview. And, as its Trustees have recognized, the Trust must do its "work in places that are homes and neighbors to Bremer banks." All this is enshrined in the Trust's founding document, which, as one of the Defendants in this lawsuit publicly admitted, directs that the Trustees "are to *never* sell the bank holding company."

5. Now, however, the Trustees seek to do exactly that: "sell the bank holding company," for cash, in a self-interested transaction that will massively enrich the Trustees

personally. That sale, if permitted, would undo core elements of Otto Bremer’s legacy—the commitment to community banking; the commitment to underserved rural communities; the legacy of cooperative engagement between the bank and the Trust; and the Trust’s commitment to work “in places that are homes and neighbors to Bremer banks.” Instead of all that, the present Trustees propose to sell Bremer to a larger national bank holding company, which will squeeze value out of the transaction by shuttering branches, shedding payroll, and reducing personalized services.

6. The beneficiaries of the proposed transaction are the three Trustees. The Trustees already cause the Trust to pay them hundreds of thousands of dollars more than other charitable trustees earn. And by virtue of their service as Bremer directors, the Trustees also earn director fees from Bremer. But by liquidating Bremer, turning the Trust into a pool of cash and marketable securities, and then paying themselves a percentage of that pool, the Trustees will be positioned to increase their compensation to far greater levels—potentially millions of dollars per year per Trustee and spectacularly more than charitable trustees normally receive.

7. Trustee Brian Lipschultz admitted these self-interested financial incentives in a text message sent right when this litigation started: “Maybe the trustees are motivated by money. But isn’t this a free society where the individual can make their own choices? Or is this simply Minnesota money envy at play once again?” Ex. 1. (Lipschultz allowed months’ worth of his text messages to be deleted, even after this litigation started, and then dropped his cell phone in a lake. This message was recovered from a recipient’s device.)

8. The details of the Trustees’ scheme are rooted in Bremer’s unique capital structure. In 1969, to curb the problem of charitable self-dealing, Congress passed legislation that prohibited charitable trusts from controlling the business and affairs of private corporations. The law gave

trusts 20 years to comply. And so, in a 1989 reorganization, the Trust received nonvoting Class B shares of Bremer stock and the bank's employees received voting Class A shares. The purpose of this reorganization was to vest control of Bremer in its employees, provide the Trust with a continuing stream of dividend income to fund its charitable work, and thereby ensure the continuation of Otto Bremer's vision for a permanent partnership between community banking and local philanthropy.

9. The arrangement worked according to plan for the better part of thirty years. Exactly as the reorganization contemplated, Bremer's employee-shareholders have consistently elected independent directors to govern the business and affairs of the company. Under the supervision of independent management, the bank has generated substantial dividend income for the Trust, year after year, even through the market turmoil of 1999-2000 and the Great Recession of 2008-09.

10. But in recent years, new Trustees took over at the Otto Bremer Trust. As detailed in this Amended Complaint, these Trustees have undertaken a concerted campaign to increase their personal income from both the Trust and Bremer. Last year, as the culmination of this plan, the Trustees decided to try to force a sale of the company, notwithstanding Otto Bremer's intent and over the objection of Bremer's independent directors. Beginning in June 2019, the Trustees and their financial advisor commenced extensive unauthorized discussions with potential acquirers of Bremer, falsely representing that Bremer was available for sale and that the independent directors supported such a transaction. To advance these discussions, the Trustees shared confidential Bremer information with its competitors. All this constituted a breach of fiduciary duty.

11. When the rest of the board refused to approve the sale scheme, the Trustees pursued a different one—to eliminate the disinterested directors, take control of Bremer's board, and then

sell the bank and reap massive personal financial rewards. Their plan was to sell their nonvoting Class B shares to pliable hedge-fund buyers, which would immediately convert them into voting Class A shares. Then, the Trustees and the hedge funds, acting in concert, planned to vote the independent directors off the Bremer board and sell the bank without regard to the best interests of Bremer and its stakeholders, including its employees and the communities it serves. By Lipschultz's design, the sale of Bremer that this hostile takeover aims to achieve would yield "tens of millions of dollars per year of expense takeout" achieved by eliminating Bremer jobs and Bremer branches. Said Lipschultz: "I'd favor eliminating as much as possible"—as many Bremer jobs as possible—"and just paying us for it." Ex. 2.

12. So, in October 2019, the Trustees strategically purported to sell a small portion of the Trust's nonvoting shares to 19 investment vehicles, which then purported to convert those shares into voting shares. The buyers in the Trustees' scheme are hedge funds with no ties to the communities the bank serves. As another text message reveals, the Trustees selected these hedge funds as partners because they "only care about making money" and are "willing to do whatever is necessary" to aid the takeover scheme. Ex. 3.

13. The result of these transfers and conversions, if given effect, would be to give the Trustees and their hedge-fund accomplices a bare majority of Bremer's voting power. The Trustees would then remove the independent directors from Bremer's board, install new directors selected with their hedge-fund allies, and sell the bank off. In this scenario, as detailed below, the Trustees would further enrich themselves, and the hedge funds would receive a substantial short-term profit.

14. Since this litigation commenced in late 2019, the Trustees have done everything within their power to avoid producing relevant evidence from their files. But even though

discovery is still at an early stage, the limited evidence the Trustees have made available undermines nearly every aspect of their position. The Trustees say that Bremer has no right to even bring its claims; but the evidence shows that the bank has a supreme interest in preserving the intent of Otto Bremer's vision. The Trustees say they are not motivated by money; but their own text messages say they are. The Trustees say that third-party offers for Bremer were "unsolicited"; but the evidence shows that the Trustees' own advisor ginned up the offers. The Trustees say that they and their hedge-fund collaborators are acting independently; but the evidence shows that the Trustees have organized the hedge funds in a carefully coordinated attack on Bremer's independence. The Trustees claim that the value of the Trust's Bremer shares is significantly greater than book value; but they stated under penalty of perjury on the Trust's 2018 tax return that they were worth less than book value. The Trustees claim that Bremer is struggling to compete; but it recently announced record earnings. The Trustees say that "unforeseen circumstances" justify the corporate sell-off notwithstanding Otto Bremer's contrary instructions; but the Trustees' own documents show that they haven't even determined what the "unforeseen circumstances" are—and that the entire premise of the "unforeseen circumstances" is a contrived litigation position.

15. For these reasons and as detailed below, the transactions the Trustees purported to effectuate last October are unlawful and should be enjoined on four distinct grounds:

a. Just as the Trustees themselves have long acknowledged, the governing Trust Instrument forbids the Trustees from selling Bremer shares absent "unforeseen circumstances" that do not remotely exist here. For this reason, the Trust may not transfer its shares, and, pursuant to its bylaws, Bremer is not permitted to record the purported transfer of shares on its register.

b. The Trustees' scheme to sell Bremer has been undertaken in breach of their fiduciary duties to Bremer.

c. The Trustees' scheme constitutes oppression of Bremer's other shareholders, who hold 80 percent of the company's voting power.

d. The purported sale would violate Minnesota's Control Share Acquisition Act.

16. Accordingly, Plaintiffs—Bremer and its disinterested board members—seek a declaration that the purported sales are invalid and an injunction against further efforts by the Trustees to replace the board or pursue a sale of Bremer that is not supported by a majority of its directors.

PARTIES

A. Bremer Financial Corporation

17. Plaintiff Bremer Financial Corporation ("Bremer") is a Minnesota corporation headquartered in Saint Paul. Bremer is a financial services company with over \$13 billion in assets that provides a wide range of banking, mortgage, investment, wealth management, trust, and insurance products and services throughout Minnesota, North Dakota, and Wisconsin. Bremer's clients include small businesses, large and mid-sized corporations, farmers and agribusinesses, nonprofits, public and government entities, and individuals and families. Bremer is the parent company of Bremer Bank, National Association ("Bremer Bank"), a nationally chartered bank.

18. Bremer has two classes of common stock: Class A and Class B. Class A shares are entitled to vote on all matters submitted to shareholders. Class B shares may vote only on certain extraordinary transactions. Only the Class A shares are entitled to vote in director elections. There are 1.2 million Class A shares outstanding and 10.8 million Class B shares outstanding. Neither class of stock is registered to trade on a securities exchange.

B. The Otto Bremer Trust and Its Trustees

19. The Otto Bremer Trust (the “Trust”) is a Minnesota trust created by Otto Bremer in 1944. The Trust is headquartered in Saint Paul. Until 2015, its name was the Otto Bremer Foundation. The Trust is a tax-exempt organization subject to the private-foundation provisions of the Internal Revenue Code.

20. On its year-end 2018 federal tax return, the Trust reported assets with a total book value of approximately \$1.19 billion and a total fair market value of approximately \$1.03 billion. Approximately 88 percent of the Trust’s assets by book value (87 percent by market value) consists of Bremer stock. The Trust owns 20 percent of Bremer’s outstanding Class A shares and all of Bremer’s outstanding Class B shares.

21. The Trust has three trustees (the “Trustees”), who are the Defendants in this action. Since 2014, the three Trustees have also served as the Trust’s co-CEOs. During the relevant period, all three Trustees were members of Bremer’s board. The Trustees do not have full-time jobs other than working for the Trust and serving as Bremer directors. None of the Trustees were selected for their positions on the basis of merit. Instead, each acquired their position as Trustee from their own parents.

a. Defendant S. Brian Lipschultz has been a Trustee and a Bremer director since 2012. Lipschultz inherited his Trustee position from his father, who inherited it from his father.

b. Defendant Daniel C. Reardon has been a Trustee since 1995 and a Bremer director since 1996. Reardon inherited his Trustee position from his father, who inherited it from his father-in-law.

c. Defendant Charlotte S. Johnson has been a Trustee since 1991 and was a Bremer director from 1993 until April 2020, when she resigned from Bremer's board of directors. Johnson inherited her Trustee position from her father.

C. Bremer's Board of Directors

22. At all times relevant to this lawsuit, Bremer's board of directors had ten members, including the Trustees. The seven non-Trustee directors are Plaintiffs in this action. The non-Trustee directors all hold shares of Bremer Class A stock. Other than Bremer's President and CEO, Jeanne H. Crain, the non-Trustee directors are all outside, independent directors.

a. Plaintiff Ronald James has been a Bremer director since 2004, a director of Bremer Bank since October 2014, and has served as Chair of Bremer's board since 2015. James served as President, CEO, and a director of the Center for Ethical Business Cultures from 2000 to 2017. James is an adjunct faculty professor of business ethics at the University of St. Thomas. James currently serves as a board member of RBC Funds (a registered investment company of the Royal Bank of Canada) and serves on the Quality and Population Health Committee of Allina Health. James also serves as an advisory board member and special advisor to the executive director for the Center for Ethical Practices. James has been recognized with international awards for thought leadership, training, and development in the field of business ethics, including receiving an award from the Society for Corporate Compliance and Ethics for his work developing behaviors to improve corporate citizenship and develop corporate culture. James has also been recognized locally with a lifetime achievement award from *Twin Cities Business* in the field of corporate governance. James owns 6,000 shares of Bremer Class A stock.

b. Plaintiff Jeanne H. Crain has served as the President and CEO and a director of Bremer since November 2016. She joined Bremer in 2012. Crain brought 30 years of banking industry experience to Bremer, holding positions in commercial and private banking at First Bank

Systems and Bank One, and regional president roles at Marquette Banks, M&I Bank, and BMO Harris Bank. Crain serves on the boards of the Minneapolis Federal Reserve Bank, the Saint Paul Downtown Alliance, and the YMCA of the Greater Twin Cities. She is a member of the Itasca Project, the Minnesota Business Partnership, and the Minnesota Women's Economic Roundtable. In the last two years, Crain co-chaired the Governor's Task Force on Housing, was awarded the highest honor given by the University of North Dakota Alumni Association, was recognized by the *Minneapolis-St. Paul Business Journal* as a Most Admired CEO, and was selected as a Business Hall of Fame Laureate by Junior Achievement of the Upper Midwest. Crain owns 11,109 shares of Bremer Class A stock.

c. Plaintiff Mary Brainerd has been a Bremer director since January 2014 and a director of Bremer Bank since October 2014. Brainerd served as President and CEO of HealthPartners from 2002 until her retirement in 2017. She previously served in executive positions, including Chief Marketing Officer, at Blue Cross and Blue Shield of Minnesota. Brainerd is a former chair of the board of directors of the Federal Reserve Bank of Minneapolis. She serves as a director of the Bush Foundation, Securian Financial, the Nature Conservancy, Minnesota Public Radio, and Stryker Inc., and is a former director of the Center for Economic Inclusion. Brainerd has been named CEO of the Year by the *Minneapolis/St. Paul Business Journal*, named to the Minnesota Business Hall of Fame, and given the Ethical Leadership Award by the University of St. Thomas. Brainerd owns 1,000 shares of Bremer Class A stock.

d. Plaintiff Glenn D. McCoy has been a director of Bremer and Bremer Bank since June 2016. McCoy retired as chief financial officer of First Citizens BancShares, Inc. in 2014. From 2009 to 2012, he was chief financial officer at RBC Bank USA (now PNC Financial

Services). From 1981 to 2009, he held a variety of leadership roles at Wachovia (now Wells Fargo). McCoy owns 1,000 shares of Bremer Class A stock.

e. Plaintiff Kevin A. Rhein has been a director of Bremer and Bremer Bank since May 2017. Rhein retired from Wells Fargo in 2016 after nearly four decades with the company. He was responsible for enterprise-wide information technology, data, analytics, and operations, as well as several consumer-lending and payment-services business areas. Rhein has served on the boards at the National Foundation for Credit Counseling, the Center for Financial Services Innovation, First Children's Finance, and the United Negro College Fund, and he has also served on the Federal Reserve's Consumer Advisory Council. Rhein owns 3,000 shares of Bremer Class A stock.

f. Plaintiff Wendy Schoppert has been a director of Bremer and Bremer Bank since May 2017. Schoppert retired in 2014 as chief financial officer of Sleep Number Corporation, where she also served as chief information officer, head of new channel development and international, head of digital, and interim chief marketing officer. Before Sleep Number, she held several leadership positions at U.S. Bank, America West Airlines, Northwest Airlines, and American Airlines. Schoppert serves on the boards of The Hershey Company, Big Lots, Inc., and Collective Measures (formerly Nina Hale, Inc.). She is a Board Governance Fellow with the National Association of Corporate Directors and a member of the Breck School Board of Trustees. Previously, she served as co-chair of the Minnesota chapter of Women Corporate Directors, vice chair of the President's Council of Cornell Women, and a member of the Cornell University Council. Schoppert was recognized in 2018 at the national level as an NACD Directorship 100 Honoree and at the local level with a *Twin Cities Business* Outstanding Director Award. Schoppert owns 1,000 shares of Bremer Class A stock.

g. Plaintiff Charles B. Westling has been a Bremer director since April 2015 and a director of Bremer Bank since 2010. Westling is the former CEO and current Board Chair of Computype, Inc., a global manufacturer of custom barcode labels and smart identification solutions for the healthcare and automotive industries. Previously, he was the CEO of Datalink Corporation, a publicly held technology infrastructure and IT services company. Westling served as a board member of Dunwoody College of Technology from 2008 to 2019, including as chair of the board of trustees. Westling owns 1,000 shares of Bremer Class A stock.

JURISDICTION AND VENUE

23. This Court has subject-matter jurisdiction under Minn. Stat. § 484.01, Subd. 1.

24. This Court has personal jurisdiction over Defendants because they are residents of Minnesota.

25. Venue is proper in Ramsey County under Minn. Stat. § 542.09 because this action arose in this County, where both Bremer and the Trust are headquartered.

FACTUAL ALLEGATIONS

I. Otto Bremer, Bremer Financial, and the Otto Bremer Trust

A. Otto Bremer's Founding of Bremer and the Trust

26. Otto Bremer immigrated from Germany to Minnesota in 1886 and spent his career investing in community banks in the Upper Midwest. The core of Otto Bremer's business philosophy was a belief that local banks could better their communities. A 1994 history of Otto Bremer's life commissioned by the Trust (attached hereto as Exhibit 4) recounts: "Otto Bremer wanted small town banks to thrive, separate from gigantic holding companies that set guidelines from afar and didn't know the families who sat by loan officers' desks." He believed that "[b]anks should be home banks; not bigger banks but better banks." Ex. 4, at 7.

27. Otto Bremer distrusted large banks, believing that they were incapable of responding to the needs of local communities. In a 1923 letter to the Chairman of the Federal Reserve (attached hereto as Exhibit 5), Otto Bremer criticized larger banks for “placing a curb, if not a prohibition, on the initiative of the officers of the local banks and seriously hindering them from being of real service to their localities, which ought to be served first, which should be the only consideration of bank officials and which is the primary reason for the existence of the banks.” Otto Bremer elaborated on these views in congressional testimony he gave in 1932, attached hereto as Exhibit 6. In his testimony, Otto criticized large-scale banking operations as infringing on local banks’ independence, and offered his own, community-oriented view of banking:

My idea about the banks is this: The home district comes first. . . . I am, if you will permit the expression, an old-fashioned banker who takes deposits from the people who trust us with them and lend them out at a slightly larger return, and that is our bread and butter.

28. When the Great Depression arrived, Otto Bremer became a real-life George Bailey from “It’s a Wonderful Life.” He used his own money to rescue dozens of community banks in the upper Midwest, which brought him to the brink of personal bankruptcy. In return, he received bank stock that was virtually worthless at the time. Nonetheless, Otto Bremer never insisted on taking control of the banks he rescued. Instead, as one biographer relates, Otto “worked to keep each institution under the control of local people best equipped to serve local needs.” Ex. 7, at 44. Nor did he press for a higher, short-term return on his capital at the expense of long-term stability. Rather, he encouraged the local banks to pursue a conservative business strategy designed to “ensure a gradual, but slow increase of invested capital.” And always, as the Trust-commissioned history of Otto Bremer’s life attests, he “put the interests of the country banks and their depositors first, and his own interests second.” Ex. 4, at 22.

29. In the words of another biographical account, these country banks became Otto Bremer's "other family, which substituted in many ways for the heirs he never had." Ex. 7, at ii. Unsurprisingly, then, their fate was a central consideration in his estate planning. Otto Bremer sought to cement the relationship between the network of community banks he had built and the communities that they served. To do so, he created two institutions: Bremer Financial Corporation and the Otto Bremer Trust.

30. Bremer Financial Corporation was incorporated in December 1943, under the name the Otto Bremer Company, to consolidate Otto Bremer's stockholdings in community banks throughout Minnesota, Wisconsin, and North Dakota. Otto Bremer was originally the company's sole shareholder. Otto Bremer's purpose in consolidating his bank holdings into Bremer Financial Corporation was to "avoid their sale after his death." Ex. 4, at 30.

31. Five months later, Otto Bremer formed the Trust, under the name the Otto Bremer Foundation, "to benefit Saint Paul, the country banks and the country bank communities after his death." Ex. 7, at iii. The Trust is governed by the Otto Bremer Foundation Trust Instrument, dated May 22, 1944 (the "Trust Instrument"), attached hereto as Exhibit 8. The Trust supports a variety of charitable endeavors, in particular public health, religious, and educational institutions. To maintain the link between the Trust and the communities that Bremer serves, the Trust Instrument mandates that the Trust's beneficiaries "shall be limited to those persons, institutions, corporations and municipalities, states or sub-divisions who are residents of or have their situs in the State of Minnesota, or Wisconsin, or North Dakota or Montana."

32. From their beginning, Bremer and the Trust were inextricably linked. Upon the Trust's formation, Otto Bremer transferred to it 51 percent of Bremer's capital stock. He transferred more of Bremer's capital stock to the Trust in 1949 and the remainder upon his death

in 1951. Between 1951 and 1989, the Trust was Bremer's sole shareholder. Otto Bremer created this unusual structure to ensure that Bremer would remain independent and tied to the communities that its banks and the Trust served. As Reardon tells it, this "unique relationship" is the "story" of the Trust: "[a] German immigrant built [a] banking empire and to preserve [it] created the Foundation." The Trust's annual reports have similarly explained, "In creating the [Trust], Bremer sought to ensure the perpetuation of the Bremer banks and the ultimate return of his personal wealth to his 'family' of communities." Exs. 9-11. Repeatedly, Otto expressed the belief that the Trust and the bank should simultaneously serve the same "homes and neighbors."

33. This structure made Bremer a uniquely community-oriented institution, as Otto intended. By operating its regional banking business, Bremer extends credit and offers financial products to grow the economy and improve the lives of people in the communities where it is located. The Trust then distributes the earnings it receives from Bremer (in the form of dividends on its Bremer stock) back into these communities in pursuit of its charitable mission. This synergistic relationship between Bremer and the Trust defines the legacy of Otto Bremer.

B. The Trust Instrument Directs the Trust to Retain Its Bremer Shares

34. One of Otto Bremer's primary reasons for creating Bremer and the Trust was to ensure that his bank holdings could not be sold to outside interests with no regard for the welfare of the local communities. Paragraph 16 of the Trust Instrument, which directs the Trustees to retain the Trust's Bremer shares absent "unforeseen circumstances," is the central expression of this purpose:

The Trustee is directed to retain the shares of stock in the Otto Bremer Company hereinbefore described and any additional shares of stock in said company purchased on the exercise of stock rights or which Trustor may hereafter make a part of the Trust Estate herein created even though the same be unproductive of income or be of a kind not usually considered suitable for trustees to select or hold or be a larger proportion in one investment than a trust estate

should hold, and any securities or stock received in exchange for said shares of stock shall also be so held.

Such stock or any part thereof may only be sold if, in the opinion of the Trustee, it is necessary or proper to do so owing to unforeseen circumstances, and the opinion of the trustee shall not be questioned by reason of the fact that the trustee may personally own stock in said company. . . .

35. Importantly, this provision “direct[s]” the Trustees “to retain” the Bremer shares in three circumstances that Otto Bremer anticipated might otherwise cause a future trustee to consider selling them. First, the Trustees may not sell Bremer shares on the ground that they pay insufficient dividends (“be unproductive of income”). Second, the Trustees may not sell Bremer shares on the ground that they are too risky (“be of a kind not usually considered suitable for trustees to select or hold”). And third, the Trustees may not sell Bremer shares on the ground that the Trust’s assets are overly concentrated in Bremer stock (“be a larger proportion in one investment than a trust estate should hold”). Instead, Otto Bremer authorized the Trustees to sell Bremer shares only if both “unforeseen circumstances” exist and a sale is “necessary or proper” to address them.

36. This restriction on the transfer of Bremer’s shares was intended to and has provided an important economic and business advantage to Bremer and the communities it serves. By ensuring that Bremer could not simply be sold off to a larger financial institution, this provision has enabled Bremer to focus on long-term value creation (instead of just short-term profits) for its shareholders, employees, and communities, and to continue operating in the “home bank” model that Otto Bremer intended.

37. As one of the current Trustees, Daniel Reardon, explained in 2008, Otto Bremer’s purpose in drafting Paragraph 16 of the Trust Instrument was to ensure that his “legacy will continue.” That legacy, Reardon said, was this: “The banks will remain intact. The [Trust] is set up into perpetuity; it will always be there. And we [the Trustees] are to never sell the bank holding

company [Bremer].” Former Trustee William Lipschultz was similarly unequivocal when he was interviewed that same year: “The sale of the banks is a non-negotiable because it’s clear in the Trust Instrument that the Trustees are directed to hold all of the stock.”

C. The Trust Relinquishes Voting Control of Bremer’s Director Elections in the 1989 Reorganization

38. In 1969, Congress enacted legislation that included extensive new rules governing private charitable foundations. Seeking to eliminate disloyal conduct and related abuses that often resulted when charitable trusts owned private corporations, the law provided that private foundations would face substantial excise taxes if they owned more than 20 percent of the voting stock of a for-profit company after 1989, or if they failed to distribute at least five percent of their assets’ fair market value to charitable causes annually. *See* 26 U.S.C. §§ 4942, 4943.

39. To bring the Trust into compliance with the tax law, Bremer underwent a reorganization in 1989. This was memorialized in a Plan of Reorganization dated February 8, 1989 (the “Plan of Reorganization” or “Plan”), attached hereto as Exhibit 12, and related amendments to Bremer’s articles of incorporation (the “Amended Articles”), attached hereto as Exhibit 13. The Trust was a party to the Plan of Reorganization and agreed to the Amended Articles.

40. The reorganization achieved this reduction in the Trust’s voting power by recapitalizing Bremer’s share capital into two classes of common stock: Class A shares, which may vote on all matters, and Class B shares, which may vote only on “Extraordinary Transactions,” defined as (i) mergers or similar fundamental corporate transactions, or (ii) amendments to Bremer’s articles of incorporation that affect its capital structure or the voting power of its shares. Ex. 13 Art. VI §§ 4-5. The Trust exchanged its existing Bremer shares for 1.2 million Class A shares and 10.8 million Class B shares, and then sold 80 percent of the Class A shares to Bremer

employees and directors. The Trust thus retained a 92 percent economic interest in Bremer, ensuring that the bulk of the bank's dividends would continue to support charitable causes, as Otto Bremer intended. But the Trust held only 20 percent of the bank's voting power on most matters, including director elections.

41. Consistent with Bremer's orientation as a community institution, the remaining 80 percent of Bremer's voting power was granted to the bank's employee-shareholders and directors, where it has remained ever since. Employee-shareholders own their shares either directly or through Bremer's employee stock ownership plan ("ESOP") and 401(k) plan. The Plan of Reorganization gave Bremer the right to buy back Class A shares when an employee dies, retires, or proposes to transfer their shares. Ex. 12 § 7(a). This and other provisions of the Plan of Reorganization were designed to ensure that voting control of Bremer would remain within the "Bremer family."

42. The Plan of Reorganization also gave the Trust certain specific rights in the context of a potential strategic transaction such as a merger or acquisition. Because the Trust's Class B shares retained the right to vote on Extraordinary Transactions, the Trustees could veto any proposed transaction that Bremer's employee-elected board might recommend to shareholders. As the Trustees' advisors would later explain, the Class B shares' limited voting rights were designed to give the Trust a "blocking right" to "prevent a sale of the Company or substantially all of its assets without [its] consent." The Trust's voting rights on Extraordinary Transactions were therefore intended to safeguard the Bremer-Trust relationship to ensure that it continued as Otto Bremer wished. The Plan of Reorganization did not give the Trustees the right to effectuate a sale of Bremer by taking over Bremer's board.

43. All the provisions of the Plan of Reorganization were premised on the understanding that the Trust was and would continue to be bound by the Trust Instrument. The Plan of Reorganization was never intended to (and legally could not) amend or supersede the Trust Instrument's mandate that the Trust hold its Bremer shares barring "unforeseen circumstances." To the contrary, the purpose of the Plan, as the law requires and all the Plan's drafters intended, was to perpetuate the relationship between Bremer and the Trust—not to clear a path for the Trustees to end that relationship contrary to Otto Bremer's intentions. And it is for this reason that the Trust's representatives, including the current Trustees, have publicly acknowledged over and over again since 1989 that the Trust Instrument's transfer restriction remains in effect.

44. The current Trustees now take a different view of the meaning and function of the Plan and have claimed in communications to Bremer their belief that the Trust Instrument and the Plan of Reorganization give the Trustees the right to pursue opportunities to sell the Trust's Bremer shares. The Trustees have told Bremer that they have the absolute right to sell the shares, notwithstanding their evident conflict of interest, and notwithstanding the terms and intent of the Trust Instrument and Plan of Reorganization.

45. Terry Cummings signed the Plan of Reorganization on behalf of Bremer and has first-hand knowledge of its intent. Cummings served as Bremer's CEO from 1988 to 1998 and was heavily involved in the Plan's design and negotiation. Cummings thus speaks (and will testify) with direct, firsthand knowledge regarding the Trustees' novel and self-serving interpretation of the Trust Instrument and Plan of Reorganization. Cummings will testify that there was never any discussion, contemplation, or belief on behalf of any person involved in the creation or negotiation of the Plan of Reorganization that the Plan would or could allow the Trust to sell its Bremer shares even if such a sale was not permitted under the Trust Instrument, which

only permitted the Trust to sell its Bremer shares in the event that it was “necessary or proper to do so owing to unforeseen circumstances.” This overarching limitation of the Trust Instrument was known to both Bremer and the Trust and was a premise of all discussions related to the creation and negotiation of the Plan. Likewise, as Cummings will explain, there was never any discussion in connection with the Plan indicating that it would limit any fiduciary duties owed by the Trustees to Bremer and its other shareholders, or exempt the Trustees from compliance with any applicable restrictions outside the Plan, and it was never Bremer’s understanding that it would have such an effect.

46. To the contrary, as Cummings understood it, whatever rights the Plan granted to the Trust with respect to Bremer shares, the Trustees would always have to act in accordance with the Trust Instrument and their fiduciary obligations as Bremer directors, as well as any other applicable laws or restrictions that existed outside of the Plan, including any requirements imposed by Bremer’s bylaws. Cummings never understood that any aspect of the Plan would force Bremer to accept or recognize a transfer of the Trust’s Bremer shares that was undertaken in violation of such duties or requirements. Nor did Cummings understand that the Plan would require Bremer’s non-Trustee directors to support a sale of Bremer that they did not believe was in the company’s interest.

47. According to Cummings, Section 7 of the Plan of Reorganization was intended to clarify that, in the event that there were unforeseen circumstances that permitted the Trust to sell its shares under the Trust Instrument, the Plan of Reorganization did not impose any separate legal restrictions on the Trust’s ability to transfer its shares, other than those rights and restrictions specified in the Plan. Nothing in the provision or the discussions giving rise to the Plan of Reorganization indicated that this provision was intended to override transfer restrictions on the

Trust's shares contained in other documents, such as the Trust Instrument. Moreover, as Cummings will explain, in the entire course of drafting, negotiating, and securing regulatory approval for the Plan, Cummings never heard anyone suggest that this provision would entirely foreclose Bremer from challenging future transfers of the Trust's shares, or that it waived Bremer's right to raise such challenges, and it was never Cummings's understanding that it would have such an effect.

48. According to Cummings, moreover, the Trustees have no obligation to accept offers to sell Bremer shares; rather, any such obligation would be impermissible as contrary to the Trust Instrument. Cummings will state that there is no requirement in the Plan or otherwise that obligates the Trustees to accept any offer to sell Bremer shares. To the contrary, Cummings and others involved in the creation of the Plan of Reorganization always understood that the Trustees had to act in accordance with the Trust Instrument, including its restriction on the transfer of Bremer shares, and abide by their fiduciary obligations to Bremer and all its shareholders.

49. After the Plan of Reorganization was executed, the fundamental relationship between the Trust and Bremer remained the same, just as the drafters of the Plan intended. Bremer operated its banking business and shared its profits with the Trust through dividends. The Trust then distributed the proceeds to Bremer's communities through its charitable grants. The relationship was unchanged from a legal perspective as well. The Trustees represented to the Federal Reserve in 1989 that the Trust "intends to continue to exercise control over [Bremer] within the meaning of the [Bank Holding Company Act] and to serve as a source of financial strength to [Bremer] and its bank subsidiaries." The Federal Reserve has accordingly designated the Trust as a bank holding company that must "serve as a source of financial and managerial strength to its subsidiary banks and shall not conduct its operations in an unsafe or unsound

manner.” 12 C.F.R. § 225.4(a)(1). The Trustees thus told the Minnesota Attorney General in 2014 that the Trust serves as a source of strength for Bremer and Bremer Bank. If the Trustees are successful in their current plan to sell off Bremer, the Trust will no longer have these obligations.

D. Following the Reorganization, the Partnership Between the Bank and the Trust Flourishes

50. For more than 30 years, the structure implemented in 1989 permitted Otto Bremer’s vision to endure. While many of its peers have been absorbed by larger institutions, Bremer has remained independent and maintained its historical commitment to community banking. And the Trust has retained its 92 percent economic interest in Bremer while Bremer’s employee-shareholders have controlled the outcome of director elections.

51. Every year since 1989, the Trust has filed tax returns with the Internal Revenue Service reporting on the value of its holdings, including its valuation of its shares of Bremer stock. Every year, the Trust retains a team of accountants and lawyers, often aided by additional valuation experts, to undertake this valuation exercise and ensure its accuracy. And every year, for 30 years, on the basis of this expert advice, the Trust reported that the fair market value of its Bremer shares was lower than their book value. The Trust’s decision to mark its Bremer stock below book value has never been challenged or rejected by the IRS.

52. Over these 30-plus years, the Trust has always been able to meet its charitable-distribution obligations under federal tax law. The Trust has never claimed that Bremer’s dividends were insufficient to cover the Trust’s statutory charitable-distribution requirement. Nor did the Trustees ever conclude, in the three decades between 1989 and 2019, that selling the Trust’s shares of Bremer had become “necessary or proper . . . owing to unforeseen circumstances.” Those three decades included, among other things, the 2001 stock market crash, the Great Recession, and the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act. Even during those times

of financial, economic, and regulatory upheaval, the Trustees never concluded that there were “unforeseen circumstances” justifying a sale of the Trust’s Bremer shares.

53. To the contrary, the Trustees affirmed in court that there were no “unforeseen circumstances.” Under Minnesota law, the Trust must file annual accountings with the probate division of the Ramsey County District Court and periodically petition for this Court to approve them. In these petitions, the Trustees told this Court that there were no “unforeseen circumstances,” and one of the Trustees, Charlotte Johnson, so testified in November 2017.

54. Based on these representations from the Trustees, the Court has approved and ratified the Trust’s retention of its Bremer shares. The Court’s most recent decision doing so, from December 2017, is attached hereto as Exhibit 14.

55. In the 30-plus years since the Plan of Reorganization, Bremer’s employee-elected board and its management team have continued to serve otherwise underserved communities in rural Minnesota and throughout the Upper Midwest. Bremer now has assets worth over \$13 billion, employs nearly 1,800 employees in Minnesota, North Dakota, and Wisconsin, and has roughly 80 branches, including many in rural areas. At the same time, Bremer has consistently produced steady returns enabling the Trust to continue its charitable work consistent with Otto Bremer’s vision. In that time, the book value of the Trust’s Bremer shares has increased over 800 percent, from \$131 million to \$1.185 billion (a 7.6 percent compound annual growth rate), and the Trust’s annual dividend from Bremer has increased 1200 percent, from \$6.2 million to \$80.6 million (an 8.9 percent compound annual growth rate). Today, Bremer stock makes up slightly less than 90 percent of the Trust’s assets and generates over 90 percent of its income—outperforming the other assets in the Trust’s portfolio. The Trust’s rock-solid investment in Bremer has been the financial engine that drives the Trust’s charitable giving.

56. Even as it has delivered these consistently excellent financial results, Bremer has continued to follow its service-oriented mission consistent with its founder’s intent. Bremer still today defines its purpose as “cultivating thriving communities” and continues to operate like an independent, home bank with a strong connection to local communities. It has an “outstanding” Community Reinvestment Act rating from bank regulators based on its borrower income distributions and innovative new products focused on providing affordable financing for low- and moderate-income people.

57. Consistent with Otto Bremer’s vision, Bremer has maintained a strong commitment to underserved small towns and rural areas. Many of Bremer’s branches are located far away from metropolitan centers and are the only bank in town. Many of these branches serve rural communities that would have no access to financial services without Bremer’s presence. Illustrating Bremer’s commitment to underserved agricultural communities, Bremer is the tenth largest agricultural lender in the United States—even though it is only the 104th largest lender in the country overall.

58. Bremer has also demonstrated an industry-leading commitment to diversity. The Chairman of the Bremer Board is an African-American business leader and scholar of ethics, and three of the seven disinterested directors are women. Bremer’s President and CEO is a woman, and the most senior executives of the company are evenly split between men and women. As part of its banking practices and charitable giving, Bremer has consistently focused on supporting minority-owned and minority-led businesses.

59. Bremer’s performance in the immediate aftermath of the COVID-19 pandemic illustrates the effectiveness of Bremer’s inclusive, service-oriented, “home bank” approach. As the *Star Tribune* reported, Bremer “could have turned to technology to handle the deluge of

applications that arrived with the April debut of the Paycheck Protection Program.” But “[i]nstead of using an online application form, like most of the big banks,” Bremer “ma[d]e sure every prospective customer talked to a real person.” So, according to news reports, “[w]hile the flood of applications overwhelmed some of the nation’s biggest banks . . . Bremer Bank churned through the crisis.” Bremer generated more PPP volume “than any other financial institution in the state,” saving thousands of jobs, even though it has only about one-fortieth the assets of Minnesota’s biggest banks. Unlike many of its competitors, Bremer was “willing[] to take applications from non-customers”—making capital available to more distressed businesses, but also generating potential new customers. About the round-the-clock efforts of its staff—Bremer’s employee-shareholders—in dealing with the crisis, Bremer CEO Jeanne Crain had this to say: “How you show up as an organization reflects your culture and your purpose and your values. Going through this extraordinary time has reinforced what we are all about, in ways we could never have imagined.” Ex. 15.

60. This is the bank the Trustees want to sell out of existence.

II. The Current Trustees’ History of Self-Dealing

61. In their capacity as Trustees, Defendants are charged with managing the Trust’s assets prudently and in the public interest. Because of the close relationship of Bremer and the Trust, defendants were also directors of Bremer. In their capacity as Bremer directors, Defendants are and were charged with acting in the best interest of Bremer and the employee-shareholders who elected them.

62. For years, however, the Trustees have managed the Trust in their own self-interest, improperly paying themselves outsized amounts of charitable funds. The Trustees have also used their fiduciary positions at Bremer to advance their own interests, ignoring their duty to faithfully

protect and defend the bank. The Trustees' consistent self-dealing confirms their unfitness to serve as directors and has repeatedly harmed the bank's reputation and employee morale.

A. The Trust's Outlier Governance Structure Creates Pervasive Opportunities for Self-Dealing

63. The Trustees have installed at the Trust a highly unusual governance structure that concentrates power in the Trustees' hands in a way that is unheard of for a foundation of the Trust's size. Nearly universally, all other comparable foundations have an independent board of directors or trustees, who oversee a full-time staff responsible for grant-making and investment activities. In this model of trust governance—adhered to by essentially every responsible substantial charitable trust—trustees do not rely on the foundation for their livelihood, so they can exercise independent judgment to ensure that it fulfills its mission prudently, allocates resources effectively, and hires qualified professionals to provide it with services.

64. The Trust does not have an independent board. The three current Trustees work full-time for the Trust and do not have other jobs (apart from their Bremer board service). The Trustees decide what their own roles should be and how much they should be compensated. Using this unchecked power, the Trustees appointed themselves co-CEOs and investment advisors and over the years have paid themselves millions of dollars of charitable money. They have increased their compensation to unjustified levels dramatically greater than charitable trustees usually earn.

B. Taking Advantage of the Trust's Unusual Structure, the Trustees Engage in a Campaign to Enrich Themselves at the Public's Expense

65. For decades, the Otto Bremer Trustees did not receive any compensation from the Trust. They began receiving a trustee fee in 1984, but as recently as 2004, that fee was just \$41,500 (as compared to the approximately \$545,000 that Reardon and Lipschultz each earned from the Trust last year). Around 2005, however, the Trustees began a years-long campaign to use their roles at the Trust and Bremer to create personal wealth for themselves.

1. Daniel Reardon Unsuccessfully Seeks a High-Paying Job at Bremer

66. Before becoming a Bremer director, Reardon tried to find steady work as a securities broker. But after a brief stint, Reardon was fired for cause by his brokerage firm in 1990 for “engaging in a highly speculative and unsuitable pattern of improper trading” which he “concealed” from the broker. Ex. 16 (ROTH000255). Reardon was then denied registration in Maryland in connection with another potential position after he failed to disclose to regulators the circumstances surrounding his termination. In 1995, Reardon stipulated to a finding that he violated various stock exchange rules. Reardon was fined for this misconduct and suspended from the exchange, and his broker registration was then revoked, to be reinstated only seven years later when he finally paid the fine.

67. From 2002 until 2005, Reardon worked for NDX Trading, a Minneapolis-based broker-dealer. After termination of his employment with NDX, Reardon gave up on brokerage work and decided to use his position as a Trustee and Bremer director to attempt to extract high-level compensation for himself. Reardon’s first strategy was to pressure Bremer’s then-CEO, Stanley Dardis, to give him a senior executive role at the bank, along with a high-level salary and perquisites such as a company car and expense account. Once, when Dardis asked Reardon how much he thought he should be paid, Reardon replied, “Well, how much do you make, Stan?”—confirming that Reardon aspired to a CEO-level salary. Reardon told Dardis that although he wanted a lucrative job at the bank, he did not want to report to a management supervisor or receive performance reviews like a normal bank executive. When Dardis turned him down, Reardon screamed at Dardis and said: “You make a good living. Don’t you think others deserve a good living?”

2. The Trustees Decide to Start Taking Dramatically More Charitable Money for Themselves

68. While Reardon was pushing for a high-paying role at Bremer, the Trustees were sharply increasing their own compensation from the Trust. In late 2004, William Lipschultz (Brian's father) sought out a consultant to support an increase in the Trustees' annual salary. That consultant, Robert Miller, recommended a range between \$80,000 to \$120,000 per year, roughly two to three times what the Trustees were then earning. Trustee Charlotte Johnson objected, noting that Miller's conclusion was based on the false assumption that the Trust did not have any "executive employees," when in fact the Trust had "an Executive Director, four program officers, and four other administrative employees (9 FTE positions)." Being a Trustee, Johnson recognized, was not a full-time job, and the Trustees were already paid far more than their peers at comparable institutions. Over Johnson's qualms, the Trustees decided to increase their own pay, all siphoned from charitable funds earmarked for the public good, from \$41,500 per Trustee in 2004 to \$115,000 in 2008.

69. Johnson acknowledged her concern about her fellow Trustees' self-dealing in private conversations with Patrick Donovan. Donovan succeeded Dardis as Bremer's CEO in 2010 and on one occasion encountered Johnson in the parking ramp of the building where Bremer and the Trust had offices. Johnson told Donovan that the other two Trustees, Reardon and William Lipschultz, were undertaking an effort to substantially increase their compensation from the Trust. Specifically, Reardon and Lipschultz were proposing to further increase the Trustees' base salary (already at the top of Miller's recommended range) by more than 100 percent and to pay themselves an additional "investment advisory fee" for managing the Trust's non-Bremer investments.

70. Johnson told Donovan that the other Trustees were basing the proposed compensation in part on a legal opinion that they had a special responsibility to oversee Bremer that went beyond their duties as directors of the bank. To justify that narrative, Johnson explained, the Trustees needed to push for a greater role in overseeing Bremer's management. Johnson told Donovan that she believed that the legal opinion that the Trustees were relying upon lacked any basis and was instead simply a rationalization for a dramatic increase in the Trustees' compensation.

71. Johnson also told Donovan that the Trustees had hired a new compensation consultant, C. Trent Riley, who had endorsed the compensation increase, but advised the Trustees that, in order to support the increases, they needed to document that they were working full-time. Johnson told Donovan that the other Trustees had hired Riley to give them the answers they wanted. In other conversations, Johnson told Donovan that she had hired her own counsel to oppose the other Trustees' plan to increase their compensation, and she initially did not accept a higher base salary. In a letter she sent to the other Trustees in June 2010, Johnson specifically raised concerns about Riley's conclusions and methodology, including "the assumptions that [Riley] makes about the Trustees' duties (including that the duties are comparable to senior executive duties, even though the Foundation and the bank have their own Executive Director and CEO, respectively)." Ex. 17.

72. But Johnson was ultimately outvoted, two to one, by the other Trustees. The Trustees proceeded to dramatically increase their own pay. In 2009, Reardon and William Lipschultz each paid themselves an additional fee of roughly \$175,000 for "investment advisory services." In 2010, they increased their base salary by more than 100 percent, from \$120,000 to \$243,750. In that year, with their investment advisory fees, Lipschultz and Reardon received over

\$400,000 each from the Trust, or roughly ten times what they had earned just six years prior, and more than triple the \$120,000 maximum that their old consultant had recommended five years earlier. The Trustees' compensation spectacularly exceeded that paid to trustees of comparable institutions. Every dollar of that excess compensation should have been spent to benefit the public.

73. In 2011, the Trustees petitioned this Court to approve their compensation increases and submitted a report from Riley in support of their petition. Consistent with Johnson's account, the petition said Riley's report had been "adopted and approved by a majority"—not all—"of the Trustees." Ex. 18. To justify the aggressive increases in the Trustees' compensation, the petition and Riley's report made several highly misleading claims that portrayed the Trustees' roles as far more sophisticated and demanding than they actually were:

a. The petition said the Trustees had commissioned Riley's report "[b]ecause of the unique structure and composition of the assets of the Foundation and the duties of and services rendered by the Trustees." *Id.* Riley's report, in turn, said the Trustees "have responsibility for every aspect of the operation of the Foundation" and that "the position of Trustee is . . . comparable to that of senior executives." Ex. 19. The Trustees did not mention that their roles had not even purportedly been "full-time" until recently, or that the Trust had an Executive Director who was paid over \$300,000 annually to manage its day-to-day operations.

b. Riley's report said the Trustees were "engaged in the oversight and monitoring of the primary asset, [Bremer]," and that their jobs resembled those of "private equity managers" because they had "fiduciary responsibility for Bremer Financial Corporation, a significant private equity asset." These statements were entirely misleading because the Trustees already receive a director fee from Bremer for their board service (roughly \$50,000 per Trustee in 2011), and they had no additional managerial positions.

c. The petition asserted, without support, that a management fee of 0.30 percent was “appropriate additional compensation” for Reardon’s and William Lipschultz’s investment advisory services for the Trust’s non-Bremer investments. Neither the petition nor Riley’s report explained why Lipschultz and Reardon were qualified to act as the Trust’s investment advisors or what could possibly justify this very large fee—especially when the Trust was already paying a Bremer employee, David Melroe, to manage the Trust’s non-Bremer investments at that time. The Trust’s public filings disclose that it paid Melroe over \$250,000 for this work between 2009 and 2013.

3. The Trustees Push for a Greater Role in Bremer Management to Justify Their Excessive Compensation

74. The Trustees soon began trying to insert themselves into Bremer’s day-to-day management just as Johnson had previewed. Around 2010, Reardon demanded that the Trustees (but none of Bremer’s other outside directors) attend senior-management meetings that outside directors had not historically attended. Reardon claimed that this additional involvement was necessary because the Trustees had an additional responsibility to manage Bremer. But this was all for show; Reardon had no intention of contributing to Bremer and no idea how to do so. When Donovan asked Reardon what Bremer information the Trustees would like to review beyond what they already received as directors, Reardon responded: “I don’t know. Stuff that you don’t tell us.”

75. The Trustees’ efforts to exert control escalated dramatically after Brian Lipschultz became a Trustee and Bremer director in 2012. In 2013, Lipschultz and Reardon sought to recruit Donovan in a plot to oust then-board Chair Terry Cummings and install Lipschultz as Chair of the Bremer board. During a private meeting, they told Donovan that he was doing “exceptional” work as CEO and that they thought that he was underpaid. They then asked him to lobby the other

directors to elect Lipschultz as Chair. Donovan recognized that the Trustees were hinting that they would reward him if he facilitated their scheme, and he refused to provide assistance. Cummings remained Chair until 2015, when he retired and was succeeded by Ronald James.

4. The Trustees' False Narrative Collapses, but They Keep Taking Increasing Amounts of Charitable Money for Themselves

76. In June 2014, the Trustees removed the Trust's Executive Director, Randi Roth, and eliminated the Executive Director position. They named themselves co-CEOs. Shortly after Roth was terminated, a watchdog group for nonprofits, the National Committee for Responsive Philanthropy, urged regulators to investigate the Trustees' lack of independent oversight and their extraordinary compensation increases. At that point, the Trustees' total annual compensation from the Trust exceeded \$1.2 million, a staggering 1000-percent increase since 2004.

77. Several news outlets picked up the story. *MPR News* noted that "[t]wo of the Trustees gave themselves 157 percent raises in 2009, a recession year when the foundation's assets and grant payments dropped." Ex. 20. "Bremer Foundation must clean up its act," read a *Star Tribune* headline. "Somebody once described a foundation as a pile of money surrounded by people who want some," noted the column. Given its complete lack of oversight and the Trustees' self-dealing and extreme pay, the column suggested, the Trust appeared to be "a shocking case in point." Ex. 21.

78. To limit the fallout from the self-dealing, the Trustees insisted that their compensation reflected their "oversight" of Bremer. The claim was not just false; it undermined the governance of Bremer, which then, as now, rested on the oversight of an independent board of directors elected by the employee-shareholders who control its voting power in director elections. The new Trustees' intemperate and regressive remarks, inappropriate conduct, and bullying tactics had been a brewing source of concern and reputational risk to Bremer and its employees. But the

high-profile disclosures of the Trustees' outrageous self-dealing and their attempt to use Bremer as an excuse provoked an outcry among Bremer's employees and customers. Wrote one: "The Foundation Trustees['] suspicious salaries creates a black eye for the Foundation and begs the question of the Foundation's intended recipients. . . . Community bankers strive to counter the image of corporate greed. . . . We are saddened and disheartened by the actions of the trustees." And another: "Bank employees were laid off as a cost-cutting measure and staff have been asked to do 'more with less' since the Recession. Clearly these same practices did not apply to the Trustees. . . . While the news stories may fade the damage to [Bremer] employee morale will be long-term."

79. To address the mounting damage caused by the Trustees' false assertions, including their public claims that their "oversight" of Bremer somehow justified their excessive compensation, Bremer's non-Trustee directors determined to clarify that the Trustees had no greater standing or authority than any of Bremer's other directors. On July 29, 2014, Bremer's board passed a set of resolutions. The resolutions and the accompanying board minutes made clear that:

- a. "[T]he BFC board has delegated to its Chief Executive Officer and BFC executives the responsibility for planning, managing, and operating BFC;"
- b. "[The Trust] exercises its governance responsibilities related to its investment in BFC through the participation by all three Trustees on the BFC Board of Directors," not by the Trustees acting in any additional management capacity;
- c. "[E]ach BFC Director has one equal vote with each of the other BFC Directors;"

d. “[E]ach BFC Director shall exercise independent judgment overseeing BFC’s affairs and shall not be unduly influenced by any other BFC Director so as not to exercise independent judgment;” and

e. “Each BFC director shall act in the best interests of BFC including all its shareholders.”

80. These resolutions were approved by the board unanimously, including by each of the Trustees. The resolutions definitively refuted the Trustees’ claim that their roles at Bremer justified any compensation beyond their director fees. The Trustees continued to make that claim nonetheless.

81. Less than one year later, the Trustees hired yet another compensation consultant, a firm called Total Compensation Solutions (“TCS”), to prepare a study of the Trustees’ compensation. As C. Trent Riley had four years earlier, TCS compared the Trustees’ positions to CEOs of bank holding companies and private financial institutions. This comparison made no sense at all, because, as the 2014 resolutions made clear, the Trustees have no responsibilities beyond those of every other director.

82. TCS’s justification of Lipschultz’s and Reardon’s financial advisory fee likewise defied reason. TCS compared this fee to the salary paid to full-time, professional investment portfolio managers, even though Lipschultz and Reardon spend only a portion of their time managing just a portion of the Trust’s non-Bremer investments.

83. TCS opined that Lipschultz and Reardon could “reevaluate their compensation levels” as investment advisors if the Trust “were to substantially grow the size of the investment[s]” that they managed. This was an open invitation for the Trustees to manipulate the Trust’s asset holdings to maximize their own income, including by seeking to sell Bremer.

5. The Amount of Charitable Money that the Trustees Take for Themselves Every Year Is Excessive and Unjustified

84. The Trustees determine their own income. Every dollar they pay themselves reduces charitable funds dollar for dollar. They have determined to pay themselves amounts far in excess of what peer trusts pay their trustees or what their services could possibly be worth in the open market.

85. In 2019, Lipschultz paid himself \$543,317 in charitable money, Reardon paid himself \$549,785, and Johnson paid herself \$357,174, for a total of over \$1.45 million. On top of this, they each earned between \$110,000 and \$120,000 from Bremer for performing their roles as directors.

86. The Trustees' base compensation—nearly \$1.5 million for the three Trustees combined—is far more than comparable Minnesota foundations pay their chief staff officers and is not justified by any services they provide to the Trust or to Bremer.

87. Lipschultz and Reardon also pay themselves an “investment advisory fee” of 0.30 percent (0.15 percent per Trustee) of the market value of all the Trust's assets other than Bremer stock. Those assets include substantial amounts that the Trustees do not actually manage, including cash and cash equivalents and investment accounts managed by third parties. As of September 30, 2019, for example, four of the Trust's six investment accounts were managed by Bremer's wealth management group and Tealwood Asset Management, where Johnson's husband has worked for many years. The Trust's public filings reveal that it has paid Bremer and Tealwood more than \$400,000 for the “active management” of those accounts since 2015. Between those four accounts and the nearly \$56 million in cash in the two remaining accounts managed by the Trustees, more than 53 percent of the Trust's non-Bremer-stock assets were not being actively managed by Lipschultz and Reardon. And that does not include other assets that are not actively

managed either, such as \$1.5 million in illiquid Vergas State Bank stock that the Trust received in a 1961 bequest and has held ever since. Yet Lipschultz and Reardon collect a 0.30 percent fee on 100 percent of the Trust’s non-Bremer-stock assets, without differentiating between those they actively manage and those they do not.

88. The Trustees have tried to justify their outsized pay by pointing to the growth of the Trust’s assets and charitable distributions. The Trustees made similar claims to justify their compensation to this Court in 2017, attributing the growth of the Trust’s assets to their own “active management.” But because the Trust’s largest asset by far is its Bremer stock, that growth is attributable not to the Trustees, but almost entirely to Bremer’s outstanding performance under its employee-elected board and management team. As shown below, the increase in the market value of the Trust’s Bremer stock (according to the Trust’s tax returns) substantially outpaced the growth of its other assets during the 2012-2018 period, and accounted for over 94 percent of the Trust’s total asset growth:

	YE 2011	YE 2018	Increase	% Increase
Bremer stock	\$644.8 million	\$899.5 million	\$254.6 million	39.5%
Other assets	\$116.5 million	\$131.6 million	\$15.1 million	13.0%
Total	\$761.4 million	\$1.03 billion	\$269.7 million	35.4%

89. The Trustees have also pointed to the Trust’s track record of charitable giving as another reason to judge their performance favorably. But again, Bremer—not the Trustees—was far and away the primary driver of that giving, because nearly all of the Trust’s revenue (approximately 96 percent as of 2018) comes from Bremer dividends.

90. Indeed, in that same 2012-2018 period, Bremer paid the Trust \$326.6 million in total dividends, or nearly \$19 million *more* than the Trustees distributed to charity. This discrepancy has been particularly stark since 2018, when, reflecting its strong financial position,

Bremer began paying substantial supplemental dividends in excess of its obligations under the Plan of Reorganization. In 2018, the Trust received \$70.3 million in dividends from Bremer yet distributed just \$50.5 million in grants and program-related investments. And in 2019, the Trust received \$80.6 million in dividends from Bremer yet distributed just \$56.8 million. The Trustees have thus been using tens of millions of dollars in Bremer dividends not to increase the Trust’s charitable giving, but to grow its non-Bremer-stock assets—directly benefitting Lipschultz and Reardon financially at the expense of the communities the Trust serves.

91. The Trustees’ willingness to misuse their positions to enrich themselves is further demonstrated by the fact that they hired themselves to act as “co-CEOs” and managers of the Trust’s staff, even though they are manifestly unqualified and unsuited to hold these important leadership roles. There have been multiple instances over the years where Reardon and Lipschultz have engaged in bullying, intimidation, and other inappropriate conduct that demonstrates that they are not fit to serve in these senior managerial positions.

III. The Trustees’ Effort to Further Enrich Themselves by Selling Bremer

92. Beginning in the first half of 2019, the Trustees pushed aggressively to sell Bremer to a larger financial institution, and thus to end the bank’s independent existence and relationship with the Trust that have both endured for over 75 years.

A. The Trustees’ Financial Incentive to Sell Bremer

93. The “investment advisory fee” Lipschultz and Reardon receive from the Trust is equal to “thirty (30) basis points (0.30%) of the non-Bremer Financial Corporation stock assets of the Foundation . . . , with such fee to be divided equally between those Trustees.” Ex. 14. Because Bremer stock makes up nearly 90 percent of the Trust’s assets by market value, selling that stock and investing the proceeds in other securities would allow Lipschultz and Reardon to increase their investment advisory fee dramatically. Accordingly, Lipschultz and Reardon personally stand to

make millions of dollars if they can push through a sale of Bremer, as the chart below demonstrates:

	Status Quo	Replace BFC Stock with Other Assets
BFC stock	\$899 million	\$0
Other assets	\$132 million	\$1.03 billion
Reardon/Lipschultz annual advisory fee (each)	\$197,000	\$1,547,000
Reardon/Lipschultz total annual compensation (each)	\$544,000	\$1,894,000

B. The Trustees’ Disloyal Efforts to Find a Buyer for Bremer

1. The Trustees Seize on Preliminary Merger Discussions as a Pretext to Push for a Sale of Bremer

94. Around April 2019, a regional bank (“Company A”) approached Bremer to discuss a potential stock-for-stock “merger of equals.” Bremer’s CEO reported this approach to Bremer’s board of directors, and with the board’s full knowledge and authorization, had preliminary conversations with Company A’s CEO to determine whether a transaction might be in Bremer’s best interests. In this merger, Bremer would have been the surviving company and would have remained part of the “Bremer Family,” funded the Trust, and honored Otto Bremer’s community banking vision. These preliminary discussions never proceeded far enough to yield actionable valuation discussions or any kind of actionable proposal.

95. But the Trustees alighted upon this inbound inquiry as the excuse that would allow them to pursue the personally enriching sale transaction they had long desired. So they hired the investment bank Keefe, Bruyette & Woods (“KBW”) to engineer a whole-company sale of Bremer. The Trustees told their fellow directors that KBW would assist in evaluating “strategic options,” but Lipschultz’s emails show that he had already decided to force an “outright sale” of the company. KBW understood that “only one agenda matters”: selling Bremer out of existence.

96. To advance this “agenda,” the Trustees sought to create a record that Bremer was unable to compete because it lacked scale and that smaller banks could not remain competitive in the evolving bank environment. (Leave to the side that Bremer had just posted record earnings.) When the board met on May 20, the Trustees started threatening the other directors, with Lipschultz in the lead. To force the board’s agreement to a sale, Lipschultz told KBW, the Trustees should “speak softly and carry a big stick”—that is, the threat of a hostile takeover.

2. The Trustees Aggressively Shop Bremer to Potential Buyers Without Board Authorization

97. To achieve their objective, the Trustees realized they would have to gin up a sale proposal. The Trustees thus instructed KBW to shop Bremer as a sale candidate to large out-of-state banks, even though the board had never considered such an action, let alone approved it. Acting on the Trustees’ instructions, KBW told potential buyers that Bremer was for sale and that KBW had a “mandate” to find a buyer. The Trustees did not tell Bremer’s other directors that they had unilaterally decided to start a sales process. The Trustees’ determination to commence a clandestine sales process to serve their own interests, and their failure to advise the board of these actions, each constitute a breach of duty.

98. Starting in early June, KBW contacted at least ten large banks about potentially acquiring Bremer. To arm KBW in these discussions, the Trustees funneled highly sensitive proprietary Bremer information to KBW, including detailed board materials, financial projections, and strategic plans. KBW then shared this proprietary information with the banks it was pitching. None of the banks with whom the Trustees discussed a potential Bremer merger were bound by a nondisclosure agreement or otherwise required to keep confidential the Bremer-related information provided to them by the Trustees or KBW. These banks can therefore use this

information in competition with Bremer. The Trustees' determination to disclose confidential Bremer information to other banks constitutes a breach of duty.

99. When the Bremer board next met on June 25, the Trustees said that they would veto any stock-for-stock merger. Such a merger would permit Bremer to survive but would not enrich the Trustees. Instead, the Trustees unveiled their demand that the board pursue an outright sale of Bremer. This path would ensure the destruction of Bremer but massively enrich the Trustees. The Trustees then revealed that KBW had commenced discussions with potential buyers. The Trustees declined to disclose who those potential buyers were. But they claimed that KBW's discussions confirmed the conclusion that a sale would be financially attractive. The board was stunned to learn that the Trustees and KBW had been having unauthorized discussions about selling the company with potential buyers and decided to further evaluate the situation at its next meeting in late July.

100. On July 12, the Trustees passed a resolution to sell their Bremer shares. The resolution uttered the conclusion that "unforeseen circumstances" made a sale "necessary or proper," but said nothing about what those circumstances were.

3. The Trustees Continue to Threaten the Board

101. At the Bremer board's next meeting on July 23-24, Lipschultz declared that if the board did not immediately resolve to pursue a sale, the Trustees would sell the Trust's nonvoting shares to a third party who would convert them into voting shares, replace the board, and effect a whole-company acquisition. Lipschultz also insisted that the Trustees' advisor, KBW, should "lead the transaction process" on behalf of Bremer. As Lipschultz knew, KBW was loyal to the Trustees and would recommend a sale to the other directors even if it was not in Bremer's best interests. The Trustees had also agreed that KBW would be paid millions of dollars if it engineered the transaction Lipschultz desired.

102. The board refused to accede to Lipschultz's demand but agreed to consider the best path forward for Bremer. Because that question could not be answered without independent financial advice, the board resolved to retain an independent financial advisor to evaluate the situation. To allow enough time for the board's financial advisor to complete its work and for the board to deliberate about the proper course for the future, the board asked the Trustees to instruct KBW to cease its unauthorized outreach to potential acquirers. Lipschultz promised he would do so.

103. The board also sought to understand how a sale of the Trust's Bremer shares was permissible under the Trust Instrument. Lipschultz agreed that he would authorize the Trust's outside counsel to meet with Bremer's outside counsel to explain the Trustees' position.

104. Lipschultz reneged on both of these pledges.

4. The Trustees and KBW Continue Shopping Bremer

105. On August 5, the Trust's lawyers met with Bremer's outside counsel. The Trust's lawyers conveyed no information. They said only that the Trustees had discretion to declare that "unforeseen circumstances" existed. They refused to disclose the basis for the Trustees' determination that "unforeseen circumstances" had occurred. All they said was that the Company's discussions supposedly led the Trustees to reevaluate the fair market value of the Trust's Bremer shares, and thus to question whether Bremer's dividends were adequate to meet the Trust's charitable-distribution requirements.

106. Meanwhile, contrary to his promise to the board, Lipschultz authorized KBW to continue talks with other banking institutions that Lipschultz hoped to recruit as buyers. KBW and the Trustees communicated with at least four potential acquirers before the board could meet again.

107. Thus, on July 31, the Trustees and KBW met with representatives of a larger financial institution (“Company B”). To secure this meeting, and with the Trustees’ authorization, KBW told Company B that Bremer’s board had already resolved to pursue a sale of the bank, and that KBW was authorized to contact potential buyers. Both assertions were false.

108. During the July 31 meeting, KBW provided Company B with confidential Bremer information that the Trustees had received in their capacities as Bremer directors. KBW emails show that Company B’s representatives asked a series of questions on a pre-meeting call that could not be answered based on publicly available information. KBW disclosed confidential Bremer information in answering Company B’s questions about credit losses, deposit trends, and net interest margin, among other confidential subjects. These are among the most sensitive kinds of information of any banking institution, including Bremer. After the meeting, KBW funneled further confidential Bremer information to Company B to answer follow-up questions regarding financial modeling and tax assumptions. In these discussions, KBW supplied Company B with additional information regarding Bremer, including falsely asserting that the discussions were authorized and that management and the board were interested in a sale transaction. KBW did all of this at the Trustees’ direction.

109. On August 8, based on falsehoods from KBW and improperly received confidential Bremer information, Company B sent KBW a preliminary, nonbinding indication of interest for a potential acquisition of Bremer. The indication of interest was much lower than the Trustees expected and caused the Trustees to “blow a gasket” because it frustrated their campaign to force the board to accept a sale. KBW told Lipschultz that the offer reflected the poor market conditions for bank mergers. Undeterred, Lipschultz told KBW to tell buyers that they could afford to pay a

higher price because they could generate cost savings by firing Bremer employees and closing branches following the transaction:

I can tell you there are tens of millions of dollars per year of expense takeout. We have an HQ org that can be largely eliminated. Service center with 500ish employees not necessary at all. And branches can be evaluated on case by case basis... Obviously we'd pay for transition but after that I'd favor eliminating as much as possible and just paying us for it.

Ex. 2.

110. Despite their disappointment with its size, the Trustees tried to leverage the indication they had received from Company B by quickly sharing it with the rest of Bremer's board. When the other directors reminded Lipschultz that he had agreed to have KBW stop soliciting offers to allow the board time to deliberate, he falsely denied that he had made any such pledge and falsely claimed that, in any event, Company B's indication was "unsolicited." Without citing any basis for urgent action, he demanded to hold a board meeting as soon as possible and again threatened to sell the Trust's shares unilaterally if the board did not move quickly enough. The board scheduled a meeting for August 29.

5. The Board Determines Not to Pursue a Sale of Bremer

111. Bremer's board met on August 29. The board received advice from its independent financial advisor and independent outside counsel. The board and its advisors discussed Bremer's financial strength and its advantageous market position. They discussed the fact that the M&A environment was difficult for banks, and that only a handful of potential acquirers could likely afford to acquire Bremer at an attractive price. The board and its advisors also discussed the "synergies" that any acquirer would seek to achieve, which would include firing employees, closing branches, and taking other steps that would adversely affect the communities that Bremer serves.

112. The board’s financial advisor presented an illustrative valuation showing that Bremer’s standalone value was almost exactly the same as the price that would be expected in a sale of the bank. But in a sale scenario, Bremer would certainly lose its brand and culture, and it would also lose the opportunity for future upside.

113. The board and its advisors also discussed the risks of a failed sale process, including distraction from Bremer’s strategic plan, employee attrition, and reputational damage. They also discussed the Trust Instrument’s “unforeseen circumstances” standard and the risk that a court might enjoin a sale if the board determined to pursue one.

114. The Trustees had no patience for these deliberations and continued to push forcefully for a sale throughout the meeting. Lipschultz told the other directors that the Trust needed more cash and that Bremer’s board should defer to the Trust’s purported needs—ignoring his duty as a director to act in the long-term interest of Bremer. Lipschultz justified this extraordinary demand by claiming that the Trust had decided it had been undervaluing its assets by almost 50 percent on its tax returns.

115. The board had difficulty understanding this radical change of position, particularly given Lipschultz’s representations that the Trust’s prior valuations were based on multiple recognized benchmarks and informed by the advice of counsel and third-party experts. The Trustees, however, refused to explain how they had arrived at their new valuation, beyond stating in conclusory fashion that it was based on the advice of their advisors.

116. Despite its skepticism, the board explored options that would address the Trustees’ purported concerns. For instance, the board discussed the possibility of paying a higher dividend to allow the Trust to satisfy its purportedly higher charitable-distribution obligations. The Trustees remained singularly focused on an outright sale of Bremer.

117. At the end of the meeting, after considering the long-term interests of Bremer and all its stakeholders, the board determined that a sale of the company was not advisable. The board thus resolved to terminate any further discussion regarding a sale transaction, and to direct Bremer's management not to participate in any further sale discussions without explicit approval by the board. All six non-Trustee directors present at the meeting voted for this resolution. All three Trustees voted against it.

118. After the meeting, the board's financial advisor called Company B to report that the board had determined not to pursue a sale. Company B responded that it had contacted KBW to withdraw its nonbinding indication of interest several days earlier. The Company B indication was therefore another mirage, an invention of the Trustees. The Trustees never told the rest of the board that Company B had withdrawn its indication. The Trustees had pretended there was a deal available when they knew there was not—with the intention of duping their fellow directors to approve a sale on the basis of bad information.

C. The Trustees Purport to Transfer a Portion of the Trust's Class B Shares to Hedge Funds in a Scheme to Force a Sale of Bremer

119. The Trustees decided to disregard the board's decision not to pursue a sale. Less than two weeks after the August 29 board meeting, the Trustees met with another potential acquirer. The Trustees also began to activate their backup plan, which Lipschultz and KBW called "D-Day." As Lipschultz succinctly described it in a text message, "D-Day = buh bye board." Instead of one buyer for all the Trust's shares, KBW would identify multiple entities who were each willing to purchase a smaller number of Class B shares in a coordinated plot. Once transferred, the nonvoting Class B shares could be converted to Class A shares, and could therefore be voted in the hands of the Trust's coconspirators. In this way, the Trustees could assemble a

bloc with enough voting power, acting in concert, to remove all of Bremer’s disinterested directors and give the Trustees complete control of the board.

120. Unchecked by any disinterested directors to represent Bremer’s interests, the Trustees could then use their board positions to enact the sale of Bremer. The proposed sale is predicated on “synergies”—firing employees and shutting branches. The Trustees would benefit from dramatically higher compensation from the Trust. The hedge-fund buyers of the Trust’s Class B shares would benefit from a substantial short-term profit when the Trustees flipped the bank. The deal was a win-win for the hedge funds and Trustees. Bremer, its employees, the communities they serve, and Otto Bremer’s vision would be the losers.

121. The plan was so brazen that Johnson initially refused to support it. Knowing that Johnson was deeply troubled by their conduct, Lipschultz and Reardon kept Johnson in the dark for as long as possible, fearing that she would “toss her cookies” when she learned that they were scheming with KBW to “toss[] the current Board in essentially a hostile takeover.” When they revealed the plot at last, Johnson did oppose it—just as Lipschultz and Reardon anticipated. But they worked furiously at the eleventh hour to “cram[] the genie back in the bottle” and persuade Johnson to support the coup, including by offering her increased grant-making authority at the Trust.

1. The Trustees and KBW Enlist Multiple Hedge Funds as Accomplices in Their Scheme to Sell Bremer

122. Beginning no later than October 2, KBW contacted a curated group of potential allies. At Lipschultz’s direction, KBW looked for people “that only care about making money and are willing to do whatever is necessary.” Ex. 3. KBW ultimately enlisted 11 hedge funds (acting through 19 entities) in the Trustees’ scheme—primarily small hedge funds with names such as “Financial Hybrid Opportunity SPV,” “Malta Offshore Fund,” and “Banc Fund X.”

123. On October 25, the Trustees executed purchase agreements with all of these hedge funds. Collectively, the funds purportedly purchased 725,000 of the Trust's Class B shares, enough to give them and the Trust 50.13 percent of Bremer's voting power if the shares were converted into Class A shares (with the Trust holding approximately 12.5 percent and the hedge funds collectively holding the remaining 37.63 percent).

124. On October 28, the Trustees sent a letter to Bremer's board, attached hereto as Exhibit 22, which stated that "on October 25, 2019, [the Trust] sold approximately seven percent of [Bremer's] Class B common stock to a number of investors in separate, independent transactions." The Trustees also sent Bremer a purported "Stock Transfer Notification," attached hereto as Exhibit 23, which documented their purported sales of 725,000 Class B shares to the hedge funds. Nearly simultaneously, all of the purported purchasers separately wrote to Bremer seeking to convert their Class B shares into Class A shares.

125. To complete the sale agreements with the hedge funds, the Trustees again improperly disclosed confidential Bremer information. At the Trustees' direction, KBW told the purported hedge fund buyers that Bremer had received a merger proposal from "a large banking organization" and that Bremer's board had taken action to prevent Bremer from pursuing a sale. Neither of these facts was known publicly, and the hedge funds would not have agreed to participate in the Trustees' scheme without receiving this and other confidential information. KBW also discussed confidential Bremer financial information with investors.

126. The Trustees knew all along that the hedge funds would vote in support of the Trustees' plan to sell the bank—that was the whole point. Lipschultz told KBW to find investors who were looking for a "quick flip" on their investment. And in their October 28 letter, the Trustees specifically explained that they sold their shares for the purpose of "resolv[ing]" the

“impasse” between the Trustees and the other directors, reflecting that the Trustees and the hedge funds planned to act together to remove the non-Trustee directors. The Trustees further said that “we, in our roles as Directors” and, separately, “[the Trust] as the 86-percent shareholder of BFC,” were calling a special meeting of Bremer shareholders, the purpose of which was “to remove the non-[Trustee] Directors.” The letter went on to say that “[t]he remaining Directors [*i.e.*, the Trustees] will then direct the management team to commence a meaningful exploration of strategic options for [Bremer], including a potential sale or merger, under the oversight of the new Board [*i.e.*, the Trustees].” The Trustees separately sent the Company a “Demand for Special Meeting,” which is attached hereto as Exhibit 24.

127. Despite the obviously coordinated nature of the Trustees’ and hedge funds’ actions, they have insisted that they were acting independently. These statements are untrue. The Trustees and hedge funds were all acting pursuant to a common plan and agreement, coordinated by KBW, to convert the Class B shares into Class A shares, vote out the disinterested directors, put the Trustees in control of the board, and pursue a sale of Bremer. Common economic sense requires this conclusion:

a. The Trustees tried to sell just enough Class B shares so that the Trust and its accomplices could control a majority of Bremer’s voting power (50.13%), and all of the purported purchasers knew exactly how many shares the Trustees were selling in total. The Trustees would not have left themselves zero margin for error if they were not sure that the hedge funds would support them.

b. All of the purported share transfers were entered into simultaneously, pursuant to substantially identical stock purchase agreements, and for the same price (\$120 per share). All of the hedge funds then contacted Bremer roughly simultaneously to purportedly

convert the shares, and the operative language in most of these communications was identical. Documents produced in the litigation have shown why these communications were identical: KBW dictated the message to the hedge funds.

c. The purported purchases and conversions would make no economic sense in the absence of a coordinated plan and understanding because the hedge funds would be left holding Class A shares in an independent Bremer. The hedge funds paid more than book value to the Trust in the purported sales. Absent a corporate sale, they would be unable to sell the shares at more than book value due to a provision in the Plan of Reorganization. These purported transactions were all against the hedge funds' economic interest unless they all knew about and agreed to support the Trustees' plan to take over the board and then force a sale of Bremer.

d. The Trustees agreed to accept less than what they have claimed is full value for the Trust's shares. The purported purchase price of \$120 per share implies a \$1.44 billion valuation for the bank. Yet the Trustees have maintained that Bremer would fetch far more than that in an acquisition. If that were true, then in effect the Trustees agreed to pay the hedge funds, out of the corpus of the Trust, to help them vote out the board and effectuate a sale of Bremer.

128. The limited evidence the Trustees have thus far been willing to produce in discovery confirms that this was a hub-and-spoke conspiracy with KBW (and the Trustees) at its center. In soliciting interest from the hedge funds, KBW distributed a pitch deck that presented the "Pro Forma Ownership Structure" and showed that the Trust and the "New Investors" would collectively control exactly 50.1 percent of Bremer's voting power after the purported share sales and conversions. After distributing this deck, KBW had phone calls with each hedge fund to explain the Trustees' plan. The script for these calls read: "Immediately following the sale of Class B shares, the trustee directors of Bremer Financial intend to call a special meeting of the

shareholders for the purpose of removing the directors of Bremer Financial (other than the trustee directors) and will solicit all Class A shareholders for their support.” The entire premise for the sales was obvious: Once the Trustees were in control of the board, they would use their director positions to cause Bremer to pursue a sale, and the hedge funds would make a near-guaranteed short-term profit. The Trustees’ director positions were thus a crucial enticement for the hedge funds to join the plan; they never would have agreed to participate without assurance that the Trustees would use their positions as directors to pursue the hedge funds’ agenda of making a short-term profit from a quick sale of Bremer, even though that was not in the interests of Bremer, its employee-shareholders, or other constituencies.

129. The hedge funds’ conduct in the negotiations with KBW confirms that they understood that the transactions were designed to facilitate a hostile takeover through concerted action by the Trustees and the hedge funds. According to notes from KBW’s calls with the purported purchasers, one of them asked, “What can the [board] and its advisors do to counter this?” Another asked, “What if things don’t go according to *plan*?” And a third asked, “What is litigation risk?” One purported purchaser sought representations from the Trustees in the stock purchase agreement that there were “no other documents or agreements that would interfere with the execution of *the plan*,” and that the Trust was “not aware of any facts that would interfere with the execution of *the plan*.”

130. The Trustees also directly coordinated with the hedge funds on the takeover plan. On October 11, Lipschultz told KBW “we need Directors asap” to replace those that the Trustees and the hedge funds planned to remove. But the Trustees did not want to find directors that would act independently and faithfully in the interests of Bremer; they planned instead to vote as Bremer directors to appoint stooges that would implement the Trustees’ and the hedge funds’ short-term

agenda. Lipschultz told KBW: “I don’t care where they come from. Only that they are up for the job and know what needs to be done.” KBW thereafter discussed the subject with the hedge funds, and some (such as Maltese Capital) suggested replacement directors fitting Lipschultz’s description. Five days after signing the stock purchase agreements, Lipschultz and Reardon had dinner with representatives from another of the hedge funds (Patriot Financial Partners) to discuss the composition of the new board.

131. After this litigation was filed, the Trustees encouraged the hedge funds to bring their own lawsuits against Bremer. When two of the hedge funds affiliated with FJ Capital did so in December, the Trustees claimed that they “were unaware of this filing.” This was another lie. Hours before FJ Capital filed its lawsuit, Lipschultz texted KBW that “this is going to be a great day!” and “we affectionately say FJ=Fuck Jeanne,” referring to Bremer’s CEO, Jeanne Crain. Ex. 25. Lipschultz urged KBW to drum up more lawsuits, explaining that while the Trustees had “years of reserves” of charitable funds to devote to a litigation, “if anyone wants a relatively quick resolution, they will need to file suit in Ramsey County and pile in.” Ex. 26.

2. The Trustees Issue a Press Release Purporting to Put Bremer “In Play” and Denigrating the Bank’s Business

132. In connection with the purported share sales, the Trustees issued a press release announcing that they had purportedly “commenced a process to explore strategic options for [Bremer]” and would be seeking a “strategic combination with a larger financial institution.” This announcement was directly contrary to the resolutions the board as a whole had adopted in the interest of Bremer and all its stakeholders.

133. The press release quoted Lipschultz as stating that Bremer’s position as “a stand-alone regional bank” was daunting and implied that its success was in jeopardy (notwithstanding its recent record results). The press release was intended to pressure Bremer to accede to a sale.

It was a gross breach of fiduciary duty for Lipschultz and his fellow Trustees—who served on Bremer’s board and thus owed it unremitting fidelity—to issue public statements undermining its market position and prospects to advance their own interests.

134. The Trustees then made public statements on the Trust’s website that compounded the breach of their fiduciary duties to Bremer. Again ignoring Bremer’s strong financial performance, the Trustees claimed that Bremer employees’ jobs were at risk if the bank did not sell itself. (In fact, as Lipschultz’s documents demonstrate, he was urging potential buyers to fire as many Bremer employees as possible to drive up the amount he would receive in a sale.) And the Trustees again recklessly disclosed confidential information for their own benefit, asserting that the Trust “has no Matters Requiring Attention (MRAs) outstanding.” This is confidential supervisory information that federal law prohibits the Trust from disclosing. *See* 12 C.F.R. § 261.22(e).

135. Bremer has already suffered harm from the Trustees’ actions. Prospective clients with loans waiting to close have put those transactions on hold because of the concern that Bremer may soon disappear. Some existing clients have taken their business elsewhere. Attracting new recruits has become more difficult, since candidates do not want to accept jobs that might soon be cut by an acquirer. And top revenue producers are receiving a stream of calls from recruiters seeking to tempt them elsewhere, causing disruption and distraction.

136. If the Trustees and their hedge-fund allies gain control of Bremer’s board, they intend to sell the bank as soon as they possibly can. Any sale on such an accelerated timeframe would be a value-destroying fire sale, particularly since the Trustees have publicly proclaimed their commitment to sell the bank, severely undermining their bargaining power in any sale negotiations.

IV. The Trustees' Purported Share Transfers Are Invalid Under Bremer's Bylaws and the Trust Instrument

A. Bremer Cannot Give Effect to the Purported Transfers

137. Minnesota law requires Bremer to maintain the official register of its shares. *See* Minn. Stat. § 302A.461, Subd. 1(a). To effectuate a share transfer, the proposed transferor must surrender to Bremer or its transfer agent a stock certificate evidencing the transferred shares. Bremer then determines whether the transfer is valid. If the transfer is valid, Bremer may issue a new stock certificate to the transferee and record the transfer on its register.

138. Like many companies, Bremer's shares are subject to restrictions that limit shareholders' ability to sell them to outsiders. These restrictions include Paragraph 16 of the Trust Instrument, as well as a provision in the Plan of Reorganization that gives Bremer the right to buy back Class A shares if the shareholder dies, retires from Bremer, or proposes to transfer their shares to a third party. Ex. 12 § 7(a). By virtue of these restrictions, Bremer's only shareholders in its history have been the Trust and the bank's employees and directors.

139. Bremer's Amended and Restated Bylaws, attached hereto as Exhibit 27, give Bremer a central role in ensuring compliance with these restrictions. As directors of Bremer, the Trustees voted for and approved these Bylaws, which date to 2014 and were approved by Bremer's shareholders. Section 4.5 of the Bylaws provides that Bremer must receive for each proposed transfer "proper evidence of succession, assignment or authority to transfer," and must confirm that the proposed transfer "complies with the Corporation's Articles of Incorporation, Bylaws and any and all other plans and agreements applicable to the transfer of the Corporation's shares."

140. The requirements of Section 4.5 were designed and intended to protect Bremer and its shareholders in two important ways. First, Section 4.5 ensures compliance with the transfer restrictions meant to keep the bank's shares within the "Bremer family," such as those in the Trust

Instrument and the Plan of Reorganization. Second, it protects against the disruption and uncertainty that might occur if Bremer were to register a proposed transfer that was subsequently challenged and found to be unlawful. Without such evidence and confirmation, Bremer may not issue a new certificate to the transferee or record the transfer on its register. Bremer would be substantially injured were the bank to register a transfer that violated the Trust Instrument, only for a court to determine later that the transfer was invalid.

141. The purported Stock Transfer Notification sent by the Trustees to Bremer on October 28, 2019 claimed to surrender the Trust's Class B stock certificate and requested that Bremer (i) issue stock certificates to the purported transferees, (ii) issue a new certificate to the Trustees evidencing the Trust's Class B shares that were not purportedly transferred, and (iii) record these transactions on Bremer's share register. Separately, all of the purported transferees have asked Bremer to convert the purportedly transferred Class B shares into Class A shares and to send them new stock certificates evidencing such Class A shares. After Bremer and its disinterested directors filed this litigation, the Trustees filed counterclaims against Bremer and its disinterested directors seeking to compel Bremer to recognize the purported transfers and conversions and a declaration that they were valid.

142. Under Section 4.5 of its Bylaws, Bremer cannot comply with these requests. The purported share transfers do not comply with all "plans and agreements applicable to the transfer of the Corporation's shares." The Trust Instrument is one of those "plans and agreements." The Trust Instrument provides that the Trust may transfer its Bremer shares only if "in the opinion of the Trustee[s]" a sale of the shares is "necessary or proper" due to "unforeseen circumstances."

143. The Trustees told the Board that the discussions with Company A caused them to believe that "unforeseen circumstances" had occurred and that it was "necessary or proper" for the

Trust to sell its shares. This is because, the Trustees asserted, the Company A discussions caused them to realize that the fair market value of their Bremer shares was higher than they had previously understood.

144. No “unforeseen circumstances” have occurred to support the Trustees’ position. In 2017, the Trustees testified to this Court that no “unforeseen circumstances” existed that could possibly justify a sale of the Trust’s Bremer shares. This Court accepted the Trustees’ testimony and entered an order confirming the lack of “unforeseen circumstances.”

145. No new circumstances have arisen in the last three years that could make it necessary or proper for the Trust to sell its shares now. Bremer has had excellent financial performance since 2017, as it did before then. In 2018 and 2019, Bremer substantially expanded its asset base and generated record earnings. In that same period, Bremer has successfully executed its commercial and agriculture strategy and adapted to the digital banking environment, as its record performance demonstrates.

146. Bremer has continued to provide the Trust a double-digit return on average equity every year since at least 2003. Bremer’s dividends will allow the Trust to comfortably meet its charitable-distribution obligations for years to come. In 2019, for example, Bremer paid the Trust \$80.6 million in dividends, but the Trust only awarded \$56.8 million in grants and program-related investments.

147. The discussions with Company A do not and cannot constitute an “unforeseen circumstance.” Preliminary discussions between companies are not unforeseen at all but a common occurrence. The discussions with Company A did not yield an offer and have no bearing on the valuation of Bremer shares. Since 2017, when the Trust confirmed an absence of

“unforeseen circumstances,” it continued to aver in sworn IRS filings and elsewhere that the value of its Bremer shares is below book value—as it has for decades.

148. The reason for this continuing valuation methodology is clear. The price that an investor would pay for the Trust’s shares is less than what an acquirer would pay for all of Bremer’s shares in a strategic transaction. Because there is no public market for Bremer shares, and because the Trust Instrument restricts their sale, the Trust’s shares are worth less than their pro rata share of Bremer as a whole. That explains why, until 2019, the Trust always valued its Bremer shares internally by starting with book value and discounting for factors including the lack of marketability and control.

149. It also explains why the outside appraisals that the Trustees periodically commissioned to confirm their internal valuations likewise valued the Trust’s shares at below book value. In one such appraisal from 2013, the appraiser concluded that the Trust’s Class B shares should not be given a control premium, that is, the additional value that a third-party acquirer might pay to acquire control of Bremer. Rather, the appraiser concluded that the Trust’s Bremer shares should be valued on a minority interest basis because of the Trust Instrument’s directive that the Trustees retain the shares.

150. The Trustees themselves adopted and confirmed this valuation approach in evaluating the price paid by the hedge funds in the purported share sales. The price of those purported sales (\$120 per share) is far less than what the Trustees claim all of Bremer’s shares would command in an acquisition. But KBW nonetheless concluded that a price as low as \$106 per share would be fair to the Trust because, among other reasons, the value of the Trust’s shares should be discounted by 26 percent to reflect their lack of liquidity.

151. The Trustees are knowledgeable about the financial services merger market. It did not take preliminary discussions with Company A for them to know that transactions are often done at a premium to book value. Since at least 2014, they have received multiple investment banking analyses showing that transaction valuations often exceed book value. They have attended conferences focused on these very issues, including a 2014 conference sponsored by KBW. Still, year after year, with the assistance of expert advice, in sworn testimony and regulatory filings, they have reaffirmed their conviction that the proper valuation of the Trust's Bremer shares is below book value.

152. Nor is there any basis to conclude that the purported share transfers are necessary or proper. Bremer continues to serve its constituents throughout the Upper Midwest. Bremer continues to generate income for the Trust sufficient to allow the Trust to pursue its charitable work. The Trust and the Bank continue to serve the same communities effectively, precisely as Otto Bremer intended. No legal or practical or logistical difficulties exist to the continuing function of both institutions as good neighbors or suggest that Otto Bremer's vision cannot be sustained.

153. Nor is it even the "opinion of the Trustee[s]" that a sale of Bremer shares is necessary or proper owing to unforeseen circumstances. To be sure, the Trustees assert that as their opinion, to advance their personal interests, as detailed in this complaint. But that is a litigation position, not an opinion. While the Trustees told the board that the Company A discussions constituted "unforeseen circumstances" in August 2019, months later, in November 2019, they told their public relations advisors that they had not yet determined what the "unforeseen circumstances" were. In an email, the Trustees explained that they would not make

“a final decision” on what to call an unforeseen circumstance until they finally determined how they wanted to defend their position in court.

154. In fact, the Trustees know that no “unforeseen circumstance” has occurred. They are pursuing the purported sales not because the Trust Instrument permits or requires it, but as the culmination of their fifteen-year effort to extract substantial personal wealth from their Bremer-related positions. A sale will allow the Trustees to justify further extraordinary increases in their personal compensation from Trust assets and enhance their personal prestige as so-called “investment advisors” for over \$1 billion in assets. If they can push their deal through, Lipschultz and Reardon stand to see their compensation increase by at least *300 percent* due to the investment advisory fee they collect for supposedly managing the Trust’s non-Bremer assets.

155. Lipschultz confessed to the Trustees’ selfish motivation the day after this litigation was filed. On November 20, 2019, in response to Bremer’s and its disinterested directors’ allegations that the Trustees were acting to increase their own compensation, Lipschultz sent the following text message to his fellow Trustees, attached hereto as Exhibit 1 (emphasis added):

Maybe the trustees are motivated by money. But isn’t this a free society where the individual can make their own choices? Or is this simply Minnesota money envy at play once again? Let’s not forget that by selling Bremer, the trust would then be massively increasing their donations to society. That needs to be considered. Also, could it be possible that Jeanne Crain simply is acting to protect her own job since it likely would be lost or at least minimized through a sale. If we are honest, let’s point out everyones [sic] self interests [sic].

156. This message survives only because Johnson was a recipient. Both Lipschultz and Reardon allowed their text messages to be systematically deleted, including after this litigation began. When Plaintiffs sought to obtain their phones to see if any messages could be retrieved, Lipschultz said he had dropped his phone in a lake after this litigation was filed.

COUNT ONE
Declaratory Judgment (by Bremer)

157. Plaintiffs repeat and reallege the allegations in paragraphs 1 through 156 of this complaint as if fully set forth herein.

158. Under Section 4.5 of Bremer's Amended and Restated Bylaws, transfers of Bremer shares are valid only if they "compl[y] with the Corporation's Articles of Incorporation, Bylaws and any and all other plans and agreements applicable to the transfer of the Corporation's shares."

159. The Trust Instrument is a "plan[] and agreement[]" applicable to the transfer of the Corporation's shares." Bremer also has standing to enforce the provisions of the Trust Instrument directly because it is an "interested person" under the Minnesota Trust Code. Minn. Stat. § 501C.0201(b). Among other reasons, Bremer has a special interest in the enforcement of the Trust Instrument's sale restriction because Otto Bremer intended to create a permanent relationship between Bremer and the Trust for the benefit of both institutions, and because the Trustees' actions threaten to terminate Bremer's very existence. Bremer is also an interested person because it has a "right in or claim against the assets of the trust," including by virtue of its claims in this lawsuit, the Trustees' fiduciary obligations to Bremer, the Trust's status as a bank holding company for Bremer, the Amended Articles and Plan of Reorganization, and the corporate bylaws. Minn. Stat. § 501C.0201(b).

160. The Trust Instrument prohibits the Trustees from transferring Bremer shares unless "it is necessary or proper to do so owing to unforeseen circumstances."

161. There have been no "unforeseen circumstances" that make it "necessary or proper" for the Trust to transfer its Bremer shares. The Trustees' purported determination that unforeseen circumstances exist was arbitrary and capricious, not made in good faith, and is therefore invalid. The Trustees' true purpose in declaring that unforeseen circumstances exist is to effectuate a

disloyal scheme to usurp the board's authority to manage Bremer, so that the Trustees can remove the disinterested directors and force through a self-interested transaction at the expense of the bank's other shareholders and constituencies.

162. Because the purported share transfers are prohibited by the Trust Instrument, the purported share transfers are impermissible under Bremer's bylaws and of no force and effect, and Bremer may not issue a new certificate to the purported transferees or record the transfers on its register.

163. The existing controversy regarding the effectiveness of the Trustees' purported share transfers under Bremer's Bylaws and the Trust Instrument is substantial, justiciable, and of sufficient immediacy to warrant the issuance of a declaratory judgment. The judgment will terminate the controversy and remove an uncertainty regarding the enforceability of the purported share transfers.

164. Plaintiffs have no adequate remedy at law.

COUNT TWO

Breach of Fiduciary Duty: Misuse of Confidential Information (by Bremer)

165. Plaintiffs repeat and reallege the allegations in paragraphs 1 through 164 of this complaint as if fully set forth herein.

166. The Trustees owe fiduciary duties of care and loyalty to Bremer as directors. As such, the Trustees must discharge their duties in a manner they reasonably believe to be in the best interests of Bremer, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.

167. The Trustees owe these same fiduciary duties as controlling shareholders. Minnesota law presumes that a shareholder with 10 percent or more of a company's voting power in director elections has control of the company. *See* Minn. Stat. § 302A.011, Subd. 48. The

Trustees' control of 20 percent of Bremer's Class A voting power and all of Bremer's Class B shares, combined with rights in Bremer's governing documents that the Trustees obtained when they controlled a majority of the bank's voting power, and the Trustees' positions on Bremer's board, give the Trustees the power to direct or cause the direction of Bremer's management and policies and exert control with respect to Bremer's decision whether to pursue a potential sale. The Trust is deemed to control Bremer under the Bank Holding Company Act, and the Trustees have represented that they control the bank. The Trustees have exerted that control by unilaterally engaging in unauthorized discussions with potential acquirers, and by purporting to transfer Class B shares with the intention of removing Bremer's disinterested directors to enable the Trustees to force through a self-interested transaction. The Trust also acknowledges on its tax return that Bremer is a "controlled entity" of the Trust.

168. The Trustees' duty of loyalty includes a duty to keep sensitive Bremer information confidential and not share such information with third parties unless so authorized by Bremer's board of directors.

169. The Trustees breached their duty of loyalty by repeatedly disseminating confidential Bremer information to third parties without board authorization. The Trustees shared confidential Bremer information with their financial advisor, KBW, and KBW funneled that information to potential acquirers, including after the board instructed the Trustees (and Lipschultz agreed) not to engage in further discussions with potential acquirers. The Trustees also shared confidential Bremer information with the purported transferees of its shares. The Trustees engaged in these actions as part of a disloyal scheme to usurp the board's authority and force through a self-interested transaction at the expense of Bremer's other shareholders and constituencies.

170. Bremer has been injured by the Trustees' misuse of confidential information. Sharing confidential information about Bremer's business with other banks, none of whom were bound by non-disclosure agreements, is damaging to Bremer. Moreover, the Trustees and KBW could not have undertaken their unauthorized efforts to seek a buyer for Bremer without KBW's using such information in its analyses or sharing it with potential buyers. By misusing confidential information to suggest that Bremer was for sale when it was not, these efforts damaged Bremer's standing in the marketplace by raising questions about its long-term viability. They also created an enormous distraction for Bremer's board and management.

171. Additionally, the Trustees and KBW could not have undertaken their efforts to sell Bremer shares to hedge funds in an effort to remove Bremer's disinterested directors and sell the bank without KBW's using confidential information in its analyses or sharing it with the hedge funds. Those efforts, facilitated by the misuse of confidential information, have undermined Bremer's ability to attract and retain customers and employees, created an enormous distraction for Bremer's board and management, and required the expenditure of legal fees and other costs necessary to defend against the Trustees' disloyal actions.

172. If not enjoined, the Trustees have made clear that they intend to continue to share Bremer's confidential information with third parties as part of the Trustees' scheme to unilaterally force a sale of the bank for disloyal reasons. This threatens further injury to Bremer, its shareholders, and constituencies. Such injury would be irreparable. The harm to Bremer's standing in the marketplace from the Trustees' misuse of confidential information cannot be remedied by money damages. Moreover, if the Trustees succeed in their ultimate goal of selling Bremer (facilitated by the misuse of confidential information), such a transaction would forever destroy the prospect of greater long-term value for Bremer's other shareholders, as well as

Bremer's unique relationship with its employees and the community that defines Otto Bremer's legacy.

COUNT THREE
Breach of Fiduciary Duty: Disloyalty and Self-Dealing (by Bremer)

173. Plaintiffs repeat and reallege the allegations in paragraphs 1 through 172 of this complaint as if fully set forth herein.

174. As alleged above, the Trustees owe fiduciary duties of care and loyalty to Bremer as directors and controlling shareholders.

175. Consistent with their duty of loyalty, the Trustees cannot exploit their positions as directors to secure personal benefits at the expense of Bremer and its other shareholders and constituencies, nor may they make derogatory public statements about Bremer or its business prospects to further their own personal interests. The Trustees' duty of loyalty also requires them to be candid with Bremer's other directors and disclose all material information that will inform the board's decision-making. The Trustees' duty of loyalty also prohibits them from promoting the interest of one shareholder or group of purported shareholders (the Trust and the hedge funds) at the expense of Bremer and its other shareholders and constituencies.

176. The Trustees have violated, and threaten to continue to violate, their fiduciary duties by abusing their positions as directors and controlling shareholders to usurp the board's authority and pursue a self-interested transaction at the expense of Bremer and its shareholders and constituencies. The Trustees have engaged in discussions with potential acquirers without board authorization, and despite an express instruction by the board (which Lipschultz agreed to honor) not to have such discussions. The Trustees concealed material information from and misled Bremer's board about these discussions in an effort to bring about a self-interested transaction. Moreover, the Trustees have threatened to remove Bremer's disinterested directors (and have now

asserted extortionate damages claims) in an attempt to intimidate the directors to accede to the Trustees' disloyal demands. Further, the Trustees have also abused their position as directors and controlling shareholders by attempting manipulative purported transfers of Class B shares to the hedge funds with the goal of removing Bremer's disinterested directors to enable the Trustees to take over the board and force a sale of the bank. To achieve this goal, these transfers included an unlawful agreement by the Trustees that, following the removal of Bremer's disinterested directors, they would use their director positions to pursue and approve a sale of Bremer, even if such a sale was not in the interest of Bremer or its other shareholders and constituencies, including by appointing additional directors who were committed to the hedge funds' agenda. None of the hedge funds would have agreed to purchase shares, much less for an amount above book value, if they had not been assured by the Trustees that they would use their board positions to force a sale of Bremer that would provide the hedge funds with a short-term gain on their investments. It is clear that all of the Trustees' actions have been motivated by their own self-interest, but even generously taking the Trustees' justifications at face value, the Trustees have been and plan to continue acting unlawfully to benefit the interests of certain shareholders (the Trust and the hedge funds, if they become shareholders) at the expense of Bremer and its other shareholders and constituencies.

177. The threat of such action by the Trustees is inequitable. Relief from such a threat is necessary to protect Bremer, its shareholders, and its other constituencies from exploitation by the Trustees, who have undertaken, and will continue to undertake, a course of conduct to violate their fiduciary duties to Bremer.

178. Bremer has been injured by the Trustees' disloyal actions. By suggesting that Bremer was for sale when it was not, the Trustees' unauthorized discussions with potential buyers

damaged Bremer's standing in the marketplace by raising questions about its long-term viability. The Trustees also leveraged the non-binding (and quickly withdrawn) indication of interest from Company B, which they had procured through those unauthorized discussions and based on the false premise that Bremer supported a sale, to persuade the hedge funds to participate in the Trustees' hostile takeover scheme. Moreover, the Trustees' efforts to sell Bremer shares to those hedge funds in an effort to remove Bremer's disinterested directors and sell the bank have undermined Bremer's ability to attract and retain customers and employees, created an enormous distraction for Bremer's board and management, and required the expenditure of legal fees and other costs necessary to defend against the Trustees' disloyal actions. The Trustees also made false and disparaging public statements about Bremer's business prospects to advance their own selfish interests, which further damaged Bremer. Bremer has also paid the Trustees director fees but has not received from them the loyal and faithful service they were obligated to provide.

179. The Trustees' unlawful and inequitable actions threaten further injury to Bremer, its shareholders, and its constituencies. Such injury would be irreparable. The harm to Bremer's standing in the marketplace from the Trustees' unauthorized efforts to sell the bank cannot be remedied by money damages. Moreover, Bremer's disinterested directors have concluded that a sale of the bank at this time is not in the best interest of its shareholders and other constituencies. If not enjoined, the Trustees have made clear that they nonetheless intend to use their positions as Bremer directors to unilaterally force through such a transaction for disloyal reasons. Such a transaction will forever destroy the prospect of greater long-term value for Bremer's other shareholders, as well as Bremer's unique relationship with its employees and the community that defines Otto Bremer's legacy.

COUNT FOUR
Minn. Stat. § 302A.751, Subd. (1)(b)(3): Shareholder Oppression
(by the Individual Plaintiffs)

180. Plaintiffs repeat and reallege the allegations in paragraphs 1 through 179 of this complaint as if fully set forth herein.

181. The individual Plaintiffs are shareholders of Bremer.

182. Bremer is not a publicly held corporation as defined in Minn. Stat. § 302A.011, Subd. 40.

183. The Trustees are directors of Bremer and, as alleged above, the Trustees exercise control over Bremer.

184. The Trustees have acted in an unfairly prejudicial manner towards the individual Plaintiffs in their capacities as shareholders and/or directors of Bremer. Based on the Plan of Reorganization, the individual Plaintiffs had a reasonable expectation that Bremer's employee-shareholders would have the power to elect and remove the board, and that the Trustees would follow board directives and respect the board's authority to manage Bremer on behalf of all shareholders, including with respect to a potential sale of the bank. Moreover, based on the Plan of Reorganization and the Trust Instrument, the individual Plaintiffs had a reasonable expectation that the Trustees would not declare in bad faith that "unforeseen circumstances" existed in order to manipulatively transfer Class B shares to remove independent directors, dilute the individual Plaintiffs' voting power with respect to board elections, take voting control for themselves, and force through a self-interested transaction opposed by an independent board. Nor did the individual Plaintiffs reasonably expect the Trustees to breach their duty of loyalty in all the ways described above or to attempt share transfers that are invalid under Bremer's bylaws.

185. The Trustees' unlawful and inequitable actions threaten irreparable harm to Bremer, its shareholders, and its constituencies. Bremer's disinterested directors have concluded

that a sale of the bank at this time is not in the best interest of its shareholders and other constituencies. If not enjoined, the Trustees have made clear that they nonetheless intend to seize voting control and unilaterally force through such a transaction for disloyal reasons. Such a transaction will forever destroy the prospect of greater long-term value for Bremer's other shareholders, as well as Bremer's unique relationship with its employees and the community that defines Otto Bremer's legacy.

COUNT FIVE

Minn. Stat. § 302A.671: Control Share Acquisition Act (by all Plaintiffs)

186. Plaintiffs repeat and reallege the allegations in paragraphs 1 through 185 of this complaint as if fully set forth herein.

187. Bremer is an "issuing public corporation" under Minnesota's Control Share Acquisition Act because it is a corporation with at least 100 shareholders. Minn. Stat. §§ 302A.011, Subd. 39, and 302A.671, Subd. 1. Bremer has 1,660 shareholders registered on its books and records as owners of Bremer shares. Bremer's registered shareholders include those who own their shares directly and others who own their shares through Bremer's ESOP and 401(k) plan. Approximately 74 percent of Bremer's Class A voting shares are held by shareholders who own their shares through the ESOP and 401(k) plan. All of Bremer's 1,660 shareholders, including those who own their shares through Bremer's ESOP and 401(k) plan, receive notice of shareholder meetings and have the right to vote their shares individually in any vote of Bremer shareholders. They all receive proxy materials directly from Bremer to permit them to exercise the corporate franchise, and they all cast their votes directly with Bremer. All of Bremer's shareholders, including those who own their shares through Bremer's ESOP and 401(k) plan, likewise possess full economic rights of Class A shareholder ownership. Shares held in the ESOP and 401(k) plan

are allocated to individual accounts assigned to each participating employee, and dividends paid on the shares are credited to those individual accounts.

188. The Trust and the hedge funds that purportedly purchased shares from the Trust are each “acquiring persons” under the Minnesota Control Share Acquisition Act because they are acting in concert pursuant to a “written or oral agreement, arrangement, relationship, understanding, or otherwise for the purpose of acquiring, owning, or voting shares of an issuing public corporation.” Minn. Stat. § 302A.011, Subd. 37.

189. If the purported transfers and conversions of Class B shares were successful, the Trust would become the “beneficial owner” of the new Class A shares under Minnesota’s Control Share Acquisition Act because it “directly or indirectly through any written or oral agreement, arrangement, relationship, understanding, or otherwise, has or shares the power to vote, or direct the voting of, the shares.” Minn. Stat. § 302A.011, Subd. 41(a); *see also id.* Subd. 41(c).

190. The Trustees’ purported transfers of Class B shares to the hedge funds, with the purpose of having those shares converted into Class A shares and then voted in concert with the Trust, constitute a “control share acquisition” under the Minnesota Control Share Acquisition Act because they would increase the Trust’s voting power from just 20 percent to over 50 percent. Minn. Stat. § 302A.011, Subd. 38, and 302A.671, Subd. 2(d).

191. Despite its attempted control share acquisition, the Trust has not submitted an information statement to Bremer, as required by Minn. Stat. § 302A.671, Subd. 2, and has not afforded Bremer’s shareholders, including the individual Plaintiffs, their right to determine the Trust’s voting power under Minn. Stat. § 302A.671, Subd. 3.

192. Plaintiffs are entitled to a declaration that the purported transfers of Class B shares to the hedge funds, if otherwise valid, would constitute a “control share acquisition,” and that the

Trustees have violated the Minnesota Control Share Acquisition Act. Plaintiffs are also entitled to a permanent injunction, under Minn. Stat. § 302A.671, Subd. 5, voiding the purported transfers of Class B shares to the hedge funds.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs respectfully pray this Court enter an Order:

- a. Declaring that the Trustees' purported share transfers are void and unenforceable because they are invalid under the Trust Instrument and Bremer's Bylaws, were undertaken in breach of the Trustees' fiduciary duties, were the product of unlawful shareholder oppression by the Trustees, violate the Minnesota Control Share Acquisition Act, and/or are otherwise unenforceable in law or equity.
- b. Enjoining the Trustees and each of their agents, servants, employees, attorneys, advisors, and persons in active concert or participation with them, from attempting further transfers of the Trust's Bremer shares absent approval by the Court.
- c. Enjoining the Trustees and each of their agents, servants, employees, attorneys, advisors, and persons in active concert or participation with them, from engaging in discussions with potential acquirers of Bremer or the Trust's Bremer shares without express authorization from the board.
- d. Enjoining the Trustees and each of their agents, servants, employees, attorneys, advisors, and persons in active concert or participation with them, from sharing confidential Bremer information with third parties without express authorization from Bremer's board.

- e. Awarding Plaintiffs their attorneys' fees and costs from prosecuting this action; and
- f. Granting Plaintiffs such other and further relief as this Court deems just and appropriate.

Dated: July 23, 2020

LOCKRIDGE GRINDAL NAUEN P.L.L.P.

s/Charles N. Nauen

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ATTORNEYS FOR PLAINTIFFS

ACKNOWLEDGMENT

The undersigned hereby acknowledges that, pursuant to Minn. Stat. § 549.211, Subd. 2, costs, disbursements, and reasonable attorney and witness fees may be awarded to the opposing party in this litigation if the Court should find that the undersigned acted in bad faith, asserted a claim or defense that is frivolous and that is costly to the other party, asserted an unfounded position solely to delay the ordinary course of the proceedings or to harass; or committed a fraud upon the Court.

s/Charles N. Nauen
Charles N. Nauen (#121216)

Exhibit 1

[iMessage]
Date: 2019-11-20 to 2020-01-27

	NAME	MSG	ATC	INV
PARTICIPANTS	Brian Lipschultz +19522173289	12(6)		
	Charlotte Johnson shotsyj23@gmail.com	5(2)		
	Dan Reardon +16127900292	2(2)		

Wednesday, November 20, 2019

Brian Lipschultz
00:40:02

Here is the statement that we are releasing to media in response to BFC's press release and complaint...

Brian Lipschultz
00:40:17

It's disappointing that BFC has chosen a path of obstruction and conflict in this matter. In doing so, they are acting in a manner that seems certain to hurt the bank and its employees, to waste the resources of the company and to hurt the people Otto Bremer dedicated his life and fortune to helping. The allegations in the lawsuit are false and without merit. We're confident the courts will quickly see this tactic for what it is: an ill-founded attempt by conflicted management and directors to deprive all shareholders of the value of their stock and to deny employees and communities of any legitimate exploration of their opportunities." _

Brian Lipschultz
17:59:02

Maybe the trustees are motivated by money. But isn't this a free society where the individual can make their own choices? Or is this simply Minnesota money envy at play once again? Let's not forget that by selling Bremer, the trust would then be massively increasing their donations to society. That needs to be considered. Also, could it be possible that Jeanne Crain simply is acting to protect her own job since it likely would be lost or at least minimized through a sale? If we are honest, let's point out everyone's self interests. _

Monday, December 9, 2019

Brian Lipschultz
02:57:25

I haven't heard back from either of you on my last email sent at 8:09 p.m. It was sent and verified delivered to both of you per our email system. So I thought I'd try iMessage as an alternative. Let's get on a call tonight. Also, Shotsy can you

please clarify how you know that Ron is planning to handle litigation matters in Board exec session? I have reviewed every piece of correspondence from Ron and there is no mention of that. I want to make sure that I didn't miss some vital piece of correspondence. This could impact our planning for the coming days._

Brian Lipschultz
03:08:44

Let's get on a call. I will dial Dan and then call you. 5 minutes.

Charlotte Johnson
03:12:00

Got it

Thursday, January 9, 2020

Charlotte Johnson
15:10:59

REDACTED

Brian Lipschultz
15:12:23

I'm totally supportive of that. Thanks for taking charge of this Shotsy. It's greatly appreciated.

Dan Reardon
15:44:00

All good as well.

Monday, January 27, 2020

Dan Reardon
11:20:06

I'm be in the office early if we have any thoughts or comments before the team submits.

Exhibit 2

Participants: +13106060935 Joe Gulash (owner)
;+19522173289 Brian Lipschultz
;joe@gulash.com Joe Gulash (owner)
Timestamp: 8/10/2019 7:20:08 AM(UTC-7)

Even without management's help, I can tell you there are tens of millions of dollars per year of expense takeout. We have an HQ org that can be largely eliminated. Service center with 500ish employees not necessary at all. And branches can be evaluated on case by case basis. [REDACTED] and others could replicate all of these elements. Obviously we'd pay for transition but after that I'd favor eliminating as much as possible and just paying us for it.

Exhibit 3

Participants: +13106060935 Joe Gulash (owner)
;+19522173289 Brian Lipschultz
;joe@gulash.com Joe Gulash (owner)
Timestamp: 11/4/2019 6:54:46 AM(UTC-8)

I am frightened for BFC if they try to withhold shares from the new investors. I picture an aerial bombardment the likes of which sleepy St. Paul MN has never seen.

Participants: +13106060935 Joe Gulash (owner)
;+19522173289 Brian Lipschultz
;joe@gulash.com Joe Gulash (owner)
Timestamp: 11/4/2019 7:10:27 AM(UTC-8)

You told me don't bring me friendlies ... bring me real investors. You have 11 guys that only care about making money and are willing to do whatever is necessary. If BFC tries to do that, I'd be frightened for them and Wachtell.

Participants: +13106060935 Joe Gulash (owner)
;+19522173289 Brian Lipschultz
;joe@gulash.com Joe Gulash (owner)
Timestamp: 11/4/2019 7:11:08 AM(UTC-8)

Love it. Love it.

Participants: +13106060935 Joe Gulash (owner)
;+19522173289 Brian Lipschultz
;joe@gulash.com Joe Gulash (owner)
Timestamp: 11/4/2019 7:13:06 AM(UTC-8)

It's not show friends, it's show business.

Exhibit 4



OTTO BREMER

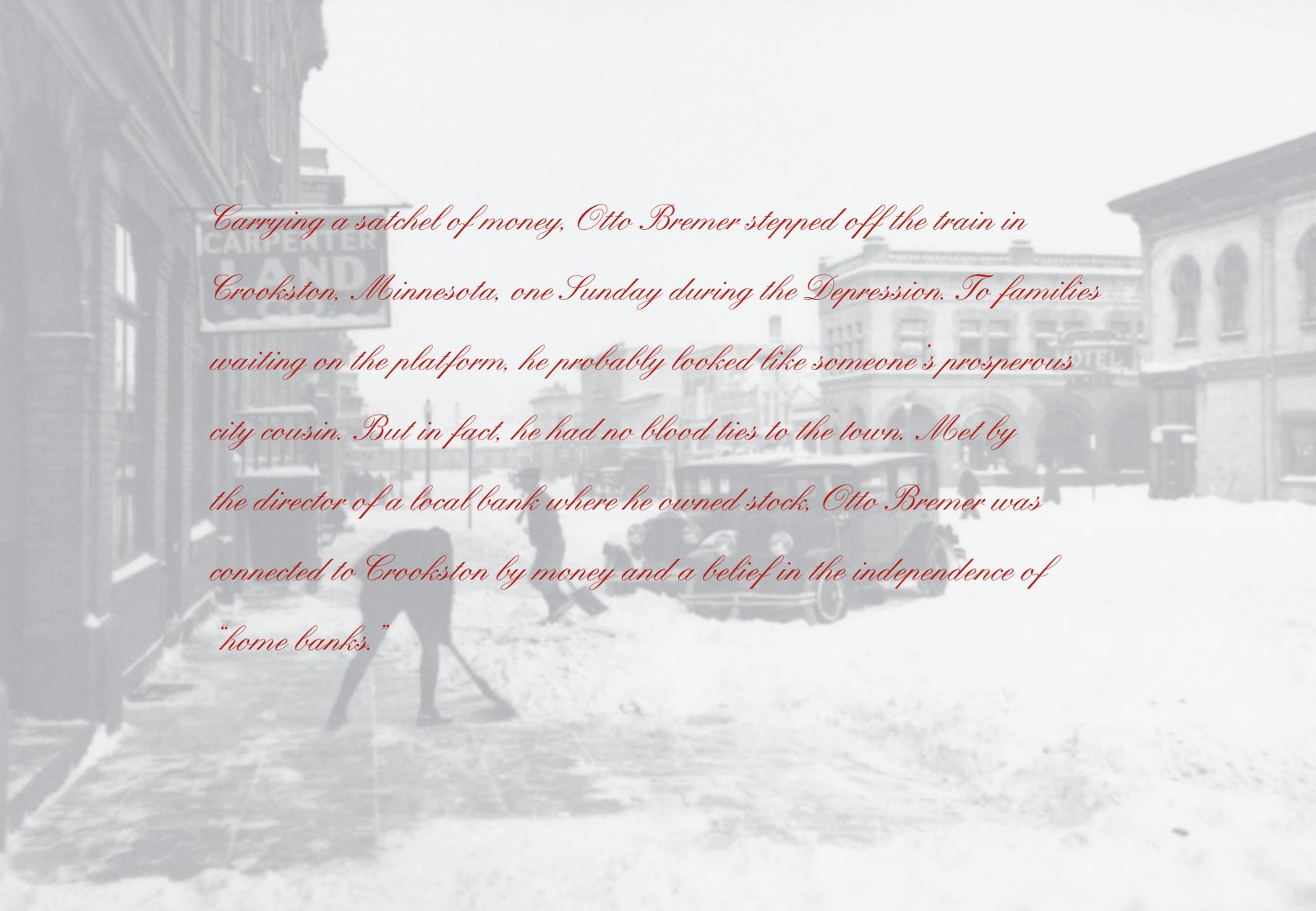
His Life and Legacy

1944 - 1994

This history of Otto Bremer was first published in commemoration of the 50th anniversary of the Foundation he established in May, 1944. In presenting this story, the trustees and staff of the Otto Bremer Foundation gratefully acknowledge the contributions of John Schweibert, whose extensive research provided the historic documentation, and of Margot Fortunato Galt, the author of this account.

O T T O B R E M E R

His Life and Legacy



Carrying a satchel of money, Otto Bremer stepped off the train in Crookston, Minnesota, one Sunday during the Depression. To families waiting on the platform, he probably looked like someone's prosperous city cousin. But in fact, he had no blood ties to the town. Met by the director of a local bank where he owned stock, Otto Bremer was connected to Crookston by money and a belief in the independence of "home banks."

That weekend, the director had called with disturbing news. Friday afternoon, some townspeople had gathered in a small, nervous knot outside the bank. Some had stepped inside to open their bankbooks under the grille of the cashier's window to withdraw their entire investments in cash. Next to a robbery, a run of cash withdrawals was the Depression banker's greatest nightmare.

In those cash-dry years, after the stock market crash of 1929, bankers slept poorly: runs on banks were uncomfortably common. Like many others, the Crookston bank had loaned money to farmers in the valley, who then lost crops in the agricultural depression and drought of the 20s. Failing crops meant failing banks. The Crookston bank's cash flow had slowed to a trickle.

Finally, even the movies recognized the Depression difficulties of small banks. "It's a Wonderful Life," proclaimed the title of Jimmy Stewart's nostalgic hit film of 1947. But was it? Smalltown Depression banker Stewart was headed for his honeymoon, when his clerk ran panting to stop the car. It was raining in movie land. The townsfolk were clamoring for their money. Only Jimmy Stewart's cool head and his honeymoon cash forestalled disaster.

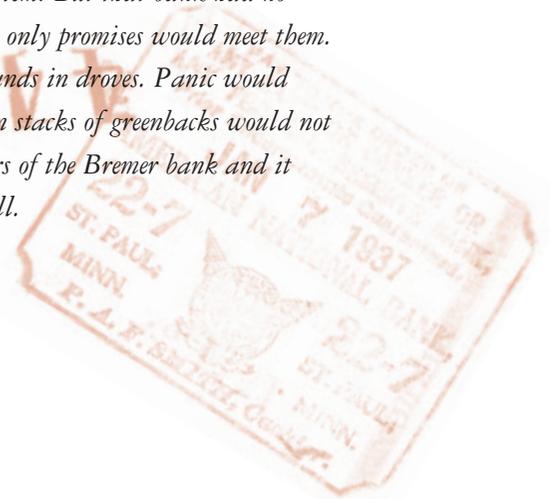
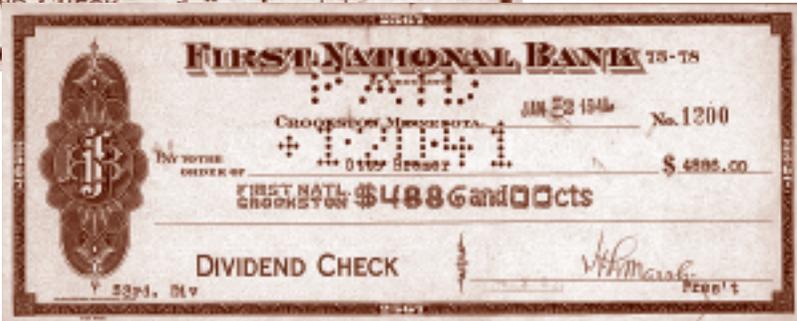
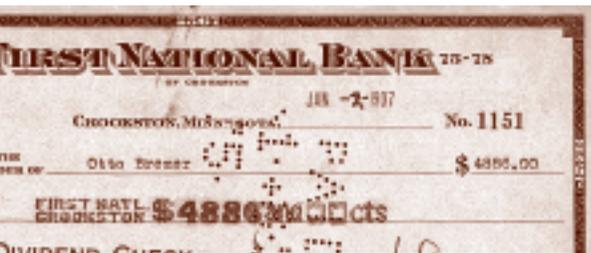
"Could Mr. Bremer bring enough cash to hold off a larger run on the bank Monday morning?" asked the worried Crookston banker. Many knew Mr. Bremer's soft heart for home banks. Hardly a Scrooge, or robber baron who calculated his take to the fraction of a cent, Otto Bremer had gotten into a pattern of bolstering shaky smalltown banks. He dipped into his own holdings, borrowed money from his brother, Adolf, with whom he owned and operated St. Paul's Schmidt Brewery.



The stacks of greenbacks that he fit into the black satchel represented a philosophy of financial independence for small communities. Otto Bremer wanted smalltown banks to thrive, separate from gigantic holding companies that set guidelines from afar and didn't know the families who sat by loan officers' desks. By the early 30s, he had invested in fifty-five smalltown banks in the upper Midwest.

Sunday night, he and the Crookston director planned their strategy. The bank would open Monday morning with stacks of greenbacks on a table in the lobby. When people saw the money, their confidence in the bank would return, and they would leave their money deposited. They hoped that Otto Bremer's satchel of money would save the bank.

Then an unsettling thought occurred to the director: the other Crookston bank down the street was faced with the same problem. But that bank had no rescuer. When its depositors pressed forward, only promises would meet them. Likely as not, they would withdraw their funds in droves. Panic would spread. Soon, even stacks of greenbacks would not calm the customers of the Bremer bank and it would fail as well.

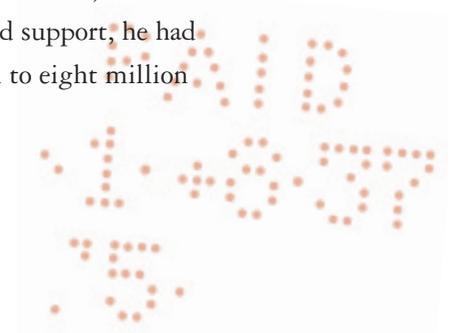
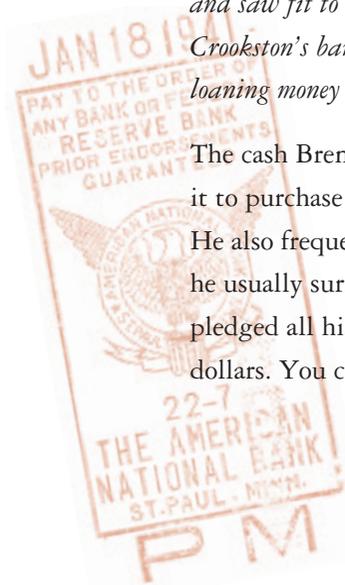




First American Bank, Crookston, Minnesota ca.1939

“We’ll have to do the same for the other bank,” Bremer decided. And so they did. On Monday morning, both Crookston banks opened their doors to tables of money shielding the cashiers. No doubt some skeptics were not distracted and saw fit to retrieve their funds into their own hands. But most depositors rested their trust in the banks. And so, Crookston’s banking continued undisturbed—protecting pensioners’ savings, extending credit to faltering farmers, and loaning money to buy homes in town.

The cash Bremer advanced to save the Crookston banks, and fifty-some others, was his own capital. He used it to purchase the banks’ virtually worthless Depression stock. He then paid heavy assessments on this stock. He also frequently gave direct contributions to the banks, taking certificates of deposit in return, which he usually surrendered to remove losses. In 1933, after some ten years of such big-hearted support, he had pledged all his assets as security for loans to the banks. His total indebtedness amounted to eight million dollars. You could take quite a splendid honeymoon on that kind of money.





a PAIR *of* OVERALLS *and* *a* THANKSGIVING TURKEY

Otto Bremer never married; he was devoted to his brother and financial partner Adolf, and provided his sister Freida a comfortable home during her life. You could say that his support of small banks in Minnesota, North Dakota, Montana, Wisconsin and even one in Iowa comprised a farflung family. In “It’s a Wonderful Life,” Jimmy Stewart saved the bank from its panicked depositors because a greedy development corporation lurked in the wings, ready to gobble up the townfolks’ money. He knew his customers as relatives and neighbors; you could say that he saved an extended family from ruin.

But what motivated Otto Bremer to spend his fortune on banks that weren’t even in his own hometown? Other than the basic human desire to be helpful, what motivated him to accumulate wealth, only to risk it in small towns he only occasionally visited?

Explaining his interest in banks is easy: he had it as a family inheritance from his banker father. After only six months in this country, he settled into banking for good. But the small-town, common-folk philosophy behind his dealings with small banks—where did that come from?

In late November 1886, after “baching” it with three of his brothers in Aberdeen, South Dakota, Otto Bremer arrived in Minneapolis. Tramping the city streets, he heard a lot of Swedish but no offers of work. Soon, he boarded one of the short-line Milwaukee Road trains between the two cities and got off in St. Paul just before dark.



*Adolf and Otto Bremer
American National Bank*

By age nineteen, following an apprenticeship in a German bank, he'd left his middle-class comfortable home in Seesen, Germany, where he was born on October 22, 1867. With his younger brother Adolf, he then steamed across the Atlantic to Hoboken, New Jersey. Older brothers Carl and William waited for them in South Dakota.

No war or financial disaster had spurred Otto and Adolf to leave, but their mother, a talented pianist, daughter of a Lutheran minister, and champion of her children's education, had recently died, after nursing her children through an epidemic. Perhaps the young men fled her absence, or perhaps their older brothers' tales of America drew them forward.

Just before dark, Otto stopped before the famous old Merchants Hotel at Third and Jackson Street in St. Paul. It was glamorous and lit-up. A policeman lounged against a lamp post. "Try the International nearby," he recommended, "it's cheaper." Twenty years later, Otto Bremer would own the International Hotel; in many ways, his was a classic American story of "immigrant boy makes good."

St. Paul Skyline ca.1888, Minnesota Historical Society



American Bank, St. Paul, Minnesota ca. 1920



The next morning, Bremer's search for work took him first thing to the wholesale hardware company of Farwell, Ozmun, Kirk & Co., at 254 East Third St. "I'm sorry," George Farwell told him, "we have no place open in the office."

"But I want work," the youth insisted. "I want to begin at the foot of the ladder. And you don't have to pay me until you find out if my work is worth it."

St. Paul was booming in 1886, a thriving community of 125,000 people, strategically located for river and railroad traffic. The population had tripled in the previous five years, including a number of German immigrants, some of them Jewish, many of them settling in the West Seventh and Dayton's Bluff

neighborhoods where beer brewing began. East Third Street was close to Dayton's Bluff, and Mr. Farwell might well have hired other German immigrants before Otto Bremer presented himself.

"All right," he said to the young man's offer. "Find a clothing store and buy yourself some overalls. Be at work at 7 o'clock tomorrow morning."

On the anniversary of his 80th birthday, years later, Mr. Bremer commented, “That was about the happiest moment of my life. At last I had a job in America.”

But happiness is thin protection against a Minnesota November. When he stepped into a little clothing store nearby, the young Jewish proprietor measured him and sold him a pair of overalls for seventy-five cents. “You’re cold,” he directed Bremer to the back of the store. “Go sit by the stove and get warm.”

As a wealthy old man, Mr. Bremer commented, “That was the first time in this country that anyone had befriended me.” Not at all surprisingly, in the course of his life, he formed an appreciation for the Jewish population in St. Paul—his step-mother was also Jewish. Bremer was active in the resettlement of Jewish refugees from the Third Reich—his concern for immigrants was always strong. And he supported a number of local Jewish organizations.

“But I want work,” the youth insisted. “I want to begin at the foot of the ladder. And you don’t have to pay me until you find out if my work is worth it.”

At 7 o’clock sharp the next morning, in his new overalls, Otto Bremer waited at the door of Farwell, Ozmun, Kirk & Co. The windows were dark. No one answered his knock. A horrible thought occurred to him: could the firm have failed overnight?



Like the young proprietor who offered him a place by the stove, Bremer would help strangers and institutions who simply knocked at his door.

After he had waited for several hours, a man with a flashlight opened the door. "Show me where I should work," the cold newcomer requested.

"The place is closed," the man told him. "It's Thanksgiving. A holiday. Nobody works. Everybody eats turkey."

Thanksgiving and turkey meant nothing to the young German. "What's turkey?" he asked.

As soon as he found out, Bremer bought a turkey and located the Jewish clothier who had outfitted him with the overalls. They ate turkey together. In later years, Bremer staked his friend to a substantial business.

These early experiences in St. Paul held the seed of Bremer's later philosophy. Like the young proprietor who offered him a place by the stove, Bremer would help strangers and institutions who simply knocked at his door. Many were connected with his regional banks.

One story of such a friendship goes like this: after attending the funeral of a Brainard bank employee, Otto Bremer asked to meet with the six sons. One son remembered, "It was during serious Depression times and we were already holding several thousand dollars of accounts due from local farmers caught in financial binds. Had Mr. Bremer forced a payment, we would have had to liquidate with substantial losses. Instead he asked us to name new officers of the corporation so that he could return with updated signatures, told us of his deep respect for his friend, our father, and assured us that his home and banks would be open to us as long as he was living. Our father's indebtedness, well over \$100,000, was never mentioned again, and of course over time we paid it off without any major hardship."

Bremer optimistically believed that people could survive and flourish if they had help at crucial times. When he died, thirty-nine people owed him sums up to \$25,000. The borrowers were those with whom he could strongly identify: many foreign born, separated from family by distance or death, and frequently widows or mothers of small children. The widow of a former employee in a Wisconsin Bremer bank once was stranded in St. Paul with a train ticket but no cash. At the American National Bank to cash a check, she was stopped by an officer who took her to Otto Bremer. "Bremer met us at the door," she remembered, "and held two-and-a-half-year-old Marita on his lap. When he asked how much I needed for the trip and I replied 'Five dollars,' he smiled and said 'Take this and start a bank account for my little girl.' It was \$25."

Though Bremer made shrewd investments in large banks like the Chase Manhattan, he saved his appreciation and financial philanthropy for individuals and smalltown institutions in distress. "I always take the part of the common man and extend to him all the help I can," he remarked at 80.

Once the common man himself, Otto Bremer returned thanks for help he had received. The other element of his philosophy, "Banks should be home banks; not bigger banks but better banks," began to develop in the next, and more permanent job he landed in America.

a COLUMN OF FIGURES *and a* BREWER'S DAUGHTER



Not expecting immediate payment, Otto Bremer was surprised with a check for his first week's work at Farwell, Ozmun, Kirk & Co. But he was less satisfied three months later when his promotion to assistant shipping clerk did not draw a larger salary. To make sure he could handle the new job, he had studied timetables for every train stopping at St. Paul's Union depot. Hundreds of trains, but still only \$15 a week. Now was the time to try trading on his German banking apprenticeship.



The National German American Bank—what the Pioneer Press called at the time “a mammoth banking house” with double the capitalization of its two competitors—intrigued Bremer because of its German connection. He presented himself to be hired. After being worn down by his persistence, a manager tore the bottom totals off a sheet filled with figures and handed the sheet to Bremer. “Add up the columns,” he directed.

Standing by the rail, young Bremer was nervous; he had to be accurate. The numbers added up and rechecked in his head, he then wrote down the totals and handed the sheet back. A surprised look on the manager's face told him that he had succeeded. A job in banking was his. Beginning as a bookkeeper in 1887, Bremer rose over the next thirteen years to chief clerk and a major stockholder in the bank.

The next chapter in the Bremer story was a personal one. Brother Adolf fell in love with Marie Schmidt, the daughter of local German brewer Jacob Schmidt for whom the young man worked. Adolf married Marie, and soon the Brewery moved to the site of the former Stahlmann Brewery on West Seventh Street.

Close in business as in family matters, Otto followed his brother into the Brewery. By 1901, the Bremer brothers each owned one-fourth of the stock, aiding the company's growth to over a million dollars a year.

The brewery business also expanded Otto Bremer's connections in the region through its sixteen agencies in Minnesota, the Dakotas, Montana, Iowa and Wisconsin. Some say that through these brewery agents, local bankers heard about Otto Bremer, the banker and philanthropist. Others say that the connection branched the other way: that Bremer's ties to small town banks drew him into business with local owners of bars and

saloons. Whichever way the connections developed, Otto Bremer and Adolf Bremer would be, henceforth, related to the beer-drinking and banking activities of many small towns around the region.

Jacob Schmidt Brewery, St. Paul ca.1905, Minnesota Historical Society



It seems that he was more comfortable with smalltown folk than their big-city cousins. A meticulous and expensive dresser—after he graduated from overalls—he had a fondness for German dishes, lentil soup and Polish sausage, several daily cigars and beer. But the common touch—first names and jokes—marked his behavior to everyone from his servants to employees. He liked to seal a transaction with a handshake rather than a signature, and his humor added warmth to this personable manner. Once he gave a cigar to a friend. The friend, worried that Otto had not saved one for himself, then asked, “Do you have another?” Otto replied, “What? Do you want two?” At different moments, acquaintances might overhear him singing a jingle that he invented: “Schmidt’s beer is the best beer, but any good beer will do.”

Once he gave a cigar to a friend. The friend, worried that Otto had not saved one for himself, then asked, “Do you have another?” Otto replied, “What? Do you want two?”





ST. PAUL TREASURER, ALMOST-MAYOR, *and* AMERICAN NATIONAL BANKER

Such good humor and sociability made Bremer a natural for politics. He was certain about which party to support—the Democrats, the party of the working people. At the turn of the century, St. Paul Democratic politics was a heady brew of partisan divisions and arguments over the “dry” movement in the state. The Democrats disliked each other so much that, in 1900, they held two conventions and nominated rival slates. But Otto Bremer managed to appeal to both factions as their choice for city treasurer. Winning that year and four terms following, Bremer was the biggest vote-getter of any candidate for city office, in both parties, in all five elections.



Minnesota Historical Society

No wonder he threw his hat in the mayoral ring in 1910 and 1912. The first bid was rebuffed at the convention, but in 1912, he ran as the Democratic candidate for mayor of St. Paul. Though he’d sidestepped partisan politics as treasurer, he could not do the same as mayoral candidate. Many in his own party assailed his association with party bosses. Liberal Democrats also insinuated a complicated argument based on his association with the Brewery: a “brewer” mayor in the state’s capital city, they said, would trigger support for pro-dry legislation in the state legislature. Bremer lost by 546 votes.

Finally leaving active politics, Bremer had plenty to do. He resigned from the National German bank, and, with his brother, assumed entire management of the Schmidt Brewery, Adolf as president and Otto as secretary and treasurer. Jacob Schmidt had died in 1910, leaving his half of the business to his daughter. Thus the two Bremers and Adolf’s wife held most of the Brewery stock among themselves.



American National Bank ca.1920, C.P. Gibson, Minnesota Historical Society

With his profits from this thriving enterprise, Otto bought into the newly organized American National Bank, and in 1913 was elected to its board of directors. In 1914 the brothers built the Bremer Arcade at Seventh and Robert Streets in St. Paul, and in 1916, the American National Bank moved there. With the onset of Prohibition in 1919, the Brewery changed from producing beer to making soft drinks and a popular and “unusually flavorsome malt near-beer.” Meanwhile, through the Brewery business, bankers in small towns around the upper Midwest became familiar with the American National Bank and began to tap Bremer himself for financial assistance.

In 1921, the president of the American National Bank died, and the board wanted new leadership. Asking Otto Bremer to recommend a president, the other board members responded that his choice wasn't quite big enough for the job. Bremer insisted. The board elected his candidate, but won a point by convincing Bremer to go into the Bank as its chairman. “All right,” Bremer is supposed to have said, “but I will take no pay.” Elected January 11, 1921, Mr. Bremer acted as chairman until the 40s when his stake in the Bank diminished.

The board elected his candidate, but won a point by convincing Bremer to go into the Bank as its chairman. “All right,” Bremer is supposed to have said, “but I will take no pay.”

By 1929, just before the stock market crash, the American National Bank had become the second largest bank in St. Paul and experienced a record year for deposits. Bremer was a major shareholder, owning over 2000 of the 4000 shares of capital stock. By this time he was renowned as the “largest investor in bank stocks west of Chicago,” some taking up to eight years to acquire, and all made for safety and future appreciation rather than immediate dividend.

Bremer’s banking philosophy, articulated with special concern for the fifty-five banks he had befriended in the region, was published several times in the late 20s. Its main principles went like this:



1. *To protect the security of investments by scattering them over a wide region in comparatively small amounts, and thus lessening the risk of losing them.*
2. *To put the interests of the country banks and their depositors first, and his own interests second.*
3. *To ensure a gradual but slow increase of invested capital, through a conservative dividend policy rather than a policy of higher, temporary return in dividends or interest.*
4. *Finally, a maxim: “True banking must be kept on a firm basis and cannot deviate from a reasonable rate of income on investments well secured.”*

Paradoxically, Bremer followed this conservative financial philosophy before the Depression, but once the Depression hit, he replaced it with a policy of bold, almost reckless daring. Whereas many bankers who had played the 20s with risky and inflated investments saw their wealth drain away at the start of the Depression, Otto Bremer waited until the small town people he appreciated were in need to turn into a financial risk-taker.



BANKRUPTCY AVERTED, ROOSEVELT AIDED, *and a* FOUNDATION CREATED



By 1934, his investments in “home banks” had brought him to the edge of bankruptcy. To avert proceedings by various creditors, particularly Chicago and New York banks, Otto’s brother Adolf stepped in and pledged 200 of his shares in the Schmidt Brewing Company to secure the necessary portion of Otto’s debt. A settlement was reached that cost Otto all his stockholdings in Chicago and eastern banks, and transferred

all his American National Bank stock from the creditors to Adolf, thus saving the country banks and the American National from probable sale. In this act of brotherly support, Adolf traded a great deal of his own financial security to back Otto’s Depression investments. This suggests how devoted the two brothers were not only to each other but also to the maintenance of independent, family-owned country banks.

From the home banks’ point of view, this arrangement meant that Otto Bremer could continue the humane policies he had begun: little interference in the running of the banks, hosting yearly meetings in St. Paul of the bank directors, protecting

the independence of the banks from outside interests but expecting a good return on his investment, helping banks in shrinking towns to consolidate and cut their losses, accepting no salary for the assistance he rendered, supporting the extended credit to families in hardship, and ultimately making it possible for many farm families to remain on their extensively mortgaged land.

In this act of brotherly support, Adolf traded a great deal of his own financial security to back Otto’s Depression investments.



OTTO BREMEK BANKS
"DINNER AT MINNESOTA CLUB, ST. PAUL DEC. 23 1911"

During these troubled times, Bremer did not lose his optimistic philosophy, nor his somewhat naive trust in human nature. But he did show signs of strain. To his household and intimates, and to many in the country banks, Bremer was remembered as gentle, kindly, true, loyal and sympathetic. But those who worked with him day after day at the American National Bank reported that he could be testy, overbearing, and sometimes explosive. And he was possessive: in his later years, at least, he called the American National, "My bank," and newcomers who wanted to review his decisions or inaugurate new programs like a pension plan for employees, sometimes felt the heat of his displeasure.



Even with Adolf's intervention, Bremer still needed help to secure the American National. Perhaps in part because he was President Franklin Delano Roosevelt's advisor, Bremer reached an agreement with the federal Reconstruction Finance Corporation that salvaged the American National from take-over. Ten thousand shares of new, preferred stock were bought by the R.F.C. for one million, and, in return, Bremer gave his personal guaranty to repurchase the shares over a number of years.

From 1933 to 1941, Otto Bremer's shares in the American National were gradually bought up by the Schmidt Brewery, and this, along with other refinancing arrangements, diminished Otto's ownership of the bank until by 1950 he owned only sixteen percent of the common stock. The Brewery's share, however, increased.

In 1939, Adolf Bremer died, worn out by the turmoil of the decade. The loss of his devoted partner took an emotional toll on Otto. Shortly after Adolph's death, Otto suffered a serious accident. Stumbling backwards over a stool, one day at the Brewery, Otto severely fractured his arm and leg—a fitting symbol of the loss of his supportive brother. From then on, he got around with the help of a male nurse. Nonetheless, Otto continued his role as mainstay of the Brewery, and thus indirectly of the American National. As the sole trustee of the Marie Bremer Trust that held all of her stock in the Brewery, Otto Bremer thus owned or controlled three-fourths of the Brewery stock. Yet, despite his primary activity in Brewery and Bank, their growth moved away from his legacy, as his individual wealth and interest became further consolidated in the rural banks.

During the tumultuous financial dealings of the 30s and early 40s, Otto Bremer had taken time to become a friend and financial advisor of President Roosevelt. He even had the President come to his Washington hotel, on occasion, arguing that since they were both in wheelchairs, they should take turns calling on each other. After a number of advisory visits, Roosevelt drafted Bremer to manage the Home Owners Loan Corporation for Minnesota, one of the “New Deal” organizations to help the country through the Depression. “That was one of my most cherished accomplishments,” Bremer recalled; “we made loans amounting to more than \$51,000,000 to save 23,000 citizens of Minnesota from losing their homes—and without any loss to the government.” Using federal dollars this time, instead of his own, Bremer was able to extend his philosophy of supporting common people through hard times.

He also had a chance to help avert a major railroad strike. The request came from President Roosevelt by phone, as employees of the American National remember asking the name of a telephone caller one afternoon, only to hear the President identify himself. Bremer was added to a committee trying to prevent a strike on the Kansas City & Southern Railway. The President “told me I was the one man in the Northwest in whom he reposed the confidence to handle matters of this emergency,” Bremer related. “Our committee held court in Kansas City for three weeks in weather so hot we’d have to give the stenographers time off to recuperate. But we were successful in heading off the strike which might have precipitated a national calamity.”

As he aged, Bremer began to contemplate arranging his estate. He hated funerals and would do anything to get out of them, a friend remembered. Perhaps Bremer wanted to assure that the family he had left, the home banks, would not be buried with him. In 1943, in his early 70s, Bremer created a bank holding company to consolidate his stake in the country banks. Eventually including all his country bank stock, portions of his shares in the American National Bank and in the Schmidt Brewery, the Otto Bremer Company was initially valued at around \$2.5 million. Its purpose was to give the banks the advantage of acting as a group for purchasing bonds, etc., and to avoid their sale after his death.

But Bremer's concern extended beyond the banks themselves to the communities that surrounded them. Always aware of individual problems and the various needs of small towns, Bremer wanted to increase the benefits of living in the location of a Bremer bank. Thus, he created the Otto Bremer Foundation, funded by the profits of the Otto Bremer Company. The Foundation made grants to St. Paul and the trade territories of the country banks.



Otto Bremer



When he died on February 18, 1951, at the age of 83, Otto Bremer endowed his country banks and their surrounding communities with his lifelong appreciation of their aspirations and trials. He knew them best—the family members and lovers of family, the young, small business owners with dreams and a resolve—though not necessarily the cash—to make their dreams a reality; the country banks and bankers who would withstand hardship for a brighter future; and always the aspiring who have just bought their overalls for a first job that they will make into livelihoods, supportive of themselves and their communities.

Over the years since its founding in 1944, the cities, towns and rural areas Otto Bremer knew have changed, and so has the Foundation. The number and amount of grants awarded annually have risen exponentially, and grantmaking strategies have evolved to reflect changing needs and opportunities as well as the funds available for support.

Otto Bremer's history in St. Paul began more than a century and a quarter ago, yet his story is not old. Today, it is replayed daily with an ever-changing cast of characters. His commitment to helping people find opportunities to thrive and participate in their communities lives on through the Foundation's investment in, and partnership with, the region's people and nonprofit organizations.



The Otto Bremer Foundation assists people in achieving full economic, civic and social participation in and for the betterment of their communities.

Our mission is based on the intent of our founder, Otto Bremer.

His vision and longstanding commitment to communities during and after the Great Depression are carried forward today through our work in the places that are homes and neighbors to Bremer banks.

We strive to help build healthy, vibrant communities—communities where basic needs are met, mutual regard is prized and opportunities for economic, civic and social participation are within everyone's reach.

OTTOBREMER.ORG


OTTO BREMER FOUNDATION

445 Minnesota St., Ste. 2250, St. Paul, Minnesota 55101
651 227 8036 *main* 888 291 1123 *toll-free* 651 312 3665 *fax*

Exhibit 5



COMPLIMENTS OF
OTTO BREMER
Chairman of the Board
American National Bank
Saint Paul

FEDERAL RESERVE BANK OF MINNEAPOLIS

NINTH DISTRICT

OFFICE OF THE CHAIRMAN
AND FEDERAL RESERVE AGENT

JOHN H. RICH
CHAIRMAN AND FEDERAL RESERVE AGENT
CUNTING L. HOSMER
ADMINISTRATIVE FEDERAL RESERVE AGENT
J. F. BERGQUIST
ASSISTANT FEDERAL RESERVE AGENT

March 13, 1923

Mr. Otto Bremer
Chairman of the Board
American National Bank
Saint Paul, Minn.

Dear Sir:

I am indeed glad to have your letter
of March 7 with your ideas concerning the principles and practices
which make for soundness in country banking. We shall preserve
this letter in our file upon this subject as the best statement
which we have seen of these principles.

Sincerely yours


John H. Rich
Chairman and Federal Reserve Agent

JFE:AH

Copy of the letter from Otto Bremer.

March 7, 1923.

Mr. JOHN H. RICH,
Chairman and Federal Reserve Agent,
Federal Reserve Bank,
Minneapolis, Minnesota.

Dear Sir:—

I received your letter requesting me to fill out the therein enclosed questionnaire as to the methods of handling the affairs of city and country banks in which I am interested.

The questionnaire has not been filled out by me for the reason that it is based on a theory so different from that under which I interest myself in banks that it would not give a clear statement of my attitude towards country banking which, gladly complying with your request that I submit the same in writing, I hereby tender for your consideration.

The following are the principal reasons for my investing in the stock of a large number of banks that are carefully selected, taking into account the local conditions, proper associates and management:

- 1st. My liking for the business.
- 2nd. The security of such investments over a period of years, by lessening the risks involved, through scattering them over a territory comprising Western Wisconsin, Minnesota and North Dakota in comparatively small amounts.
- 3rd. The desire of a gradual but slow increase of my invested capital, instead of higher temporary returns in dividends or interest, by carrying out my dividend policy which is a conservative one, limiting same to 6% on the capital

employed, the balance of the profit being left in surplus and undivided profits, thereby safeguarding the institution against unforeseen depressions.

As the success of my investments grows based on the continued success and growth of institutions, all profits of every nature, whether arising from my personal efforts, credit or banking experience or not, are for their sole benefit without any other compensation therefor except to the local management.

From the foregoing you will see that I am primarily interested in the welfare of the banks, giving their managements the benefit of my long experience in this line of endeavor which is at all times at their disposal, either in the making of loans or in giving advice in the event of investing surplus funds for long or short periods.

My interest in any bank is, I believe, a beneficial one to the bank but, whether it be large or small, each bank must stand on its own footing, employing its own resources, but at times of need and in order to get desirable business, supplemented by my own capital. If any of the banks must borrow money they apply directly to me and to their city correspondent banks only; they do not borrow money among themselves.

No compensation of any kind is either charged or received for any services rendered by me to any of the banks in which I am interested. I receive no salary nor do I receive any sum, in excess of current rates, for moneys loaned by me to the banks.

From the foregoing you will see that I am diametrically opposed to the so-called "Chain Bank System," and I welcome the opportunity of expressing my opinion in regard to the same.

My long experience with country and city banks has given me an insight into the workings of this unhealthy system, fostered by so-called Holding Companies that can only prosper by milking the banking institutions which were so unfortunate as to come under the control of such companies that have the appearance of a security, banking and brokerage concern with fine quarters at high rents, and many officials with high salaries for the evident purpose of facilitating the procuring and loaning of funds for the smaller country banks.

In order to make the parent concern prosperous the mortgages, securities, etc., are switched from a district of high money with small home deposits to banks in more flourishing districts where cheaper rates prevail. This, in itself, could give no cause for complaint, if the banks at either end would be dealt with fairly, but the parent or holding company must, of necessity, charge undue commissions of both banks to insure enough profits to pay for its high overhead and dividends to its stockholders. A holding company operating a chain of banks can be prosperous to itself only in the same ratio as it is detrimental to its controlled institutions because, on account of the nature of its business, it must rely on commissions and charges that the smaller banks can ill afford to pay and should not be subjected to; at least not from a moral standpoint, even if permissible from a legal one, most assuredly not from a banking standpoint.

Besides this, it is a general rule that the controlled banks are charged a fixed monthly fee for being looked after by the home office (an unnecessary and costly burden) besides placing a curb, if not a prohibition, on the initiative of the officers of the local banks and seriously hindering them from being of real service to their localities, which ought to be served first, which should be the only

consideration of bank officials and which is the primary reason for the existence of the banks. On account of the comparatively small capital resources of these holding companies, an undue amount of borrowing must be resorted to, to the detriment of all concerned, thereby contributing to and creating undue inflation.

This whole idea of "chain banking" is unhealthy and dangerous and should be discouraged in every possible way for another reason, and that is, the intermingling of funds between the controlled banks, whether they consist of swapping deposits or securities.

The legitimate profit in banking cannot and should not stand on or be based on any of these extra charges, commissions, or overhead expense to which are chargeable the above mentioned conditions and the desire for extra high interest rates which of necessity are based on not the best grade of securities.

True banking must be kept on a firm basis and cannot deviate from a reasonable rate of income on investments well secured.

Respectfully,

(Signed) OTTO BREMER,

Chairman of the Board

American National Bank, St. Paul.

Ob-Ae.

Exhibit 6

Senator NORBECK. In taking over these banks, say, in my State, the basis that you generally took them over on would be what?

Mr. WAKEFIELD. Every single bank would be a transaction in itself, all dependent on what is inside of it and what exists there. There is no formula that I could give you.

Senator NORBECK. What would be the highest that you paid for any of them?

Mr. WAKEFIELD. I could not tell you. I would have to look it up. I do not know.

Senator NORBECK. I think I have covered all I want to ask; unless you can think of something.

STATEMENT OF OTTO BREMER, CHAIRMAN AMERICAN NATIONAL BANK OF ST. PAUL, MINN.

Mr. BREMER. Mr. Chairman, I come here without any preparation. I have not prepared any statement. I did not know what was wanted of me, but I am here at your service, and I wish you would ask any questions you want to.

Mr. WILLIS. With what institution are you connected?

Mr. BREMER. I am chairman of the American National Bank of St. Paul.

Mr. WILLIS. And that is outside of these two groups entirely?

Mr. BREMER. Yes, sir.

Mr. WILLIS. What is your attitude toward the group system in banking?

Mr. BREMER. Well, if the groups are managed properly, they may be a good thing, but I am of the opinion that the unit bank has just as much right to exist as any other.

Mr. WILLIS. Do you regard these groups as in any way invading that right to exist?

Mr. BREMER. It is pretty hard to answer that question. I would not answer that. I could not answer that.

Mr. WILLIS. It seems to me that you leave the whole question in a vague condition that is not desirable.

Mr. BREMER. At the present time the groups are in very high hands. I have listened with great interest to what has been said and I have the very highest regard for the men who are running the group banks and their associates.

Senator NORBECK. And they are running good banks?

Mr. BREMER. Yes; and I sometimes think it is a new thing and time only can tell whether it is wise or not, and I am not prepared to say one way or another. Only time can tell.

Mr. WILLIS. How many banks do you own?

Mr. BREMER. I do not own any.

Mr. WILLIS. You own no stock except in your own bank?

Mr. BREMER. Yes; but I do not own any banks.

Mr. WILLIS. How many blocks of bank stock do you own?

Mr. BREMER. I own a few shares of stock as an investment and my investment is a friendly investment and of that kind only.

Mr. WILLIS. In how many banks?

Mr. BREMER. In about 40.

Mr. WILLIS. Then you are what is called a chain banker?

Mr. BREMER. No sir. I have a friendly interest in those banks. They have come to me, most of them when they were in need of help or advice, and I invested some of my money with them.

Mr. WILLIS. Fifty-one per cent?

Mr. BREMER. No. I never make that a condition. My idea is that I would rather have a larger interest at home where the banks are located than away from home; in other words, I would say that the banks I am interested in are considered home banks, wherever they are. I have no corporation nor any affiliations for the purpose of holding stock.

Mr. WILLIS. You simply run them as an individual?

Mr. BREMER. They operate the banks as they were operated before I became interested in them. If I can be helpful to them with advice, it is there at their beckoning without any cost whatever.

The CHAIRMAN. You are not prepared to discuss the respective systems?

Mr. BREMER. No.

The CHAIRMAN. You do not know whether you are in favor of group banking or chain banking or not?

Mr. BREMER. You did not ask me about branch banking. I have some ideas about branch banking. I do not think it would be a good thing for our country at large if we had branch banking all over. In a few localities it may be preferable, but as a whole I think it is un-American.

The CHAIRMAN. How un-American?

Mr. BREMER. In a way a man likes to be independent.

Mr. WILLIS. Do you mean to say it is German or English? They have branch banking there.

Mr. BREMER. Yes; they have branch banking there, Doctor Willis, but I am just about between these two ideas: I consider myself and with my friend Elmer Adams, as an independent banker, although I have interests in other banks.

I have just had a report of a large German bank in my home town which has gone out of its way to acquire an interest in two old banks in order to provide better banking facilities at those places. One was established in 1761 and the other in 1794, and it reports in its statements that these small banks served a good purpose, being closely allied with the producing and trading middle class. It is business that the big banks are not familiar with and do not want and it, the Bank of Brunswick, invested some money in those banks in order to keep them functioning as two independent banks.

Senator NORBECK. You feel there is a real need of small banks over the country as well as large banks?

Mr. BREMER. Yes; and I repeat again that the management of these two groups has done a great deal to help steady the situation in our territory, but it seems to me that at the same time there is a field for the unit banker, but after all I think it is absolutely up to the public. If the public is attracted to large figures—if those big figures are the only attraction, then the little unit bank is out of the picture. But I think the unit bank has just as much chance as it ever had to do its business.

The CHAIRMAN. You say you have stock in 40 different banks?

Mr. BREMER. Yes, sir.

The CHAIRMAN. Of how many boards of directors are you a member?

Mr. BREMER. As a rule, where I have a larger interest, I am on the board of directors. Not in the national banks.

The CHAIRMAN. No?

Mr. BREMER. That would be against the Clayton Act. But I have gone into some of them for a constructive purpose. These bankers appealed to me for help when they had their troubles. I never bought any stock in a bank in which I had no interest at the time unless I was invited to do so by the management of the bank.

The CHAIRMAN. You have the appearance of a philanthropist, but there are not so many philanthropists in the banking business.

Mr. BREMER. No. It has cost me some money sometimes.

Senator NORBECK. You feel the danger of branch banking is too much centralized control and too far from the public?

Mr. BREMER. Yes; and not a good thing for the district in which it operates.

Coming back to my idea about the home bank: My idea about the banks is this: The home district comes first. The bank that I am interested in are not going outside of their sphere and neither I nor the banks are interested in selling or underwriting any bonds or securities. I may be dead wrong in this and may have foregone a great deal of profit. I do not care for that line of business. I am, if you will permit the expression, an old-fashioned banker who takes deposits from the people who trust us with them and lend them out at a slightly larger return, and that is our bread and butter.

The CHAIRMAN. We are very much obliged to you, Mr. Bremer.

Mr. BREMER. I am sorry I can not add much more to what has been said.

Mr. WILLIS. Have you ever owned stock in a failed bank?

Mr. BREMER. No.

Mr. ADAMS. Let me say this for Mr. Bremer: Whenever there has been a bank in the Northwest—I will not say whenever, but scores and scores of times—they have gone to Mr. Bremer as an individual and he has come in and helped save them. Sometimes they call him Santa Claus, but it should not be Santa Claus because it has turned out well. But he has never gone into a community unless asked, and when Otto Bremer adds his name in a community it stabilizes that institution.

The CHAIRMAN. I guessed that. I said he looked like a philanthropist. It is bad we have not a great many more like him.

STATEMENT OF C. H. MARCH, A MEMBER OF THE FEDERAL TRADE COMMISSION

The CHAIRMAN. Please give your name, address, profession, occupation, and former business connections, and present business connections.

Mr. MARCH. C. H. March. I am on the Federal Trade Commission.

Senator NORBECK. From Minnesota?

Mr. MARCH. Yes, sir.

Exhibit 7

Bremer Jan. '83
personal copy
corrected
2/84

PREFACE

The biography of Otto Bremer -- banker, brewery executive and capitalist -- is in many ways the story of a family fortune. The story traces the growth of that fortune, its dissemination over Saint Paul and a large portion of the upper midwest, its final distribution after Bremer's death, and its continuing legacy today. Out of respect to a man who held the family in such high esteem, it is essentially, perhaps, simply a "family" history.

First, it is the story of Otto Bremer's natural family. For most of his life Bremer's closest business partner and friend was his brother Adolf. Otto and Adolf Bremer grew up together, immigrated to America and Saint Paul together in their late teens, and found their fortunes together as early leaders of the Jacob Schmidt Brewing Company. From the beginning, their career emphases diverged: Otto became a founder, controlling shareholder and Chairman of the Board of the American National Bank of Saint Paul and emphasized banking, while Adolf served as President and chief executive officer of the brewery and emphasized business. But their holdings in brewery and banks, real estate and other enterprises were largely shared between them. Moreover, they retained a fierce sense of mutual loyalty. It is said that Otto would have done anything for Adolf, and Adolf was equally faithful to Otto. During the Depression, Otto staked nearly all of

his personal fortune to assist numerous "country banks" which were clients of the American National in the upper midwest, and Adolf's sacrifice, personal and financial, was of crucial importance to him during this most heroic chapter of his career.

Otto's biography also describes his devotion to his spinster sister Frieda, with whom he lived nearly all his life. Interestingly, Bremer retained an Old World opinion of a woman's "place": though he himself had interests that spanned a continent, he was extremely protective of his sister, and she apparently spent most of her time at home.

There was also another, broader "family" in Bremer's life. While Adolf Bremer married and had children, Otto remained a lifelong bachelor, and this lack of wife and children assumed special significance when he began planning his estate. This other family, which substituted in many ways for the heirs he never had, consisted of the numerous "country banks" in Minnesota, North Dakota, Wisconsin and Montana with which he had become associated through the Jacob Schmidt Brewing Company and the American National Bank of Saint Paul. Bremer's investment in these banks grew as a result of his assistance to them during the 1920s and 1930s, and at his height he was a large or controlling shareholder in some 55 country banks. His costly aid to the banks during the Depression caused a gradual erosion of his position in the brewery and the American National, but his ties to

the country banks grew stronger. Before he died he established the Otto Bremer Company, a bank holding company composed primarily of his holdings in the country banks and the American National Bank of Saint Paul, and a charitable foundation, the Otto Bremer Foundation, to benefit Saint Paul, the country banks and the country bank communities after his death. Per the directions in his will, substantially all of Bremer's estate was distributed to the Otto Bremer Foundation and its wholly owned subsidiary, the Otto Bremer Company, after his death.

The following pages reconstruct the important events in Otto Bremer's life. It is hoped that this history will strengthen appreciation both of Otto Bremer the man and of the value and purpose he placed on his legacy, the Otto Bremer Company and the Otto Bremer Foundation.

CHAPTER ONE

Otto Bremer was born in Seesen, Province of Brunswick, Germany on October 22, 1867, the fourth son of Eduard (pronounced A-duard) and Mathilde Maeder Bremer.¹ An early biographical sketch states, somewhat romantically, that he was born "amid the hoary mountains of Germany" (i.e., the Hartz mountains); and indeed, the romantic connotations of his Old World past were to remain strong in Bremer's mind. He was always to remain distinctly German in his tastes and habits, and he returned to his homeland often in later life.²

There were eight children in the Bremer family who survived infancy, five sons and three daughters. The sons were Carl, William, Rudolph (who remained in Germany all his life), Otto and Adolf. The daughters were Louise and Alma, both of whom married and lived all their lives in Germany, and Frieda, who never married and spent most of her life residing with Otto. Otto, Frieda, and Adolf all lived their entire adult lives in Saint Paul.

Historian Henry Castle writes that Eduard Bremer was "a man of much prominence in the banking world of Germany," but Castle probably overstates the case. Eduard was apparently a successful banker and businessman (though not wealthy) and the family is said to have been financially comfortable.³ It is impossible, however, that Eduard ran into financial difficulties in his later

years, and this may have precipitated his immigration to America and Minnesota in about 1887, shortly after the arrival there of his sons, Otto and Adolf.⁴

Little is known of Otto's early life in Germany. At least two sources suggest that he worked on a farm as a young man, but there is no other evidence of this. The Bremer family had apparently long been active in business, and Otto and his brothers followed in the family tradition. At least one anecdote about the young Otto survives: As a youth he tried to enlist in the army but was rejected because of a double hernia. Much disappointed, he used to watch the army maneuvers.⁵

As in most traditional German households, the father, Eduard, was in authority; but the principal character-shaping influence in the family may well have been Mrs. Bremer. The daughter of a Lutheran minister in Sondershausen, Germany, Mathilde Bremer was a dynamic woman who encouraged her children to receive a good education and training. She was also a musician -- a pianist -- and this interest was shared by at least one of her sons, Adolf, who had a fine voice and became a skilled violinist. Adolf, in fact, is said to have earned some of his first money in America playing the violin.⁶ It may be that Mathilde Bremer put her children to sleep to Brahms' "Lullaby", for when Otto grew older this song always brought tears to his eyes.⁷

Otto's brother and closest friend, Adolf, was born on July 24, 1869, and was thus two years his junior. The boys were alike in interests and temperament and even bore a strong physical resemblance. In later years Otto was to grow stouter than Adolf, a fact which may have been partly explained by Adolf's being a sportsman and fond of the outdoors while Otto was essentially a sedentary "city" man.⁸ Both brothers graduated from gymnasium. They also served apprenticeships in professional houses, Otto as a banker with the Brunswick banking firm of Virrans and Gerloff, and Adolf as a bookkeeper.⁹

Sometime before 1886 an epidemic swept through Seesen and took Mrs. Bremer's life. She is said to have nursed her children through the disease first and then to have fallen victim to it herself. Subsequently, Eduard Bremer remarried -- this time to Marie Boehm, a native Bavarian and a Jewess.¹⁰

In 1886 Otto and Adolf received financial assistance from their sister Louise and immigrated to America. Their older brothers Carl and William had come to America before them and had inspired the young men with stories of American opportunity. Carl had settled in Aberdeen, South Dakota, where he became associated with the Cargill Company.¹¹ William moved on to the west coast to Puget Sound, where he became active in real estate and was credited with founding the town of Bremerton, Washington, which became a major U.S. naval shipyard.¹²

Otto and Adolf originally settled in Aberdeen, then went west to Bremerton, and by the end of 1886 had settled in Saint Paul. According to one story they came to Minneapolis first, but found there were so many Swedes there they couldn't understand the language. So they crossed the river to Saint Paul, where they found German-speaking people. They liked Saint Paul and decided to stay there.¹³

Saint Paul was at that time a thriving community of some 125,000 people which, because of its strategic position in the transportation and railroad industries, had become the major commercial and distributing center for the Northwest. Saint Paul historian William Hennessy aptly described the city as "booming."¹⁴ Advances in commerce, manufacturing and other activities had been reflected in an approximate tripling of the city's population between 1880 and 1885. Saint Paul attracted a large number of German immigrants, and Otto and Adolf would have found ample German-American companionship in their new home. Some of the larger German-American neighborhoods of the city were in the area along West Seventh Street and in the Dayton's Bluff area, the land between Phalen Creek and old Hudson Road and east of present-day Mounds Boulevard.¹⁵

It was in the Dayton's Bluff district that Otto and Adolf first settled, at 337 Bates Avenue. Both brothers found work on nearby East Third Street, Otto as a stock clerk and Adolf as a

bookkeeper and salesman. They also encouraged their father, stepmother and sister Frieda to come to America. Eduard and Marie Boehm Bremer must have been living in Minnesota by at least 1887, because a son, Paul G. Bremer, was born to them in Chaska that year. By 1892 Eduard, Marie, Frieda and Paul were all living with Otto and Adolf at 738 East Fourth Street, near Dayton's Bluff.¹⁶ Eduard lived in retirement until his death in 1893, and Marie survived him. After her stepson Adolf married and left the home in 1896, Marie lived with her stepson Otto and his spinster sister Frieda until her own (Marie Boehm Bremer's) death in 1928.¹⁷

Dayton's Bluff and vicinity, incidentally, were the home of several other companies and individuals that were to figure prominently in Otto Bremer's life. The predecessor of the Jacob Schmidt Brewing Company was located near the caves of Dayton's Bluff, and another important brewery, the Excelsior Brewery (later the Theo. Hamm Brewing Company) was situated just north, in the valley of Phalen Creek. For many years Theodore Hamm and his wife owned and operated a boarding house for their employees, and one of their long time workers was Jacob Schmidt, who served as brewmaster at Hamm's for some 14 years.¹⁸

Though Otto's first months in Saint Paul were somewhat difficult, at least from the employment standpoint, his financial rise was steady and sure. In the 20-year period between 1886 and

1906 he found his place in banking, became linked through his brother Adolf with one of the city's rising businessmen (Jacob Schmidt), and helped found what would be for many years the largest independent bank in the Ninth Federal Reserve District, the American National Bank of Saint Paul. The brewery and the American National were to remain his financial strongholds for the rest of his life. From them he developed an immense network of interests in real estate, old line insurance companies, eastern banks and rural banks. He also joined the Democratic party, held public office and became a potent behind-the-scenes force in the Democratic party, local and (later) national.

Bremer began this remarkable ascent as an employee of the wholesale hardware firm of Farwell, Ozmun, Kirk and Company, at 254 East Third Street. Tradition has it that the latter was reluctant to hire him at first, but when he offered to work without pay until he could "prove himself," he was hired. Bremer started as a stock clerk and was promoted to assistant shipping clerk before leaving the firm six months later, apparently because of some unfair treatment at the hands of his boss.¹⁹

In May 1887 he obtained his first banking job in Saint Paul as a bookkeeper with the National German American Bank. The latter, located at the northwest corner of Fourth and Robert Streets, was then one of the three largest banks in the city, along with the First National Bank of Saint Paul and the Merchants National Bank, and had predecessors dating back to

1856. As its name suggests, the National German American Bank carried great prestige among the ethnic German population; and interestingly, the founders of the original firm, Henry Meyer and Ferdinand Willius, were from the same general area of Germany as Otto Bremer. When it was organized in 1883, the National German American Bank had a capitalization of \$2,000,000 -- over double that of either of its two largest Saint Paul competitors (the First National and the Merchants) -- and was described by the Saint Paul and Minneapolis Pioneer Press as "a mammoth banking house." As of 1890 the bank had some 400 shareholders. In 1912 the National German American Bank merged into the Merchants National Bank, which in turn merged into the First National Bank of Saint Paul in 1929.²⁰

Bremer worked at the National German American for 13 years, from 1887 to 1900, and rose from the position of bookkeeper to chief clerk. The bank experienced hard times during those years because of adverse economic conditions, and the management of the institution changed several times. Though Bremer's percentage ownership in the bank is not known, it appears that he built up his shares over time and that he retained stock in the bank until some years after his departure from the institution, for in 1906 he was described in a short biographical sketch as a "heavy stockholder" in the bank.²¹

While at the National German American, Bremer also became active in other business affairs, becoming involved with his brother Adolf in the Jacob Schmidt Brewing Company.

The historic roots of the latter date back to about 1855, when two men, Edward Drewry and George Scotten, erected a small brewing plant below Dayton's Bluff on Commercial Street near Hudson Avenue in Saint Paul.²² This plant, later sold and expanded, became the North Star Brewing Company, which was the predecessor of the Jacob Schmidt Brewing Company.²³

During the late 1880s Adolf was working as a bookkeeper and desk clerk for a number of businesses, including the William Burkhard sporting goods store at 128 East Third Street. Desk duties at Burkhard's gave him an opportunity to talk with customers, one of whom was Jacob Schmidt. It was by this means that Schmidt became acquainted with Bremer. The older man was impressed, took his young friend deer hunting (Adolf was an avid and lifelong hunter and an excellent shot) and hired him to keep the brewery's books.²⁴ Later, the two men became better acquainted through local trapshooting events.²⁵ Soon Adolf went to work for Schmidt and became "manager" of the brewery. He also fell in love with Schmidt's only daughter, Mamie (or Marie), and in 1896 he and Marie were married.²⁶ Subsequently, Adolf left the home which he had shared with Otto, Frieda, his stepmother and stepbrother and moved in with Marie and the Schmidts next to

the brewery on Commercial Street.²⁷ Three years later, in 1899, the brewery was incorporated under the new name of the "Jacob Schmidt Brewing Company."²⁸

In 1900 fire destroyed the brewery on Commercial Street and Schmidt was forced to look for a new plant.²⁹ A short time later he purchased the plant of the defunct Christopher Stahlmann Brewing Company at 882 West Seventh Street and he and his family, including Adolf, also bought and moved in to the former Stahlmann mansion at 855 West Seventh Street. The Stahlmann Brewing Company had in its heyday been the largest brewery in Minnesota, producing an average of over 10,000 barrels of beer annually during the late 1870s.³⁰ Thus, the Schmidt interest acquired a sizable physical plant through the purchase of the Stahlmann properties. The old Stahlmann plant and mansion became the permanent homes of the Jacob Schmidt Brewing Company and the Adolf Bremer family.

Through Adolf, Otto also became involved at the brewery, though his primary interest remained the National German American Bank.³¹ If Otto was not active in the brewery in the early 1890s, he was definitely a participating partner by 1901. In that year the capital stock of the brewing company was increased to \$200,000, divided into 2,000 shares of par value \$100 each, with 1/2 (1,000 shares) of the stock owned by Schmidt and the other 1/2 interest of 1,000 shares divided equally between Adolf and Otto.³²

Schmidt and the Bremers quickly remodeled and expanded the old Stahlman plant to bring about a major increase in production. In 1890, about when the Bremers came, the North Star Brewing Company had been producing approximately 15,000 barrels of beer per year and was the fourth or fifth largest brewery in Saint Paul.³³ By 1903 production at the new plant on West Seventh Street was estimated by one (probably innaccurate) source as almost 250,000 barrels per year. The Company had some 200 employees on its payroll, and according to one report, the value of its manufactured products amounted to about \$1,500,000 annually.³⁴

The brewery was expanding externally as well as internally. According to the 1903 Book of Minnesota the Company had by 1903 established "about sixteen agencies throughout the Northwest" and extended "all over Minnesota, the two Dakotas, Montana, and portions of Wisconsin and Iowa... ." ³⁵ As will be seen, these agencies later figured significantly in Otto's involvement in other businesses, particularly in country banking.

Otto's growing stature as a businessman, together with his banking reputation, helped propel him into two more arenas which were to be of lifelong importance to him:

1) Politics. Bremer once described himself as a Democrat "since the days of Grover Cleveland."³⁶ He and Adolf Bremer probably did become active in politics and the Democratic party in the 1890s, when Democrat Grover Cleveland was President of the United States and when the so-called "dry" movement was gaining force as a political factor in Minnesota. Efforts to restrict the sale of beer and liquor were naturally opposed by the brewing and distilling interests, and these interests generally aligned themselves with the Democratic party.³⁷

As of 1900 the Democrats had long been politically dominant in Saint Paul. However, the party had been divided for some years between the partisans of Richard T. O'Connor, then the Democratic "boss" in Saint Paul, and his opponents. In 1900, a city election year, this division surfaced violently, with O'Connor and the Democratic "machine" backing the mayoral candidacy of Robert A. Smith and O'Connor's opponents supporting Smith's rival, John Willis. Passions reached such a peak that in March 1900 the two factions held separate conventions and nominated rival slates of candidates for city offices. To his credit, Otto Bremer was the choice of both sides for City Treasurer.³⁸

Bremer went on to win handily in the May 1900 general election (which also produced a Democratic Mayor and City Comptroller) and was, in fact, the biggest votegetter in the

election. Thereafter, he was returned for a total of five consecutive two-year terms, giving him the longest tenure of any City Treasurer in Saint Paul history except George Reis, who also served for ten years, from 1882 to 1892.³⁹ In all five of these elections, Bremer was the biggest votegetter of any candidate for city office, Democrat or Republican, and in 1908 he was elected by the largest majority ever received by a candidate for Saint Paul office to that date.⁴⁰

Spurred by his success, Bremer ran for Mayor of Saint Paul in 1912. While the party nomination came easily, in the general election campaign he faced stiff opposition, both from without and within his party. Republicans and the Republican Saint Paul press assailed him for his association with boss O'Connor.⁴¹ Some members of his own party also resented him because of his alleged role in the defeat of Democratic mayoral candidate Henry Haas in the 1910 election. (Bremer and Haas had been rivals for the 1910 Democratic mayoral nomination.)⁴² Bremer was probably also hurt by his identification with the brewing interests. Interestingly, the brewery factor may have alienated some of the more socially liberal elements of his own party, who feared that a "brewer" mayor in Minnesota's capital city would trigger a resurgence of pro-dry sentiment in the state legislature.⁴³ Despite opposition and handicaps, Bremer was still widely popular and lost the election to Republican incumbent Herbert P. Keller

by only 546 votes. (Keller received 16,235 votes to Bremer's 15,689 votes.)⁴⁴

Monied and influential, Bremer was to remain an important behind-the-scenes force in the Democratic party long after his 1912 defeat. His ten-year service as City Treasurer marked his one hiatus from active banking, though even then the break was not complete.

2) The American National Bank of Saint Paul. At the turn of the century, banking in Saint Paul was undergoing many rapid and significant changes. In 1893 a great nationwide financial "panic" occurred. There were a series of bank closings in Saint Paul, some of the worst in the city's history.⁴⁵ The National German American Bank, assailed by the economic woes, fell into a demise from which it only gradually recovered. The bank closed in August 1893, reorganized, and reopened two months later under new management and with a reduced capitalization. Other new banks were organized elsewhere in the downtown area, e.g. the American Exchange Bank and the Northern Exchange Bank (after 1898 the "Northern Savings Bank"). As of 1902 the American Exchange Bank had a capitalization of \$25,000 and was located at the southeast corner of Sixth and Minnesota Streets, on ground now occupied by the American National Bank and Trust Company.⁴⁶ The Northern Savings Bank, at the same address, was the American Exchange Bank's savings affiliate.⁴⁷

In May 1903 Joseph Lockey, the former President and then Cashier of the National German American Bank, and other prominent figures in the Saint Paul banking and business communities, obtained a national charter for the American Exchange Bank and absorbed another small bank (i.e. the Union Bank) to form the American National Bank of Saint Paul.⁴⁸ Charter Board members of the bank included Lockey; Otto Bremer, then Secretary/Treasurer of the Jacob Schmidt Brewing Company and City Treasurer of Saint Paul; Benjamin Baer, a South Dakota businessman who had recently moved to Saint Paul; Charles H. F. Smith, a bond and investment man and the first Northwesterner to be admitted to membership in the New York Stock Exchange; Louis Ickler, the Cashier at the American Exchange Bank and the Northern Savings Bank; H. B. Humason, the Assistant Cashier at the American Exchange Bank and the Northern Savings Bank; and others. Officers were Joseph Lockey, President; Thomas Irvine, Vice-President; Louis Ickler, Cashier; and H. B. Humason, Assistant Cashier. The bank, which took over the offices of the American Exchange Bank at Sixth and Minnesota Streets, retained the Northern Savings Bank as its savings affiliate, and the business addresses, officers and managements of the two institutions were the same. The bank had a starting staff of eight and capital of \$200,000, and opened for business on May 4, 1903. After the first day of business it had deposits of \$232,000, and after the first year deposits were \$1,150,321.⁴⁹

When the bank was organized, Bremer paid in \$5,000 to purchase 50 of 2,000 shares of its total outstanding capital stock.⁵⁰ Over time his holdings in the bank and other businesses grew. After 1900 Jacob Schmidt assigned increasing responsibility for management of the brewery business to Adolf and Otto. In 1910 Schmidt died and the brothers became sole managers of the company. Before his death, Schmidt had placed his 1,000 shares in the company in trust, and pursuant to this trust, the shares were divided equally between his widow and daughter, (Adolf's wife) after Schmidt's death. After Mrs. Schmidt died in 1913, Schmidt's entire 50% interest in the company fell to his daughter Marie. Thus, as of 1913 ownership of the company was divided between Adolf Bremer (25% of 500 shares), Otto Bremer (25% of 500 shares) and Marie Schmidt Bremer (50% of 1,000 shares).⁵¹ (Marie Bremer's 50% ownership of the company, reduced to 49.8% in 1925 when she distributed four of her shares to "trusted employees" of the brewery, later formed the corpus of the important Marie Bremer Trust, to be discussed later.) Adolf was President of the brewery and Otto was Secretary and Treasurer.⁵²

The brewery was closely linked to Otto's rise in the American National Bank, for at least two reasons. First, the brewery provided him with capital to purchase stock in the American. Second, the brewery established a network of sales agencies in rural Minnesota, North Dakota, Wisconsin and other

states. These agencies opened important business contacts for Otto and Adolf in real estate, banking and other areas.

The Bremers' interest in real estate was at least as old as their involvement in the brewery. While mostly concentrated in the Twin Cities, their real estate holdings were as geographically dispersed as the business of the brewing company, extending into out-state Minnesota and other upper Midwestern and Northwestern states. The best known of their properties, and that with which they were most intimately identified, was the Bremer Arcade. The brothers finished building the Arcade, located at Seventh and Robert Streets in Saint Paul, in 1916. That same year the American National Bank and the Northern Savings Bank moved into the building, and the Bremer-owned Arcade continued to serve as the American National's home until well after Otto's death.⁵³ (The American National absorbed the Northern Savings Bank in 1924).⁵⁴

The brewery's agencies in rural communities also established important banking ties for Otto. Bankers in these communities became familiar with the American National Bank through Otto, and a number of them became clients of the American. Moreover, as they encountered financial difficulties, many of the banks turned to Otto for financial assistance, and in this way Bremer began his lifelong interest, financial and personal, in the rural banks. These interests will be discussed in detail in the next chapter.

Between 1903 and 1921 Bremer was steadily increasing his holdings in the American National Bank. One of his earliest major purchases of stock occurred in 1909, when he bought 165 shares from the ailing Joseph Lockey. In 1913 he bought an additional 382 shares, and by 1916, with 811 shares, he had become a major shareholder in the bank.⁵⁵ Then, in 1921 the bank's President, Benjamin Baer, died. (Baer had succeeded Joseph Lockey as President in 1908.) The Board of Directors elected a new leadership, with Louis Ickler as President and Otto as Chairman of the Board. Bremer proceeded to buy up much of the stock available from the Benjamin Baer estate, with the result that by about 1924 he had become the controlling shareholder in the bank, owning over 2,000 of 4,000 shares of capital stock then outstanding.⁵⁶ In 1929 the bank experienced a record year for deposits and its capital stock was increased to \$500,000, with Bremer continuing as majority shareholder. Adolf Bremer, incidentally, had also begun purchasing stock in the American in 1903 or later (he owned 125 shares by the time of his death in 1939) and had been elected to the Board of Directors in about 1916.⁵⁷

This brings Bremer to the eve of the Great Depression, though, as will be seen, the actual Depression problems in the area with which he was most concerned -- the rural upper Midwest and Northwest -- began well before the stock market crash of 1929. By the 1920s Bremer was nearing the height of his influence. A local newspaper declared that he was "reputed to

have the most diversified interests in bank stocks of any man in the country," with holdings in large city banks in Chicago and New York as well as in country banks in the Northwest.⁵⁸ Indeed, the country bank clientele of Otto Bremer and the American National was booming. By 1929 or shortly after, Bremer was interested in between 45 and 55 country banks over the four-state area of Minnesota, North Dakota, western Wisconsin and Montana.⁵⁹ One source estimated the aggregate deposits of these banks in 1929 at "more than 60 million dollars."⁶⁰

In 1926 The Ninth District Banker attempted to outline the principles of Bremer's banking philosophy. Three years earlier Otto had summarized these principles in a letter to the Chairman of the Minneapolis Federal Reserve Bank, so they may be taken as the key ideas underlying his banking career at that time.⁶¹

The principles were characteristically conservative. Bremer stated that one of his cardinal rules was to protect "the security of [his] investments ... by lessening the risks involved, through scattering them [i.e. the investments] over a territory comprising Western Wisconsin, Minnesota and North Dakota in comparatively small amounts." Another rule was to ensure "a gradual but slow increase of ... invested capital, instead of higher temporary returns in dividends or interest, by carrying out [a] conservative" dividend policy. Yet another principle was to put the interests of the country banks and their

depositors first and his own interests second. (This latter point, a central and recurring theme for Bremer, will be discussed more carefully in the next chapter.) Bremer concluded, as he had begun, on a conservative note: "True banking must be kept on a firm basis and cannot deviate from a reasonable rate of income on investments well secured."⁶² It is one of the paradoxes of Bremer's career that he could follow this pre-Depression program of conservatism and financial restraint with a policy, during the Depression, of bold, almost reckless daring.

Bold or conservative, Bremer's business activities were clearly conducted on a gigantic scale. The same article in The Ninth District Banker summarized the great banker's achievements to 1926. This summary is invaluable as the one general, printed description extant of Bremer's assets before the Depression.

The following is an overview of Bremer's pre-Depression investments, based on The Ninth District Banker article and other sources:

- 1) The American National Bank of Saint Paul. By 1929 the American National Bank had become one of Saint Paul's leading banking institutions, with Otto firmly in control. In April of 1912 the bank had had total deposits of \$2,141,159. When Bremer became Chairman of the Board, in 1921, deposits totalled \$4,230,344, and in December 1924, when the bank absorbed the Northern Savings Bank, deposits reached

\$11,072,860.⁶³ Following the merger of Saint Paul's two largest banks, the First National Bank and the Merchants National Bank, in 1929, the American National became the second largest bank in Saint Paul. As of December 31, 1929 the American had total deposits of \$17,244,012, compared with the First's \$92,759,881.⁶⁴ Bremer continued as Chairman of the Board of the American throughout the '20s and until his death in 1951, serving without compensation.⁶⁵

- 2) The Jacob Schmidt Brewing Company. The status of the Jacob Schmidt Brewing Company during the 1910s is unclear. One source claims that the brewery produced 260,000 barrels of beer in 1913, while another states that, before Prohibition, production had reached 800,000 barrels per year, which would have represented an astonishing record of growth.⁶⁶ In any case, following the onset of Prohibition in 1920 the company turned to production of soft drinks and a popular and "unusually flavorsome malt near-beer."⁶⁷

Ownership of the company continued to be divided as described above (see p.16) between Adolf and Otto and Marie Schmidt Bremer. In January 1929 Marie Bremer assigned all of her 996 shares in the company to "Adolf Bremer and Otto Bremer, Trustees, and their successors in trust" At the same time she caused Adolf and Otto, as trustees, to sign a formal Declaration of Trust (dated January 3, 1929), which was

prepared at her direction and which created the "Marie Bremer Trust."⁶⁸

The Marie Bremer Trust later figured crucially in matters of ownership of the brewing company and the American National Bank, and a summary of its major provisions is therefore indispensable to the Otto Bremer story. The trust agreement provided, in general:

- 1) That the net income of the Marie Bremer Trust would be paid to Adolf Bremer during his lifetime;
- 2) That, following Adolf's death, the trust would be divided into "five equal portions," with each portion held in trust for one of the five children of Adolf and Marie Bremer, and with the children or their heirs or survivors as income beneficiaries;
- 3) That the trust would terminate 20 years after the death of the last child, and that title to the trust property would then vest in the grandchildren.⁶⁹

Marie Schmidt Bremer died in October 1929. Adolf and Otto continued as trustees of the Marie Bremer Trust after her death.⁷⁰ As part-owners of the Jacob Schmidt Brewing Company and trustees of the Marie Bremer Trust, the brothers owned or controlled all but four of the 2,000 shares of capital stock in the Jacob Schmidt Brewing Company from 1929 until Adolf Bremer's death in 1939.

3) Eastern Banks: The Ninth District Banker stated that in 1926 Otto Bremer was "the largest investor in bank stocks west of Chicago. Most of his holdings in choice eastern institutions represent years of watchful waiting and patient effort; some as long as eight years to secure. They were bought, as all Otto Bremer's investments were made, for safety and future appreciation rather than immediate dividend."⁷¹ A few of the Chicago and eastern banks in which Bremer held shares were the Continental Illinois Bank and Trust Company of Chicago, the Chase National Bank of New York, the First National Bank of New York and the National City Bank of New York.⁷² All of these institutions figured prominently in his career during the Depression.

4) Real Estate and Miscellaneous Holdings. The Ninth District Banker described Bremer as a "stockholder in old line insurance companies and large nationally known industrial organizations."⁷³ Bremer's interests in this area included

the Franklin Fire Insurance Company, the Great American Insurance Company, the American Alliance Insurance Company and other corporations. No valuation of his miscellaneous stock holdings in 1929 exists, but in 1933 his combined investments in large city banks and miscellaneous corporations were appraised at \$399,846.⁷⁴

The Ninth District Banker also stated that Otto and Adolf Bremer were owners of "scores of stores and offices, and many other choice parcels of property in the Twin Cities." It further noted that Otto's real estate holdings represented "by far the largest single item of his investments."⁷⁵

- 5) Country Banks. As with the miscellaneous stocks, no general appraisal of Bremer's country bank stocks before the Depression exists, but by 1933 these stocks were evaluated at nearly \$657,000. At the same time, his total assets (exclusive of real estate) were valued at close to \$4,000,000.⁷⁶ Thus, Bremer's holdings in the country banks comprised a relatively small portion of his total assets.⁷⁷ This makes all the more striking the emphasis which he placed on the country banks during the Depression and after.

Bremer's association with the country banks is one of the most intriguing aspects of his career. When and why did he invest in the banks, and why did the banks assume such

priority with him? What has been the outcome of this priority?

These questions can only be answered partially. What answers there are, however, shed light on Bremer's values and character -- and also unfold a dramatic and eventful story. This story is the subject of the next chapter.

Footnotes

Unless otherwise noted, all references to "files" are found in the papers of the Otto Bremer Foundation.

1. Otto Bremer, death certificate, File "Bremer Family"; Louise Bremer Benz, interview with John Schwiebert, 18 November 1980, File "Otto Bremer: Interviews."
2. William B. Hennessy, Past and Present of Saint Paul, Minnesota (Chicago: The S.J. Clarke Publishing Company, 1906), p.725; Peter and Isabel Vaughan, interview with John Schwiebert, 4 November 1980, File "Otto Bremer: Interviews"; Elizabeth Niedermayer, interview with John Schwiebert, 13 November 1980, File "Otto Bremer: Interviews."
3. Henry A. Castle, Minnesota: Its Story and Biography, 3 vols. (Chicago and New York: the Lewis Publishing Company, 1915) 2:1202; Louise Bremer Benz, interview with John Schwiebert, 18 November 1980, File "Otto Bremer: Interviews"; Peter and Isabel Vaughan, interview with John Schwiebert, 4 November 1980, File "Otto Bremer: Interviews."
4. Louise Bremer Benz, interview with John Schwiebert, 18 November 1980, File "Otto Bremer: Interviews"; Saint Paul City Directories, 1888-1890; Eduard Bremer, death certificate, File "Bremer Family."
5. Little Sketches of Big Folks (Saint Paul, Minneapolis, Duluth: R.L. Polk and Company, 1907), p.51; Hennessy, Past and Present of Saint Paul, p.726; Peter and Isabel Vaughan, interview with John Schwiebert, 4 November 1980, File "Otto Bremer: Interviews."
6. Louise Bremer Benz, interview with John Schwiebert, 18 November 1980, File "Otto Bremer: Interviews"; Charles Woehrle, interview with John Schwiebert, 14 January 1981, File "Otto Bremer: Interviews."
7. Peter and Isabel Vaughan, interview with John Schwiebert, 4 November 1980, File "Otto Bremer: Interviews."
8. Henry A. Castle, Minnesota: Its Story and Biography, 2:1202; Louise Bremer Benz, interview with John Schwiebert, 18 November 1980, File "Otto Bremer: Interviews"; Peter and Isabel Vaughan, interview with John Schwiebert, 4 November 1980, File "Otto Bremer: Interviews." In a childhood photograph, in the possession of Adolf Bremer's daughter, Louise Bremer Benz, Otto and Adolf look like twins.
9. Who's Who in Minnesota: 1941 (Minneapolis: Minnesota Editorial Association, 1941), p.997; Louise Bremer Benz, interview with John Schwiebert, 18 November 1980, File "Otto Bremer: Interviews"; Willis L. Williams, "To Commemorate the 80th Birthday of Otto Bremer," Commercial West, 25 October 1947, p.3, File "Bremer Family."

10. Elizabeth Niedermayer, interview with John Schwiebert, 13 November 1980, File "Otto Bremer: Interviews"; Marie Boehm Bremer, death certificate, File "Bremer Family".
11. Williams, "To Commemorate Otto Bremer," p.3, File "Bremer Family"; Louise Bremer Benz, interview with John Schwiebert, 18 November 1980, File "Otto Bremer: Interviews."
12. Sketches of Washingtonians (Seattle: Wellington C. Wolfe and Company, 1906), p.119; Edmond S. Meany. Origins of Washington Geographic Names (Seattle: University of Washington Press, 1923), p. 27.
13. Louise Bremer Benz, interview with John Schwiebert, 18 November 1980, File, "Otto Bremer: Interviews."
14. The Saint Paul Dispatch and Saint Paul Pioneer Press Yearbook and Almanac: 1915 (Saint Paul: Dispatch Printing Company, 1915), p.575; Christopher C. Andrews, ed., History of Saint Paul, Minnesota (Syracuse: D. Mason and Company, 1890), pp. 333-36, 411; Hennessy, Past and Present of Saint Paul, Minnesota, pp. 120, 121.
15. The Saint Paul Dispatch and Saint Paul Pioneer Press Yearbook and Almanac: 1915 (Saint Paul: Dispatch Printing Company, 1915), p.575; Hildegard Binder Johnson, "The Germans," in They Chose Minnesota: A Survey of the State's Ethnic Groups, ed. June Drenning Holmquist (Saint Paul: Minnesota Historical Society Press, 1981), p. 171; Gary Brueggemann, "History of the West Seventh Street Community," in A History in Tour Form of the Cliff Street ITA, the Neighborhood between West Seventh Street and the Mississippi River: between Smith Avenue and Richmond Street, Saint Paul, Minnesota, ed. Donald Empson (Saint Paul: Empson, 1980), pp. 5,6.
16. Saint Paul City Directories, 1886-1892; Paul G. Bremer, death certificate, File "Bremer Family."
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18. Gary J. Brueggemann, "Beer Capital of the State - Saint Paul's Historic Family Breweries," Ramsey County History, vol.16, no.2 (1981), pp. 10-12; Saint Paul City Directory, 1879-1880; Louise Bremer Benz, interview with John Schwiebert, 18 November 1980, File "Otto Bremer: Interviews."

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21. Williams, "To Commemorate Otto Bremer," pp. 7, 8, File "Bremer Family"; Wright and Donovan, The First Through A Century, pp. 68-70; Little Sketches of Big Folks, p. 51; Hennessey, Past and Present of Saint Paul, p. 726.
22. Reverend Edward D. Neill and J. Fletcher Williams, History of Ramsey County and the City of Saint Paul (Minneapolis: North Star Publishing Company, 1881), p. 479; Jacob Schmidt Brewing Company, Our History, p. 2, File "Jacob Schmidt Brewing Company"; Saint Paul City Directory, 1863.
23. See Saint Paul City Directories, 1873-1890.
24. Saint Paul City Directories, 1888-1892; Louise Bremer Benz, interview with John Schwiebert, 18 November 1980, File "Otto Bremer: Interviews."
25. Jacob Schmidt Brewing Company, Our History, p. 3, File "Jacob Schmidt Brewing Company."
26. Saint Paul City Directory, 1892; Marquis, The Book of Minnesotans, p. 57; "Funeral Set for Saturday at Residence," Saint Paul Dispatch, 10 October 1939, newspaper clipping files of the Saint Paul Public Library.
27. Saint Paul City Directories, 1896, 1897.
28. Statement of Facts and Supplement (legal brief), ca. 1933, p. 3, File "Jacob Schmidt Brewing Company"; Jacob Schmidt Brewing Company, Our History, p. 4, File "Jacob Schmidt Brewing Company."
29. Jacob Schmidt Brewing Company, Our History, p. 4, File "Jacob Schmidt Brewing Company."
30. Saint Paul City Directories, 1880-81, 1900, 1901; Bjornson, History of Minnesota, 4:943; Brueggemann, "Saint Paul's Historic Family Breweries," p. 10.

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32. Statement of Facts and Supplement (legal brief), ca. 1933, p. 3, File "Jacob Schmidt Brewing Company"; Assignment of Income (legal brief), ca. 1933, p. 2, File "Jacob Schmidt Brewing Company."
33. James Nielson, ed., The Book of Minnesota: Development, Resources, Enterprise and Beauty of the North Star State (Saint Paul: The Pioneer Press Company, 1903), p. 95; Andrews, History of Saint Paul, Minnesota, p. 444. The accuracy of production figures is open to doubt. Another source, for instance, says that by the late 1870s the North Star Brewing Company had become "the second largest brewery west of Chicago" (Jacob Schmidt Brewing Company, Our History, p. 2) -- an assertion which is contradicted by all other available evidence. Similar contradictions appear with regard to production figures for other years. (J. S.).
34. Nielson, The Book of Minnesota: Development of the North Star State, p. 95.
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37. Carl H. Chrislock, The Progressive Era in Minnesota, 1899-1918 (Saint Paul: Minnesota Historical Society, 1971), pp. 33-35, 209.
38. William B. Hennessy, Past and Present of Saint Paul, Minnesota (Chicago: The S. J. Clarke Publishing Company, 1906), pp. 579-81; "Run Again on His Record," Saint Paul Pioneer Press, 17 March 1900, p. 4; "Democrats Split Up," Saint Paul Pioneer Press, 25 March 1900, pp. 1, 6.
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41. Hennessy, Past and Present of Saint Paul, Minnesota, pp. 579-81; "Mayor's Argument Still Unanswered," Saint Paul Pioneer Press, 14 April 1912, newspaper clipping files of the Saint Paul Public Library; "The Voter's Duty Is Plain," Saint Paul Dispatch, 26 April 1912, newspaper clipping files of the Saint Paul Public Library.
42. "Bremer Sure to Lead Democrats," Saint Paul Pioneer Press, 7 December 1911, p. 12.
43. "The Effect of Electing A Brewer," Saint Paul Pioneer Press, 5 May 1912, p. 16.
44. Proceedings of the Common Council of the City of Saint Paul, 1912 (Saint Paul: The Pioneer Press Company, 1913), p. 467.
45. Wright and Donovan, The First Through A Century, pp. 40, 69.
46. Ibid., pp. 69, 70; Saint Paul City Directories, 1893-1902.
47. Saint Paul City Directory, 1902; "Ickler Succeeds Baer as Bank Head," Saint Paul Dispatch, 13 September 1921, American National Bank scrapbook.
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50. See R. O. Bishop to Ralph E. Twite, 26 June 1951, File "American National Bank." The original capital stock of the bank consisted of 2,000 shares of the par value of \$100 each.

The official stockholders records of the American National Bank, in the bank's archives, have not as yet been located by the bank management. Thus, all references in this paper to Bremer's stock purchases in the bank are based on the above mentioned letter and on two unofficial records of Bremer's stock purchases, also in the "American National Bank" file, prepared by his associates.

51. Louise Bremer Benz, interview with John Schwiebert, 18 November 1980, File "Otto Bremer: Interviews"; "Jacob Schmidt Dead," Saint Paul Pioneer Press, 3 September 1910, p. 5; Assignment of Income (legal brief), ca. 1933, p.2, File "Jacob Schmidt Brewing Company."
52. Assignment of Income (legal brief), ca. 1933, p. 2, File "Jacob Schmidt Brewing Company"; Saint Paul City Directory, 1913.
53. "Completion of the Bremer Block Adds to Assets of City," Saint Paul Sunday Pioneer Press, 15 October 1916, section 7, p. 1; "Banks Move to New Home in Big Bremer Arcade," Saint Paul Sunday Pioneer Press, 15 October 1916, section 7, p. 1; "Four-Million-Dollar Bank Remodeling Nears Completion," Saint Paul Pioneer Press, 25 November 1962, section 3, p. 6.
54. "To the Depositors of the Northern Savings Bank of Saint Paul" (announcement by American National Bank of Saint Paul), December 1924, American National Bank scrapbook.
55. Newsclip, 30 July 1911, American National Bank scrapbook. See unofficial records of Otto Bremer's purchases of stock in the American National Bank, File "American National Bank"; also see Ira B. Baer to Otto Bremer, 7 December 1943, File "American National Bank."
56. "Ickler Succeeds Baer as Bank Head," Saint Paul Dispatch, 13 September 1921, American National Bank scrapbook. Also see unofficial records of Otto Bremer's purchases of stock in the American National Bank, File "American National Bank."
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60. "Bremer Sees Vast Changes Among Banks," Saint Paul Dispatch, 20 September 1929, p. 1.
61. Thomas A. Boright, "Why Otto Bremer Invests in Banks and How He Makes Those Investments Pay," The Ninth District Banker, 1 September 1926, p. 7, File "American National Bank"; Otto Bremer to John H. Rich, 7 March 1923, pp. 1-4, File "American National Bank."
62. Boright, "Why Otto Bremer Invests in Banks," pp. 8, 9, File "American National Bank"; Otto Bremer to John H. Rich, 7 March 1923, pp. 1, 2, 4, File "American National Bank."
63. American National Bank of Saint Paul, Statement of Condition, 18 April 1912, American National Bank scrapbook; "Ickler to Succeed Baer As Bank Head," Saint Paul Dispatch, 13 September 1921, American National Bank Scrapbook; Report of the Condition of the American National Bank, 31 December 1924, American National Bank scrapbook.
64. "\$300,000 Increase in Capital Voted by American National," Saint Paul Pioneer Press, 20 March 1929, p. 5; "American National Shows Sharp Gain During Year," The Saint Paul Daily News, 3 January 1930, p. 19.
65. Williams, "To Commemorate Otto Bremer," p. 9.
66. Castle, Minnesota: Its Story and Biography, 2:1202; "Otto Bremer, City Financier, 83, Dies," Saint Paul Pioneer Press, 19 February 1951, p. 1.
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68. Assignment of Income (legal brief), ca. 1933, p. 2, File "Jacob Schmidt Brewing Company."
69. Agreement and Declaration of Trust Between Adolf Bremer and Otto Bremer, 3 January 1929, sections 7, 8, 10-12, File "Marie Bremer Trust"; Assignment of Income (legal brief), ca. 1933, p. 2, File "Jacob Schmidt Brewing Company."
70. Marie Schmidt Bremer, death certificate, File "Bremer Family"; Otto Bremer Foundation, Summary of Significant Documents (Marie Bremer Trust), pp. 10ff., File "Marie Bremer Trust."

71. Boright, "Why Otto Bremer Invests in Banks," p. 8, File "American National Bank."
72. Otto Bremer: Summary of Assets Pledged (legal brief), 15 October 1933, Schedule 2, File "Otto Bremer: Depression."
73. Boright, "Why Otto Bremer Invests in Banks," p. 7, File "American National Bank."
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77. Ibid.; Boright, "Why Otto Bremer Invests in Banks," p. 8, File "American National Bank."

CHAPTER TWO. "...HOME BANKS: NOT BIGGER BANKS BUT BETTER BANKS":
COUNTRY BANKS AND THE DEPRESSION

The Depression was a period of mixed ebullience and crisis for Otto Bremer. His activities were, if anything, more intense than they had been in the 1910s and '20s. With Adolf Bremer he managed the brewery, which experienced new life following the repeal of Prohibition and enjoyed general gains in sales through much of the decade. The two brothers ritually embraced or shook hands on meeting. They spoke together in German. More than one relative or acquaintance vouches that "Two brothers were never closer."¹ What differences there were, it seems, were in personality, Otto being somewhat more reserved than his brother.²

Otto also continued his involvement in politics. In 1932 he befriended the then governor of New York, Franklin Delano Roosevelt, and played a role in the latter's winning of the Democratic presidential nomination. Ties between the two men remained strong throughout Roosevelt's long presidential tenure, and from 1933 to 1935 Otto served as Roosevelt's appointee as Director of the Minnesota division of the Home Owners Loan Corporation.³ The banker's ties also extended to others in the Roosevelt heirarchy. A Bremer associate remembers taking a phone call for Otto at the American National Bank one day -- from United States Secretary of the Treasury John W. Schneider.⁴

Politics was an interest, but Bremer's absorbing passion in the 1930s, as in previous years, was the American National Bank. And increasingly, from the 1910s on, this passion was joined by another -- for country banking.

Otto's country bank interests were long in the making. In a 1929 newspaper interview he recalled that he had begun investing in country banks at about the time the American National Bank was founded, in 1903.⁵ His first recorded purchase of stock, however, was in the Citizens State Bank of Barrett, Minnesota in 1911. Other early purchases included shares in the Citizens State Bank of Rugby, North Dakota (1915); the Foster County State Bank (predecessor of Foster County Bank and Trust Company) in Carrington, North Dakota (1915); and International State Bank in International Falls, Minnesota (1916).⁶

Bremer's earliest participation in the country banks was stimulated largely by some lean crop years, which adversely affected many banks. His involvement was also closely linked to his interests in the American National Bank of Saint Paul and the Jacob Schmidt Brewing Company. As mentioned in chapter one, many of the banks were located in communities which had sales agencies for the brewery. Bankers and other business leaders became familiar with Bremer and at crucial times, e.g. when a bank was organizing or needed additional capital, called on him for help. At the same time, involvement in the banks benefitted Otto and

the American National by providing a correspondent banking business for the American National.

Bremer's greatest period of activity in the banks came after World War I. At that time a recession, which culminated in the Great Depression of the 1930s, was affecting many sectors of the economy. Rural areas were among those hardest hit. During the war agricultural production had boomed. Farmers had bought more land and equipment to increase production and maximize profits, buying many of these items on mortgage.

After the war and a brief post-war economic "boom," demand for agricultural products fell steadily, with few exceptions, for the rest of the decade. At the same time, the prices which farmers had to pay for the things they bought did not fall as sharply. Hence, farmers were paying proportionally more for what they bought than they were receiving for what they sold.

In addition, many farmers had bought land and equipment on mortgage during the war, when prices were inflated. Now they were left to pay costly mortgages while, with the general agricultural deflation, the value of farm land was falling. Many farmers were earning too little to pay off their mortgages, and their mortgages were foreclosed by banks or other mortgage holders.⁷

The problems of the farmers inevitably affected rural banks. During better times, many banks had made unwise loans and overextended their credit. Now, unable to collect, they were losing depositors and public confidence. In some cases, where there were a number of banks in the same community, several had extended long lines of credit to the same individuals, making collections of the loans by any one institution even less likely. Many banks closed. Others merged or sought additional capital to stabilize their condition.⁸

During these trying times, Bremer's good name and capital were crucially important to the banks as a means of strengthening financial stability and public confidence. Bremer was providing stepped-up assistance to the banks well before the 1929 stock market crash. During the 1920s and after, his banking representative in the rural areas was George J. Johnson, Vice-President of the American National Bank.⁹ Many banks not then affiliated with Otto appealed to Bremer and the American National for help through Johnson, and in this way joined the Bremer group.

An example is the Bank of Willmar (predecessor of Bank of Willmar and Trust Company) in Willmar, Minnesota. In 1926 Willmar suffered its first crop failure in many years. Two years later, with the depression deepening, Bank of Willmar's leadership invited Johnson to make an examination which revealed a number of undesirable assets. On Johnson's advice, the directors levied an assessment on the stockholders to remove these assets.

Those unable to pay the full assessment agreed to turn in their stock, which was then purchased by Bremer. Bremer acquired his first 244 shares in the bank in this way, in 1929.¹⁰ Later he became the majority stockholder by purchasing the shares of the institution's retiring Chairman of the Board and principal stockholder, Colonel C. A. Rice.¹¹

Like many other communities, Willmar had too many banks at that time for its relatively depressed volume of business. As of 1929 there were two other banks in town, Kandiyohi County Bank and First National Bank. During the year, each of these institutions asked to be taken over by Bank of Willmar, and Bremer provided capital to complete the mergers, which left Willmar with only one bank as of July 1929.¹²

Bremer's involvement at Detroit State Bank in Detroit Lakes, Minnesota began in a similar way. Detroit State Bank was organized in 1919. In early 1926 an outside examination criticized a number of loans held by the bank and its Board asked George Johnson for an appraisal.¹³ Johnson's examination, again, showed bad assets. Johnson advised that Bremer would consider purchasing into the bank if it first removed these assets. The Board responded by levying a voluntary 100% stock assessment, stipulating that "any shareholder who does not wish to so pay the 100% assessment, by surrendering to the bank the certificate for shares held, Mr. Bremer will pay the 100% assessment and own the shares." This was in February 1926. By mid-March owners of all

but 76 shares had paid the assessment. Bremer paid the assessment, and thus acquired ownership, of 75 of these shares for \$7,500.¹⁴ At Detroit State Bank, as at Bank of Willmar, he later increased his holdings; and he owned 126 shares by 1931.¹⁵

Bremer played a similar role as financial backer at Alexandria State Bank (now Alexandria Bank and Trust Company) in Alexandria, Minnesota. In 1925 and 1926 Alexandria State Bank was experiencing a difficult two years. After being criticized by the outside examiners, the institution decided it could benefit from Bremer's capital and expertise. Otto bought 82 shares in the bank in 1926, at the board's invitation, and was elected a Vice-President.¹⁶ Over the next few years he occasionally attended board meetings, something he rarely did in the case of other banks, and by 1929 the Directors "all felt the bank [was] now in the very best of condition."¹⁷ Significantly, at Alexandria State Bank, as at other institutions, Bremer declined to accept a salary or compensation of any kind for assistance rendered.

In some cases Bremer came to a bank as one of its charter stockholders or as the key capitalist involved in its reorganization. In 1918, for instance, he stepped in at Peoples State Bank in Colfax, Wisconsin, after the head of the family controlling the bank had allegedly gone "wrong."¹⁸ In 1927 he provided between 40% and 50% of the capital to establish the Citizens State Bank of Brandon, Minnesota.¹⁹ In Larimore, North

Dakota (in 1930) he helped establish the Elk Valley State Bank, a bank then reorganizing for the third time after the difficult 1920s.²⁰

Bremer's activities in individual banks were not carried on in isolation from one another. Leading executives of all the Bremer banks gathered annually in Saint Paul to discuss business and to share ideas.²¹ Bremer also maintained a coordinating role within individual geographic regions. He was frequently involved in several banks in a given geographic area. These banks communicated directly with him or indirectly through his agent. They also consulted among themselves, particularly as the number of Bremer banks grew.

Bremer's activities in Walsh County, North Dakota illustrate his coordinating role. Otto's involvement in the county began in 1918-19 when he and another capitalist, J. R. Carley, bought the controlling interest in the First State Bank of Fordville, North Dakota, a small town near Grafton. Six years later he and Carley purchased controlling shares in another Fordville bank, the Farmers and Merchants State Bank.²²

By 1925 economic conditions favored a merger of these two banks. "Fordville had lost eight to ten families," recalls W. J. Johnston, former President of Walsh County Bank and Trust Company, a Bremer bank. "The doctor was getting ready to retire and was not being replaced. The dentist and his family had moved

to Grand Forks. The farms were getting larger causing fewer farm customers [i.e. at the banks]. Due to some dry years and lower prices for farm products, many farmers had trouble to survive."²³ In 1925, with business depressed, First State Bank and Farmers and Merchants State Bank were consolidated. The "Farmers and Merchants State Bank" name was selected.²⁴

During this time or shortly after, two banks closed in Grafton, the county seat of Walsh County, leaving that town with only one bank, the Grafton National (now the First National Bank of Grafton). By the mid-1930s it was clear that someone would be interested in starting another bank in Grafton. George Johnson, representing Bremer, called on the bank at Fordville, discussed the options for a move to Grafton, and took them up with Bremer and Carley. In 1937 it was decided to have the Farmers and Merchants State Bank taken over by another Bremer/Carley-owned bank in Forest River, a small town east of Fordville. The new institution was named the "Walsh County State Bank" and its charter was moved to Grafton. A new state law enabled the bank to establish paying and receiving stations at Fordville and Forest River, and later, at Hoople and Saint Thomas.²⁵

South Saint Paul was another community in which Bremer exercised a coordinating role among banks. By 1932 he had become a principal stockholder in two of the city's four banks, the Drovers State Bank and the Exchange State Bank. Both of these institutions were suffering losses, and in November 1932 it was

decided to merge the two to form the "Drovers Exchange State Bank," the predecessor of today's "Drovers State Bank." Bremer provided approximately \$100,000 to organize the new bank, in which he originally held 670 of 1000 shares.²⁶

In Minot, North Dakota and vicinity Otto owned large or controlling interests in several banks: at Berthold, Coteau, Max, Minot and Powers Lake. The communities of Berthold, Coteau, Max and Powers Lake "were all very small," recalls a long-time executive at the American Bank and Trust Company in Minot. "... the farm areas surrounding these communities were quite good but things were pretty tough, so it was just a matter of time as to how long some of these banks could exist."²⁷ All of these banks suffered heavy losses during the Depression and by 1936 at least two of them, First State Bank of Max and First International Bank of Minot, were facing liquidation. Bremer's accumulated losses on the institutions (excluding the bank at Coteau, for which no record is available) were reported in 1936 as over \$350,000.

Once again, a merger was effected to save the banks. In 1936 a part of the assets of the First International Bank of Minot were combined with those of the Bank of Berthold, and the First State banks of Coteau, Max and Powers Lake to form the "American State Bank" of Minot. Bremer contributed capital to complete the merger and was the principal stockholder in the new bank, which had original assets of \$598,000.²⁸

The basic tenets of Bremer's banking philosophy have already been discussed in chapter one. Underlying all these principles was a desire to strengthen the independence of the individual banks. One observer summarized Otto's position as follows: "Banks should be home banks; not bigger banks but better banks." Bremer never sought to "buy" a bank, but, on the contrary, worked to keep each institution under the control of local people best equipped to serve local needs.

He hated bigness when it was used to control others. In everything from charitable giving to banking he sided with the "underdog," and as he saw small banks plunging toward bankruptcy (and possible sale to wealthy outside interests), he felt impelled to assist them. Moreover, as a native of a small German community, Bremer retained a lifelong fondness for small towns. Though unmarried, he was deeply attached to family. He liked to do business on trust, and he prized personal familiarity in business relationships.²⁹ Family, trust, familiarity and friendliness were all values which he found exemplified in the rural communities. He also saw them in the country banks, which were locally controlled and many of which had long been family-owned.

His respect for the individual autonomy of the banks shaped his conduct towards them. One banker sums up: "he never stuck his nose in the door."³⁰ Bremer rarely attended board meetings at the banks and was emphatic about entrusting the individual managements to make their own decisions. "My interest in any

bank," he once remarked, "is, I believe, a beneficial one to the bank; but whether it be small or large each bank must stand on its own footing, employing its own resources, but at times of need and in order to get desirable business, [be] supplemented by my own capital."³¹ Trust, however, was to Bremer a two-way street: while he expected the banks to run their own affairs, he also expected them to provide a good return on his investment. A retired bank president recalls Bremer drawing two fingers across his throat and warning, "You run the bank. If you don't run it right"³² He was intensely loyal and expected his associates to return that loyalty.

A few stories of Bremer's activities in individual country banks have already been told. These stories are important but scarcely suggest his total sacrifice on behalf of all the banks. By October 1933 he had become a large or controlling shareholder in 55 banks in Minnesota, North Dakota, Wisconsin and Montana.³³ In each of these institutions he employed one or more of the kinds of assistance used in Willmar, Grafton and South Saint Paul. First, he purchased stock in the banks (at a time when such stock was virtually worthless), thereby providing many unstable banks with his financial backing and with the benefits of his sound reputation among depositors.³⁴ Second, as the banks faced increasing financial hardship Bremer, as a major stockholder, paid often onerous assessments on his stock.³⁵ Finally, he made numerous voluntary contributions to the banks. Often he

received the banks' certificates of deposit for contributions made, and then surrendered the certificates to remove losses.³⁶

All this required huge sums of money. For assessments alone Bremer paid approximately \$2 million between 1928 and 1933. He had to borrow heavily to obtain these funds; and, consequently, by 1933 he had pledged all of his assets as security for loans.

While his actions resulted in "unquestioned benefit to ... thousands of small depositors" and were "a material factor in the ... stabilization of the small bank situation in the central Northwest," they plunged Bremer himself into bankruptcy.³⁷ A confidential examination of his affairs in 1933 disclosed that Otto was "hopelessly insolvent."³⁸ More than his personal fortune was at stake: various creditors were on the verge of filing charges, and banking leaders in the Northwest feared what might ensue. Stated one source,

Well-informed bankers, familiar with the situation, frankly admit that Otto Bremer's bankruptcy would undoubtedly bring about the closing of many of his banks and very serious runs on the rest, including the American National Bank of Saint Paul. They look with great apprehension on the effect that undermined confidence and such a far-reaching series of runs and/or failures might have on the general country bank situation of the central Northwest among interests wholly unrelated to the Bremer group.³⁹

Bremer's total indebtedness as of October 1933 amounted to \$8,089,000.⁴⁰ He was indebted:

- 1) To the American National Bank of St. Paul: \$519,965.⁴¹
- 2) To Adolf Bremer and the Jacob Schmidt Brewing Company:
\$3,121,500.⁴²
- 3) To miscellaneous creditors, primarily major Chicago and New
York banks in which he was a stockholder: \$1,982,649.⁴³
- 4) To the Reconstruction Finance Corporation (R.F.C.):
\$2,000,000.⁴⁴

Otto settled his debt to the American National in or after 1943, by charging the full amount of \$519,000 still due to the Otto Bremer Company (to be discussed in the next chapter). The nature of his final settlements with the brewery and Adolf Bremer cannot be determined. It is clear, however, that Adolf's sacrifice on behalf of Otto was as great as Otto's on behalf of the banks.

Otto's financial woes approached a denouement in 1934, when Adolf stepped in to avert bankruptcy proceedings by various of his brother's creditors, primarily the Chicago and New York banks. Otto's loans from these creditors had been unsecured or partially secured by a portion of his American National Bank and country bank stocks and by his miscellaneous stockholdings. An agreement was reached under which Adolf pledged 200 of his shares in the Jacob Schmidt Brewing Company to secure the unsecured portion of Otto's debt. The shares were placed in escrow, with a

provision that all dividends and/or other proceeds on the shares would be delivered to the creditors and credited toward retirement of Otto's debt. In return the creditors surrendered to Adolf all the American National Bank and country bank stocks which they held as collateral from Otto and permitted Adolf to purchase the brewery shares from escrow at \$2,500 per share, with the amounts received also being credited toward debt retirement.⁴⁵

Under the 1934 agreement, all but two creditors obtained settlement by 1938. The settlements were achieved at great physical and financial expense to Adolf and cost Otto all of his stockholdings in Chicago and eastern banks.⁴⁶

As significant as the liquidation of any debt was the saving effect which the agreement had on the country banks. By requiring the transfer of Otto's American National Bank and country bank stocks from the creditors to Adolf, the agreement saved the country banks (and the American) from probable sale to large Chicago and eastern corporations.

An equally important settlement from a historic point of view was with the R.F.C. This settlement, concluded over a period of 19 years, had a major long-term impact on the ownership of the American National Bank of Saint Paul. The early Depression had taken its toll on the American National, as on other institutions. Early 1933 had found the bank undercapitalized and faced with losses and doubtful or slow assets of nearly

\$3,000,000.⁴⁷ Prior to the bank's reopening after the national bank holiday, an agreement was worked out with the R.F.C. whereby 20,000 shares of preferred stock were issued by the bank as a means of bolstering its capital structure. 10,000 of these shares (later designated as class "A" stock) were purchased by the R.F.C. for \$1,000,000, and Otto Bremer executed his personal guaranty note to repurchase the shares over a period of several years. The other 10,000 shares (later designated as class "B" stock) were sold on slightly different terms, but the R.F.C. owned all 20,000 shares.⁴⁸

By 1936 the capital structure of the bank had markedly improved, but Bremer and the bank had been unable to retire the preferred stock.⁴⁹ For this reason and to remove additional losses in assets, a new plan of capital revision was devised by the R.F.C., the American National and the Jacob Schmidt Brewing Company -- an agreement which was to give the brewing company a major stock investment in the American National.⁵⁰ As a part of this agreement the brewery agreed to repurchase the class "B" preferred stock at its original price (\$1,000,000) over an eight-year period, and the brewery purchased its first portion of preferred stock in 1936 for \$200,000.⁵¹

By 1940 circumstances required yet another capitalization plan. The late 1930s had witnessed a sharp increase in deposits at the American (between January 1938 and August 1940 alone, deposits rose from \$22,787,000 to \$31,467,000). The national

bank examiner concluded that the bank was seriously undercapitalized. Moreover, by the end of 1940 the American was the only remaining national or state bank in downtown Minneapolis or Saint Paul with R.F.C. - owned preferred stock. The examiner felt that this was conveying an erroneously negative picture of the bank's financial status; and, accordingly, in 1941 a new program was adopted for increasing capital and for converting the preferred stock to common stock.⁵²

The new plan was designed to retire all preferred stock within ten years. By 1940 the Jacob Schmidt Brewing Company had already paid the R.F.C. \$600,000 to retire 60% of the class "B" preferred stock.⁵³ Under the new plan the bank's Articles of Association were amended to eliminate all class "B" stock and to convert the same to 6,000 shares of common stock of par value \$100 per share. These shares were issued in the name of the Jacob Schmidt Brewing Company which in turn executed a promissory note, due in 1944, to pay the R.F.C. \$400,000, the principal amount still due for the repurchase of the class "B" preferred stock. The bank's capital structure was further strengthened by the issue and sale of an additional 1,500 shares of common stock and by an increase in R.F.C. - owned preferred stock "A", which it was expected the bank could retire through earnings by 1951.⁵⁴ Thus, the plan increased the total common stock of the bank from 5,000 shares to 12,500 shares, aggregate par value \$1,250,000.

The effect of the plan on ownership of the bank was striking. Incomplete records, once again, make it impossible to give a

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definite breakdown of ownership, but by 1941 the Jacob Schmidt Brewing Company had clearly become a major shareholder in the bank, owning at least 6,000 of 12,500 shares common stock outstanding. As the number of shares carried in the name of the brewing company grew, Otto Bremer's personal percentage ownership dwindled. In 1940 Otto owned 58% of the common stock; with initiation of the new plan his common stock ownership declined to 28%, and by 1950 it had taken another decisive drop, to 16%.⁵⁵ In December 1950 Bremer surrendered 2,000 of his shares to the brewery to settle a recent debt, reducing his ownership of the American National to 9% at the time of his death in 1951. (The last preferred stock was retired one year later, in 1952.)⁵⁶

Though his personal holdings in the bank declined, Otto continued, of course, to exercise control of the bank by virtue of his interest in the Jacob Schmidt Brewing Company and his trusteeship of the Marie Bremer Trust (see Chapter 1, pp. 15, 20, 21). He and his brother owned or controlled all but a few shares of brewery stock. This happy and long-standing arrangement ended in 1939 when Adolf Bremer, physically and emotionally taxed by the financial traumas of the 1930s, died. From Adolf's death until 1950 Otto was the sole trustee of the Marie Bremer Trust; and, as such, he owned or controlled 3/4 of the brewery stock.⁵⁷ Through the combination of his personal holdings in the bank and the brewery's holdings in the bank, he retained control of the American National.⁵⁸

The emergence of the brewery as the majority shareholder in the American, however, marked a major turning point in Otto Bremer's life. During the Depression he had lost many or most of his stockholdings in eastern banks and other corporations. His investments had become less diversified. While the brewery and the American National remained major investments, the debt settlement with the R.F.C. had sown the seeds for a growth by these two institutions which would, in time, be quite separate from the legacy of Otto Bremer.

The financial priorities of Bremer's last years had been forged by the fires of the Depression, presaged by his tightening commitment to the country banks. In the 1920s and '30s Bremer had shaped this commitment into his major interest; in the 1940's he recast it again, creating the permanent institutional structures, the Otto Bremer Company and the Otto Bremer Foundation, which would preserve this commitment after his death.

Footnotes

All "files," unless otherwise noted, are in the papers of the Otto Bremer Foundation.

1. In the Matter of the Trust Declared by Adolf Bremer and Otto Bremer (Commonly Known as the Marie Bremer Trust): Petition for Allowance of Trustees' Accounts, and for Instructions, March 1957, p.13, File "Marie Bremer Trust"; Peter and Isabel Vaughan, interview with John Schwiebert, 4 November 1980, File "Otto Bremer: Interviews"; Charles Woehrle, interview with John Schwiebert, 14 January 1981, File "Otto Bremer: Interviews"; Louise Bremer Benz, interview with John Schwiebert, 18 November 1980, File "Otto Bremer: Interviews."
2. Peter and Isabel Vaughan, interview with John Schwiebert, 4 November 1980; Charles Woehrle, interview with John Schwiebert, 14 January 1981.
3. "Otto Bremer, Banker in Minnesota, Was 83," The New York Times, 19 February 1951, newspaper clipping files of the Saint Paul Public Library; "Otto Bremer, City Financier, 83, Dies," Saint Paul Pioneer Press, 19 February 1951, p.1; Peter and Isabel Vaughan, interview with John Schwiebert, 4 November 1980.
4. Manuel H. Ruder, interview with John Schwiebert, 5 November 1980, File "Otto Bremer: Interviews."
5. "Bremer Sees Vast Changes Among Banks," Saint Paul Dispatch, 20 September 1929, p.1.
6. P.J. Score to George J. Johnson, 25 April 1947, File "Citizens State Bank, Barrett, Minnesota"; H.O. Lyngstad to George J. Johnson, 3 December 1936, File "Citizens State Bank, Rugby, North Dakota"; Foster County State Bank, Record of Bremer Stock Purchases, File "Foster County Bank and Trust Company, Carrington, North Dakota"; B.B. Kotilinek to George J. Johnson, 22 April 1947, File "International State Bank, International Falls, Minnesota."
7. Theodore Christianson, Minnesota: The Land of Sky-Tinted Waters, 5 vols. (Chicago and New York: The American Historical Society, Inc., 1935) 2: 422-25.
8. Ibid., 2: 433,468.
9. Statement of Condition of the American National Bank of Saint Paul at the Close of Business, 10 October 1927, File "American National Bank."

10. Gary E. Gilman to John Schwiebert, 2 February 1981, File "Bank of Willmar and Trust Company, Willmar, Minnesota"; George J. Johnson, History Sheet, Bank of Willmar, 26 May 1930, p.1, File "Bank of Willmar and Trust Company, Willmar, Minnesota"; N.H. Tallakson to George J. Johnson, 11 January 1937, File "Bank of Willmar and Trust Company, Willmar, Minnesota."
11. George J. Johnson, History Sheet, Bank of Willmar, 26 May 1930, pp.2, 6; Edwin Selvig to George J. Johnson, 10 January 1930 (letterhead), File "Bank of Willmar and Trust Company, Willmar, Minnesota."
12. George J. Johnson, History Sheet, Bank of Willmar, 26 May 1930, p.1.
13. Detroit State Bank, Charter, 30 October 1919, File "Detroit State Bank, Detroit Lakes, Minnesota"; C. Leroy Larson to John Schwiebert, 9 February 1981, File "Detroit State Bank, Detroit Lakes, Minnesota."
14. C. Leroy Larson to John Schwiebert, 9 February 1981.
15. Detroit State Bank, Transcript of Stock Account of Otto Bremer with Detroit State Bank, 1947, File "Detroit State Bank, Detroit Lakes, Minnesota."
16. Martin Haar to John Schwiebert, 9 February 1981, File "Alexandria Bank and Trust Company, Alexandria, Minnesota"; Report on Bremer Stock, 4 December 1936, File "Alexandria Bank and Trust Company, Alexandria, Minnesota"; Alexandria State Bank, Minutes of Directors' Meeting, 8 June 1926, File "Alexandria Bank and Trust Company, Alexandria, Minnesota."
17. Alexandria State Bank, Minutes of Directors' Meetings, 8 June 1926 and 11 June 1929.
18. Thomas A. Boright, "Why Otto Bremer Invests in Banks and How He Makes Those Investments Pay," The Ninth District Banker, 1 September 1926, p.29, File "American National Bank"; G.J. Johnson to George J. Johnson, 2 December 1936, File "Peoples State Bank, Colfax, Wisconsin."
19. Citizens State Bank, Certificate of Incorporation, 5 October 1927, File "Citizens State Bank, Brandon, Minnesota"; O.W. Harrison to George J. Johnson, 3 December 1936, File "Citizens State Bank, Brandon, Minnesota."
20. Elk Valley State Bank, Bank History of Larimore, 28 February 1955, File "Elk Valley State Bank, Larimore, North Dakota."

21. W.T. DePuy to John Schwiebert, 4 February 1981, File "Walsh County Bank and Trust Company, Grafton, North Dakota"; J.E. Bannerman to John Schwiebert, 5 February 1981, File "Walsh County Bank and Trust Company, Grafton, North Dakota."
22. "Otto Bremer Confers with Bankers in Minot," newsclip attached to letter from T.A. Solheim to Robert J. Rear-don, 22 June 1981, File "American Bank and Trust Company, Minot, North Dakota"; Daniel J. Lessard to John Schwiebert, 5 February 1981, File "Walsh County Bank and Trust Company, Grafton, North Dakota."
23. W.J. Johnston to John Schwiebert, 25 February 1981, File "Walsh County Bank and Trust Company, Grafton, North Dakota."
24. Ibid.
25. Ibid.; Daniel J. Lessard to John Schwiebert, 5 February 1981.
26. Drovers State Bank scrapbook, Drovers State Bank; Herbert G. Swanson, interview with John Schwiebert, 21 January 1981, File "Drovers State Bank, South Saint Paul, Minnesota"; Drovers Exchange State Bank, Minutes of Directors' Meeting, 19 November 1932, Drovers State Bank.
27. T.A. Solheim to John Schwiebert, 11 June 1981, File "American Bank and Trust Company, Minot, North Dakota"; Agreement between Otto Bremer and Federal Deposit Insurance Corporation, 21 November 1936, File "American Bank and Trust Company, Minot, North Dakota."
28. Statement of Losses Sustained in the Bremer Banks, 1936, File "Otto Bremer: Depression"; T.A. Solheim to John Schwiebert, 11 June 1981; American State Bank, booklet, 1957, p.2, File "American Bank and Trust Company, Minot, North Dakota"; Agreement between Otto Bremer and Federal Deposit Insurance Corporation, 21 November 1936.
29. Willis L. Williams, "To Commemorate the 80th Birthday of Otto Bremer," Commercial West, 25 October 1947, pp.14, 17, File "Bremer Family"; Manuel H. Ruder, interview with John Schwiebert, 5 November 1980, File "Otto Bremer: Interviews"; Peter and Isabel Vaughan, interview with John Schwiebert, 4 November 1980.
30. Leroy Wallin, telephone interview with John Schwiebert, 27 March 1981, File "Citizens State Bank, Brandon, Minnesota."

31. Otto Bremer to John H. Rich, 7 March 1923, p.2, File "American National Bank"; Herbert G. Swanson, interview with John Schwiebert, 21 January 1981, File "Drovers State Bank, South Saint Paul, Minnesota"; Anthony J. Roszak, interview with John Schwiebert, 21 January 1981, File "Drovers State Bank, South Saint Paul, Minnesota."
32. Herbert G. Swanson, interview with John Schwiebert, 21 January 1981.
33. Otto Bremer: Summary of Assets Pledged (legal brief), 15 October 1933, Schedule 1, File "Otto Bremer: Depression"; Peter and Isabel Vaughan, interview with John Schwiebert, 4 November 1980.
34. Mr. Otto Bremer, Financial Statement, 1 March 1939, unpaginated, File "Otto Bremer: Depression"; Statement of Facts and Supplement (legal brief), ca. 1933, p.4, File "Jacob Schmidt Brewing Company."
35. Mr. Otto Bremer, Financial Statement, 1 March 1939, unpaginated; Assessments Paid by Otto Bremer, ca. 1933, File "Otto Bremer: Depression."
36. Mr. Otto Bremer, Financial Statement, 1 March 1939, unpaginated; Statement of Losses Sustained in the Bremer Banks, 1936, File "Otto Bremer: Depression."
37. Assessments Paid by Otto Bremer, ca. 1933; Otto Bremer: Summary of Assets Pledged (legal brief), 15 October 1933, Otto Bremer Statement of Assets and Liabilities; Statement of Facts and Supplement (legal brief), ca. 1933, p.4.
38. Statement of Facts and Supplement (legal brief), ca. 1933, p.4.
39. Ibid., pp.4, 7.
40. Otto Bremer: Summary of Assets Pledged (legal brief), 15 October 1933, Otto Bremer Statement of Assets and Liabilities.
41. Ibid.; Mr. Otto Bremer, Financial Statement, 1 March 1939, unpaginated.
42. Otto Bremer: Summary of Assets Pledged (legal brief), 15 October 1933, Otto Bremer Statement of Assets and Liabilities and Schedules 1 and 6.
43. Ibid., Otto Bremer Statement of Assets and Liabilities and Schedules 1, 2 and 6.

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45. Stock Transferred to Otto Bremer Company in Exchange for Common Stock, undated, File "Otto Bremer Company/Otto Bremer Foundation"; Extension Agreement Between Otto Bremer and His Unsecured and Partially Secured Creditors, 16 April 1934, paragraphs 3-6, 9, 12, File "Otto Bremer: Depression."
46. Supplemental Memorandum Re: Indebtedness of Otto Bremer to Federal Deposit Insurance Corporation and to National Bank Receivers, 12 December 1938, File "Otto Bremer: Depression"; Louise Bremer Benz, interview with John Schwiebert, 18 November 1980, File "Otto Bremer: Interviews"; Mr. Otto Bremer, Financial Statement, 1 March 1939, unpaginated.
47. Proposed Plan of Capital Revision for the American National Bank of Saint Paul, Minnesota, 20 November 1940, p.9, File "American National Bank."
48. Ibid., p.1; Statement of Facts and Supplement (legal brief), ca. 1933, p.1; Notice of Meeting of Stockholders of the American National Bank of Saint Paul, 5 June 1936, File "American National Bank."
49. Proposed Plan of Capital Revision for the American National Bank of Saint Paul, Minnesota, 20 November 1940, pp. 1, 2, 10.
50. Ibid., pp.1, 2; Notice of Meeting of Stockholders of the American National Bank of Saint Paul, 5 June 1936.
51. Proposed Plan of Capital Revision for the American National Bank of Saint Paul, Minnesota, 20 November 1940, pp. 1, 2.
52. Ibid., pp. 3, 6, 7; P.A.F. Smith, Notice of Meeting of Shareholders, 3 January 1941, File "American National Bank."
53. Proposed Plan of Capital Revision for the American National Bank of Saint Paul, Minnesota, 20 November 1940, pp. 2, 13.
54. Ibid., p.13; Resolution, 11 December 1940, pp.2, 3, File "American National Bank"; American National Bank, Annual Report, 31 December 1941, p.3, File "American National Bank."
55. Proposed Plan of Capital Revision for the American National Bank of Saint Paul, Minnesota, 20 November 1940, p.6; Percentage of Ownership: Otto Bremer Banks and Otto Bremer Company, 1 April 1950, File "Otto Bremer Company/

Otto Bremer Foundation."

Bremer owned 2,924 shares of American National common stock in 1940, or 58% of the 5,000 shares of common stock then outstanding. According to his unofficial records of stock purchases, he bought 587 shares of the 1,500 share block of new common stock sold by the bank in 1941, giving him a total of 3,511 shares out of 12,500 shares outstanding, or a common stock ownership of 28%.

The ownership percentage for 1950 include shares personally owned by Otto Bremer as well as shares owned by the Otto Bremer Company, a bank holding company which Bremer created in 1943 and which consisted of a portion of his stockholdings in the American National Bank and the country banks. Bremer was sole owner of the Otto Bremer Company, of which more will be said in Chapter 3.

56. Agreement Between Otto Bremer Company and Jacob Schmidt Brewing Company, 20 December 1950, File "Otto Bremer Company/Otto Bremer Foundation"; Percentage of Ownership: Otto Bremer and Otto Bremer Company Banks, 1 May 1951, File "Otto Bremer Company/Otto Bremer Foundation"; American National Bank of Saint Paul, Statement of Condition as of December 31, 1952, File "American National Bank."
57. "Adolf Bremer, Financier, Dead at 70," Saint Paul Dispatch, 10 October 1939, p.1; Louise Bremer Benz, interview with John Schwiebert, 18 November 1980; Otto Bremer Foundation, Summary of Significant Documents (Marie Bremer Trust), pp.12, 13, File "Marie Bremer Trust"; In the Matter of the Trust Declared by Adolf Bremer and Otto Bremer (Commonly Known as the Marie Bremer Trust): Petition for Allowance of Trustees' Accounts, and for Instructions, March 1957, pp.3, 4, File "Marie Bremer Trust."
58. From 1943 on, Bremer's "personal holdings" in the American National included the shares which he owned and held in his own name as well as those owned by the Otto Bremer Company (see footnote 55, above).

CHAPTER THREE

The agricultural depression of the 1920's and 1930's had occupied the greater part of Bremer's middle life. By the outset of World War II and the economic recovery he was no longer a young or even a middle aged man. The signs of frailty were becoming ever more visible. Adolf's death in 1939 left Otto with an emotional void and ushered in his own physical demise. That same year, an accident at the brewery (Otto stumbled backwards over a stool) caused severe fractures to Otto's left arm and leg, and from that time on he was obliged to get around with the help of a male nurse.¹

And so, the clouds of financial crisis lifting, Bremer settled himself to planning his estate. It must have been an unpleasant task: an acquaintance recalls that Bremer "hated funerals and would do anything to get out of them" - suggesting that the thought of death was even more repugnant to him than to most people.

Viewed superficially, Bremer's business position had changed little since the 1920's. Though he had lost his closest friend and ally and many or most of his miscellaneous stockholdings, he was still a large shareholder in country banks, he was still fully in charge at the American National, and - after Adolf's death - he had become President of the Jacob Schmitt Brewing Company.² But, as seen in chapter 2, Otto's majority interest in

the brewery (and hence, in the American National) rested on his continuing trusteeship of the Marie Bremer Trust, which was eventually to pass under the control of Adolf Bremer's family. Thus, control of the brewery and the bank could not possibly be preserved in his estate after his death. Consequently, Otto's estate planning centered primarily on the country banks.

In December 1943 Otto created a bank holding company, the "Otto Bremer Company", to provide for the permanent consolidation of his holdings in the country banks. At that time he owned shares in some 43 country banks. While the number of "Bremer banks" had thus declined since 1933 (primarily because of mergers, closings and the sale by Otto of his minority interests in several institutions), the geographic distribution of the banks had broadened to include a small bank in Iowa. (The Iowa interest, bought in 1942, was sold by the Otto Bremer Company after Otto's death in the 1950's.)³

The original assets of the Company included most of Bremer's stock in 37 of these institutions (in approximately 22 of which he was majority shareholder), his interest in the Saulpaugh Corporation (a Mankato, Minnesota corporation), a portion of his shares in the American National Bank of Saint Paul and 3/5 of his 25% interest in the Jacob Schmidt Brewing Company. (When creating the Company, Bremer retained ownership of 10% of the brewery stock in his own, as opposed to the Company's, name.)⁴ All of this stock, valued at approximately \$2.5 million, was exchanged

for the stock of the Otto Bremer Company, and immediately thereafter Bremer was the 100% owner of the Company. Later the Company's assets were expanded to include all of Otto's country bank stocks.⁵

The Otto Bremer Company was created:

- a.) To perpetuate the ownership, supervision and servicing of the Bremer banks in one corporation.
- b.) To secure the business advantages enjoyed by chain banking systems in the area. (Through the Company, for instance, the banks as a group could purchase bonds more cheaply than they could individually.)
- c.) To avoid the sale of the banks in the liquidation of Bremer's estate.⁶

In short, the Otto Bremer Company was intended to assist and protect the banks. But Bremer also wished to use his wealth to assist the communities and trade territories in which the banks were located. He wanted his estate to benefit people in general, and not just exclusively bankers and their clients. For this reason, in May 1944 he created the Otto Bremer Foundation, a charitable trust.⁷

Just as Otto's human interests encompassed more than banks, so his wealth encompassed more than bank stocks: it also included brewery stock, miscellaneous corporate investments and a substantial amount of real estate. And all of this, eventually, accrued to the Otto Bremer Foundation.⁸ The original assets of the Foundation consisted of an approximate 1/2 interest in the Otto Bremer Company. However, the trust instrument authorized Otto to add to these assets over time, and in 1949 he transferred 100% ownership of the Otto Bremer Company to the Otto Bremer Foundation. (The Foundation has been the sole owner of the Company ever since.) In his will, written the same year, he named the Foundation as the residuary beneficiary of his entire estate after making certain bequests, an annuity for his nurse (and the nurse's wife) and provision for his spinster sister Frieda.⁹ Otto died in 1951, Frieda died in 1958, and in 1961 substantially all of the Otto Bremer estate passed to the Foundation. The total assets of the Foundation as of November 1962 were \$4,643,000.¹⁰

Though legally separate entities, from the beginning the Foundation and the Company were closely related. The Company represented the Foundation in the latter's relationship to the country banks. Through its officers (to be described in a moment) and staff, the Company assisted the banks with various administrative and managerial functions. For instance, it conferred regularly with the managing officers of the banks,

reviewed reports of examination by supervising authorities and assisted the banks in the purchasing of bonds and other investments.¹¹ At no time, before or after Bremer's death, did the Company dictate or control the policies of the banks; it serviced the banks, while leaving the actual formulation of policies primarily to the institutions themselves. Originally and for many years, Company staff were employees of the American National Bank of Saint Paul.¹²

The Company also provided a major source of income for the Foundation. Each year the Company turned over all of its income, minus operating expenses, to the Foundation.¹³ The Foundation used the net income from the Company and its other investments to make charitable grants. Per the provisions in the Foundation trust agreement, these grants were directed primarily at the people of Saint Paul (Bremer's home community) and of the trade territories of the country banks, for the following purposes:

- "a.) To relieve poverty in the City of St. Paul, Minnesota.
- b.) To establish scholarships and assist poor and deserving children in securing education in any University or College situated in the State of Minnesota and to aid such Universities or Colleges to increase their efficiency.
- c.) To provide or assist in providing physical training in schools and public grounds.
- d.) To promote citizenship by aiding such movements as the Boy Scouts, Girl Scouts and Campfire Girls.
- e.) To advance religion by aiding in the construction or maintenance of churches, aiding in the upbuilding of church choirs and music and the supply of music.

- f.) To aid orphan and baby's homes conducted as charitable institutions.
- g.) To promote the public health by aiding in the construction, enlargement and maintenance of hospitals and by aiding them to purchase new surgical and other appliances used in the treatment and study of human diseases.
- h.) To aid or provide for the study of causes or cure or treatment of diseases and other human ailments.
- i.) (Deleted by amendment in June 1949.)
- j.) To aid persons suffering from catastrophe that effects [sic] a section of a community and by reason of which a call for aid to the Red Cross or the public is made.
- k.) The beneficiaries under foregoing section (b) to (j) inclusive shall be limited to those persons, institutions, corporations and municipalities, states or sub-divisions who are residents of or have their situs in the State of Minnesota, or Wisconsin, or North Dakota or Montana."¹⁴

Otto further cemented ties between Foundation and Company in the administrative apparatus of the two organizations. Control of the Foundation was entrusted to no "more than three...Trustees," who were also the Officers of the Otto Bremer Company, and from 1944 on the Trustees of the Foundation have generally been the same as the Officers of the Company.¹⁵ The original Trustees were Paul G. Bremer - Otto's half-brother, the Secretary-Treasurer of the Jacob Schmidt Brewing Company and a Director of the American National Bank of St. Paul; and George J. Johnson, the Senior Vice-President of the American National Bank of St. Paul. Otto himself was in a separate category as "Trustor."¹⁶

The Trustees were appointed for life and, with specific exceptions, each was empowered to appoint his or her successor.

George Johnson served until 1948, when he was removed by Otto. Later the same year Paul Bremer died and, under his will, his daughter was named as successor Trustee. Using a power given him in the 1944 trust agreement, Otto revoked the appointment of Paul's daughter in 1949 and named as Trustees Lawrence A. Carr, Samuel Lipschultz, and Bernard H. Ridder, who had become his associates during the 1930s and 1940s.¹⁷ Carr, a Minneapolitan, had been Otto's personal accountant and tax consultant since the 1930s and had been associated with the Otto Bremer Company since 1943. He was also a Director and Secretary-Treasurer of the Jacob Schmidt Brewing Company. Lipschultz was a senior partner in the Saint Paul law firm of Lipschultz, Altman and Geraghty and also a Director of the brewery. Ridder was the President of the Saint Paul Dispatch-Pioneer Press Company. Carr, Lipschultz, and Ridder continued as Trustees of the Foundation long after Otto's death.¹⁸

Until Otto's death and well into the 1950s, the assets of the Company and Foundation underwent little change: in 1943 Company assets included 37 country banks; by 1951 the number of banks had increased to 38. Probably the biggest change occurred in December 1950, two months before Otto's death, when he surrendered the Company's entire 15% interest in the Jacob Schmidt Brewing Com[any and much of its interest in the American National Bank of St. Paul to settle a debt to the brewery.¹⁹

Otto's practice had always been to assist banks financially or by other means when needed and invited, but never to "buy" a bank for the purpose of taking control. He took care that the same policy be observed by the Company and Foundation after his death.²⁰ The Company continued to adjust its stockholdings when expedient or necessary, but funds for these adjustments were generally derived from the liquidation of its other assets (primarily, as will be seen, its holdings in the American National Bank of Saint Paul) rather than from income. The Company periodically bought additional stock in a country bank

- a) When the overall capital of the institution was being increased and the purchase was necessary to maintain the corporation's proportionate ownership in the bank.
- b) When another stockholder retired and there was a previous understanding that the shares would be acquired by the corporation upon that person's retirement.

In addition, the Company occasionally acquired additional stock in a bank by trading shares with other parties. For instance, during the 1950's the Company owned shares in Western State Bank in Marshall, Minnesota and in Security State Bank in nearby Hector, both of which institutions were controlled by the Spreiter family. After 1953 the corporation traded its stock at Hector for stock held by the Spreiters in the Marshall bank and thus acquired a 100% interest in the Marshall institution. (Later the Company sold some stock to local persons in order to qualify them as directors, reducing its ownership to 96%.)

Finally, the Company enlarged its bank investments in some communities by subscribing to create various bank-related businesses, such as building holding companies and insurance agencies. In Williston, North Dakota, for example, the Company owned 45% of the stock at the American State Bank. During the 1950's oil was discovered in the area and the bank launched a major building program to accommodate an increased volume of business. As the North Dakota banking law was restrictive regarding the amount which could be invested in banking premises, the building program involved the organization of a realty company to be capitalized pro rata by the stockholders of the bank. The Otto Bremer Company subscribed its pro rata amount.

In Brainerd, Minnesota the Citizens State Bank - another Bremer bank - was doing an extensive insurance business. In order to limit liability, facilitate operations and secure tax advantages, the Citizens State Bank decided to incorporate the insurance business and operate it as a separate company. Stock of the insurance agency was subscribed to pro rata by the Otto Bremer Company and the other shareholders of the bank.²¹

Company activities in the 1940's and 1950's virtually eliminated the Otto Bremer stock in the American National Bank of Saint Paul. The Foundation trustees financed the above and other transactions primarily by the sale of some 3000 shares of American National Bank stock, owned by the Otto Bremer Company, in 1954. As a result, the once significant Bremer investment in

the American National Bank, which had been over 50% in the 1920's and which had been substantially reduced during the 1940's, dwindled to less than 3%.²²

* * *

Aside from the fact that he had no immediate family other than his sister, it is interesting that Bremer created a charitable trust at all. The existence of the trust suggests a human side to his character which has little to do with stocks, profits, assets and liabilities. Though not evidently an outgoing man, Bremer traveled widely in the upper Midwest during his long life and left many people - from bankers to politicians to waitresses - with vivid impressions. If not gregarious, he was polite to the point of courtliness, friendly (if sometimes quick-tempered and dogmatic) and fastidiously generous. In short, a human as well as a banker. Why did he create a foundation? And why for the general purposes outlined in the 1944 trust instrument? Definitive answers are lacking; but enough stories of Bremer the person remain to suggest some theories, and also to indicate a few salient qualities of his character.

From about 1915 until 1928 Bremer lived with his stepmother Marie and his sister Frieda at 1344 Summit Avenue, Saint Paul. Otto

and Frieda continued living in the home after Marie Bremer's death in 1928 and remained there until 1948, when they moved to 15 Montcalm Court.²³ Some of the most intimate recollections of Otto in his later years are from members of his household and from his male nurse.

From them we know that Bremer was kindly toward his servants, that he was a meticulous and expensive dresser who wore detachable cuffs and collars, and that he had an unusually choosy palate: among his special culinary favorites were lentil soup with Polish sausage and a German dish called Fleischock composed of raw beef, raw egg and spices. (So particular was Bremer about his diet that, when hospitalized, he had his cook deliver his meals from home and refused the institutional food.) He was also a habitual cigar smoker. Before leaving for work each morning he loaded three of the finest into each of his vest pockets.²⁴ And, needless to say, he drank beer.

We also know that Bremer liked to read a German language newspaper and that, around the home and among relatives and close friends, he spoke a perfect high German - so perfect, it is said, that he could swear and make it sound "almost musical."²⁵ He devoured newspapers and magazines and was an avid lover of history - and also of travel. His nurse remembers a road trip south during which the banker-brewer enthusiastically pointed out Civil War battlegrounds and actually recounted the battle histories!

The serious and intense banker was not above a joke. Once he gave a cigar to a friend and the friend, concerned that Otto have one left for himself, asked, "Do you have another?" To which Otto replied, "Do you want two?"²⁶ He was also fond of a somewhat silly jingle, apparently invented by himself, that went, "Schmidt's beer is the best beer, but any good beer will do."²⁷

Though he was not especially fond of the arts (the greater arts lover in the family was Adolf), Otto enjoyed classical music and German folk songs now and then, and his niece recalls that he "liked the theatre to a degree."²⁸ It is probably not surprising that support of the arts is absent from the Otto Bremer Foundation mandate, and there is no sign that Bremer contributed much to the arts in his personal giving.

True to his German heritage, Bremer functioned by the clock - eating breakfast at 9:00, working at the brewery until noon and then going downtown for lunch. After lunch and a shave he worked at the American National until 4:00, frequently rising from his desk before closing time to walk around and greet the staff, always calling them by their first names. At 4:00 his chauffeur and Frieda arrived to drive him home for rest, conversation and supper.²⁹

To his household and intimates, and to many in the country banks, Bremer was "gentle," "kindly," "true and loyal," and

"sympathetic." Possibly his foibles appeared more openly in his day-to-day work at the American National. To his associates there he could be testy, overbearing and sometimes explosive. "Otto Bremer was not an easy man," recalls one retired bank official. "He was very gruff at times." The aging Bremer distrusted certain modern and widely accepted business and banking practices. For instance, until his last years he refused to adopt a pension plan for bank employees, believing he could better take care of his personnel himself. Moreover, he insisted on running the bank in his own way. China Clarke, the incoming President in 1948, discovered this abruptly. For years Bremer had directed the bank to make routine grants to a certain charity. One year Clarke wished to review the grant and Otto reportedly "hit the ceiling". Had Bremer grown more sensitive and dogmatic in his later years? Possibly. It is a pity there are no American National Bank officers still living who knew him in his prime.

Otto Bremer could be stubborn, irascible, hot-tempered and possessive (in later years at least he referred to the American National Bank as "my bank"); but one thing he was not was cynical. Virtually everyone who knew him confirms what one friend has called his "optimistic philosophy."³⁰ Bremer was patriotic about his adopted country (hence, the call for support of "citizenship" in the Otto Bremer Foundation trust instrument) and believed strongly in its future. To one acquaintance he

said, "Don't sell the United States short. You will go broke if you do."³¹ Moreover, he was intensely trusting about human nature - remarkably so, perhaps, for a man who had climbed to such wealth and prominence.

He often claimed that he preferred sealing transactions with handshakes rather than signatures. At times this practice got him into trouble. Occasionally, for instance, where he and another stockholder held interests of just under 50% in a country bank he implicitly trusted the other stockholder not to buy a majority, and the stockholder did. Moreover, in his later years his rather idealistic business methods were often unsuited to an increasingly complex banking world, and others sometimes took advantage of him.

But the happy accounts of Bremer's "optimistic philosophy" outweigh the unhappy ones. Optimism seems to have pervaded every aspect of his life - from physical to personal to professional. The physically ailing Bremer never "ailed." "I don't complain," he told his friends; and, pointing to his head he added, "It helps up here."³² A bank director from Grafton, North Dakota recalls that at meetings he "was sympathetic and optimistic when troubles were discussed; and he always found something to praise."³³ A Brainerd, Minnesota youth, son of a Bremer banking

associate at the Citizens State Bank of Brainerd, was deeply impressed by Bremer's positive stance on a possible garnishment case. The youth, now a man, recalls:

On one of Mr. Bremer's trips to Brainerd I had been sent to Crosby to serve garnishment papers on one of the mining company employees. While waiting in the company's office to see the man, the superintendent asked me what my errand was. When I told him he was very disturbed, telling me that he had prided himself on the fact that no worker for him had ever been garnished and assured me that if I did not serve it he was sure he could accomplish the collection. Consequently, I did not serve it and returned, finding Mr. Bremer with my father. When asked if I had served the papers and told the reason why I had not served them my father gave me a rather sound tongue lashing for not doing as I was told to do. Mr. Bremer interrupted, told my father he was entirely wrong, shook my hand and congratulated me for doing what I did. Incidentally, the money was paid by the worker.³⁴

The same man recalls:

At the time of my father's death in 1932 he was personally indebted to Mr. Bremer for well over \$100,000.00 on an unsecured demand note...Mr. Bremer attended the funeral and asked to meet with the living six sons following the funeral...It was during serious depression times and we were already holding several thousand dollars of accounts due from our local farmers who were caught in financial binds. Had Mr. Bremer forced a payment, we would have been forced to liquidate with substantial losses. The meeting resulted in his asking us to name new officers of the corporation at once so that he could return with the updated signatures, told us of his deep respect for his good friend Con and that his home and banks would be open to us as long as he was living. The indebtedness was never mentioned again and of course was paid off without any major hardship to us.³⁵

Whence this optimism and trust? Perhaps the clearest sources were in Bremer's own biography. An immigrant, he had adapted to a strange country and risen to the top. He had succeeded; therefore, others could succeed. But this was only part of the story.

It is said that when he found his first job in Saint Paul, in 1886, the young Otto was told by his employer to buy some overalls, which he purchased from a clothing store run by a young Russian Jew. The proprietor noticed Otto looked cold and invited him to sit by the stove and get warm. This kindness left a lasting impression. The 80-year-old Bremer called special attention to it in an interview with Commercial West in 1947.³⁶

Through the above and similar experiences, Bremer's mind became indelibly etched with two ideas:

- 1.) That people can: succeed, keep their word, pay off their debts, etc.
- 2.) That individuals don't live or grow in isolation; they fulfill themselves only by helping one another.

Many an entrepreneur, perhaps, would embrace the first principle, and others might accept the second; but to Otto Bremer the two were bound inextricably together. One, it seems, was inconceivable without the other.

This may explain why, though he dealt with the rich and powerful, Bremer was typically more interested in those down the ladder than those up the ladder.

This interest is amply documented. Any reader of Bremer's papers will be instantly struck by the scope of Otto's acquaintances and

the sheer volume of people who asked him for loans. (At the time of his death, an estimated 39 individuals owed him sums of up to \$25,000 each; and many of these loans were wholly unsecured.)³⁷ The borrowers were people of all backgrounds, livelihoods and ages: there were grandmothers who had known his stepmother; hotel operators in hotels where he no doubt stayed during visits to country banks; widows; waitresses; and innumerable small town bankers, farmers and businessmen.

Otto's rapport with his debtors was obviously close. In 1926 one individual, a hotel owner in Breckenridge, Minnesota, wrote him a three-sentence message requesting \$4,000!³⁸ Another, a widow, wrote a sentimental letter recalling her friendship with Otto's stepmother and asking for \$1,000. ("I don't know of anyone else I could turn to with so big a heart and true interest in my welfare as you have," she concluded, " and I sincerely hope that you won't turn down the thumbs on poor little me.")³⁹

Bremer may have been a "soft touch"; but there were probably other, more consistent reasons behind his giving. Many of his borrowers were persons with whom he could strongly identify. Often they had been separated from family by death or physical distance, as he and Adolf had been during their first lonely days in Saint Paul. Many were foreign-born (like the man who wrote that he "needit" some money), or widows, or destitute women

(Bremer was extremely protective of women, such as his sister Frieda.)⁴⁰

Still others were mothers of small children. And children were Bremer's particular soft spot - perhaps because he had never married and had none of his own. The widow of a deceased bank employee at the Farmers State Bank in Frederic, Wisconsin recalls how she was once stranded in Saint Paul with a train ticket home but without cash "in case of trouble." She went to the American National to cash a check and was stopped by an officer who suggested she go and see Otto. "I had my oldest girl there," the woman remembers, "about 2 1/2 years old."

He (i.e. Bremer) met us at the door - held Marita on his lap - and asked how much I needed for the trip. I said five dollars would be plenty. He smiled and said take this and if you don't need to use it, start a Bank Account for my little girl - or add it to the one she has, - it was \$25.00 - and started her Bank Account.⁴¹

The affection for children involved more than money-lending. When a guest at dinner, Bremer insisted that the children of the household eat with the adults, and he liked it when children mistook him for a "grandpa."⁴²

Bremer characteristically sided with the "underdog," and his sense of empathy was as active in his charitable as in his personal giving. An associate recalls that Bremer was stubborn about only supporting less affluent, lesser known charities; he felt the others already had enough and didn't need his help.

Naturally enough, the charitable causes and organizations he backed during his lifetime resembled those outlined in the Otto Bremer Foundation trust instrument. There were organizations:

1. "To relieve poverty in the City of Saint Paul" (e.g. the Little Sisters of the Poor, the Union Gospel Mission and the Jewish Sheltering Home).
2. To aid "Universities or Colleges" in Minnesota (e.g. Carleton, Saint Mary's and Macalester Colleges and other institutions).
3. "To provide or assist in providing physical training..." (e.g. the Saint Paul Turnverein. Bremer was an early member of this organization and supported it ardently through much of his life.)
4. "To promote citizenship" (e.g. the Boy Scouts, Girl Scouts).
5. "To advance religion..." (e.g. Saint Paul Evangelical Church, Bethlehem David Congregation, Christian Lutheran Church, Saint Constantine Catholic Church. Bremer was ecumenical at a time when ecumenism was anything but popular).
6. "To aid orphan and baby's homes..." (e.g. Juvenile Horizons, etc.).

7. "To promote the public health..." (e.g. Ramsey County Public Health Association, Mount Sinai Hospital, Saint Joseph's Hospital).⁴³

One of the most striking features of Bremer's giving was his tremendous support of Jewish religious and Zionist groups. Perhaps this interest traced back to his relationship to his stepmother (or perhaps to the Jewish store proprietor who had invited him to sit by the stove on that cold day in 1886)? Whatever its sources or significance, the interest was deep. Not only did he give to Jewish organizations, but he numbered Jews among his best friends and business clients.⁴⁴

Finally, Bremer's affinity for less affluent charities and for "have-nots" may afford the best clue we have as to why he so boldly cast his fate with the country banks during the Depression. Otto Bremer was a self-made man. But, though materially successful, he never moved easily in society. Wealthy, he was never completely at home with wealth. He was at home with his people, the people who had been where he had been and were going - perhaps - where he had gone: natives of small towns; family members and lovers of family; the young; small businessmen with dreams and the resolve, but not necessarily the cash, to make their dreams reality; country banks and bankers withstanding hardships for a brighter future...the aspiring but not yet arrived...

Otto Bremer died in Saint Paul on February 18, 1951, at the age of 83, after a two week bout with broncho pneumonia. The antecedent causes of death were cardiovascular disease with hypertension and a cerebral hemorrhage which he had suffered in late 1949.⁴⁵ With his passing, Saint Paul mourned the loss of "one of the most interesting and inspiring men of our city."⁴⁶

What became of Bremer's interest in the Jacob Schmidt Brewing Company and the American National Bank of Saint Paul after his death?

In failing health, Bremer had resigned as Trustee of the Marie Bremer Trust in 1950 and had appointed as his successor Trustees Lawrence A. Carr, Samuel Lipschultz and Bernard H. Ridder. As a result, these three men, who were also the Trustees of the Otto Bremer Foundation, assumed the controlling interests in the Jacob Schmidt Brewing Company and the American National Bank of Saint Paul. In 1951 Carr became President and Treasurer of the brewery, Lipschultz Vice-President and General Counsel, and Ridder Secretary. All three men were also Directors of the American National Bank.⁴⁷

The brewery suffered sales declines from the late 1940's on, and in 1954 the business was sold to the Pfeiffer Brewing Company of Detroit. (Later the brewery was sold again, to Heileman's.) Proceeds from the 1954 sale were used to create a personal holding company called the "Jacob Schmidt Company", which retained controlling stock ownership in the American National Bank - and which later became the controlling shareholder in the American Bancorporation, Inc..⁴⁸

Samuel Lipschultz died in 1960. Five years later Carr and Ridder resigned as Trustees of the Marie Bremer Trust and new, court-appointed Trustees were named from the family of Adolf and Marie Bremer, severing the last significant tie between the Otto Bremer interests and the brewery and bank.⁴⁹ Thus, control of the Jacob Schmidt interests and the American National Bank passed to Adolf Bremer's family, where it has remained to this day.

Fortunately, however, Otto Bremer's legacy did not stop there; it has continued through the Otto Bremer Foundation, the Otto Bremer Company, and the more recently formed Bremer Service Company. For numerous citizens and communities around the Northwest, Foundation and companies have been friends and allies - and symbols of the continuously running thread between Otto Bremer the man, and the ideals and principles for which he stood.

Footnotes

Unless otherwise noted, all references to "files" are found in the papers of the Otto Bremer Foundaton.

1. Louise Bremer Benz, interview with John Schwiebert, 18 November 1980, File "Otto Bremer: Interviews"; "Bremer Recovering Nicely," Commercial West, 5 August 1939, File "Bremer Family."
2. Peter and Isabel Vaughan, interview with John Schwiebert, 4 November 1980, File "Otto Bremer: Interviews"; Jacob Schmidt Brewing Company, Our History, p. 5, File "Jacob Schmidt Brewing Company"; In the Matter of the Trust Declared by Adolf Bremer and Otto Bremer (commonly known as the Marie Bremer Trust): Petition for Allowance of Trustees' Accounts, and for Instructions, March 1957, p. 4, File "Marie Bremer Trust."
3. Stocks Transferred to Otto Bremer Company for Preferred Stock and Stocks Transferred to Otto Bremer Company in Exchange for Common Stock, File "Otto Bremer Company Bank Statements"; Record of Stock Purchases, File "Otto Bremer Company/Otto Bremer Foundation"; Stock Ownership, Otto Bremer Company and Otto Bremer Estate, 30 November 1959, File "Otto Bremer Company/Otto Bremer Foundation."
4. Stocks Transferred to Otto Bremer Company for Preferred Stock and Stocks Transferred to Otto Bremer Company in Exchange for Common Stock, File "Otto Bremer Company Bank Statements"; History of the Otto Bremer Company, 6 August 1956, File "Otto Bremer Company Bank Statements"; Lawrence A. Carr to G. R. Novotny, 2 October 1947, File "Otto Bremer Company Bank Statements."
5. Stocks Transferred to Otto Bremer Company for Preferred Stock and Stocks Transferred to Otto Bremer Company in Exchange for Common Stock, File "Otto Bremer Company Bank Statements"; Lawrence A. Carr to C. W. Rink, 26 April 1946, p. 6, File "Otto Bremer Company Bank Statements."
6. Lawrence A. Carr to C. W. Rink, 26 April 1946, pp. 5, 6, File "Otto Bremer Company Bank Statements"; History of the Otto Bremer Company, 6 August 1956, File "Otto Bremer Company Bank Statements."
7. Otto Bremer Foundation Trust Instrument, 22 May 1944, File "Otto Bremer Foundation Trust Agreement and Trustee Appointments."
8. See File "Otto Bremer Estate."

9. History of the Otto Bremer Company, 6 August 1956, File "Otto Bremer Company Bank Statements"; Protest: Estate of Otto Bremer, Years 1953-1956, pp. 4, 5, File "Otto Bremer Company/Otto Bremer Foundation"; Otto Bremer Foundation Trust Instrument, 22 May 1944, paragraphs 1 and 20, File "Otto Bremer Foundation Trust Agreement and Trustee Appointments."
10. Ralph E. Twite to Lawrence A. Carr, 19 September 1963, File "Otto Bremer Company/Otto Bremer Foundation"; Otto Bremer Foundation Minute Book, 1961-1968.
11. History of the Otto Bremer Company, 6 August 1956, File "Otto Bremer Company Bank Statements."
12. From the beginning, the officers of the Company included a "Vice-President and Executive Officer," who was also an officer of the American National Bank of Saint Paul. The first such officer was George J. Johnson, who was succeeded in 1948 by Rollin O. Bishop, the First Vice-President (and later President) of the American. Other American National Bank staff also assisted in the management of the Company. See Otto Bremer Company, Minutes, Meeting of 27 November 1950.
13. History of the Otto Bremer Company, 6 August 1956, File "Otto Bremer Company Bank Statements."
14. Otto Bremer Foundation Trust Instrument, 22 May 1944, paragraph 3, File "Otto Bremer Foundation Trust Agreement and Trustee Appointments."
15. Ibid., paragraph 8. See Otto Bremer Company Minute Books and Otto Bremer Foundation Minute Books.
16. American National Bank of Saint Paul, Statement of Condition, 30 June 1944, File "American National Bank, Statements of Condition"; "Paul G. Bremer Dies Suddenly in City Hall," Saint Paul Pioneer Press, 17 November 1948; Otto Bremer Foundation Trust Instrument, 22 May 1944, File "Otto Bremer Foundation Trust Agreement and Trustee Appointments."
17. Otto Bremer Foundation Trust Instrument, 22 May 1944, paragraphs 4 and 8, File "Otto Bremer Foundation Trust Agreement and Trustee Appointments"; Otto Bremer Foundation, Summary of Significant Documents (Otto Bremer Foundation), pp. 8, 9, File "Marie Bremer Trust."
18. Mr. Otto Bremer, Financial Statement, 1 March 1939, unpaginated, File "Otto Bremer: Depression"; Otto Bremer Company, Minutes, Meeting of 27 December 1943; In the Matter of the Trust Declared by Adolf Bremer and Otto Bremer

(Commonly known as the Marie Bremer Trust): Petition for Allowances of Trustees' Accounts and for Instructions, March 1957, p. 3, File "Marie Bremer Trust"; American National Bank of Saint Paul, Statement of Condition, 1 November 1949, File "American National Bank, Statements of Condition."

19. Percentage of Ownership, Otto Bremer and Otto Bremer Company Bank Stocks, 1 May 1951, File "Otto Bremer Company Bank Statements"; Otto Bremer Company, Minutes, Meeting of 26 December 1950.
20. History of the Otto Bremer Company, 6 August 1956, File "Otto Bremer Company Bank Statements."
21. Ibid.
22. History of the Otto Bremer Company, 6 August 1956, File "Otto Bremer Company Bank Statements"; Bremer Banks - 1954 and 1955 Dividends, File "List of Dividends/Percentage of Stock Ownership"; Percentage of Ownership, Otto Bremer Company, 8 August 1956, File "Otto Bremer Company Bank Statements"; Stock Ownership, Otto Bremer Company and Otto Bremer Estate, 30 November 1959, File "Otto Bremer Company/Otto Bremer Foundation."
23. Saint Paul City Directories, 1913-1949; Otto Bremer Company, Minutes, Meetings in 1948.
24. Peter and Isabel Vaughan, interview with John Schwiebert, 4 November 1980, File "Otto Bremer: Interviews"; Elizabeth Niedermayer, interview with John Schwiebert, 13 November 1980, File "Otto Bremer: Interviews."
25. Peter and Isabel Vaughan, interview with John Schwiebert, 4 November 1980, File "Otto Bremer: Interviews"; Elizabeth Niedermayer, interview with John Schwiebert, 13 November 1980, File "Otto Bremer: Interviews."
26. Peter and Isabel Vaughan, interview with John Schwiebert, 4 November 1980, File "Otto Bremer: Interviews."
27. Anthony J. Roszak, interview with John Schwiebert, 21 January 1981, File "Otto Bremer: Interviews."
28. Louise Bremer Benz, interview with John Schwiebert, 18 November 1980, File "Otto Bremer: Interviews"; Peter and Isabel Vaughan, interview with John Schwiebert, 4 November 1980, File "Otto Bremer: Interviews"; Charles Woehrle, interview with John Schwiebert, 14 January 1981, File "Otto Bremer: Interviews."

29. Peter and Isabel Vaughan, interview with John Schwiebert, 4 November 1980, File "Otto Bremer: Interviews."
30. Leonard N. Sessing to John Schwiebert, 15 February 1981, File "Citizens State Bank, Rugby, North Dakota."
31. Leonard N. Sessing to John Schwiebert, 15 February 1981, File "Citizens State Bank, Rugby, North Dakota"; Otto Bremer Foundation Trust Instrument, 22 May 1944, paragraph 3, File "Otto Bremer Foundation Trust Agreement and Trustee Appointments."
32. Peter and Isabel Vaughan, interview with John Schwiebert, 4 November 1980, File "Otto Bremer: Interviews."
33. W. T. DePuy to John Schwiebert, 4 February 1981, File "Walsh County Bank and Trust Company, Grafton, North Dakota."
34. Tom O'Brien to Marvin Campbell, 14 November 1980, File "Citizens State Bank, Brainerd, Minnesota."
35. Ibid.
36. Willis L. Williams, "To Commemorate the 80th Birthday of Otto Bremer," Commercial West, 25 October 1947, pp. 4, 5, File "Bremer Family."
37. Protest: Estate of Otto Bremer, Years 1953-1956, p. 3, File "Otto Bremer Company/Otto Bremer Foundation."
38. F. Miksche to Otto Bremer, 23 May 1926, File "Otto Bremer: Interviews."
39. Clara Bergmeier to Otto Bremer, 19 April 1933, File "Otto Bremer: Interviews."
40. See American National Bank papers.
41. Clara E. Witucki to John Schwiebert, 25 March 1981, File "Farmers State Bank, Frederic, Wisconsin."
42. Fred Born, Jr. to John Schwiebert, 16 February 1981, File "Farmers State Bank, Richardton, North Dakota"; Peter and Isabel Vaughan, interview with John Schwiebert, 4 November 1980, File "Otto Bremer: Interviews."
43. Otto Bremer, Federal Income Tax Returns, 1938-1951, File "Estate of Otto Bremer."
44. Otto Bremer, Federal Income Tax Return, 1943, File "Estate of

- Otto Bremer"; Peter and Isabel Vaughan, interview with John Schwiebert, 4 November 1980, File "Otto Bremer: Interviews."
45. Otto Bremer, death certificate, File "Bremer Family."
 46. Americanews (newsletter of the American National Bank of Saint Paul), March 1951, p. 1, File "Otto Bremer."
 47. Otto Bremer Foundation, Summary of Significant Documents (Marie Bremer Trust), p. 12, File "Marie Bremer Trust"; In the Matter of the Trust Declared by Adolf Bremer and Otto Bremer (Commonly Known as the Marie Bremer Trust): Petition for Allowance of Trustees' Accounts, and for Instructions, March 1957, p. 5, File "Marie Bremer Trust"; American National Bank of Saint Paul, Statement of Condition, 10 October 1951, File "American National Bank, Statements of Condition."
 48. In the Matter of the Trust Declared by Adolf Bremer and Otto Bremer (Commonly Known as the Marie Bremer Trust): Petition for Allowance of Trustees' Accounts, and for Instructions, March 1957, pp. 13, 14, File "Marie Bremer Trust"; Jacob Schmidt Brewing Company, Our History, pp. 6, 7, File "Jacob Schmidt Brewing Company"; Lawrence J. Hayes to J. Neil Morton, 22 February 1965, File "Marie Bremer Trust."
 49. Petition and Order: Marie Bremer Trust, 1965, Exhibit D, File "Marie Bremer Trust."

Exhibit 8

OTTO BREMER FOUNDATION

TRUST INSTRUMENT

This Agreement and Declaration of Trust made this 22nd day of May, 1944 by Otto Bremer hereinafter called "Trustor" and Paul G. Bremer and George J. Johnson as Trustees.

WITNESSETH:

Paragraph 1

Declaration

For the purpose of effectuating the trust herein created the Trustor has concurrent with the execution hereof, transferred, assigned and delivered to the Trustee, to be held by said Trustee in trust for the uses and purposes and upon the terms and conditions and in the manner hereinafter set forth the following described property, to-wit:

3,700 shares of the common stock of Otto Bremer Company.

Paragraph 2

Name

The trust herein created shall be known as the "Otto Bremer Foundation" and under that name so far as practicable the business of the trust shall be conducted.

The trust shall be perpetual.

Paragraph 3

Purposes

Subject to the limitations contained in paragraph 6 the purposes of this trust are:

a. To relieve poverty in the City of St. Paul, Minnesota.

b. To establish scholarships and assist poor and deserving

children in securing education in any University or College situated in the State of Minnesota and to aid such Universities or Colleges to increase their efficiency.

As amended

c. To provide or assist in providing physical training in schools and public grounds.

d. To promote citizenship by aiding such movements as the Boy Scouts, Girl Scouts and Camp Fire Girls.

e. To advance religion by aiding in the construction or maintenance of churches, aiding in the upbuilding of church choirs and music and the supply of music.

f. To aid orphan and baby's homes conducted as charitable institutions.

As amended
g. To promote the public health by aiding in the construction, enlargement and maintenance of hospitals and by aiding them to purchase new surgical and other appliances used in the treatment and study of human diseases.

h. To aid or provide for the study of causes or cure or treatment of diseases and other human ailments.

As amended
6-28-47
i. Deleted.

j. To aid persons suffering from catastrophe that effects a section of a community and by reason of which a call for aid to the Red Cross or the public is made.

k. The beneficiaries under foregoing Section (b) to (j) inclusive shall be limited to those persons, institutions, corporations and municipalities, states or sub-divisions who are residents of or have their situs in the State of Minnesota, or Wisconsin, or North Dakota or Montana.

Paragraph 4

Reservation of Power to Trustor

As amended
6/28/47
a. The Trustor reserves the right and power to modify, alter or amend any of the purposes set forth in paragraph 3 and to add to said list of purposes any other charitable purpose as contemplated by Section 23 (o) and (q) of the L. R. C. as amended, or as may hereafter at any time be amended, but no such purpose may be modified, altered

or amended in any way so that it will lose its character as a charitable purpose, nor in any way that any part of the property or income of the trust can be used for other than charitable purposes so as to effect the charitable character or purpose of the trust.

b. Trustor reserves the right and power by will or other instrument in writing to appoint some other person or persons to act as co-trustee or co-trustees with the "Original Trustee"; to remove any co-trustee or co-trustees; to appoint a successor trustee and other succeeding trustees; to revoke the appointment of any successor trustee or succeeding trustees, but at no time shall there be more than three trustees of all kinds, except as provided by paragraph 8 g.

Paragraph 5

Discretion in Trustee to Choose Purposes

The Trustee shall have the full and unlimited discretion, power and authority to choose the purposes, objects or institutions that shall from time to time receive aid from the trust or be its beneficiaries from among those who qualify under paragraph 3 and shall also have the full and unlimited discretion, power and authority to choose or determine or direct or prescribe the method of choosing or determining the person or persons, class or classes of persons who shall receive aid from the trust from among those who qualify under Paragraph 3 except that no discrimination shall be made as to race or religion.

Paragraph 6

Charitability to be Maintained

It is the purpose of the Trustor to create hereby a Charitable Trust and notwithstanding any provisions in this instrument contained that may be construed to the contrary or any change in the law from time to time in force or effect that may apply to this instrument and the trust herein created, either or both, that may cause any action hereunder or any provision in this instrument contained to be declared or construed

as noncharitable, no part of the trust estate or income therefrom shall be used for any purpose except such as is charitable according to the legal significance of that word at the time of such use or intended use.

Paragraph 7

Powers of Trustee

Except as limited, restricted or prohibited, forbidden or specifically conferred upon a particular designated or to be designated trustee, by or under or pursuant to any of the provisions contained in this instrument, the trustee shall have all powers necessary or appropriate to carry out the purposes of the trust, including the power:

- a. To manage, operate, maintain, improve, lease sell exchange, mortgage and pledge trust property.
- b. To borrow money on the credit of the trust estate and charge the trust estate therefor if, in the discretion of the Trustee, the necessary immediate payment of any tax or assessment on the trust property or on the income thereon or therefrom, or the payment of assessments or exercise of stock purchase rights on stock owned by the trust estate or the payment for improvements to or of trust property or other extraordinary expenses, can not be met from current income.
- c. To apply any trust moneys, funds or property to such extent as trustee shall judge necessary or expedient to the taking care of, protecting or improving the trust property or any part thereof.

Paragraph 8

Appointment of Trustees and Successors

- a. Subject to the powers reserved by the Trustor under Section 4 of this instrument, the Original Trustee shall have power:
 - (1) To appoint one or more co-trustees to act with him.
 - (2) To appoint a successor trustee.
 - (3) To appoint a succeeding Trustee or Trustees.
 - (4) To revoke any appointment made by him.
 - (5) To dismiss or remove any trustee appointed by him or any

co-trustee after Trustors death.

b. There shall not be more than 3 acting Trustees at any one time, except as provided in (g) hereof.

c. If the number of Trustees shall be reduced to less than three persons and there be no successor trustee or succeeding trustee either acting or appointed as such, the surviving trustee or trustees shall increase the number to three persons by selecting and appointing such suitable person or persons to act as such trustee or trustees.

d. The appointment or designation of any trustee by the Original Trustee or any Successor Trustee shall be in writing, signed, executed and acknowledged in the same manner as is required for deeds to entitle the same to record in the State of Minnesota, or by last will and testament.

e. The appointment of any Trustee by any Trustee or Trustees other than the Original Trustee or Successor Trustee shall be required by subsection (d) of this paragraph except that it can not be by will.

f. Any Successor Trustee may designate or appoint his own Successor Trustee and any Succeeding Trustee to any vacancy, unless a Succeeding Trustee has been designated by the Successor Trustee's preceding Successor Trustee to fill such vacancy.

g. That the daughters of said Paul G. Bremer, Marie Bremer Harbo and Grace Bremer Lester, or either of them, may be appointed trustee of any designation other than "Original Trustee" and such appointment shall not be affected by the limitation as to 3 acting Trustees contained in section b of this Paragraph.

Paragraph 9

Control

a. Except as limited by Section 3 in all matters where in any power or discretion is granted to the trustees under the terms of this instrument and there be two or more trustees then and in that event;

(1) If there be only 2 trustees the decision of the Original Trustee

Handwritten:
7/1/58

and after his ceasing to be trustee that of the Successor Trustee shall be binding and conclusive upon the other Trustee and for all purposes shall be binding and conclusive as to the administration of the trust;

(2) If there be 3 trustees the decision of 2 trustees, one of whom shall be the Original Trustee and after his ceasing to be trustee one of whom shall be the Successor Trustee, shall be binding and conclusive upon the other trustee as to the administration of the trust;

(3) In the event there are more than three trustees by reason of appointments being made under section g of Paragraph 8, the decision of 2 trustees, one of whom shall be the Original Trustee, if living, and in the event of the death of the Original Trustee, the successor trustee, shall be binding and conclusive upon the other trustees for all purposes as to administration of the trust, subject to the provisions of Paragraph 21.

*See
Paragraph
11/10/1918*

(4) If at any time there be no Successor Trustee the decision of the majority of the Trustees shall be binding and conclusive for all matters.

b. Except as limited by any provision in this instrument contained, any new Trustee or Trustees appointed under the terms of this instrument shall, upon such appointment and without any further act, deed, conveyance or transfer become and be vested with all the duties, rights, titles and powers, whether discretionary or otherwise as though originally appointed hereunder as trustee or first successor trustee or trustee hereinbefore named, according to the designation given him in his appointment, upon such trustee accepting such appointment in writing, signed, executed and acknowledged in the same manner as is required for deeds to entitle the same to record in the State of Minnesota, and furnish bond as required by Paragraph 11.

Paragraph 10

Delegation of Power

The Trustee may appoint from time to time any agent or attorney to execute and deliver any deeds, transfers, documents or papers, or perform any ministerial acts pertaining to the trust estates and to the administration thereof, including authority to vote by ballot or otherwise at any meeting of any corporation in which the trust estate may be interested as a stockholder or otherwise.

Paragraph 11

Bond

No Trustee shall be required to give bond for any purpose except in the event that there be no Original or Successor Trustee.

Paragraph 12

Liability of Trustee

No Trustee of the Trust herein created shall be liable for any loss not attributable to his own dishonesty or to the wilful commission by him of an act known by him to be a breach of trust; nor shall he be bound to take proceedings against another trustee for any alleged breach of trust by such other trustee.

The Trustee may act upon the opinion or advise of counsel in relation to this agreement and shall not be responsible for any loss resulting to the trust estate from any action taken by him in accordance with any such opinion or advice.

The Trustee shall not be liable for the act or default of any agent properly selected by him in the transaction of the business of the trust.

The provisions in this paragraph contained are not exclusive but are subject to and modified by others herein contained specifically referring to the liability of the trustee or his discharge from such liability.

Paragraph 13

Trustee's Compensation

The Trustee, if he claims it, shall receive as compensation for his services in the management of the trust estate not to exceed four per cent of the cash income of the trust estate. Such compensation may be divided among the acting trustees as they desire.

The above compensation shall be in full for all ordinary services rendered by the trustee; but for extraordinary services required the trustee shall have reasonable additional compensation.

In addition to the foregoing the trustee shall be repaid all sums justly, necessarily or appropriately expended to carry out the purposes of the trust, and the protection and management of the trust property, including charges and compensation of all such agents, employees and attorneys as in the judgment of the trustee shall at any time be needed ^{about} ~~or~~ concerning the trust and the trust property and any and all charges, costs, expenses and attorney's fees incurred or suffered by reason of being a party to any action or proceeding by reason of being such trustee, save one rising from his wilful neglect.

All of the foregoing shall be paid out of income.

Paragraph 14

Distribution of Income

The "Distributive Income" of the Trust shall be distributed at such times as the Trustee in his sole discretion may determine but no accumulation of income shall be made that will contravene any law.

The Trustor declares that, without limiting the Trustee in his powers, the said distribution should be made at least every two years unless, in the discretion of the Trustee the Trustee desires to accumulate and does set apart such income for the purpose of accumulating a specific amount for a specific purpose which may at the time qualify to receive the same under the provisions of this instrument.

Paragraph 15

Directions as to Capital or Income

All dividends declared by any corporation upon or in respect of stock held in the trust estate payable in stock of any class of such corporation (or in any medium other than in cash) shall be considered as principal of the trust estate. Except as to such dividends the trustee shall have power, in his discretion, to determine whether any part of the trust estate or any addition or increment thereto be income or principal or whether any cost, charge, expense, tax or assessment shall be a charge against income or principal, or partly against income and partly against principal. If securities are purchased at a premium the trustee shall have power to charge the premium either against income or principal or partly against income and partly against principal. If the trust estate shall own any stocks that may have at any time the right to subscribe for more stock in the same corporation the trustee shall have the power in his discretion to exercise such rights and the payment for such additional shares upon the exercise of such rights shall, so far as possible, be charged against income but the stock so acquired shall be held as an investment of the trust. The payment of any amount on any indebtedness or into any fund for the retirement of any indebtedness incurred under the power granted in paragraph 7, subsection (b) of this instrument or which may be expended pursuant to paragraph 7, subsection (c) of this instrument and stock assessments shall be charged against income. Profits shall be considered income for the purpose of determining "Distributive Income" only when recovered or realized in cash. The balance remaining in the current income account after all charges authorized to be made against income have been made shall be considered the "Distributive Income" under paragraph 14.

Any and all determinations and decisions by the Trustee under this paragraph shall be conclusive for all purposes.

Paragraph 16

Investments

The Trustee is directed to retain the shares of stock in the Otto Bremer Company hereinbefore described and any additional shares of stock in said company purchased on the exercise of stock rights or which Trustor may hereafter make a part of the Trust Estate herein created even though the same be unproductive of income or be of a kind not usually considered suitable for trustees to select or hold estate or be a larger proportion in one investment than a trust should hold, and any securities or stock received in exchange for said shares of stock shall also be so held.

Such stock or any part thereof may only be sold if, in the opinion of the Trustee, it is necessary or proper to do so owing to unforeseen circumstances, and the opinion of the trustee shall not be questioned by reason of the fact that the trustee may personally own stock in said company. As to any other investment that Trustor may hereafter make a part of the Trust Estate, the trustee shall have the absolute discretion to retain for any period of time any such investments and any investments received by the trustee in exchange for any such investments. Except as otherwise herein provided the trustee shall have full power to invest and reinvest the trust estate in any manner in his absolute discretion, acting in good faith, and they shall not be confined to the usual investments which trustees, by mere virtue of their office are authorized to make, except that they shall not invest in real estate or mortgages or unimproved property or mortgages in excess of 50% of the fair market value of improved real estate and then only if the mortgage is amortized annually over a period not exceeding 15 years, and provided further that it be not a manufacturing plant, theater, hotel or other single purpose building unless the same qualifies as an institution within the purposes set forth in paragraph 3.

Paragraph 17

Voting Stock and Holding in Individual Name

a. The Trustee shall have power to vote the stock held in trust at all meetings of stockholders and shall have the right, at his discretion to exercise all powers incident to the ownership of such stock, and to that end the Trustee may hold securities or stock in his name as Trustee, and the Trustee may vote such stock in favor of himself as director.

*2/28/49
incorporated*

Paragraph 18

Reorganization

The Trustee is authorized and empowered in his discretion, to consent to the reorganization or consolidation or the readjustment of the finances of any corporation or the sale to another corporation or person of the property of any corporation the bonds, notes or other securities or the capital stock of which are held by the Trustee and to do any act with reference to such bonds, notes or other securities or capital stock necessary or proper to enable the trustee to obtain the benefit of any such reorganization, readjustment, consolidation or sale, and in case any of the bonds, notes or other securities or capital stock so held shall at any time contain an option or options to the holders thereof to convert the same into other bonds or notes or securities or capital stock, the trustee, in his discretion is authorized and empowered, to exercise such option or options and to make such conversions and subscriptions and to make any necessary payments therefor and to hold such bonds, notes or other securities or capital stock so acquired as investments for such trust.

Paragraph 19

Incorporation

The Trustee is hereby authorized and empowered, at his discretion, if the Trustee deems it advisable that the Trust be administered

originally a part of the trust estate herein created, except that the Trustor may require or provide that such property or any part thereof shall be retained in the Trust Estate permanently or for a specified time.

Paragraph 21

Laws of Minnesota to Govern

Handwritten: All laws of Minn. to govern
It is hereby declared to be the intent of the Trustor that this instrument complies with the laws of the State of Minnesota and that it be construed and enforced in accordance with such laws and that the trust be administered in accordance with such laws.

That this may be maintained each trustee shall have a domicile in the State of Minnesota, except that said Marie Bremer Harbo and Grace Bremer Lester need not be so domiciled. At least one trustee shall be domiciled in the State of Minnesota and shall be subject to the jurisdiction of the Courts of the State of Minnesota and thereby subject the trust to such jurisdiction and control. Any action of the trustees must include the consent of at least one trustee domiciled in the State of Minnesota, but this provision shall in no way limit the preceding sentence. The principal office of the Trust shall be maintained in the State of Minnesota and the trust property, so far as possible, without interfering in carrying out the purposes of the trust, shall be kept in the State of Minnesota.

Paragraph 22

Miscellaneous

a. As herein used the word

(1) "Trust" and "Trust Estate" shall mean the trust herein created and any additions thereto as well as the corpus of the estate as the context may require.

(2) "Original Trustee" shall mean Paul G. Bremer.

(3) "Successor Trustee" shall mean the person designated or appointed as such.

(4) "Succeeding Trustee" shall mean the person designated or

appointed as such or any trustee other than the "Original Trustee" or a "Successor Trustee".

(5) "Co-Trustee" shall mean any person acting as trustee with the "Original Trustee" other than a "Successor Trustee" or "Succeeding Trustee".

(6) "Trustee" shall include any person or persons at any time appointed and acting under the terms of this instrument as "Original Trustee", "Successor Trustee", "Succeeding Trustee" or "Co-Trustee".

b. Paul G. Bremer is hereby designated and appointed to act as the "Original Trustee" under the terms of this instrument. George J. Johnson is hereby designated and appointed to act as "Co-Trustee".

c. The paragraph headings are for convenience and shall in no way be construed as limiting or enlarging the wording of the paragraph.

Paragraph 23

IN TESTIMONY WHEREOF, the parties hereto have executed this first instrument the day and year/above written.

IN PRESENCE OF:

/s/ Pearl Curran

/s/ Otto Bremer

/s/ J. A. Cavitzel

/s/ Paul G. Bremer

/s/ George J. Johnson

STATE OF MINNESOTA)

)SS.

COUNTY OF RAMSEY)

On this 24th day of May, 1944, before me, a Notary Public, within and for said County, personally appeared Otto Bremer, Paul G. Bremer and George J. Johnson, to me known to be the persons described in and who executed the same as their free act and deed.

/s/ J. A. Cavitzel
Notary Public, Ramsey County, Minn.
My Commission Expires April 7, 1951

Exhibit 9



OTTO BREMER FOUNDATION

2011 ANNUAL REPORT • 2012 GUIDE TO GRANTMAKING

EXPANDING OPPORTUNITY · STRENGTHENING COMMUNITY



THE OTTO BREMER FOUNDATION ASSISTS PEOPLE IN ACHIEVING FULL ECONOMIC, CIVIC AND SOCIAL PARTICIPATION IN AND FOR THE BETTERMENT OF THEIR COMMUNITIES.



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A TRIBUTE TO 51 YEARS OF SERVICE: Bill Lipschultz

The year 1961 was a seminal year for the Otto Bremer Foundation. While the Foundation had been a legal entity as a charitable trust since 1944, this was the year that Otto Bremer's assets were transferred to the Foundation, in the amount of \$4.6 million. This was also the year that William H. Lipschultz succeeded his father, Samuel Lipschultz, as trustee.

The year 2012 marks the 51st year Bill has served as a trustee of the Foundation and the year he will retire and be succeeded by his son, Brian. Bill has lent a steady hand and brought continuity and insight to a multitude of changes that have occurred throughout the years.

Bill began his time at Bremer working alongside trustees Larry Carr and Ben Ridder, who, with Samuel Lipschultz, were key architects in helping Otto Bremer design and begin to implement his vision for the Foundation. The trustees



were responsible for overseeing the operation of a growing for-profit banking enterprise while organizing and executing a philanthropic mission in accordance with Otto's wishes. Each trustee brought important skills to the table in areas of finance, community relations and philanthropy.

When he joined the Foundation, Bill was already a successful sales executive in the paper and packaging industry. He was an entrepreneur whose people skills and focus on the needs of all his stakeholders (customers, employees, investors) led to his prominence in the local

business community. He also invested time and effort in numerous charitable organizations, often serving in leadership roles. All these pursuits helped to shape Bill's approach to his work as a trustee as the Foundation grew and its activities evolved.

Over the years, new trustees were appointed, including Robert Reardon and Gordon Shepard, who, along with Bill,

ing the torch

brought wisdom, acumen, leadership and vision to the Foundation. The Foundation's primary asset, Bremer Financial Corporation, grew as a market leader in the Upper Midwest at the same time as the Foundation's philanthropic efforts continued to expand, reaching broader and deeper into Bremer communities. As part of his duties, Bill served as an officer and director of Bremer Financial Corporation, including time as chairman of the board of directors. Bill continued his service as a trustee to the Foundation and mentored another generation of trustees as Charlotte Johnson and Daniel Reardon joined the Foundation. Despite surprises and challenges for both the Foundation and the region over the decades, the Foundation has grown exponentially, thanks to solid leadership and continual growth of the Foundation's primary asset. In 2011, the Foundation's assets exceeded \$750 million, with approximately \$30.5 million distributed in grants and program-related investments. Things have come a long way!

To borrow one of his favorite phrases, Bill has decided that it is time for him to be "moving right along." We take comfort in knowing that Bill has helped build a strong infrastructure and set the course for moving towards our vision. We

ALL OF THESE PURSUITS SHAPED BILL'S APPROACH TO HIS WORK AS A TRUSTEE, AND HE WAS INSTRUMENTAL IN CRAFTING THE VISION FOR BREMER'S PURPOSE.

also know that he is still close at hand should we need his sound advice. The trustees and staff thank Bill for all that he has given to the Foundation and to the communities and organizations that have benefited from his dedication and contributions. His impact will be felt well into the future. ○



A LETTER FROM THE TRUSTEES

We are pleased to provide this report on the Otto Bremer Foundation's activities over the last year. The Foundation's success is due in large part to its long-term investment in Bremer Financial Corporation. This legacy from Otto Bremer has provided a steady stream of dividends that fund the Foundation's grantmaking activities. The continued growth of Bremer banks has allowed the Foundation's grant awards to grow exponentially over nearly seven decades.

After a year of strategic planning in 2010, the Otto Bremer Foundation turned to implementation in 2011. As we reported last year, by the end of 2010 we had reaffirmed our vision and mission and our ongoing commitment to Bremer communities, now expanded to include Owatonna and Mankato, Minnesota, and Bismarck, North Dakota. In 2011, we were ready to translate our words into actions and begin transforming our broad vision into reality. As we made changes, we continuously monitored the effect of our actions to ensure that we were moving toward our short- and long-term objectives.

We developed several new communications. The Foundation's Mission and Meaning statement articulates our

definition of healthy communities and highlights factors shared by vibrant communities. The Guide to Grantmaking and grant application documents expand upon conventional grant guidelines, asking grant seekers to consider and explain how their organization and proposed work move their community forward. We provide additional information to help grant applicants understand the grant application process and specific requirements, limits and deadlines. All of this information is part of our newly updated website, ottobremer.org.

In 2012, we are unveiling our new logo, a visual articulation of the Foundation's message. The logo, which incorporates the forward-leaning signature of Otto Bremer, honors our founder, reminds us of our history and helps to connect current



Bill Lipschultz, Charlotte Johnson, Dan Reardon

and future actions to that history. The signature and color communicate energy, movement and vibrancy, suggesting our vision for Bremer communities and our active, involved and optimistic role in helping to create a positive future.

The strategic planning process gave clarity to the Foundation's challenge of funding in multiple communities across three states and devising a grant review process that is both responsive and efficient. We now dedicate two of the six annual grant rounds to applications from the Minneapolis/St. Paul metropolitan area, with the remaining four rounds open to applicants from the greater Bremer region. This schedule change allows us to give concentrated focus to the large metropolitan area while helping to ensure that staff have sufficient time to travel throughout the region to meet with applicants.

Recognizing the slow pace of economic recovery over the last few years, we committed approximately \$7.9 million in 2011 to help meet basic needs throughout the region. These grants supported a spectrum of projects and programs that offered immediate relief or provided services to end the cycle of poverty.

Moving from a strategic vision to an action plan takes time. We will meet our goals only if we continually assess and evaluate both internal processes and the results of our investments in and partnerships with community organizations. We continue to develop both an evaluation process

IN 2011 WE WERE READY TO TAKE ON THE TASK OF CONVERTING WORDS TO ACTIONS AND MAKE A BROAD VISION REALITY.

and a data-collection system that will help us learn from individual communities, understand topical issues and identify strong community partners.

Thank you for your interest in our work and for your part in building healthy communities. ○



CHARLOTTE S. JOHNSON



WILLIAM H. LIPSCHULTZ



DANIEL C. REARDON



EXECUTIVE DIRECTOR'S MESSAGE

The financial difficulties of 2008 and after have caused waves of change in our region, affecting needs and opportunities. To some extent, we're all aiming at moving targets. Despite that fluidity, there are a few things we're crystal clear about at the Otto Bremer Foundation. The main point of clarity is our vision for the communities we serve: we hope they will be places where basic needs are met, mutual regard is prized and opportunities for economic, civic and social participation are within everyone's reach. (Our Mission and Meaning statement on page 12 explains this vision in detail.)

We're also clear about our role in helping to build healthy, vital communities. We seek to support opportunities that have the potential to move a community forward in powerful ways. This requires us to understand the region and the communities. We devote significant time and effort to increasing our understanding and to capturing and sharing that learning.

Strategically Responsive Grantmaking — our basic work

The Foundation's basic work is responding to requests from our communities. We are open to a broad variety of issues important to the places we serve. Because the requests from communities, taken together, usually ask for more money than we have in our budget, the Foundation is strategic in choosing which of the many good proposals to fund: we try to support the work that will best move the communities toward the vision explained above. We assess what to support by looking at how grant applicants address six main topics. We seek to understand the community, the proposed work, the impact the work will have, the applicant organization and its resources, the applicant's partners in the work and what the future is likely to bring for this work. More details are provided in our grant application, available on our website, ottobremer.org.



Learning and Strategically Proactive Grantmaking—responding to themes we see throughout the greater Bremer region

We learn a lot by reviewing more than one thousand grant applications every year, talking to grant applicants and participating in meetings throughout the region. Certain themes come up over and over again:

- Economic issues, including the need for people in our communities to find and retain good jobs
- Youth issues, including the need for teenagers to have better support as they navigate the path toward healthy development
- Library and literacy issues, including the opportunity for libraries to be community centers
- Access to dental care, particularly in the rural areas of the greater Bremer region

As we identify themes, we try to elevate our learning in these areas and sometimes initiate a cluster of targeted grants to support the communities' efforts to make progress on these important issues. Targeted grants last year included funding to providers aiding homeless youth in the Twin Cities and funding to help the city of Mankato support healthy development for all its teens.

Sharing Our Learning with the Communities

This year we look forward to sharing what we're learning with the communities and others. Our new website allows for:

- Easy searching for grants by type, region and year
- Spotlights on selected grants
- Resource pages to share what we are learning from applicants and others
- A blog that provides brief discussions of community and grantmaking initiatives, as well as other Foundation news

As the year goes on, we'll issue periodic e-newsletters highlighting Foundation news, lessons learned and other information. To sign up, please visit our website.

We will continue to share news about the communities and Foundation as the next year unfolds. ○



RANDI ILYSE ROTH

MISSION & MEANING

THE OTTO BREMER FOUNDATION ASSISTS PEOPLE IN ACHIEVING FULL ECONOMIC, CIVIC AND SOCIAL PARTICIPATION IN AND FOR THE BETTERMENT OF THEIR COMMUNITIES.

Our mission is based on the intent of our founder, Otto Bremer. His vision and longstanding commitment to communities during and after the Great Depression are carried forward today through our work in the places that are homes and neighbors to Bremer banks.

We strive to help build healthy, vibrant communities—communities where basic needs are met, mutual regard is prized and opportunities for economic, civic and social participation are within everyone’s reach.

We start by saying *“basic needs are met,”* because we understand that for any individual, meeting basic needs—like the need for food, warm and stable housing, and access to medical care—has to come first. Once people are able to attend to their basic needs, they are in a better position to access community resources that can help them achieve long-term economic stability. While the Foundation cannot address all of a community’s unmet basic needs, we are committed to partnering with organizations whose work contributes significantly to meeting those needs in Bremer communities.

When we say *“mutual regard is prized,”* we mean that members of the community work together with respect and compassion to solve problems and build on opportunities. Bremer communities are increasingly home to people from all parts of the world and from all paths of life. In our vision, multiple voices are part of the conversation to ensure that solutions reflect the goals of the whole community.

When we say *“opportunities for economic, civic and social participation are within everyone’s reach,”* we mean that active, vibrant community life is available to all, not just to some.

- By *“economic participation,”* we mean that the community is a place of deep opportunity, where all people have the chance to build an economic foundation for themselves and their families. In our vision, economic opportunity means real possibilities for advancement, not just ways to scrape by.
- By *“civic participation,”* we mean that the community is a place where people are informed about and engaged in the issues that affect their community, a place where people

work together to forge community visions, solve community problems and build on community opportunities. In our vision, participation in community building is broadly shared.

- By “*social participation*,” we mean that the community is a place where individuals can connect and contribute to social networks that are essential to their well-being. In our vision, people have what they need for social engagement and support at all phases of life.

In the spirit of Otto Bremer’s intentions, we are open to a variety of requests while giving highest priority to opportunities with the potential to move a community forward in meaningful, powerful and broad-based ways. We respect the remarkable resiliency and strength of Bremer communities and understand that each community has its own vision, its own ways of solving problems and building on opportunities. We are interested in supporting the communities’ efforts to move toward their visions when those efforts are consistent with the Foundation’s mission. ○



HISTORY

THE OTTO BREMER FOUNDATION, CREATED BY OTTO BREMER IN 1944, CONTINUES TO REFLECT THE COMMITMENTS, INTERESTS AND CONCERNS OF ITS FOUNDER.

Otto Bremer came to Minnesota as a German immigrant in 1886, seeking opportunities for a good life. Over the next decades, he lived the American dream. Speaking limited English at the start, he called the day he was hired in his first job in St. Paul “about the happiest moment in my life.” But looking for greater challenges, he soon moved on to a new job as bookkeeper for the National German American Bank. Over the next 36 years, he worked his way up to become the chairman of the American National Bank and a dedicated community leader involved in civic, financial and corporate life. He partnered with his brother Adolph in the ownership and management of the Jacob Schmidt Brewing Company, served as treasurer of the City of St. Paul for more than a decade and became an advisor to presidents Woodrow Wilson and Franklin D. Roosevelt.

Bremer’s financial acumen ultimately made him the largest investor in bank stocks in the Midwest. Many of these invest-

ments were in independent rural banks, “countryside banks” as he called them. His commitment to these institutions and to the surrounding communities was unwavering. During the Great Depression, Bremer liquidated many of his personal assets to strengthen these banks and help them ride out hard times. He believed that people could survive and flourish if they had help at critical times.

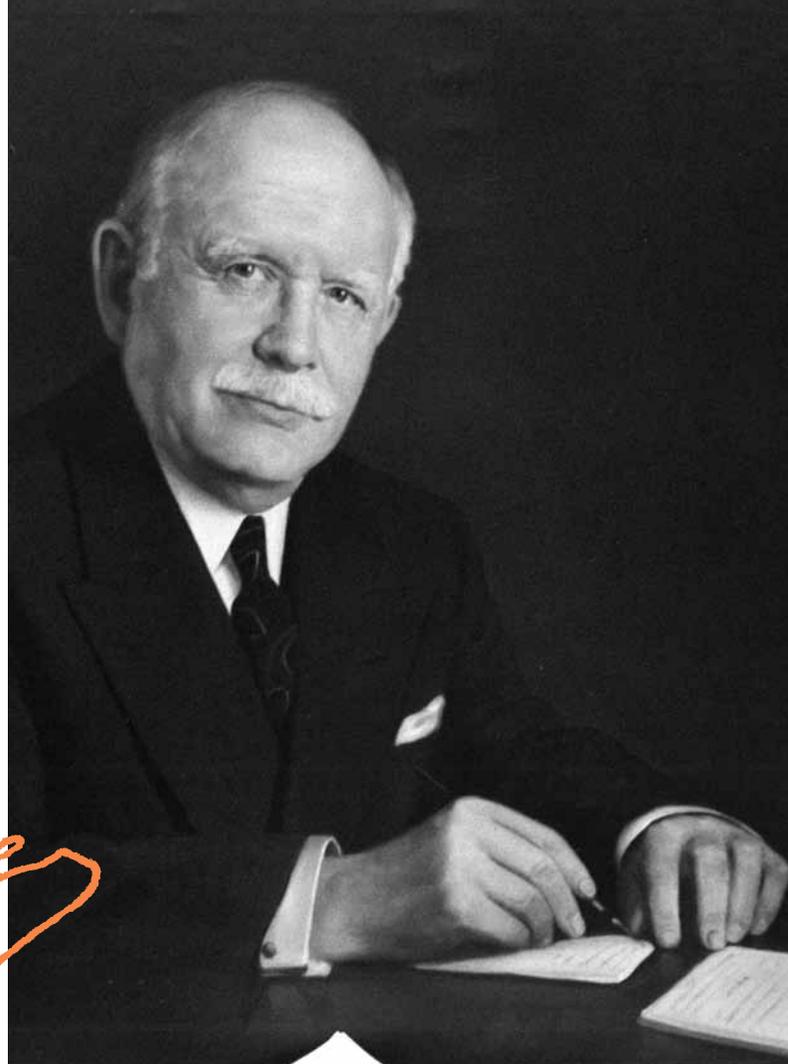
For all his success, Bremer did not forget the strengths and hardships of the rural and immigrant experience. His concern for those working to make their lives better, coupled with his commitment to the countryside banks, became the cornerstone of the Otto Bremer Foundation. In creating the Foundation, Bremer sought to ensure the perpetuation of the Bremer banks and the ultimate return of his personal wealth to his “family” of communities.

Over the years since 1944, the cities, towns and rural areas Otto Bremer knew have changed and so has the Foundation.

The number and amount of grants awarded annually have risen exponentially, and grantmaking strategies have evolved to reflect changing needs and opportunities as well as the funds available for support. The Foundation has provided more than \$406 million to Bremer communities since its founding.

Otto Bremer's history in St. Paul began more than a century and a quarter ago, yet his story is not old. Today, it is replayed daily with an ever-changing cast of characters. His commitment to helping people find opportunities to thrive and participate in their communities lives on through the Foundation's investment in, and partnership with, the region's people and nonprofit organizations. ○

Otto Bremer



BREMER COMMUNITIES

THE OTTO BREMER FOUNDATION IS ROOTED IN AND COMMITTED TO THE COMMUNITIES THAT ARE HOMES AND NEIGHBORS TO BREMER BANKS. WE RECENTLY WELCOMED THE COMMUNITIES OF BISMARCK, NORTH DAKOTA, AND OWATONNA AND MANKATO, MINNESOTA, TO THE FAMILY OF BREMER BANK COMMUNITIES.

To build our understanding of community concerns and challenges, Foundation trustees and staff look for opportunities throughout the year to visit Bremer communities and meet with local leaders. Convenings provide opportunities to connect with nonprofit and community leaders in ways that might not happen in the normal course of foundation life. These discussions give all involved a chance to hear about pressing issues and emerging or unacknowledged problems. Convenings can be the first step in identifying new ways for the Foundation to work with communities and nonprofit organizations and may lead to collaborations within and between communities around common issues.

We value the perspectives of those who understand and work on local issues, and we encourage ideas about formats and agendas that bring people together to learn from each other. Convenings help the Otto Bremer Foundation fulfill its commitment to listen, learn and respond.

In addition to contacting the Foundation with ideas for convenings or questions about grantmaking, local nonprofit leaders can turn to Nonprofit Resource Specialists in nine Bremer banks. These Bank staff act as resources within their local nonprofit communities, helping individual organizations strategically develop organizational capacity and resources. More information about the Bremer Bank Nonprofit Resource Specialists can be found at nonprofitresource.blogspot.com. 



Minot

Rugby

Fordville

Grafton

International Falls

Max

Devils Lake

Larimore

Gilby

Warren

Minnewaukan

Grand Forks

Fisher

Crookston

Carrington

Fargo

minnesota

Richardton

Bismarck

Casselton

Detroit Lakes

Bayfield

La Pointe

north dakota

Lisbon

Moorhead

Perham

Washburn

Breckenridge

Fergus Falls

Baxter

Brainerd

Danbury

Wahpeton

Brandon

Rice

Siren

Alexandria

Milaca

Frederic

Morris

Starbuck

Sartell

Princeton

Amery

Willmar

Sauk Rapids

Zimmerman

Deer Park

New Richmond

Colfax

St. Cloud

Minneapolis

Knapp

Elk Mound

Watertown

St. Paul

Menomonie

Eau Galle

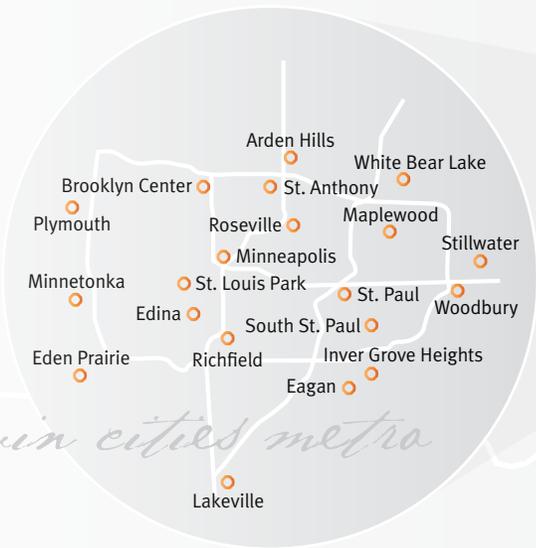
wisconsin

Marshall

Redwood Falls

Mankato

Owatonna



twin cities metro

Lakeville

2011 FINANCIAL OVERVIEW for the year ended December 31, 2011

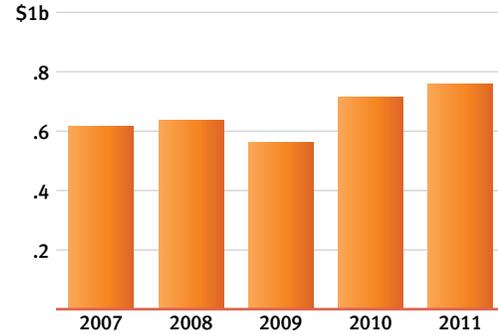
END OF YEAR MARKET VALUE OF ASSETS

Cash	\$	549,006
Investments		
Fixed income		71,224,539
Corporate stock		680,328,535
Other		8,577,452
Other Assets		
Fixed assets		260,133
Accrued receivables		162,490
Total Assets	\$	761,102,155

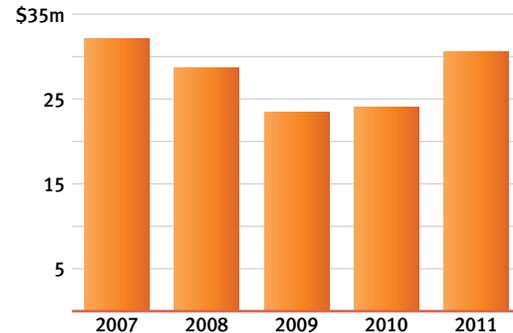
REVENUE AND EXPENSES

Revenue		
Interest from investments		726,838
Dividends from investments		36,120,387
Net gain on sale of investments		1,955,737
Other income		1,207,752
Total Revenue	\$	40,010,714
Expenses and Disbursements		
Operations and administration		4,078,136
Taxes		763,000
Grants and program-related investments		30,567,764
Total Expenses and Disbursements	\$	35,408,900
Excess Revenue over Expenses	\$	4,601,814

ASSETS



GRANTS / PRIS



2011 GRANTS OVERVIEW

The concept of community lies at the core of the Foundation's work. As described earlier in our Mission and Meaning statement, we understand that each community has its own vision, its own ways of solving problems and building on opportunities. We are interested in supporting a community's efforts to move toward its vision when those efforts are consistent with the Foundation's mission to ensure that everyone has the opportunity to participate in and for the benefit of the larger community.

The following overview identifies 2011 grants by regional grant clusters to better illustrate the areas where grants were awarded.

MINNEAPOLIS/ST. PAUL METROPOLITAN AREA

Includes Minneapolis, St. Paul and the communities of Arden Hills, Brooklyn Center, Eagan, Eden Prairie, Edina, Inver Grove Heights, Lakeville, Maplewood, Minnetonka, Plymouth, Richfield, Roseville, St. Anthony, St. Louis Park, South St. Paul, Stillwater, Watertown, White Bear Lake and Woodbury.

319 grant payments were made in the Minneapolis and St. Paul region totaling \$13,585,770.

CENTRAL/NORTHERN MINNESOTA

Includes the communities of Aitkin, Alexandria, Baxter, Brainerd, Brandon, Detroit Lakes, Fergus Falls, International Falls, Milaca, Morris, Perham, Princeton, Rice, St. Cloud, Sartell, Sauk Rapids, Starbuck and Zimmerman.

141 grant payments were made in the Central and Northern Minnesota region totaling \$5,280,073.

SOUTHERN MINNESOTA

Includes the communities of Mankato, Marshall, Redwood Falls and Willmar.

30 grant payments were made in the Southern Minnesota region totaling \$1,146,971.

RED RIVER VALLEY

Includes the communities of Breckenridge, Crookston, Fargo, Fisher, Grand Forks, Moorhead, Wahpeton and Warren.

57 grant payments were made in the Red River Valley region totaling \$2,572,202.

Note: Grant payments in the Red River Valley include grants to communities in both North Dakota and Minnesota. These Red River Valley grants are not also included in the North Dakota and Minnesota regional totals.

NORTH DAKOTA

Includes the communities of Bismarck, Carrington, Casselton, Devils Lake, Fordville, Gilby, Grafton, Hoople, Larimore, Lisbon, Max, Minnewaukan, Minot, Richardton, and Rugby.

81 grant payments were made in the North Dakota region totaling \$4,338,450.

WISCONSIN

Includes the communities of Amery, Bayfield, Colfax, Danbury, Deer Park, Elk Mound, Frederic, Knapp, La Pointe, Menomonie, New Richmond, Siren and Washburn.

86 grant payments were made in Wisconsin totaling \$2,731,798.

OTHER

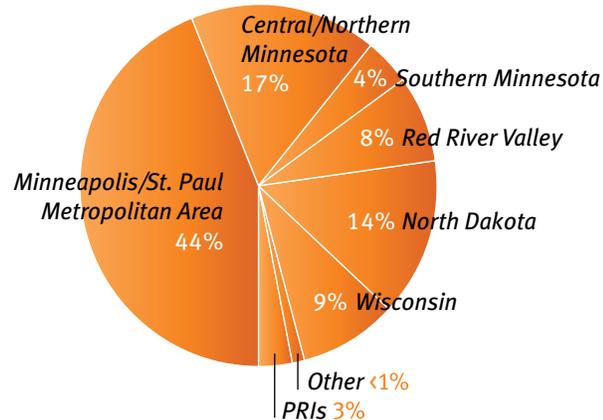
One grant payment was made to an organization headquartered outside the region for programs within the region. This grant totaled \$62,500.

PROGRAM-RELATED INVESTMENTS

Two program-related investments were awarded in 2011 in the total amount of \$850,000.

2011 GRANT DISTRIBUTION

717 grants and PRIs totaling \$30,567,764



For a full listing of all grants paid in 2011, please visit our website at ottobremer.org.



GUIDE TO GRANTMAKING

GRANTMAKING OVERVIEW

Funding focus

Honoring the spirit of our founder, Otto Bremer, and the direction given by the trust he created, the Foundation funds a variety of work important to a community's future. We give highest priority to those opportunities with the potential to move a community forward in meaningful, powerful and broad-based ways. This broadness of vision is intentional in order to encourage innovative responses to community opportunities and challenges.

Grant types

The Foundation provides grants to support programs, general operations, capital projects and—for community foundations only—endowments. The trustees currently prefer to make one-year grants. We are open to making two-year grants when that is demonstrably the most effective way to advance work that is important to a community. In rare circumstances, we will make three-year grants.

Activities that we generally do not fund

We discourage proposals for funding the following activities, which generally fall outside the trust instrument or our strategic vision:

- Annual fund drives and benefit events
- Endowments other than for the development of community foundations
- Environmental or conservation projects
- Medical research
- Core education programs for kindergarten through twelfth grade
- Projects that are primarily artistic in nature, including books, theatrical productions, film, video and other media projects
- Historical preservation, museums and interpretive centers
- Sporting events

Twin Cities funding

A portion of our funding is devoted to support for the seven-county Minneapolis/St. Paul metropolitan area. The Twin Cities area is densely populated and is served by many other funders in addition to the Otto Bremer Foundation. To achieve the greatest impact with our resources in the Twin Cities, we focus more narrowly there. In 2012, grants in the Twin Cities metro area will focus on programs that meet basic needs and build on community and individual assets to help people move out of poverty. Please look at our website for updates on Twin Cities funding in 2013.

Amount of grants awarded

There is no set dollar limit on grant requests. We prefer that the proposed work has funding from diverse sources when possible. When Otto Bremer Foundation funding is added to other revenue sources, there should be sufficient total funding to enable the work to be successful. You may wish to review a list of Foundation grants on our website.



ELIGIBILITY

Grants are made only to organizations whose beneficiaries are residents of Minnesota, North Dakota or Wisconsin, with priority given to communities that are homes and neighbors to Bremer banks. Grants are generally restricted to organizations described in Section 501(c)(3) of the Internal Revenue Code and to governmental entities. The Foundation does not make grants to individuals. The Foundation does not discriminate on the basis of race, color, creed, sex, religion, age, disability, sexual orientation, marital status or national origin.

Fiscal sponsorship

The Foundation accepts grant applications from fiscal sponsors. Please review the information on fiscal sponsorship on our website before beginning the application process. If you have additional questions, please call us at 651-227-8036 or toll free at 888-291-1123.

Bremer Bank community

The Foundation supports organizations and projects that benefit communities that are homes and neighbors to Bremer banks. In determining geographic eligibility for a grant, Foundation trustees and staff consider a number of factors, including physical proximity

to Bremer Bank communities and how the work of a specific program or organization will positively affect residents of the surrounding communities.

Overlapping grants

The Foundation has a policy of providing one grant to an organization at a time. If your organization has an open grant from the Foundation, we will not accept a new proposal until the current grant period is complete and your organization has submitted its final narrative and financial reports. Please see the information on our one-grant-at-a-time policy on the Foundation's website for an explanation of how the process works and exceptions to the policy for fiscal sponsors and applications proposing to serve a different Bremer community.

Waiting period after turndown

We will accept new applications one year after the date a prior application is turned down. In a few special circumstances, the Foundation will waive the one-year waiting period. In those cases, applicants will be notified of the waiver at the time their application is turned down.

GRANT APPLICATION

Detailed information on the grant application process, including deadlines and Frequently Asked Questions, is available on the Foundation's website, ottobremer.org.

- Our grant application consists of three parts: a cover sheet, a narrative and attachments.
- Complete applications are considered by the Foundation's trustees at six annual grantmaking meetings, two dedicated to Twin Cities applicants, the other four to the greater Bremer region. Please see our website for application deadlines.
- Previous Otto Bremer Foundation grant recipients should review our one-grant-at-a-time policy before submitting an application.
- Foundation staff acknowledge receipt of grant applications within one week. If you have submitted an application and have not received an acknowledgment, please let us know by sending an email to apply@ottobremer.org or by calling 651-227-8036.

- Foundation staff review each application carefully and may seek additional information through telephone conversations or in-person site visits.
- Applicants are generally notified of grant decisions approximately one week after each grantmaking meeting.
- Approved grant funds are generally disbursed within a month after a grantee returns a signed grant agreement to the Foundation.

The Foundation encourages your questions. We can be reached at 651-227-8036 or toll free at 888-291-1123.

PRINCIPLES FOR MINNESOTA GRANTMAKERS

THE OTTO BREMER FOUNDATION SUBSCRIBES TO THE MINNESOTA COUNCIL ON FOUNDATIONS' PRINCIPLES FOR GRANTMAKERS:

Ethics and Law Principle

To sustain public trust by adhering to the highest ethical principles and practices and abiding by all state and federal laws that govern philanthropy.

Effective Governance Principle

To achieve effective governance by ensuring performance in the areas of stewardship of assets, donor intent, fiduciary responsibility, and sound decision-making.

Mission and Goals Principle

To be purposeful in our philanthropy by having a clearly stated mission and explicit goals.

Engaged Learning Principle

To foster continuous learning and reflection by engaging board members, staff, grantees, and donors in thoughtful dialogue and education.

Respectful Relationships Principle

To build constructive relationships with applicants, grantees, and donors by ensuring mutual respect, candor, confidentiality, and understanding.

Transparency Principle

To achieve transparency in our relationships with the public, applicants, grantees, and donors by being clear, consistent, and timely in our communications with them.

Diversity Principle

To reflect and engage the diversity of the communities we serve in our varying roles as grantmakers, trustees and employers, economic entities, and civic participants.

Self-Assessment and Commitment Principle

To uphold the highest standards by regularly assessing ourselves against these principles and committing to implement them.

Adopted by the MCF Board of Directors in 2006; developed from the original 1996 version.

FOUNDATION TRUSTEES & STAFF

TRUSTEES

CHARLOTTE S. JOHNSON

WILLIAM H. LIPSCHULTZ

RETIRING JULY 31, 2012

DANIEL C. REARDON

S. BRIAN LIPSCHULTZ

TRUSTEE AS OF AUGUST 1, 2012

STAFF

DIANE BENJAMIN PROGRAM OFFICER

DANIELLE CHESLOG GRANTS MANAGER

LIZ FEDOR PROGRAM OFFICER

ARETHA GREEN-RUPERT PROGRAM OFFICER

LUE HER PROGRAM OFFICER

TONY LOOKINGELK PROGRAM OFFICER

ANN PAGEL NEWMAN EXECUTIVE ASSISTANT/COMMUNICATIONS ASSOCIATE

DOMINIC PAPATOLA PROGRAM OFFICER

RANDI ILYSE ROTH EXECUTIVE DIRECTOR

KARI SUZUKI DIRECTOR OF OPERATIONS

ANTHONY VASQUEZ MANAGER OF INFORMATION TECHNOLOGY

TWANA WILLIAMS OFFICE ADMINISTRATOR

DAVID BROKKEN CONTRACT PROGRAM OFFICER

NANCY KLEEMAN CONTRACT PROGRAM OFFICER



OTTO BREMER FOUNDATION

445 Minnesota St., Ste. 2250, St. Paul, Minnesota 55101

651 227 8036 *main* 888 291 1123 *toll-free* 651 312 3665 *fax*

OTTOBREMER.ORG

Exhibit 10



OTTO BREMER FOUNDATION

2012 ANNUAL REPORT • 2013 GUIDE TO GRANTMAKING

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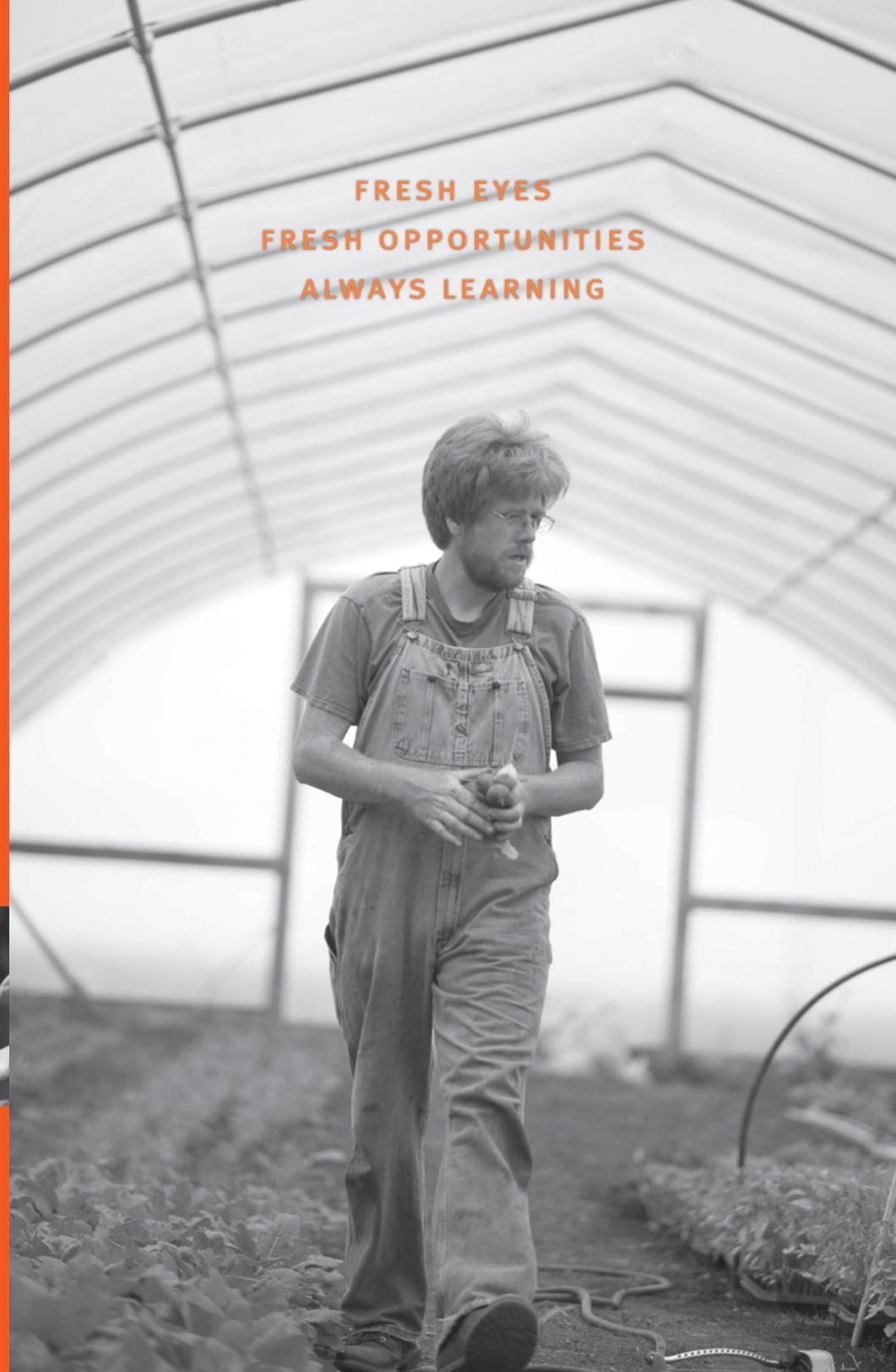
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FRESH EYES
FRESH OPPORTUNITIES
ALWAYS LEARNING



THE MISSION OF THE OTTO BREMER FOUNDATION IS TO ASSIST PEOPLE IN ACHIEVING FULL ECONOMIC, CIVIC AND SOCIAL PARTICIPATION IN AND FOR THE BETTERMENT OF THEIR COMMUNITIES.

EXPANDING OPPORTUNITY · STRENGTHENING COMMUNITY



A LETTER FROM THE TRUSTEES

The old adage that “change is a constant” took on real meaning this last year as we recognized trustee Bill Lipschultz for his many years of service and welcomed his son Brian as a new trustee.

When new people join an organization they bring the opportunity to review how and why we do what we do. Fresh eyes can lead to insightful questions and perspectives. This review is a healthy exercise for any organization to undertake that considers itself a learning organization.

“Learning organization” has a nice ring to it, but what does it look like in practice? What role does learning play in moving an organization toward its goals? Like many other philanthropic organizations, we at the Otto Bremer Foundation spend time and energy thinking about and engaging in learning to make our work more effective. Before participating in any educational option, we ask ourselves some fundamental questions:

What do we want to learn? Why is it important? How and from whom will we get relevant information? To what end?

The answers to these questions vary case by case of course, but when the questions are clearly answered, we can identify and take advantage of opportunities that expand our collective knowledge and move us toward our goals.

Because of our structure and history, we are committed to the communities that are homes to Bremer banks and seek to serve as a resource to local and regional organizations that help to move these communities forward. To fulfill this commitment, one of our primary objectives is to be knowledgeable about communities’ assets as well as specific issues. While we see that many communities share

common challenges, each also has unique characteristics because of local leadership, available resources and, often, physical location. Over time, with our questions to guide us, we have developed a variety of methods of gathering and sharing information.

Research. With the ever-increasing availability of data, we are able to compile relevant and timely information about a community’s demographics as well as organizational and individual resources. Good research can also give us information about those coming together around common issues.

Site Visits. Each year, the Foundation’s program staff travel throughout the three-state area visiting with hundreds of nonprofits as part of the application-review process. In addition to giving the program staff a good understanding of a particular organization, these visits also provide first-hand opportunities to learn about the broader community and its strengths, challenges, leaders and potential partners.

Evaluation. Over the course of the last couple of years, staff and trustees have been expanding on an evaluative approach in gathering information about organizations. This approach gives us tools to analyze the effectiveness of programs and services, community involvement and support, existing and potential partnerships and other essential factors that help move whole communities forward. We have found that front-end analysis promotes conversations that challenge an organization to illustrate how its proposed work will lead to identified goals. As we learn more about organizational and programmatic successes, we look for ways to share these lessons with others doing similar work.

Convenings. Throughout the course of the year, the trustees and staff participate in convenings structured to bring together people knowledgeable about a particular topic or place. These meetings provide opportunities for us to hear about local dynamics from those who live in a community and to learn about effective strategies from those who have special expertise in specific issues. The education that takes place in these convenings is multidimensional, with participants acting as both teachers and students in sharing and discussing information.

Foundation Education Sessions. In the course of the day-to-day work of the Foundation, topics arise that affect people throughout the region. As a first step in determining whether or not the Foundation can play a constructive role in helping to address an issue, we recognize the need to fully understand the challenge, identify those who are taking action and learn about various approaches and their effectiveness. In order to get relevant information, we arrange for periodic in-house presentations, inviting experts in the field to spend a morning with us. No matter

our subsequent actions, these meetings expand our knowledge about topics that have an impact on many people.

Communications. The thread that binds together and advances our various avenues of learning is communications, both internal and external. We draw on a variety of resources to share information that can strengthen the work of others with common objectives. We hope you will subscribe to our e-newsletter, follow us on Twitter and check our website and blog periodically. But we know that making the information that is available to us useful entails more than distributing and reading reports. It is relationships and interchanges with experienced people that give information life. This premise is not new; as Benjamin Franklin said more than two hundred years ago, *“Tell me and I forget, teach me and I may remember, involve me and I learn.”*

As has been the case since the formation of the Foundation in 1944, the trustees are involved in managing an enterprise that involves banking, investments and philanthropy. Each area must be successful in order to fulfill Otto’s intent of a perpetual trust. We are keenly aware that our decisions have far-reaching impact on many stakeholders, and we take this responsibility seriously.

Bringing fresh perspective to our learning process has both confirmed certain beliefs and given us new insights leading to an evolution of our thinking—in other words, “change.” We recognize this change as a strength of the Otto Bremer Foundation.


CHARLOTTE S. JOHNSON S. BRIAN LIPSCHULTZ DANIEL C. REARDON



Brian Lipschultz, Charlotte Johnson, Dan Reardon



EXECUTIVE DIRECTOR'S MESSAGE

The vision of the Otto Bremer Foundation is explained in our Mission and Meaning statement. At root, our goal is to help the communities we serve become places where basic needs are met, mutual regard is prized and opportunities for economic, civic and social participation are within everyone's reach. This work is both art and science, and, as the trustees explained in their letter, learning supports both parts of the equation. I'd like to use this year's message to outline a few ways learning takes shape at the Foundation.

Research and Site Visits

The Otto Bremer Foundation is a responsive grantmaker. Much of our learning happens through a combination of research and site visits in response to proposals that nonprofits send to us. Additionally, we pay close attention to the patterns of requests that come to us over time and across geography. We focus organization-wide learning on deepening our ability to respond in an informed, strategic manner to the key issues that emerge from those patterns. We engage in research on the web; we review data and reports issued by nonprofits, foundations, government and others; and we invite experts to meet with us. And then we share within our organization the key lessons that we are learning. We engaged in this type of learning on dozens of topics this year.

One example is in the area of job training. When we looked at patterns in our responsive grantmaking process, we saw that we received more than 40 proposals from throughout the region asking for job training funding in 2012. We knew we needed to understand which job training proposals would be the most fruitful investments for our communities. Based on our program officers' research, our site visits, careful review of the literature, our learning in convenings and our work with other funders, we determined that the best job training investments are in programs that have:

- **Job quality.** We see strength in programs that focus on high-quality jobs, which means jobs in high-demand occupations, jobs that pay a living wage, jobs that offer career pathways or ladders, and jobs that offer portable, industry-recognized credentials.
- **Employer partners.** We see strength where employers provide input into program design, help programs stay abreast of industry trends and needs, and ensure that graduates will meet employer expectations.
- **Ability to address barriers.** We see strength in programs that help job seekers address external and personal barriers through mechanisms including provision of assessment and screening, one-on-one support, social service referrals, "soft skills" training and post-placement support.
- **Rigorous evaluation.** We see strength in program evaluations that include data on job placement, job retention and income growth.

Once we engage in learning and develop a framework like the job training framework described here, we have a touchstone to refer to when we analyze future proposals. As we deepen our knowledge on a range of topics, our ability to make strategic decisions in response to grant proposals grows.

Convening

A second way of learning is through convening. In the past year the Foundation worked with local partners to try to better understand how post-secondary education in Minnesota can help improve the economic well-being of our communities. We started by reading key reports and talking with experts on this topic. Then we participated in convenings involving higher education officials, workforce development staff, economic development experts, K-12 education leaders and other leaders in three communities: St. Cloud, Marshall and Fergus Falls. We learned many lessons, including:

- Completion of some post-secondary education—generally, at least a one-year certificate—is key to attaining a living-wage job.
- Many promising students have difficulty overcoming obstacles to their participation in higher education, and personal and family financial challenges can impede college completion.
- Many students who enter the higher education system need remedial or developmental education to become "college ready," but this course work is expensive and generally does not earn credit towards certificates or degrees.
- Good coordination between higher education and employers is key to job placement.



This information will help inform both our strategically responsive grantmaking and our choices about areas in which to focus in the future.

Evaluation

A third way we learn is through program evaluation. In 2011, the Foundation funded six grantees in a three-year effort to improve the safety and short-term stability of homeless youth in the Twin Cities. (Our website contains a fact sheet with background about our youth homelessness work). We asked evaluators Michael Quinn Patton and Nora Murphy to help these grantees—and eventually the field—understand how to do this important work in the best way possible.

As part of this ongoing evaluation, participants developed in-depth case studies of fourteen youth who had each worked with several of the nonprofits and had had some measure of success in establishing stable lives that met some of their own key life goals. An analysis of the case studies is giving the nonprofits a remarkable window into what matters most to the youth. Although many of the nonprofits' original hypotheses are supported by the evaluation research, they and we are gaining new insight into what is most critical to success from the youths' perspective. This research will lead to an action plan that will likely include the development of new approaches to the work and new staff training materials for the six nonprofits; teaching throughout the Twin Cities youth homelessness community;

and dialogue with the national evaluation community about how to support and assess work that aims to help homeless youth cross the bridge to safety, stability and success on the terms that matter most to them.

At the Otto Bremer Foundation we believe ongoing learning is critical to effective grantmaking, whether in response to individual proposals or to a specific area of focus shared by multiple communities. The more we can learn about what works to address our communities' key concerns, the better we'll do at supporting their ability to meet basic needs, enhance mutual regard and create opportunities that are within everyone's reach.

Randi Ilyse Roth

RANDI ILYSE ROTH





MISSION & MEANING

The Otto Bremer Foundation assists people in achieving full economic, civic and social participation in and for the betterment of their communities.

Our mission is based on the intent of our founder, Otto Bremer. His vision and longstanding commitment to communities during and after the Great Depression are carried forward today through our work in the places that are homes to Bremer banks.

We strive to help build healthy, vibrant communities—communities where basic needs are met, mutual regard is prized and opportunities for economic, civic and social participation are within everyone's reach.

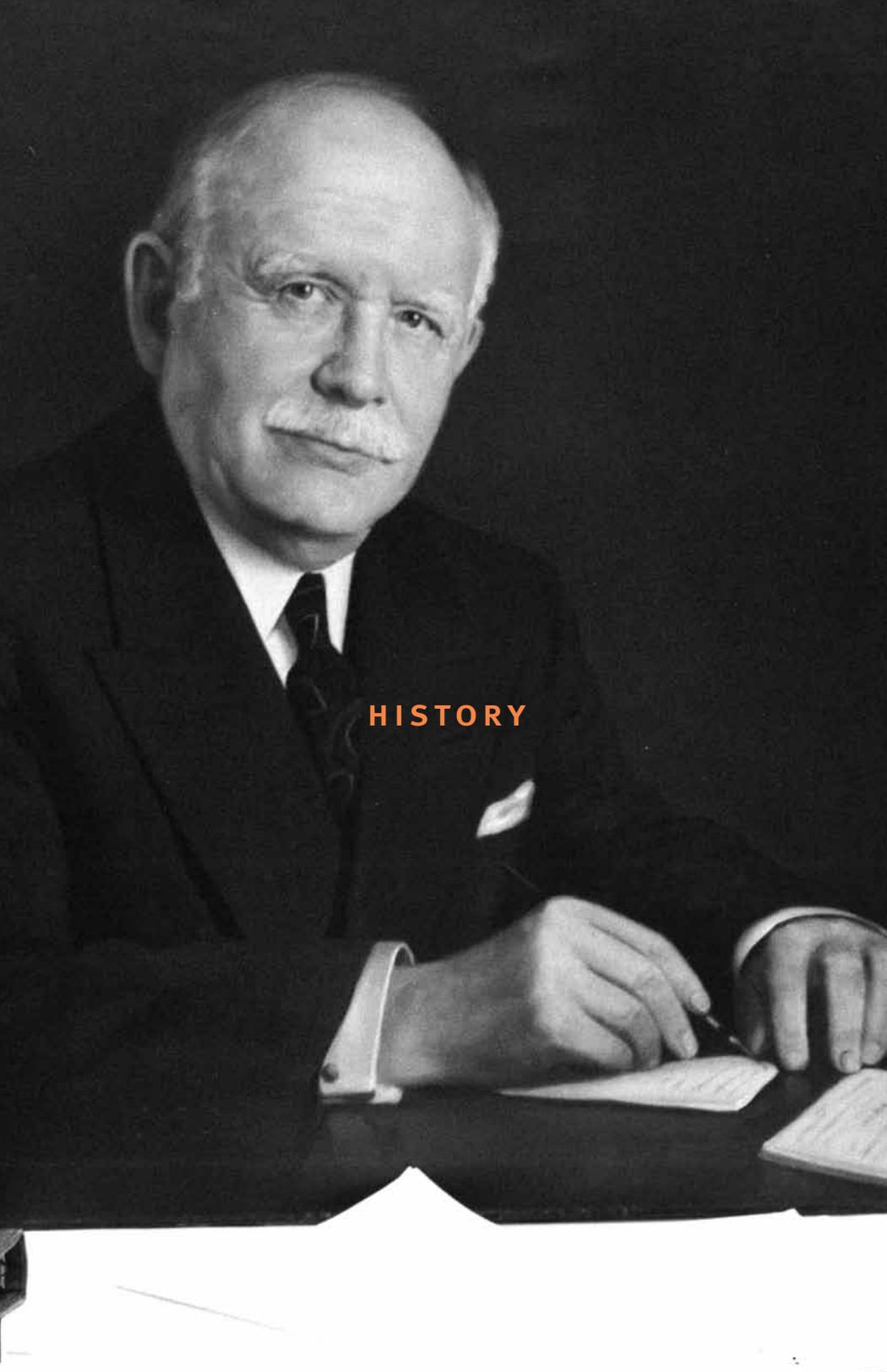
We start by saying “basic needs are met,” because we understand that for any individual, meeting basic needs—like the need for food, warm and stable housing, and access to medical care—has to come first. Once people are able to attend to their basic needs, they are in a better position to access community resources that can help them achieve long-term economic stability. While the Foundation cannot address all of a community's unmet basic needs, we are committed to partnering with local and regional organizations whose work contributes significantly to meeting those needs in Bremer communities.

When we say “mutual regard is prized,” we mean that members of the community work together with respect and compassion to solve problems and build on opportunities. Bremer communities are increasingly home to people from all parts of the world and from all paths of life. In our vision, multiple voices are part of the conversation to ensure that solutions reflect the goals of the whole community.

When we say “opportunities for economic, civic and social participation are within everyone's reach,” we mean that active, vibrant community life is available to all, not just to some.

- By “economic participation,” we mean that the community is a place of deep opportunity, where all people have the chance to build an economic foundation for themselves and their families. In our vision, economic opportunity means real possibilities for advancement, not just ways to scrape by.
- By “civic participation,” we mean that the community is a place where people are informed about and engaged in the issues that affect their community, a place where people work together to forge community visions, solve community problems and build on community opportunities. In our vision, participation in community building is broadly shared.
- By “social participation,” we mean that the community is a place where individuals can connect and contribute to social networks that are essential to their well-being. In our vision, people have what they need for social engagement and support at all phases of life.

In the spirit of Otto Bremer's intentions, we are open to a variety of requests while giving highest priority to opportunities with the potential to move a community forward in meaningful, powerful and broad-based ways. We respect the remarkable resiliency and strength of Bremer communities and understand that each community has its own vision, its own ways of solving problems and building on opportunities. We are interested in supporting the communities' efforts to move toward their visions when those efforts are consistent with the Foundation's mission.



HISTORY

The Otto Bremer Foundation, created by Otto Bremer in 1944, continues to reflect the commitments, interests and concerns of its founder.

Otto Bremer came to Minnesota as a German immigrant in 1886, seeking opportunities for a good life. Over the next decades, he lived the American dream. Speaking limited English at the start, he called the day he was hired in his first job in St. Paul “about the happiest moment in my life.” But looking for greater challenges, he soon moved on to a new job as bookkeeper for the National German American Bank. Over the next 36 years, he worked his way up to become the chairman of the American National Bank and a dedicated community leader involved in civic, financial and corporate life. He partnered with his brother Adolph in the ownership and management of the Jacob Schmidt Brewing Company, served as treasurer of the City of St. Paul for more than a decade and became an advisor to presidents Woodrow Wilson and Franklin D. Roosevelt.

Bremer’s financial acumen ultimately made him the largest investor in bank stocks in the Midwest. Many of these investments were in independent rural banks, “countryside banks” as he called them. His commitment to these institutions and to the surrounding communities was unwavering. During the Great Depression, Bremer liquidated many of his personal assets to strengthen these banks and help them ride out hard times. He believed that people could survive and flourish if they had help at critical times.

For all his success, Bremer did not forget the strengths and hardships of the rural and immigrant experience. His concern for those working to make their lives better, coupled with his commitment to the countryside banks, became the cornerstone of the Otto Bremer Foundation. In creating the Foundation, Bremer sought to ensure the perpetuation of the Bremer banks and the ultimate return of his personal wealth to his “family” of communities.

Over the years since 1944, the cities, towns and rural areas Otto Bremer knew have changed and so has the Foundation. The number and amount of grants awarded annually have risen exponentially, and grantmaking strategies have evolved to reflect changing needs and opportunities as well as the funds available for support. The Foundation has provided more than \$447 million to Bremer communities since its founding.

Otto Bremer’s history in St. Paul began more than a century and a quarter ago, yet his story is not old. Today, it is replayed daily with an ever-changing cast of characters. His commitment to helping people find opportunities to thrive and participate in their communities lives on through the Foundation’s investment in, and partnership with, the region’s people and nonprofit organizations.



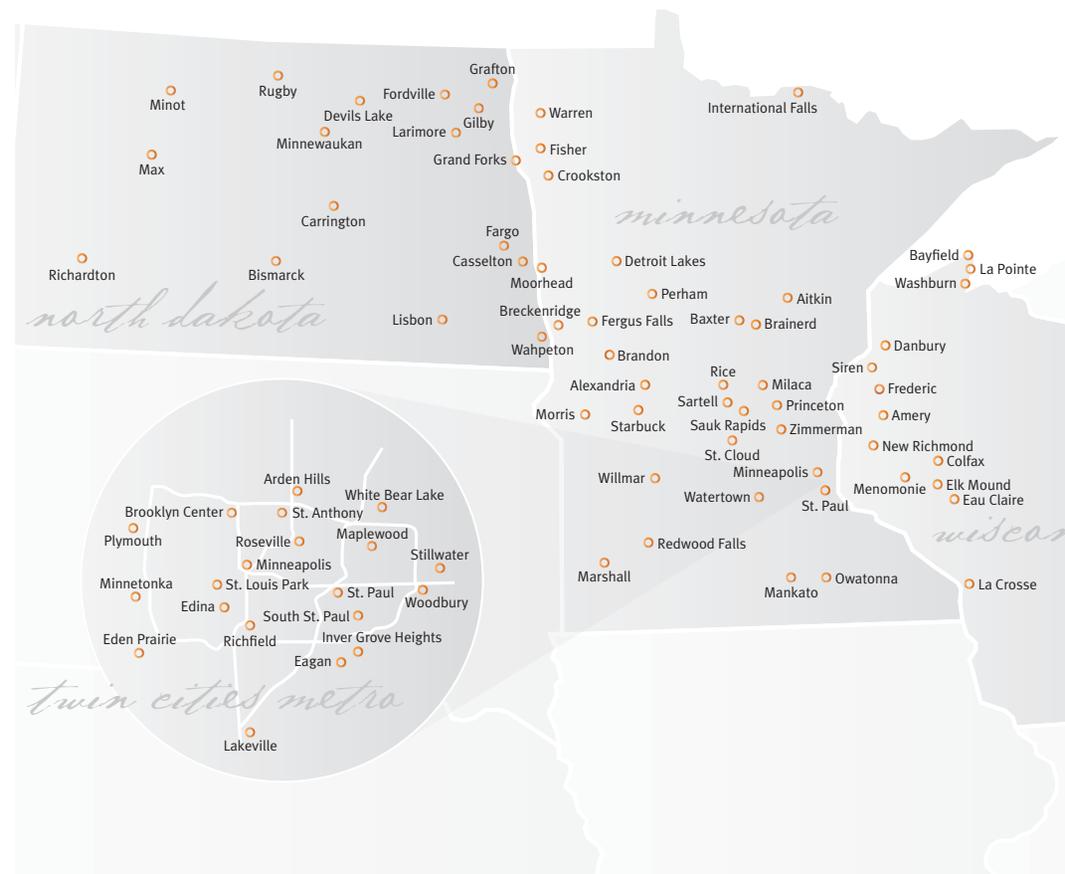
BREMER COMMUNITIES

The Otto Bremer Foundation is committed to the communities that are homes to Bremer banks and seeks to serve as a local resource to regional and local organizations that help to move these communities forward.

To build our understanding of community concerns and challenges, Foundation trustees and staff look for opportunities throughout the year to visit Bremer communities and meet with local leaders.

We value the perspectives of those who understand and work on local issues, and we encourage ideas about formats and agendas that bring people together to learn from each other.

In addition to contacting the Foundation with ideas for convenings or questions about grantmaking, local nonprofit leaders can turn to Nonprofit Resource Specialists in nine Bremer banks. These Bank staff act as resources within their local nonprofit communities, helping individual organizations strategically develop organizational capacity and resources. More information about the Bremer Bank Nonprofit Resource Specialists can be found at nonprofitresource.blogspot.com.



2012 FINANCIAL OVERVIEW

for the year ended December 31, 2012

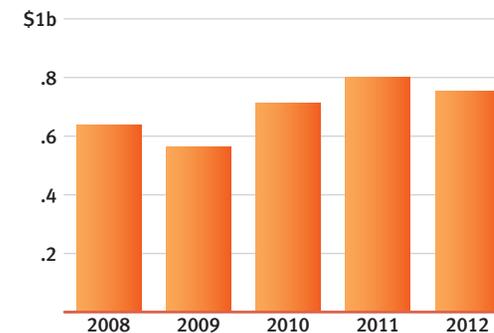
END OF YEAR MARKET VALUE OF ASSETS

Cash	\$	398,692
Investments		
Fixed income		73,176,818
Corporate stock		713,737,932
Other		7,998,790
Other Assets		
Fixed assets		208,055
Accrued receivables		45,348
Total Assets	\$	795,565,635

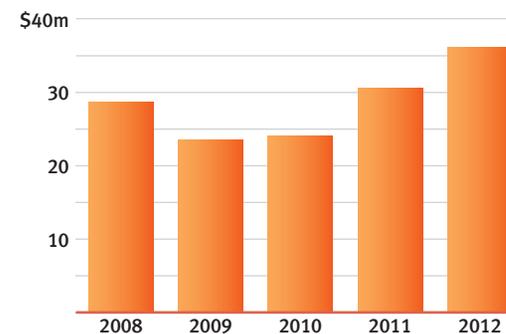
REVENUE AND EXPENSES

Revenue		
Interest from investments		268,080
Dividends from investments		38,485,634
Net gain on sale of investments		(1,723,164)
Other income		1,993,367
Total Revenue	\$	39,023,917
Expenses and Disbursements		
Operations and administration		4,393,400
Taxes		398,000
Grants and program-related investments		36,229,373
Total Expenses and Disbursements	\$	41,020,773
Excess Revenue over Expenses	\$	(1,996,856)

ASSETS



GRANTS/PRI's



2012 GRANTS OVERVIEW

The concept of community lies at the core of the Foundation's work. As described earlier in our Mission and Meaning statement, we understand that each community has its own vision, its own ways of solving problems and building on opportunities.

We are interested in supporting a community's efforts to move toward its vision when those efforts are consistent with the Foundation's mission to ensure that everyone has the opportunity to participate in and for the benefit of the larger community.

The following overview identifies 2012 grants by regional grant clusters to better illustrate the areas where grants were awarded.

Minnesota Statewide

69 grant payments were made to organizations with statewide programs. These grants totaled \$4,856,503

Minneapolis/St. Paul Metropolitan Area

220 grant payments were made in the Minneapolis and St. Paul region totaling \$12,231,591. Includes Minneapolis, St. Paul and the communities of: Arden Hills, Brooklyn Center, Eagan, Eden Prairie, Edina, Inver Grove Heights, Lakeville, Maplewood, Minnetonka, Plymouth, Richfield, Roseville, St. Anthony, St. Louis Park, South St. Paul, Stillwater, Watertown, White Bear Lake and Woodbury.

Central/Northern Minnesota

145 grant payments were made in the Central and Northern Minnesota region totaling \$6,177,967. Includes the communities of: Aitkin, Alexandria, Baxter, Brainerd, Brandon, Detroit Lakes, Fergus Falls, International Falls, Milaca, Morris, Perham, Princeton, Rice, St. Cloud, Sartell, Sauk Rapids, Starbuck and Zimmerman.

Southern Minnesota

35 grant payments were made in the Southern Minnesota region totaling \$2,130,699. Includes the communities of: Mankato, Marshall, Owatonna, Redwood Falls and Willmar.

Red River Valley

50 grant payments were made in the Red River Valley region totaling \$2,869,275. Includes the communities of: Breckenridge, Crookston, Fargo, Fisher, Grand Forks, Moorhead, Wahpeton and Warren.

Note: Grant payments in the Red River Valley include grants to communities in both North Dakota and Minnesota. These Red River Valley grants are not also included in the North Dakota and Minnesota regional totals.

North Dakota

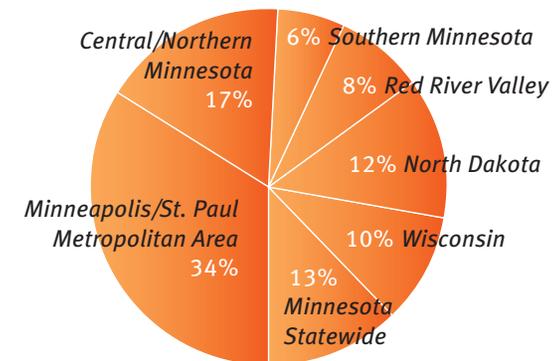
75 grant payments were made in the North Dakota region totaling \$4,524,982. Includes the communities of: Bismarck, Carrington, Casselton, Devils Lake, Fordville, Gilby, Grafton, Larimore, Lisbon, Max, Minnewaukan, Minot, Richardton and Rugby.

Wisconsin

68 grant payments were made in Wisconsin totaling \$3,438,356. Includes the communities of: Amery, Bayfield, Colfax, Danbury, Eau Claire, Elk Mound, Frederic, La Crosse, La Pointe, Menomonie, New Richmond, Siren and Washburn.

2012 GRANT DISTRIBUTION

661 grants and one PRI totaling \$30,567,764



For a full, searchable listing of all grants paid in 2012, visit our website at ottobremer.org.



GUIDE TO GRANTMAKING

GRANTMAKING OVERVIEW

Funding focus

Honoring the spirit of our founder, Otto Bremer, and the direction given by the trust he created, the Foundation funds a variety of work important to a community's future. We give highest priority to those opportunities with the potential to move a community forward in meaningful, powerful and broad-based ways. This broadness of vision is intentional in order to encourage innovative responses to community opportunities and challenges.

For information about the Foundation's funding in the seven-county Minneapolis/St. Paul metropolitan area, please see the Grantmaking Overview on our website, ottobremer.org.

Grant types

The Foundation provides grants to support programs, general operations, capital projects and—for community foundations only—endowments. The trustees currently prefer to make one-year grants. We are open to making two-year grants when that is demonstrably the most effective way to advance work that is important to a community. In rare circumstances, we will make three-year grants.

Activities that we generally do not fund

We discourage proposals for funding the following activities, which generally fall outside the trust instrument or our strategic vision:

- Annual fund drives and benefit events
- Endowments other than for the development of community foundations
- Environmental or conservation projects
- Medical research
- Core education programs for kindergarten through twelfth grade
- Projects that are primarily artistic in nature, including books, theatrical productions, film, video and other media projects
- Historical preservation, museums and interpretive centers
- Sporting events

Amount of grants awarded

There is no set dollar limit on grant requests. We prefer that the proposed work has funding from diverse sources when possible. When Otto Bremer Foundation funding is added to other revenue sources, there should be sufficient total funding to enable the work to be successful. You may wish to review a list of Foundation grants on our website.



ELIGIBILITY

Grants are made only to organizations whose beneficiaries are residents of Minnesota, North Dakota or Wisconsin, with priority given to regional and local organizations that support Bremer Bank communities. Grants are generally restricted to organizations described in Section 501(c)(3) of the Internal Revenue Code and to governmental entities. The Foundation does not make grants to individuals. The Foundation does not discriminate on the basis of race, color, creed, sex, religion, age, disability, sexual orientation, marital status or national origin.

Fiscal sponsorship

The Foundation accepts grant applications from fiscal sponsors. Please review the information on fiscal sponsorship on our website before beginning the application process. If you have additional questions, please call us at 651-227-8036 or toll free at 888-291-1123.

Overlapping grants

The Foundation has a policy of providing one grant to an organization at a time. If your organization has an open grant from the Foundation, we will not accept a new proposal until the current grant period is complete and your organization has submitted its final narrative and financial reports. Please see the information on our one-grant-at-a-time policy on the Foundation's website for an explanation

of how the process works and exceptions to the policy for fiscal sponsors and applications proposing to serve a different Bremer community.

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PRINCIPLES FOR MINNESOTA GRANTMAKERS

The Otto Bremer Foundation subscribes to the Minnesota Council on Foundations' principles for grantmakers:

Ethics and Law Principle

To sustain public trust by adhering to the highest ethical principles and practices and abiding by all state and federal laws that govern philanthropy.

Effective Governance Principle

To achieve effective governance by ensuring performance in the areas of stewardship of assets, donor intent, fiduciary responsibility, and sound decision-making.

Mission and Goals Principle

To be purposeful in our philanthropy by having a clearly stated mission and explicit goals.

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To foster continuous learning and reflection by engaging board members, staff, grantees, and donors in thoughtful dialogue and education.

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To build constructive relationships with applicants, grantees, and donors by ensuring mutual respect, candor, confidentiality, and understanding.

Transparency Principle

To achieve transparency in our relationships with the public, applicants, grantees, and donors by being clear, consistent, and timely in our communications with them.

Diversity Principle

To reflect and engage the diversity of the communities we serve in our varying roles as grantmakers, trustees and employers, economic entities, and civic participants.

Self-Assessment and Commitment Principle

To uphold the highest standards by regularly assessing ourselves against these principles and committing to implement them.

Adopted by the MCF Board of Directors in 2006; developed from the original 1996 version.

FOUNDATION TRUSTEES & STAFF

TRUSTEES

CHARLOTTE S. JOHNSON

S. BRIAN LIPSCHULTZ

DANIEL C. REARDON

STAFF

DIANE BENJAMIN
PROGRAM OFFICER

DANIELLE CHESLOG
GRANTS MANAGER

ARETHA GREEN-RUPERT
PROGRAM OFFICER

LUE HER
PROGRAM OFFICER

TONY LOOKINGELK
PROGRAM OFFICER

ANN PAGEL NEWMAN
EXECUTIVE ASSISTANT/COMMUNICATIONS ASSOCIATE

DOMINIC PAPATOLA
PROGRAM OFFICER

RANDI ILYSE ROTH
EXECUTIVE DIRECTOR

KARI SUZUKI
DIRECTOR OF OPERATIONS

ANTHONY VASQUEZ
MANAGER OF INFORMATION TECHNOLOGY

TWANA WILLIAMS
OFFICE ADMINISTRATOR

DAVID BROKKEN
CONTRACT PROGRAM OFFICER

NANCY KLEEMAN
CONTRACT PROGRAM OFFICER



OTTO BREMER FOUNDATION

445 Minnesota St., Ste. 2250, St. Paul, Minnesota 55101
651 227 8036 *main* 888 291 1123 *toll-free* 651 312 3665 *fax*

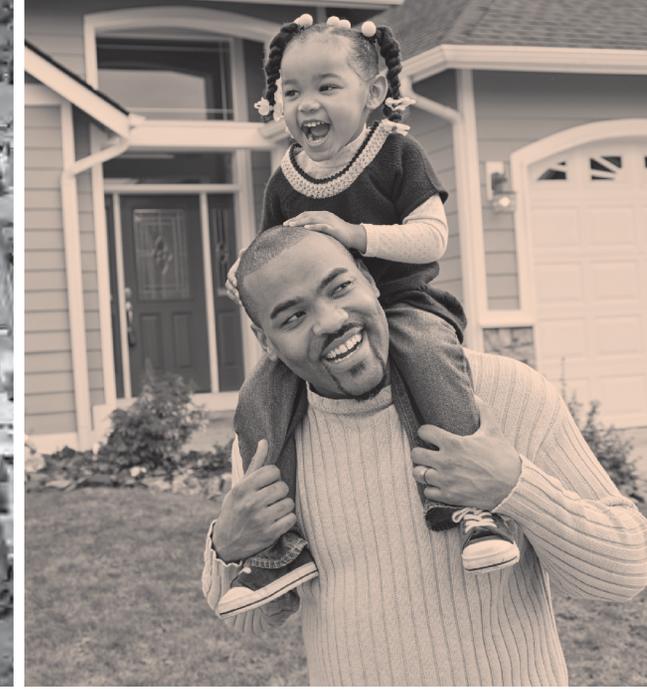
OTTOBREMER.ORG

Exhibit 11



OTTO BREMER FOUNDATION

2013 ANNUAL REPORT • 2014 GUIDE TO GRANTMAKING



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 - GRANT APPLICATION [21]
- 22 PRINCIPLES FOR MINNESOTA GRANTMAKERS

STRENGTHENING THE FABRIC OF THE COMMUNITY

THE MISSION OF THE OTTO BREMER FOUNDATION IS TO ASSIST PEOPLE
IN ACHIEVING FULL ECONOMIC, CIVIC AND SOCIAL PARTICIPATION IN
AND FOR THE BETTERMENT OF THEIR COMMUNITIES.

EXPANDING OPPORTUNITY · STRENGTHENING COMMUNITY



A LETTER FROM THE CO-CEOs & TRUSTEES

The year 2013 was another strong year for the Otto Bremer Foundation. Our core investment, Bremer Financial Corporation, delivered solid performance with a corresponding increase in dividends. Our nonbank investment portfolio was also a contributor to increased growth. Consequently, we distributed a record \$38.3 million in grants and program-related investments.

As stated in last year's annual letter, the Otto Bremer Foundation is a "learning organization." Continuous learning inspires change, and while change can be unsettling, it has also been a source of strength for the Foundation. Over this past year, we have clarified the trustees' more active role in the management of the OBF, a unique organization that spans banking, investments and philanthropy. With the increased leadership of the trustees on a day-to-day basis, we have agreed upon an organizational change that realigns the Foundation under a new operating model. With this change, the position of

Executive Director of Philanthropy is being eliminated. We have used this opportunity to see how all of the pieces fit together. We believe that a team approach will be effective in supporting the philanthropic work of the Foundation as the trustees work alongside our talented employees who do great work, day in and day out. This new operating structure will allow us to better serve as a resource to organizations that help strengthen Bremer Bank communities while continuing to be knowledgeable about their assets and issues.

This change would not be complete without expressing sincere appreciation for Randi Ilyse Roth's work over the past six years. She has fostered a highly skilled team of program officers and administrative staff. In addition, she provided strategic leadership as the Foundation developed and implemented policies and processes to ensure that our grantmaking continues to build communities in which basic needs are met, mutual regard is prized and everyone has the opportunity for full economic, civic and social participation.

We are both inspired by—and challenged by—our growth. Our investment returns have provided increased funds to distribute. At the same time, both the needs of our communities and the number of organizations working on innovative solutions have increased. This dynamic demands that we continue to build upon our understanding of the existing and emerging issues and the viable projects and programs that address them to markedly strengthen the fabric of a community and surrounding region.

While financial support is the most recognized and tangible investment in communities that the Foundation makes, we have discovered other ways to increase our impact. Former president of the Council on Foundations and ambassador to South Africa, James A. Joseph, articulated the concept that foundations are in a position to leverage more than their financial resources, or Conventional Capital as he calls it, in achieving desired outcomes. Foundations have other forms of assets that include social, moral, intellectual and reputational capital as well. It is clear what financial investment looks like; the others may be less apparent.

Social Capital. Underlying the concept of Social Capital is the idea that, to quote Ambassador Joseph, “If philanthropy is to be effective, then the people affected must be included in both the planning and implementation. The old question what can we do for them, or about them, must change to what can we do with them, how can we work together.” It is through two-way conversations, between the Foundation and community members, that generally agreed-upon priorities and proven solutions can be identified and everybody’s contribution brought into play.

Moral Capital. Moral Capital speaks to the underlying values that shape our Foundation’s mission. We have an opportunity to bring attention to those values that we share with the community, providing the impetus to develop ways to work together and move the community forward with a common purpose.

Intellectual Capital. After more than seventy years of working with many communities and nonprofits across three states, the Foundation has accumulated knowledge about communities and their assets, broad issues and effective solutions. We also know that many organizations are a valuable information resource about their specific areas of expertise. Finding ways to share this information through meetings and an accessible communication network can provide a valuable tool for the Foundation and organizations to learn from each other for the benefit of all.

Reputational Capital. Over time, a foundation develops a reputation in the community. Once understanding this premise, it makes sense to intentionally leverage the Foundation’s reputation when, by doing so, we can give validity to an initiative or organization that can result in additional resources from like-minded funders or supporters.

There are multiple benefits when we understand and implement the spectrum of assets that we possess. We obtain deeper knowledge about both issues and solutions, we create partnerships with others in furthering common goals, and we ensure that those who are ultimate beneficiaries of the Foundation’s grants are given opportunities to be heard and to be actively



involved in the work. With the knowledge we gain from deeper involvement in the communities and listening to perspectives coming from community leaders, our grantmaking decisions are made with greater understanding of the issues and viable solutions.

As we move forward, we will continue to look for additional ways to incorporate local knowledge and insights into our work. And with continued success of the Foundation’s investment portfolio, we can have the expectation that our grantmaking will truly move communities forward.

CHARLOTTE S. JOHNSON

S. BRIAN LIPSCHULTZ

DANIEL C. REARDON



Brian Lipschultz, Charlotte Johnson, Dan Reardon



MISSION & MEANING

The Otto Bremer Foundation assists people in achieving full economic, civic and social participation in and for the betterment of their communities.

Our mission is based on the intent of our founder, Otto Bremer. His vision and longstanding commitment to communities during and after the Great Depression are carried forward today through our work in the places that are homes to Bremer banks.

We strive to help build healthy, vibrant communities—communities where basic needs are met, mutual regard is prized and opportunities for economic, civic and social participation are within everyone's reach.

We start by saying “basic needs are met,” because we understand that for any individual, meeting basic needs—like the need for food, warm and stable housing, and access to medical care—has to come first. Once people are able to attend to their basic needs, they are in a better position to access community resources

that can help them achieve long-term economic stability. While the Foundation cannot address all of a community's unmet basic needs, we are committed to partnering with local and regional organizations whose work contributes significantly to meeting those needs in Bremer communities.

When we say “mutual regard is prized,” we mean that members of the community work together with respect and compassion to solve problems and build on opportunities. Bremer communities are increasingly home to people from all parts of the world and from all paths of life. In our vision, multiple voices are part of the conversation to ensure that solutions reflect the goals of the whole community.

When we say “opportunities for economic, civic and social participation are within everyone's reach,” we mean that active, vibrant community life is available to all, not just to some.

- By “economic participation,” we mean that the community is a place of deep opportunity, where all people have the chance to build an economic foundation for themselves and their families. In our vision, economic opportunity means real possibilities for advancement, not just ways to scrape by.
- By “civic participation,” we mean that the community is a place where people are informed about and engaged in the issues that affect their community, a place where people work together to forge community visions, solve community problems and build on community opportunities. In our vision, participation in community building is broadly shared.
- By “social participation,” we mean that the community is a place where individuals can connect and contribute to social networks that are essential to their well-being. In our vision, people have what they need for social engagement and support at all phases of life.

In the spirit of Otto Bremer's intentions, we are open to a variety of requests while giving highest priority to opportunities with the potential to move a community forward in meaningful, powerful and broad-based ways. We respect the remarkable resiliency and strength of Bremer communities and understand that each community has its own vision, its own ways of solving problems and building on opportunities. We are interested in supporting the communities' efforts to move toward their visions when those efforts are consistent with the Foundation's mission.



HISTORY

The Otto Bremer Foundation, created by Otto Bremer in 1944, continues to reflect the commitments, interests and concerns of its founder.

Otto Bremer came to Minnesota as a German immigrant in 1886, seeking opportunities for a good life. Over the next decades, he lived the American dream. Speaking limited English at the start, he called the day he was hired for his first job in St. Paul “about the happiest moment in my life.” But looking for greater challenges, he soon moved on to a new job as bookkeeper for the National German American Bank. Over the next 36 years, he worked his way up to become the chairman of the American National Bank and a dedicated community leader involved in civic, financial and corporate life. He partnered with his brother Adolph in the ownership and management of the Jacob Schmidt Brewing Company, served as treasurer of the city of St. Paul for more than a decade, and

became an advisor to presidents Woodrow Wilson and Franklin D. Roosevelt.

Bremer’s financial acumen ultimately made him the largest investor in bank stocks in the Midwest. Many of these investments were in independent rural banks, “countryside banks,” as he called them. His commitment to these institutions and to the surrounding communities was unwavering. During the Great Depression, Bremer liquidated many of his personal assets to strengthen these banks and help them ride out hard times. He believed that people could survive and flourish if they had help at critical times.

For all his success, Bremer did not forget the strengths and hardships of the rural and immigrant experience. His concern for those working to make their lives better, coupled with his commitment to the countryside banks, became the cornerstone of the Otto Bremer Foundation. In creating the Foundation, Bremer sought to ensure the perpetuation of the Bremer banks and the ultimate return of his personal wealth to his “family” of communities.

Over the years since 1944, the cities, towns and rural areas Otto Bremer knew have changed and so has the Foundation. The number and amount of grants awarded annually have risen exponentially, and grantmaking strategies have evolved to reflect changing needs and opportunities as well as the funds available for support. The Foundation has provided more than \$447 million to Bremer communities since its founding.

Otto Bremer’s history in St. Paul began more than a century and a quarter ago, yet his story is not old. Today, it is replayed daily with an ever-changing cast of characters. His commitment to helping people find opportunities to thrive and participate in their communities lives on through the Foundation’s investment in, and partnership with, the region’s people and nonprofit organizations.



2013 FINANCIAL OVERVIEW

for the year ended December 31, 2013

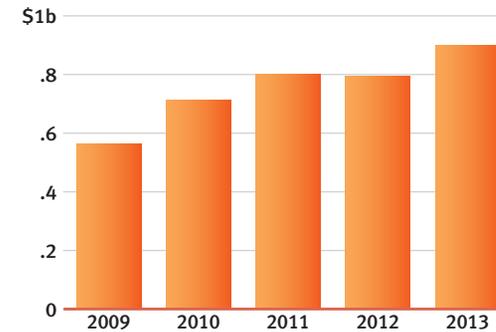
END OF YEAR MARKET VALUE OF ASSETS

Cash	\$ 496,647
Investments	
Fixed income	50,999,862
Corporate stock	834,131,109
Other	12,612,186
Other Assets	
Fixed assets	195,676
Accrued receivables	407,284
Total Assets	\$ 898,842,764

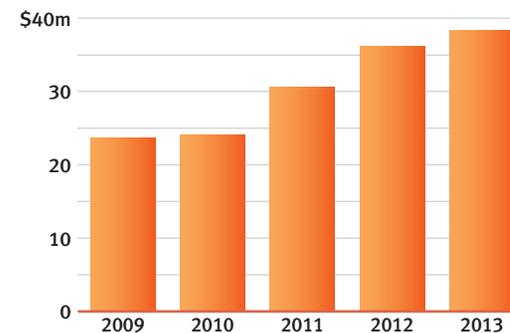
REVENUE AND EXPENSES

Revenue	
Interest from investments	459,425
Dividends from investments	40,915,706
Net gain on sale of investments	1,749,395
Other income	2,142,719
Total Revenue	\$ 45,267,245
Expenses and Disbursements	
Operations and administration	4,598,897
Taxes	417,000
Grants and program-related investments	38,321,048
Total Expenses and Disbursements	\$ 43,336,945
Excess Revenue over Expenses	\$ 1,930,300

ASSETS



GRANTS/PRI's



2013 GRANTS OVERVIEW

The concept of community lies at the core of the Foundation’s work. As described earlier in our Mission and Meaning statement, we understand that each community has its own vision, its own ways of solving problems and building on opportunities.

We are interested in supporting a community’s efforts to move toward its vision when those efforts are consistent with the Foundation’s mission to ensure that everyone has the opportunity to participate in and for the benefit of the larger community.

The following overview identifies 2013 grants by regional grant clusters to better illustrate the areas where grants were awarded.

Minnesota Statewide

76 grants and program-related investment payments were made to organizations with statewide programs. Grants were made for statewide programs totaling \$5,294,847; one program-related investment was made for \$1,000,000.

Minneapolis/St. Paul Metropolitan Area

229 grant payments were made in the Minneapolis and St. Paul region totaling \$11,128,012. Includes Minneapolis, St. Paul and the communities of: Arden Hills, Brooklyn Center, Eagan, Eden Prairie, Edina, Inver Grove Heights, Lakeville, Maplewood, Minnetonka, Plymouth, Richfield, Roseville, St. Anthony, St. Louis Park, South St. Paul, Stillwater, Watertown, White Bear Lake and Woodbury.

Central/Northern Minnesota

153 grant payments were made in the Central and Northern Minnesota region totaling \$7,156,967. Includes the communities of: Aitkin, Alexandria, Baxter, Brainerd, Brandon, Detroit Lakes, Fergus Falls, International Falls, Milaca, Morris, Perham, Princeton, Rice, St. Cloud, Sartell, Sauk Rapids, Starbuck and Zimmerman.

Southern Minnesota

66 grant payments were made in the Southern Minnesota region totaling \$2,843,834. Includes the communities of: Mankato, Marshall, Owatonna, Redwood Falls and Willmar.

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50 grant payments were made in the Red River Valley region totaling \$2,569,961. Includes the communities of: Breckenridge, Crookston, Fargo, Fisher, Grand Forks, Moorhead, Wahpeton and Warren.

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North Dakota

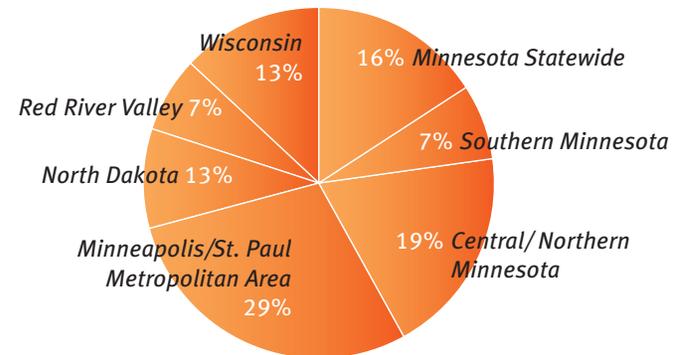
62 grant payments were made in the North Dakota region totaling \$3,538,252. Includes the communities of: Bismarck, Carrington, Casselton, Devils Lake, Fordville, Gilby, Grafton, Larimore, Lisbon, Max, Minnewaukan, Minot, Richardton and Rugby.

Wisconsin

99 grant payments were made in Wisconsin totaling \$4,789,175. Includes the communities of: Amery, Bayfield, Colfax, Danbury, Eau Claire, Elk Mound, Frederic, La Crosse, La Pointe, Menomonie, New Richmond, Siren and Washburn.

2013 GRANT DISTRIBUTION

735 grants and one PRI were awarded totaling \$38,321,048



Percentages (above) show the geographic distribution of the dollars awarded in 2013. For a full, searchable listing of all grants paid in 2013, visit our website at ottobremers.org.



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GRANTMAKING OVERVIEW

Funding focus

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To reflect and engage the diversity of the communities we serve in our varying roles as grantmakers, trustees and employers, economic entities, and civic participants.

Self-Assessment and Commitment Principle

To uphold the highest standards by regularly assessing ourselves against these principles and committing to implement them.

Adopted by the MCF Board of Directors in 2006; developed from the original 1996 version.

FOUNDATION

CO-CEOS & TRUSTEES

CHARLOTTE S. JOHNSON

S. BRIAN LIPSCHULTZ

DANIEL C. REARDON

STAFF

DIANE BENJAMIN
PROGRAM OFFICER

DANIELLE CHESLOG
GRANTS MANAGER

ARETHA GREEN-RUPERT
PROGRAM OFFICER

LUE HER
PROGRAM OFFICER

ANDREA HOLSTE
EXECUTIVE ASSISTANT

TONY LOOKINGELK
PROGRAM OFFICER

ANN PAGEL
EXECUTIVE ASSISTANT/
COMMUNICATIONS ASSOCIATE

DOMINIC PAPATOLA
PROGRAM OFFICER

RANDI ILYSE ROTH
TRANSITIONAL ADVISOR

KARI SUZUKI
DIRECTOR OF OPERATIONS

KAGEE VANG
GRANTS ADMINISTRATION
ASSISTANT

ANTHONY VASQUEZ
MANAGER OF INFORMATION
TECHNOLOGY

TWANA WILLIAMS
OFFICE ADMINISTRATOR

DAVID BROKKEN
GRANT REVIEWER

NANCY KLEEMAN
GRANT REVIEWER

JANE LEONARD
GRANT REVIEWER



OTTO BREMER FOUNDATION

445 Minnesota St., Ste. 2250, St. Paul, Minnesota 55101
651 227 8036 *main* 888 291 1123 *toll-free* 651 312 3665 *fax*

OTTOBREMER.ORG

Exhibit 12

BREMER FINANCIAL CORPORATION
PLAN OF REORGANIZATION

This Plan of Reorganization (the "Plan") made this 8th day of February, 1989 by and between Otto Bremer Foundation, a trust formed under the laws of the State of Minnesota (the "Foundation") and Bremer Financial Corporation, a Minnesota corporation (the "Corporation").

WHEREAS, the authorized capital stock of the Corporation consists of seventeen thousand three hundred ninety-five (17,395) shares of one class of voting common stock, of which seven thousand two hundred seventy-three (7,273) shares are currently outstanding, and one thousand two hundred fifty (1,250) shares of one class of non-voting preferred stock, none of which is currently outstanding; and

WHEREAS, the Foundation is the owner of seven thousand two hundred seventy-three (7,273) shares of the voting common stock of the Corporation, such stock representing 100% of the issued and outstanding capital stock of the Corporation (the "Existing Stock"); and

WHEREAS, the Foundation is a private foundation described in Section 509(a) of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, the Foundation is required to reduce its percentage ownership of the voting power of the Corporation to comply with the provisions of Section 4943 of the Code regarding excess business holdings; and

WHEREAS, the parties hereto have developed and agreed upon the Plan as a means of complying with the restrictions proscribed by Section 4943 of the Code regarding private foundations' ownership of business enterprises.

NOW, THEREFORE, the parties hereto hereby agree as follows:

1. Amendment of Articles of Incorporation. The Foundation shall cause the Corporation's existing Articles of Incorporation to be amended and restated to provide for:
 - (a) the authorization of 12,000,000 shares of Class A Common and 10,800,000 shares of Class B Common with such rights, restrictions and limitations as provided herein,
 - (b) the cancellation of all the Corporation's existing classes of authorized capital stock;
 - (c) a restriction on the issuance of any authorized but unissued shares of Class A Common, except for the issuance of Class A Common resulting from conversion of the Class B Common to Class A Common pursuant to paragraphs 4 and 5 hereof.
 - (d) such additional rights, restrictions and limitations as set forth on the Corporation's Restated Articles of Incorporation (the "Restated

Articles"), a true and correct copy of which is attached hereto as Exhibit A

2. Exchange of Shares. The Foundation and the Corporation agree to recapitalize the Corporation by exchanging the Existing Stock for 1,200,000 shares of newly authorized Class A Common and 10,800,000 shares of newly authorized Class B Common as provided in this paragraph 2. Within ninety (90) days subsequent to the filing of the Restated Articles with the Minnesota Secretary of State, the Foundation shall surrender its share certificate representing the Existing Stock to the Corporation and the Corporation shall issue to the Foundation, share certificates representing 1,200,000 shares of Class A Common and 10,800,000 shares of Class B Common to be received in the recapitalization in exchange for the Existing Stock. After the issuance of the Class A Common and the Class B Common, the Existing Stock shall be retired and cancelled. No consideration except for the Class A Common and the Class B Common shall be transferred or distributed to the Foundation in exchange for the 7273 shares of common stock surrendered to the Corporation.
3. Rights of Class A Common and Class B Common. Except as specifically provided below or otherwise in this Plan and in the Restated Articles, the Class A Common and the Class B Common shall have the same rights and privileges and shall rank equally, share ratably and be identical in all respects as to all matters including, the right to share equally in any dividends declared by the Corporation and the right to share equally in liquidation proceeds.
 - (a) Voting. At each meeting of the shareholders of the Corporation, every holder of Class A Common shall be entitled to one vote in person or by proxy for each share of Class A Common standing in such shareholder's name on the transfer books of the Corporation. Except with respect to a vote relative to an Extraordinary Transaction, as defined in subparagraph 3(b) hereof, the holders of Class B Common shall not be entitled to vote on any issue properly subject to vote by the shareholders of the Corporation.
 - (b) Voting with Respect to Extraordinary Transactions. The holders of Class B Common shall have the right to vote on an equivalent per share basis with the holders of Class A Common with respect to the following extraordinary corporate transactions (the "Extraordinary Transactions"):
 - (i) any vote of the shareholders relative to a merger, consolidation, liquidation, dissolution of the Corporation or a proposed sale of all or substantially all of the assets of the Corporation;
 - (ii) any vote relative to the amendment of the Restated Articles purporting to change the capital structure of the Corporation or the voting power of the Class A Common or the Class B Common including, specifically, but not limited to any vote relative to the authorization of additional shares of Class A Common or

Class B Common or a vote relative to the authorization of additional classes of stock.

Unless waived by the holders of the Class B Common in writing, the Corporation shall be required to provide thirty (30) days advance written notice to the Class B shareholders that a vote relative to an Extraordinary Transaction will occur at any properly noticed annual or special meeting of the shareholders of the Corporation.

4. Conversion Rights. Upon the occurrence of any of the following events (the "Conversion Events") each share of Class B Common (or such number of Class B Common shares actually acquired in the case of a Conversion Event set forth in paragraph 4(a),) shall be converted into one fully paid and nonassessable share of Class A Common:
- (a) at the affirmative election of the transferee, upon the transfer of Class B Common from the Foundation to any third party or entity.
 - (b) at the affirmative election of the holder of the Class B Common, if cash dividends, as calculated pursuant to subparagraph 4(b)(i), have not been paid on the Class A Common and the Class B Common with respect to any fiscal year of the Corporation in an amount equal to at least five percent (5%) of the Corporation's consolidated net book value as of the last day of the immediately preceding fiscal year (the "Minimum Annual Return").
 - (i) For purposes of calculating the Minimum Annual Return, the consolidated net book value for any fiscal year shall mean the total net book value as of the last day of the immediately preceding fiscal year as set forth on the Corporation's audited consolidated balance sheet prepared in accordance with generally accepted accounting principles consistently applied. The cash dividends included for purposes of calculating the Minimum Annual Return shall be all cash dividends paid with respect to the Class A Common and the Class B Common during the applicable fiscal year of the Corporation. No cash distributions shall be included in determining the Minimum Annual Return to the extent that such distributions exceed the amount of consolidated net income for the applicable fiscal year as set forth on the Corporation's audited consolidated statement of income for such year exclusive of any income or gain resulting from the sale of stock of any of the Corporation's subsidiaries or from the sale of all or substantially all of the assets of any of the Corporation's subsidiaries.
5. Conversion Procedure. In the event of the occurrence of the conditions set forth in subparagraph 4(a) or (b) above, the party granted the option to convert must affirmatively elect to convert the Class B Common to Class A Common in accordance with this paragraph 5. The conversion right shall be exercised by the surrender of the certificate representing the share of Class B Common to be converted to the Corporation accompanied by a written notice of the election by the holder thereof to convert and a statement of the conditions giving rise to the conversion

right. As promptly as practicable after the surrender for conversion of a certificate representing shares of Class B Common, the Corporation shall deliver or cause to be delivered a certificate or certificates representing the number of full shares of Class A Common issuable upon such conversion, issued in such name or names as the holder of the Class B Common may direct. Notwithstanding any delay in the issuance of the Class A Common share certificates, the effective date of conversion shall be the beginning of the business day upon which the holder of the Class B Common elects to convert in accordance with this paragraph.

6. Corporation's Covenant Regarding Authorized Shares. The Corporation covenants that it will at all times reserve and keep available and unissued the number of shares of Class A Common equal to the maximum number of shares of Class B Common which could be converted into Class A Common pursuant to paragraph 5 of this Plan. The Corporation shall not issue any additional shares of Class A Common if such issuance would reduce the remaining authorized but unissued shares of Class A Common to an amount less than the total amount of shares of Class B Common outstanding.
7. Transfer of Shares by Foundation. The Foundation shall have the unrestricted legal right to transfer the Class A Common or the Class B Common to any third party or entity, other than a disqualified person with respect to the Foundation as that term is defined in Section 4946(a) of the Code, provided, however, that upon each transfer of Class A Common, the transferee thereof shall be required to execute and deliver a subscription agreement to the Foundation (the "Subscription Agreement"), which shall provide for an express acknowledgment by such transferee that the Class A Common shares shall be subject to the restrictions and limitations set forth in this paragraph 7.
 - (a) Corporation's Option to Purchase. Upon the occurrence of the following events (the "Option Events") the Corporation or an assignee of the Corporation shall have an option to purchase the Class A Common pursuant to the terms and conditions of this paragraph 7(a) (the "BFC Purchase Option"):
 - (i) in the event that the holder of the Class A Common proposes to dispose of or transfer its stock or any interest therein to any third party or entity;
 - (ii) if the holder of Class A Common is a natural person, upon the death of such holder of Class A Common; or
 - (iii) if the holder of Class A Common is an employee of the Corporation, upon the retirement or termination of employment of the holder of Class A Common.

Upon the occurrence of an Option Event, the holder of the Class A Common (or his or her, executor, administrator or personal representative in the event of subparagraph 7(a)(ii) above) shall provide written notice thereof to the Corporation. The BFC Purchase Option shall exist from the effective date of the Option

Event and shall continue until sixty (60) days subsequent to the Corporation's receipt of written notice of the Option Event giving rise thereto. Within the option period, the Corporation or its assignee shall have the option to purchase the Class A Common for a cash purchase price equal to the book value per share of the Class A Common as shown on the Corporation's consolidated balance sheet as of the last day of the immediately preceding fiscal quarter. If the Corporation or its assignee fails to exercise the BFC Purchase Option within the option period, the owner of the Class A Common or his or her executors, administrators or personal representatives shall have the right to transfer the Class A Common in their sole discretion, provided however that any subsequent purchaser shall take the Class A Common subject to all the rights, restrictions and limitations set forth in this Plan and the Subscription Agreement. The closing of the purchase and sale of Class A Common contemplated by the BFC Purchase Option shall occur within one hundred twenty (120) days subsequent to the exercise thereof by the Corporation, or such longer period as is reasonably required to obtain any necessary regulatory approvals relative to such purchase.

- (b) Transferee's Option to Purchase. In the event of the sale of all or substantially all of the shares of Class B Common held by the Foundation, the Foundation, its assignee or the transferee of such stock shall have the right to purchase all shares of Class A Common then outstanding (the "Transferee's Option") at a cash purchase price equal to the greater of:
- (i) the book value per share as set forth on the Corporation's consolidated balance sheet as of the last day of the immediately preceding fiscal quarter;
 - (ii) the average price per share realized by the Foundation for the sale of its Class A Common and Class B Common; or
 - (iii) with respect to any Class A Common owned by an employee stock ownership plan maintained by the Corporation ("ESOP") or any stock owned by a former ESOP participant which stock was distributed from the ESOP to such participant within the preceding fifteen (15) months, the fair market value of such Class A Common as established by the most recent annual appraisal thereof.

The Transferee's Option shall be effective upon written notice thereof on or subsequent to the date upon which the Foundation and the transferee execute a definitive purchase agreement for the Class B Common and shall continue for a period of sixty (60) days subsequent to the effective date of sale of the Class B Common. The Foundation, its assignee or the transferee shall exercise the option by providing written notice thereof to the holders of the Class A Common at any time during the option period. The closing of the purchase and sale of Class A Common contemplated by the Transferee's Option shall occur within one hundred twenty (120) days subsequent to the exercise thereof by the Foundation, its

assignee or the transferee, or such longer period as reasonably required to obtain any necessary regulatory approvals relative to such purchase.

- (c) Put Option to Transferee. In the event of the sale of all or substantially all of the shares of Class B Common held by the Foundation, each holder of Class A Common shall have the right to sell all of its Class A Common shares to the Foundation or its designated assignee for a total cash purchase price per share equal to the average sales price per share realized by the Foundation for the sale of its Class A Common and Class B Common ("Put Option to Transferee"). The Put Option to Transferee shall be effective commencing with the date upon which the Foundation and the transferee execute a definitive purchase agreement for the Class B Common and shall continue for a period of thirty (30) days subsequent to the date upon which the holder of the Class A Common receives written notice from the Foundation of the event giving rise to the Put Option to Transferee. The holder of the Class A Common shall exercise the Put Option to Transferee by providing written notice thereof to the Foundation its assignee or the transferee, as the case may be, at any time during the option period. The date of closing of the purchase and sale of Class A Common contemplated by the Put Option to Transferee (as determined by the Foundation, its assignee or transferee as the case may be) shall occur on or before a date sixty (60) days subsequent to the closing date of the sale of the Class B Common by the Foundation to the transferee or such later date as reasonably required to obtain any necessary regulatory approvals relative to such purchase.
- (d) Put Option to Corporation. Upon the occurrence of the following events, (the "Put Events"), each holder of the Class A Common shall, subject to the limitations provided below, have the right to require the Corporation or the Corporation's designated assignee to repurchase all shares of Class A Common then owned (the "Put Option to Corporation").
- (i) if the shareholder is a former ESOP participant, at the affirmative election of the shareholder anytime within fifteen (15) months subsequent to each distribution of Class A Common from the ESOP to such former participant provided, however, that the Put Option to the Corporation shall apply only with respect to the Class A Common received in the distribution and not with respect to any other Class A Common owned by such former participant;
 - (ii) if the holder of the Class A Common is an employee of the Corporation, upon the death, permanent disability or retirement at "normal retirement age" of such holder of Class A Common. For purposes of this subparagraph 7(d)(ii), the terms "permanent disability" and "normal retirement age" shall have the same meaning set forth in the qualified employee retirement plans maintained by the Corporation for the benefit of its employees.

Notwithstanding anything contained herein to the contrary, the Corporation shall not be obligated to repurchase any Class A Common pursuant to the exercise of the Put Option to Corporation if the consideration for such purchase, when added to the consideration paid by the Corporation for all previous purchases of Class A Common during the preceding twelve (12) month period would exceed ten percent (10%) of the Corporation's net worth as of the date of purchase. The owner of the Class A Common or his or her executors, administrators or personal representatives may exercise the Put Option to the Corporation at any time within ninety (90) days subsequent to the occurrence of a Put Event by providing written notice thereof to the Corporation. The purchase price for the Class A Common subject to the Put Option to the Corporation shall be in cash in the following amounts:

- (i) for Class A Common sold pursuant to a Put Option to the Corporation arising under subparagraph 7 (d)(i), the price per share shall be equal to the fair market value as established by the most recent annual appraisal;
- (ii) for Class A Common sold pursuant to a Put Option to the Corporation arising under subparagraph 7 (d)(ii), the price per share shall be equal to the book value per share as shown on the Corporation's consolidated financial statements as of the last day of the immediately preceding fiscal quarter.

The closing of the purchase and sale of Class A Common contemplated by the Put Option to the Corporation shall occur within one hundred twenty (120) days subsequent to the shareholders exercise thereof, or such longer period as is reasonably required to obtain any necessary regulatory approvals relative to such purchase.

- (e) Restrictions on Transfer. Shares of Class A Common sold or transferred by the Foundation to any transferee may be resold only if (i) the purchaser has agreed in writing to be bound by the rights, restrictions and limitations with respect to the Class A Common set forth in the Plan and the Subscription Agreement; and (ii) the purchaser provides an opinion of counsel satisfactory to the Corporation that the securities have been registered under the Securities Act of 1933 and applicable state securities laws or that an exemption from registration is available.
- (f) Restrictive Legend. To enforce the provisions of this Plan and the Subscription Agreement regarding the restrictions on resale of the Class A Common, there shall be endorsed upon each certificate evidencing the Class A Common sold by the Foundation the following legend:

The sale, transfer and encumbrance of this certificate is restricted by the Corporation's Articles of Incorporation and a Plan of Reorganization dated February 2, 1989, which provide for, among other things, an option to purchase granted in favor of the Bremer Financial Corporation, the Otto Bremer

favor of the Bremer Financial Corporation, the Otto Bremer Foundation and/or their transferees or designated assignees at a formula price. A copy of the Plan of Reorganization is available for inspection in the Corporation's business office.

- (g) Involuntary Transfer. For the purposes of this Plan, a transfer shall be deemed to include an involuntary transfer (including, but not limited to, any transfer or other disposition of Class A Common as a result of bankruptcy, receivership, insolvency, foreclosure of lien, levy, seizure, taking or sale pursuant to any judgment, order, writ, execution, attachment or other legal process including, without limitation, divorce, legal separation, or marital dissolution). In the case of any such involuntary transfer, the transfer shall be subject to and the transferee shall be deemed to take the Class A Common subject to all of the rights, restrictions and limitations set forth in this Plan.
8. Amendment. The restrictions, limitations, and obligations set forth in this Plan, with respect to the Class A Common and the Class B Common can be amended at any time in whole or in part by the affirmative vote of a majority of each class of stock then outstanding, provided however that if all the Class B Common has been converted to Class A Common, the restrictions, limitations and obligations can be amended by the affirmative vote of the majority of the Class A Common.
9. Entire Agreement. This Plan expresses the entire agreement between the parties with respect to the transactions contemplated hereby, there being no representations, warranties or other agreements, oral or written, not expressly set forth or provided for herein.
10. Counterparts. This Plan may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
11. Amendments. Any and all agreements by the parties hereto to amend, change, extend, revise or discharge this Plan, in whole or in part, shall be binding upon the parties to such agreements, even though such agreements may lack legal consideration, provided such agreements are in writing and executed by both parties.
12. Construction. Wherever possible, each provision of this Plan and each related document shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Plan or any related document shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Plan or such related documents.
13. Waiver. No failure on the part of either party to exercise, and no delay in exercising, any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy hereunder preclude any other or further exercise thereof or the exercise

of any other right or remedy granted hereby or by any related document or by law.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

BREMER FINANCIAL CORPORATION

By: Terry Cummings
Its: President

OTTO BREMER FOUNDATION

By: William H. Lipschultz
William H. Lipschultz, Trustee

By: Gordon Shepard
Gordon Shepard, Trustee

By: Robert J. Reardon
Robert J. Reardon, Trustee

STATE OF MINNESOTA)
) ss
COUNTY OF RAMSEY)

The foregoing instrument was acknowledged before me this 8TH day of February, 1989, by Terry M. Cummings, the President of Bremer Financial Corporation, on behalf of said Corporation.

[Signature]
Notary Public

STATE OF MINNESOTA)
) ss
COUNTY OF RAMSEY)

The foregoing instrument was acknowledged before me this 8TH day of February, 1989, by William H. Lipschultz, Gordon Shepard and Robert J. Reardon, the Trustees of the Otto Bremer Foundation, on behalf of said Foundation.

[Signature]
Notary Public

EXHIBIT A

TO PLAN OF REORGANIZATION

RESTATED ARTICLES OF INCORPORATION
OF BREMER FINANCIAL CORPORATION

RESTATED ARTICLES OF INCORPORATION
OF
BREMER FINANCIAL CORPORATION

ARTICLE I.

The name of the Corporation is Bremer Financial Corporation.

ARTICLE II.

The purpose of this Corporation are general business purposes.

ARTICLE III.

This Corporation shall possess all powers necessary to conduct any business in which it is authorized to engage, including, but not limited to, all those powers expressly conferred upon business corporations by Minnesota Statutes, together with those powers necessarily implied therefrom.

ARTICLE IV.

This Corporation shall have perpetual duration.

ARTICLE V.

The location and post office address of the registered office of this Corporation in Minnesota is 55 East Fifth Street, St. Paul, Minnesota 55101.

ARTICLE VI.

1. Classes of Stock. The Corporation shall have authority to issue ~~12,000,000~~ shares of Class A common stock, no par value, and 10,800,000 shares of Class B common stock, no par value, with such rights, restrictions and limitations as provided in this ARTICLE VI. All of the Corporation's classes of authorized capital stock which existed prior to these Restated Articles of Incorporation becoming effective are hereby cancelled as of the effective date of these Restated Articles of Incorporation.
2. Relative Rights, Privileges and Limitations. Except as specifically provided otherwise in this ARTICLE VI, the Class A common and Class B common stock shall have the same rights and privileges and shall rank equally, share rateably and be identical in all respects as to all matters including, the right to share equally in any dividends declared by this Corporation and the right to share equally in liquidation proceeds.
3. Cumulative Voting and Pre-emptive Rights. There shall be no cumulative voting by the shareholders of this Corporation. The shareholders of this Corporation shall not have pre-emptive rights to subscribe for or acquire

securities or rights to purchase securities of any kind, class or series of this Corporation.

4. Voting. At each meeting of the shareholders of this Corporation, every holder of Class A common stock shall be entitled to one vote per person or by proxy for each share of Class A common stock standing in such shareholder's name on the transfer books of this Corporation. Except with respect to a vote relative to an Extraordinary Transaction (as defined in paragraph 5 below), the holders of Class B common stock shall not be entitled to vote on any issue properly subject to vote by the shareholders of this Corporation.
5. Voting with respect to Extraordinary Transactions. The holders of Class B common stock shall have the right to vote on an equivalent per share basis with the holders of Class A common stock with respect to the following extraordinary corporate transactions (the "Extraordinary Transactions"):
 - (a) any vote of the shareholders relative to a merger, consolidation, liquidation, dissolution of this Corporation or a proposed sale of all or substantially all of the assets of this Corporation;
 - (b) any vote relative to an amendment of these Articles of Incorporation purporting to change the capital structure of this Corporation or the voting power of the Class A common stock or the Class B common stock, including specifically, but not limited to, any vote relative to the authorization of additional shares of Class A common or Class B common or a vote relative to the authorization of additional classes of stock.

Unless waived by the holders of the Class B common stock in writing, the Corporation shall be required to provide thirty (30) days advance written notice to the Class B common stock shareholders that a vote relative to the Extraordinary Transaction will occur at any properly noticed annual or special meeting of the shareholders of this Corporation.

6. Conversion Rights. Upon the occurrence of the following events (the "Conversion Events") each share of Class B common (or such number of shares of Class B common actually acquired in the case of a Conversion Event set forth in paragraph 6(a)) shall be converted into one fully paid and nonassessable share of Class A common stock:
 - (a) at the affirmative election of the transferee upon the transfer of Class B common stock from the holder thereof to any third party or entity;
 - (b) at the affirmative election of the holder of the Class B common stock, if cash dividends, as calculated pursuant to this subparagraph 6(b)(i), have not been paid on the Class A common stock and the Class B common stock with respect to any fiscal year of this Corporation in an amount equal to at least five percent (5%) of this Corporation's consolidated net book value as of the last day

of the immediately preceding fiscal year (the "Minimum Annual Return").

- (i) For purposes of calculating the Minimum Annual Return, the consolidated net book value for any fiscal year shall mean the total net book value as of the last day of the immediately preceding fiscal year as set forth on this Corporation's audited consolidated balance sheet prepared in accordance with generally accepted accounting principles consistently applied. The cash dividends included for purposes of calculating the Minimum Annual Return shall be all cash dividends paid with respect to the Class A common stock and the Class B common stock during the applicable year of this Corporation. No cash distributions shall be included in determining the Minimum Annual Return to the extent that such distributions exceed the amount of consolidated net income for the applicable fiscal year as set forth on this Corporation's audited consolidated statement of income for such year exclusive of any income or gain resulting from the sale of stock of any of this Corporation's subsidiaries or from the sale of all or substantially all of the assets of any of this Corporation's subsidiaries.

7. Conversion Procedure. In the event of the occurrence of the conditions set forth in paragraph 6(a) or (b) of this ARTICLE VI, the party granted the option to convert must affirmatively elect to convert the Class B common to Class A common in accordance with this paragraph 7. The conversion right shall be exercised by the surrender of the certificate representing the share of Class B common to be converted to this Corporation accompanied by a written notice of the election by the holder thereof to convert and a statement of the conditions giving rise to the conversion right. As promptly as practicable after the surrender for conversion of a certificate representing shares of Class B common, this Corporation shall deliver or cause to be delivered a certificate or certificates representing the number of full shares of Class A common issuable upon such conversion, issued in such name or names as the holder of the Class B common may direct. Notwithstanding any delay in the issuance of the Class A common share certificates, the effective date of conversion shall be the beginning of the business day upon which the holder of the Class B common elects to convert in accordance with this paragraph.
8. Restrictions upon Issuance of Class A Common Stock. This Corporation shall at all times reserve and keep available and unissued the number of shares Class A common stock equal to the maximum number of shares of Class B common stock which could be converted into Class A common stock pursuant to paragraph 6 of this ARTICLE VI. This Corporation shall not issue any additional shares of Class A common stock if such issuance would reduce the remaining authorized but unissued shares of Class A common stock to an amount less than the total amount of shares of Class B common stock outstanding.

ARTICLE VII.

An action required or permitted to be taken at a meeting of the Board of Directors of this Corporation may be taken by a written action signed, or counterparts of a written action signed in the aggregate, by all of the directors unless the action need not be approved by the shareholders of this Corporation in which case the action may be taken by a written action signed, or counterparts of a written action signed in the aggregate, by the number of directors that would be required to take the same action at a meeting of the Board of Directors of this Corporation at which all of the directors were present.

ARTICLE VIII.

The personal liability of the directors of this Corporation is hereby eliminated to the fullest extent permitted by Minnesota Statutes, Section 302A.251, as the same may be amended and supplemented.

Exhibit 13

EXHIBIT A

TO PLAN OF REORGANIZATION

RESTATED ARTICLES OF INCORPORATION
OF BREMER FINANCIAL CORPORATION

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ARTICLE I.

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This Corporation shall possess all powers necessary to conduct any business in which it is authorized to engage, including, but not limited to, all those powers expressly conferred upon business corporations by Minnesota Statutes, together with those powers necessarily implied therefrom.

ARTICLE IV.

This Corporation shall have perpetual duration.

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The location and post office address of the registered office of this Corporation in Minnesota is 55 East Fifth Street, St. Paul, Minnesota 55101.

ARTICLE VI.

1. Classes of Stock. The Corporation shall have authority to issue ~~12,000,000~~ shares of Class A common stock, no par value, and 10,800,000 shares of Class B common stock, no par value, with such rights, restrictions and limitations as provided in this ARTICLE VI. All of the Corporation's classes of authorized capital stock which existed prior to these Restated Articles of Incorporation becoming effective are hereby cancelled as of the effective date of these Restated Articles of Incorporation.
2. Relative Rights, Privileges and Limitations. Except as specifically provided otherwise in this ARTICLE VI, the Class A common and Class B common stock shall have the same rights and privileges and shall rank equally, share rateably and be identical in all respects as to all matters including, the right to share equally in any dividends declared by this Corporation and the right to share equally in liquidation proceeds.
3. Cumulative Voting and Pre-emptive Rights. There shall be no cumulative voting by the shareholders of this Corporation. The shareholders of this Corporation shall not have pre-emptive rights to subscribe for or acquire

securities or rights to purchase securities of any kind, class or series of this Corporation.

4. Voting. At each meeting of the shareholders of this Corporation, every holder of Class A common stock shall be entitled to one vote per person or by proxy for each share of Class A common stock standing in such shareholder's name on the transfer books of this Corporation. Except with respect to a vote relative to an Extraordinary Transaction (as defined in paragraph 5 below), the holders of Class B common stock shall not be entitled to vote on any issue properly subject to vote by the shareholders of this Corporation.
5. Voting with respect to Extraordinary Transactions. The holders of Class B common stock shall have the right to vote on an equivalent per share basis with the holders of Class A common stock with respect to the following extraordinary corporate transactions (the "Extraordinary Transactions"):
 - (a) any vote of the shareholders relative to a merger, consolidation, liquidation, dissolution of this Corporation or a proposed sale of all or substantially all of the assets of this Corporation;
 - (b) any vote relative to an amendment of these Articles of Incorporation purporting to change the capital structure of this Corporation or the voting power of the Class A common stock or the Class B common stock, including specifically, but not limited to, any vote relative to the authorization of additional shares of Class A common or Class B common or a vote relative to the authorization of additional classes of stock.

Unless waived by the holders of the Class B common stock in writing, the Corporation shall be required to provide thirty (30) days advance written notice to the Class B common stock shareholders that a vote relative to the Extraordinary Transaction will occur at any properly noticed annual or special meeting of the shareholders of this Corporation.

6. Conversion Rights. Upon the occurrence of the following events (the "Conversion Events") each share of Class B common (or such number of shares of Class B common actually acquired in the case of a Conversion Event set forth in paragraph 6(a)) shall be converted into one fully paid and nonassessable share of Class A common stock:
 - (a) at the affirmative election of the transferee upon the transfer of Class B common stock from the holder thereof to any third party or entity;
 - (b) at the affirmative election of the holder of the Class B common stock, if cash dividends, as calculated pursuant to this subparagraph 6(b)(i), have not been paid on the Class A common stock and the Class B common stock with respect to any fiscal year of this Corporation in an amount equal to at least five percent (5%) of this Corporation's consolidated net book value as of the last day

of the immediately preceding fiscal year (the "Minimum Annual Return").

- (i) For purposes of calculating the Minimum Annual Return, the consolidated net book value for any fiscal year shall mean the total net book value as of the last day of the immediately preceding fiscal year as set forth on this Corporation's audited consolidated balance sheet prepared in accordance with generally accepted accounting principles consistently applied. The cash dividends included for purposes of calculating the Minimum Annual Return shall be all cash dividends paid with respect to the Class A common stock and the Class B common stock during the applicable year of this Corporation. No cash distributions shall be included in determining the Minimum Annual Return to the extent that such distributions exceed the amount of consolidated net income for the applicable fiscal year as set forth on this Corporation's audited consolidated statement of income for such year exclusive of any income or gain resulting from the sale of stock of any of this Corporation's subsidiaries or from the sale of all or substantially all of the assets of any of this Corporation's subsidiaries.

7. Conversion Procedure. In the event of the occurrence of the conditions set forth in paragraph 6(a) or (b) of this ARTICLE VI, the party granted the option to convert must affirmatively elect to convert the Class B common to Class A common in accordance with this paragraph 7. The conversion right shall be exercised by the surrender of the certificate representing the share of Class B common to be converted to this Corporation accompanied by a written notice of the election by the holder thereof to convert and a statement of the conditions giving rise to the conversion right. As promptly as practicable after the surrender for conversion of a certificate representing shares of Class B common, this Corporation shall deliver or cause to be delivered a certificate or certificates representing the number of full shares of Class A common issuable upon such conversion, issued in such name or names as the holder of the Class B common may direct. Notwithstanding any delay in the issuance of the Class A common share certificates, the effective date of conversion shall be the beginning of the business day upon which the holder of the Class B common elects to convert in accordance with this paragraph.
8. Restrictions upon Issuance of Class A Common Stock. This Corporation shall at all times reserve and keep available and unissued the number of shares Class A common stock equal to the maximum number of shares of Class B common stock which could be converted into Class A common stock pursuant to paragraph 6 of this ARTICLE VI. This Corporation shall not issue any additional shares of Class A common stock if such issuance would reduce the remaining authorized but unissued shares of Class A common stock to an amount less than the total amount of shares of Class B common stock outstanding.

ARTICLE VII.

An action required or permitted to be taken at a meeting of the Board of Directors of this Corporation may be taken by a written action signed, or counterparts of a written action signed in the aggregate, by all of the directors unless the action need not be approved by the shareholders of this Corporation in which case the action may be taken by a written action signed, or counterparts of a written action signed in the aggregate, by the number of directors that would be required to take the same action at a meeting of the Board of Directors of this Corporation at which all of the directors were present.

ARTICLE VIII.

The personal liability of the directors of this Corporation is hereby eliminated to the fullest extent permitted by Minnesota Statutes, Section 302A.251, as the same may be amended and supplemented.

Exhibit 14

62-C9-61-315222

Filed in Second Judicial District Court
Ramsey County, MN

Dec 26 2017 3:36 PM

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF RAMSEY

SECOND JUDICIAL DISTRICT

Court File No. 62-C9-61-315222

In the Matter of the OTTO BREMER
TRUST (formerly known as the Otto
Bremer Foundation)

ORDER ALLOWING TRUSTEES'
ANNUAL ACCOUNTS DATED
DECEMBER 31, 2012, DECEMBER 31,
2013, DECEMBER 31, 2014,
DECEMBER 31, 2015, AND
DECEMBER 31, 2016; APPROVING
RETENTION OF CAPITAL STOCK OF
BREMER FINANCIAL
CORPORATION; APPROVING
INVESTMENTS IN LOW-YIELDING
ASSETS; APPROVING TRUSTEES'
COMPENSATION; AND APPROVING
CHANGE OF NAME.

The Petition dated June 27, 2017, on file herein, of Charlotte S. Johnson, Daniel C. Reardon, and S. Brian Lipschultz ("Petitioners" or "Trustees"), as trustees of the above-entitled trust, came on for hearing before this Court on September 25, 2017. Dorsey & Whitney LLP, by William J. Berens, appeared as attorneys for Petitioners. There were no other appearances, the Court itself representing all persons in interest who are unascertained or not in being or unknown to the trustee or outside the State of Minnesota. The Court, having read the petition, having considered the evidence, files, and records herein, and being fully advised in the premises, it appears to the Court that:

1. Petitioners are the duly appointed, qualified, and acting trustees of the above-referenced trust (the "Trust"). Their appointment as trustees was previously confirmed pursuant to a predecessor statute to Minnesota Statutes § 501C.0205 (2016).

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2. Due and proper notice of this hearing was given as required by law and by order of the Court on file herein.

3. Venue in this Court is proper because Petitioners maintain their main place of business in the City of Saint Paul, Minnesota.

4. The allegations of fact contained in the petition are true and correct, and no objection has been made to the granting of any relief requested by the petition.

5. The Trustees' verified annual accounts dated December 31, 2012, December 31, 2013, December 31, 2014, December 31, 2015, and December 31, 2016, are on file herein. Each annual account fully sets forth the actions of the Trustees in their administration of the Trust during the period covered by it, contains a true and complete inventory of the Trust assets as of its date and a summary of all principal and income transactions, and is in all respects true, correct, and complete.

6. The Agreement and Declaration of Trust dated May 22, 1944, by and between Otto Bremer, as Trustor, and Paul G. Bremer and George J. Johnson, as original Trustees, constitutes the trust instrument herein. A true and correct copy of the trust instrument is on file herein. Paragraph 16 of the trust instrument provides as follows:

“Investments.

The Trustee is directed to retain the shares of stock in the Otto Bremer Company hereinbefore described and any additional shares of stock in said company purchased on the exercise of stock rights or which Trustor may hereafter make a part of the Trust Estate herein created even though the same be unproductive of income or be of a kind not usually considered suitable for trustees to select or hold or be a larger proportion in one investment than a trust estate should hold, and any securities or

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stock received in exchange for said shares of stock shall also be so held.

Such stock or any part thereof may only be sold if, in the opinion of the Trustee, it is necessary or proper to do so owing to unforeseen circumstances, and the opinion of the trustee shall not be questioned by reason of the fact that the trustee may personally own stock in said company. As to any other investment that Trustor may hereafter make a part of the Trust Estate, the trustee shall have the absolute discretion, acting in good faith, and they shall not be confined to the usual investments which trustees, by mere virtue of their office are authorized to make, except that they shall not invest in real estate or mortgages or unimproved property or mortgages in excess of 50% of the fair market value of improved real estate and then only if the mortgage is amortized annually over a period not exceeding 15 years, and provided further that it be not a manufacturing plant, theater, hotel or other single purpose building unless the same qualifies as an institution within the purposes set forth in paragraph 3.”

7. During the period covered by the accounts, a substantial portion of the assets of the Trust consisted of shares of the capital stock of Bremer Financial Corporation (formerly known as the Otto Bremer Company). The Trustees did not purchase or otherwise acquire any shares of Bremer Financial Corporation during the period covered by the accounts. The Trustees are directed by Paragraph 16 of the trust instrument to retain the shares of Bremer Financial Corporation unless, in their opinion, it is necessary or proper to sell the shares owing to unforeseen circumstances. During the period covered by the accounts, no unforeseen circumstances arose that caused it to be necessary or proper for the Trustees to sell the shares. The Trustees’ retention of the shares of Bremer Financial Corporation during the period covered by the accounts was proper and should be approved, ratified, and confirmed.

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8. During the period covered by the accounts, the Trustees invested in or retained certain assets having a net income yield of less than one percent (1%) of their inventory value or acquisition cost. A list of such assets is attached to the Petition as Exhibit A. The Trustees invested in or retained such assets after taking into consideration the factors set forth in Minnesota Statutes § 501C.0901, subdivision 2(c), particularly, the potential total return from such assets, taking into account both the assets' income yield and potential for appreciation in value. The Trustees' investment in and retention of the assets listed on Exhibit A of the Petition was proper and should be approved, ratified, and confirmed.

9. During the period covered by the accounts, the fair market value of the Trust assets increased as set forth below:

<u>Fiscal year ending:</u>	<u>Fair Market Value at Year-End</u>
December 31, 2012	\$876,619,424.49
December 31, 2013	\$926,821,979.25
December 31, 2014	\$978,974,065.79
December 31, 2015	\$1,041,991,589.12
December 31, 2016	\$1,071,384,538.58

10. The mission of the Trust is to invest in people, places and opportunities in Minnesota, North Dakota and Western Wisconsin. The accounts reflect that the Trustees are

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carrying out the mission of the Trust effectively. During the period covered by the accounts, the Trustees' made grants and program-related investments in the following total amounts:

<u>Fiscal year ending:</u>	<u>Grants and Program-Related Investments</u>
December 31, 2012	\$36,229,373
December 31, 2013	\$38,321,048
December 31, 2014	\$42,296,824
December 31, 2015	\$45,131,785
December 31, 2016	\$47,314,055

11. The recipients of grants from the Trust during the period covered by the accounts, and the respective grant amounts, are set forth in the accounts.

12. Paragraph 13 of the trust instrument provides as follows:

“Trustee’s Compensation

The Trustee, if he claims it, shall receive as compensation for his services in the management of the trust estate not to exceed four percent of the cash income of the trust estate. Such compensation may be divided among the acting trustees as they desire.

The above compensation shall be in full for all ordinary services rendered by the trustee; but for extraordinary services required the trustee shall have reasonable additional compensation.

In addition to the foregoing, the trustee shall be repaid all sums justly, necessarily or appropriately expended to carry out the purposes of the trust, and the protection and management of the

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trust property, including charges and compensation of all such agents, employees and attorneys as in the judgment of the trustee shall at any time be needed about or concerning the trust and the trust property and any and all charges, costs, expenses and attorney's fees incurred or suffered by reason of being a party to any action or proceeding by reason of being such trustee, save one rising from his willful neglect.

All of the foregoing shall be paid out of income.”

13. Pursuant to Paragraph 13 of the trust instrument, the Trustees are entitled, if they claim it, to receive an amount not exceeding (in the aggregate for all the Trustees) four percent (4%) of the cash income of the Trust for their regular services and, for extraordinary services, reasonable additional compensation.

14. By its order on file herein dated March 9, 2011 (the “March 9, 2011 Order”), this Court ordered the following:

“3. An annual ‘Trustee Fee’ for the ordinary services rendered by each Trustee to the Foundation is hereby approved as follows:

- a. For each fiscal year of the Foundation, each Trustee shall be entitled to claim annual compensation from the Foundation for his or her ordinary services as a Trustee in an amount that does not exceed the Trustee Fee for that fiscal year, provided that each Trustee shall be permitted to claim a lesser amount of compensation should he or she so desire, as is permitted under the Trust Instrument.
- b. The permitted Trustee Fee for the Foundation’s fiscal year ending December 31, 2010 for a Trustee shall be the amount of \$285,000. For each subsequent fiscal year, a reasonable adjustment to the Trustee Fee may be made by action of the Trustees after due deliberation of the same, provided that the Trustee Fee in no event may be increased by an amount that for any fiscal year exceeds the normal range for compensation increases for employees of the

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Foundation (which normal range typically has been 0% to 4% of compensation) approved for that fiscal year.

- c. The aggregate of the annual compensation claimed for all Trustees for their ordinary services as Trustees for a given fiscal year of the Foundation may not exceed four percent (4%) of the Foundation's cash income for that fiscal year. For this purpose, 'cash income' shall be considered the Foundation's total net investment income before expenses and disbursements for each fiscal year as reflected on the IRS Form 990-PF for that year (currently Line 12, Column (b) of Part I of the 990-PF).
- d. The permitted Trustee Fee for any Trustee who serves as a Trustee for less than a full fiscal year for the Foundation shall be prorated to the portion of such fiscal year during which said individual serves as a Trustee.

4. In addition to the Trustee Fee for the ordinary services as a Trustee, the continued receipt of annual thirty (30) basis points (0.30%) investment advisory fee for the services performed by Trustees Lipschultz and Reardon in the active management of the non-Bremer Financial Corporation stock assets of the Foundation is hereby approved and confirmed, with such fee to be divided equally between those Trustees.

5. No additional annual compensation from the Foundation to the Trustees (beyond any health insurance, business purpose or fringe benefits already being provided to the Trustees from the Foundation) will be permitted without prior approval by the Court for the same."

15. By its Order on file herein dated November 14, 2011, this Court approved the Trustees' regular annual compensation, the investment advisory fee for Trustees Daniel C. Reardon and S. Brian Lipschultz, and the provision of certain employee benefits to the Trustees, as determined pursuant to the methodology set forth in the March 9, 2011 Order, for the period covered by the Trustees' annual account dated December 31, 2010.

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16. By its Order on file herein dated March 26, 2012, this Court reaffirmed the methodology set forth in the March 9, 2011 Order regarding the Trustees' regular annual compensation and the investment advisory fee for Trustees Daniel C. Reardon and S. Brian Lipschultz, and also determined the following:

“In addition to the Trustee Fee, the Trustees shall be entitled to receive any business purpose or fringe benefits already being provided to the Trustees from the Foundation along with all other employee benefits generally available to Foundation employees.”

17. By its Order on file herein dated November 26, 2012, this Court approved the Trustees' regular annual compensation and the investment advisory fee for Trustees Daniel C. Reardon and S. Brian Lipschultz, as determined pursuant to the methodology set forth in the March 9, 2011 Order and the March 26, 2012 Order, for the period covered by the Trustees' annual account dated December 31, 2011.

18. During the period covered by the Trustees' annual accounts dated December 31, 2012, December 31, 2013, December 31, 2014, December 31, 2015, and December 31, 2016, the Trustees received compensation for their regular services. The compensation received by the Trustees was within the normal range for compensation increases in the same average percentage amounts awarded to other employees of the Trust, as authorized by the March 9, 2011 Order.

19. During the entire period covered by the accounts, the Trustees were treated as employees of the Trust for federal tax purposes and, as such, were eligible for certain employee benefits provided to other employees of the Trust, including, but not limited to, health, dental,

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life and disability benefits, retirement benefits, and the payment of Social Security and Medicare taxes.

20. The aggregate compensation received by the Trustees for their regular services and the Employee Benefits received by the Trustees was substantially less than four percent (4%) of the net investment income of the Trust, as reported on the Trust's IRS Forms 990-PF, for the fiscal years covered by the accounts.

21. During the period covered by the accounts and consistent with the March 9, 2011 Order and subsequent orders of this Court, Trustees Daniel C. Reardon and S. Brian Lipschultz received an annual investment advisory fee of thirty (30) basis points (0.30%) for actively managing the assets of the Trust other than the Trust's shares of Bremer Financial Corporation (which assets had a value in excess of \$100,000,000.00 during the entire period covered by the accounts), with such fee being split between them each year. The investment advisory fees paid to Trustees Daniel C. Reardon and S. Brian Lipschultz during the period covered by the accounts were:

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<u>Fiscal year ending:</u>	Daniel C. Reardon	S. Brian Lipschultz
December 31, 2012	\$169,900.10	\$70,791.70
December 31, 2013	\$173,568.23	\$173,568.23
December 31, 2014	\$183,048.66	\$183,048.66
December 31, 2015	\$187,050.90	\$187,050.90
December 31, 2016	\$170,263.99	\$170,263.99

22. In its March 9, 2011 Order, this Court made the following findings:

“Each of the Petitioners also serves as a member of the Board of Directors of Bremer Financial Corporation, a regional bank holding company (“BFC”) for which the Petitioners receive the director fees set for members of the BFC Board of Directors. The Board of Directors is appointed by the holders of BFC’s Class A voting common stock, of which only 20% is owned by the Foundation and none of which is owned by any Petitioner. The Petitioners do not control the Board of Directors, do not have any right of power to continue as directors, and do not set the compensation paid by BFC to its directors. Therefore, the services of Petitioners as BFC directors and any compensation received for those services are not compensation for services as a Trustee of the Foundation.”

23. During the period covered by the accounts, each of the Petitioners continued to serve as a member of the Board of Directors of Bremer Financial Corporation and receive a fee for such service. For the reasons stated by this Court in the March 9, 2011 Order (all of which continued to be true during the entire period covered by the accounts), Petitioners’

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service as directors of Bremer Financial Corporation is different from and outside the scope of their services as Trustees.

24. The compensation paid to the Trustees during the period covered by the accounts was just and reasonable and properly allocated to income and should be approved, ratified, and confirmed.

25. Paragraph 2 of the trust instrument provides as follows:

“Name

The trust herein created shall be known as the ‘Otto Bremer Foundation’ and under that name so far as practicable the business of the trust shall be conducted.

The trust shall be perpetual.”

26. During the period covered by the accounts, the Trustees determined that it was not practicable or advisable to continue to operate under the name of the Otto Bremer Foundation because the term “Foundation” suggests a passive, grant-making organization rather than the dynamic, proactive organization that is the Trust.

27. By a written action dated July 29, 2015, the Trustees declared that “the name ‘The Otto Bremer Trust’ is consistent with the trust instrument, encompasses the Trust’s philanthropic work but is also inclusive of the Trust’s other activities of operating the business of a bank holding company and having a significant investment in Bremer Financial

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Corporation and its other investments.” By the same written action, the Trustees changed the name of the Trust to the “Otto Bremer Trust.”

28. The change of name reflected reality: the Trust was formed, and has always been administered, as a perpetual trust. The change also underscored the obligation of the Trustees to fulfill the aspirations of the Trustor, Otto Bremer, for the region. The change of the Trust’s name should be approved, ratified, and confirmed.

NOW, WHEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED as follows:

I.

This Court has jurisdiction herein as a proceeding in rem.

II.

All actions of the trustees in their administration of the trust during the entire period covered by the annual accounts, as set forth in the accounts, including, but not limited to, all payments of compensation to the trustee, all other disbursements from the trust, all sales, investments, reinvestments, dispositions and changes from time to time in the form of the trust assets and the retention by the trustee of all properties from time to time in the form of the trust assets are hereby in all respects approved, ratified, and confirmed.

III.

The annual accounts dated December 31, 2012, December 31, 2013, December 31, 2014, December 31, 2015, and December 31, 2016 are hereby settled, approved and allowed.

Exhibit 15

BUSINESS

How Bremer Bank churned out \$1.5 billion in PPP loans

Though technology drives the industry, Bremer bet on the value of human contact.

By Jeffrey Meitrodt (<https://www.startribune.com/jeffrey-meitrodt/52470057/>) Star Tribune |

JULY 14, 2020 — 11:35AM

Jeanne Crain saw the tsunami coming.

Like other bankers, the president and CEO of St. Paul-based Bremer Bank could have turned to technology to handle the deluge of applications that arrived with the April debut of the Paycheck Protection Program (PPP).

But Crain decided to go old school. Instead of using an online application form, like most of the big banks, Crain redeployed 400 of her 1,700 employees to make sure every prospective customer talked to a real person. She borrowed veteran employees from operations and risk management to manually input the applications and verify information, and her teams frequently worked overnight to upload the finished documents to the U.S. Small Business Administration (SBA).

Crain's bet paid off. While the flood of applications overwhelmed some of the nation's biggest banks, whose automatic systems failed to flag problems that sometimes delayed applications for weeks, Bremer Bank churned through the crisis. At its high point, the bank was processing 1,200 applications a day.

Although Bremer has about one-fortieth the assets of Minnesota's biggest banks, the company produced a higher volume of PPP loans than any other financial institution in the state, according to [recently released data from the SBA](https://www.startribune.com/find-which-minnesota-companies-received-money-from-paycheck-protection-program/571663411/) (<https://www.startribune.com/find-which-minnesota-companies-received-money-from-paycheck-protection-program/571663411/>).

Bremer Bank goes all out for the PPP

The St. Paul lender handed out more money to small business owners in the Paycheck Protection Program (PPP) than anyone else in Minnesota .

TOTAL PPP VOLUME IN MINNESOTA*

Bremer Bank		\$745.6
U.S. Bank	\$474.6	
Old National Bank	\$399.7	
BMO Harris Bank	\$322.9	
Choice Financial Group	\$221.9	
Bell Bank	\$217.2	
Wells Fargo Bank	\$182.7	
Sunrise Banks	\$149.5	
Associated Bank	\$138.3	
Merchants Bank	\$126.6	

“We had people setting alarm clocks so they could get up in the middle of the night and upload documents,” Crain said last week. “We had senior managers doing that. It makes me very proud. ... This is definitely a moment in my career I will never forget.”

Congress created the PPP to help small business owners through the pandemic by covering their payroll costs for eight weeks. Small business owners, who watched in horror as their sales collapsed when COVID-19 struck in late February, started lining up for the government's \$660 billion relief program in April.



AARON LAVINSKY - STAR TRIBUNE

While the flood of Paycheck Protection Program applications overwhelmed some of the nation's biggest banks, Bremer Bank

The early days of the program were panicky ones, as big banks focused on their existing customers. Often, smaller firms were left at the end of the line, wondering if their loan would be processed before the funds were gone.

At Betty’s Pies in Two Harbors, co-owner Marti Sieber said she was still waiting to hear if two of the state’s biggest banks would even take her application when the initial round of PPP funding ran out in mid-April. At the recommendation of her accountant, she called Bremer when the program rebooted on April 27, even though she hadn’t used the bank in years. Her application was approved by the SBA a day later, and Sieber received her money on May 8.

“I would give Bremer Bank five stars,” said Sieber, who received more than \$150,000 for her restaurant, which is a first stop for many travelers when they visit the North Shore. “They made it very easy.”

PPP loans in Minnesota

Bremer Bank		4,681	
U.S. Bank			7,089
Old National Bank	2,607		
BMO Harris Bank	1,057		
Choice Financial Group	1,125		
Bell Bank	1,639		
Wells Fargo Bank		4,490	
Sunrise Banks	1,336		
Associated Bank	1,083		
Merchants Bank	1,290		

Bremer’s willingness to take applications from noncustomers was another strategic decision that set the bank apart from industry leaders. Word quickly spread in the small-business community about Bremer’s policy, prompting hundreds of entrepreneurs with accounts at other banks to come knocking. Of the 6,894 PPP loans handled by Bremer in the Midwest, 21% involved first-time customers. The bank with \$13 billion in assets funded a total of \$1.5 billion in PPP loans in Minnesota, Wisconsin and North Dakota.

“This has been a moment of truth for every company,” Crain said. “How you show up as an organization reflects your culture and your purpose and your values. Going through this extraordinary time has reinforced what we are all about, in ways we never could have imagined.”

Joe Chow, Bremer’s director of specialized business solutions, said the pandemic forced the bank to do business in new ways. Instead of meeting face-to-face with applicants, Bremer bankers would start taking calls from small business owners from their home offices as early as 5 a.m. Many nights, he said, they would be on the phone until 8 p.m.

“This was a really intimate process, and we wanted to make sure people had that human contact,” Chow said. “We did 7,000 PPP loans, and we heard 7,000 different stories. Every loan was different. Every business was impacted in a different way by the pandemic.”

No. of jobs retained

Bremer Bank	14,825	
U.S. Bank		28,824
Old National Bank	11,570	
BMO Harris Bank		34,910
Choice Financial Group		27,528
Bell Bank		27,280
Wells Fargo Bank		
Sunrise Banks		22,726
Associated Bank		
Merchants Bank	16,996	

* Volume is estimated for loans of more than \$150,000. SBA provided ranges for larger loans, such as \$150,000 to \$350,000. We used the lower figure for each loan. Jobs retained figures for Wells Fargo Bank and Associated Bank were not available.

Chart: Jim Foster. Star Tribune •

Tina Ramgren, whose family owns the Japanese restaurant Sakura in St. Paul, said she needed to hear from her banker every day while she waited for the SBA to approve her PPP loan of about \$150,000.

“I was nervous and I wanted to talk to a real person,” Ramgren said. “I almost withdrew my application and went with a smaller bank, thinking that might be faster. But I’m glad I didn’t.”

Crain said her biggest concern was burnout. With her teams working around the clock and on weekends, Crain said she had to order everybody to take a couple of days off at the conclusion of the first round of funding.

“I don’t want people to work to a point where they lose any passion for what we do,” Crain said.

To reward her employees, Crain said she gave everybody a bonus of \$250, including employees who were not directly involved in the PPP.

“We couldn’t have done this without other people taking on more work in their day-to-day jobs,” Crain said, “so we could free up the resources we needed to get it done.”

Jeffrey Meitrodt is an investigative reporter for the Star Tribune who specializes in stories involving the collision of business and government regulation.

jeff.meitrodt@startribune.com 612-673-4132 JeffMeitrodt



BREMER FINANCIAL

Jeanne Crain, president and CEO of St. Paul-based Bremer Bank, redeployed 400 of her 1,700 employees to make sure every prospective customer talked to a real person.

Exhibit 16

BrokerCheck Report

DANIEL CLARK REARDON

CRD# 1412363

Report #74305-37137, data current as of Thursday, July 29, 2010.

<u>Section Title</u>	<u>Page(s)</u>
Report Summary	1
Broker Qualifications	2 - 3
Registration and Employment History	4
Disclosure of Final Regulatory Events	5 - 11
About this BrokerCheck Report	12

Dear Investor:

FINRA has generated the following BrokerCheck report for DANIEL C. REARDON. The information contained within this report has been provided by a FINRA member firm(s) and securities regulators as part of the securities industry's registration and licensing process and represents the most current information reported to the Central Registration Depository (CRD®) system.

FINRA regulates the securities markets for the ultimate benefit and protection of the investor. FINRA believes the general public should have access to information that will help them determine whether to conduct, or continue to conduct, business with a FINRA member firm or any of the member's associated persons. To that end, FINRA has adopted a public disclosure policy to make certain types of information available to you. Examples of information FINRA provides on currently registered individuals and individuals who were registered during the past two years include: actions by regulators, investment-related civil suits, customer disputes that contain allegations of sales practice violations against brokers, all felony charges and convictions, misdemeanor charges and convictions relating to securities violations, and financial events such as bankruptcies, compromises with creditors, judgments, and liens. FINRA also provides certain information on individuals whose registrations terminated more than two years ago.

When evaluating this report, please keep in mind that it may include items that involve pending actions or allegations that may be contested and have not been resolved or proven. Such items may, in the end, be withdrawn or dismissed, or resolved in favor of the firm or broker, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

The information in this report is not the only resource

you should consult. FINRA recommends that you learn as much as possible about the individual broker or brokerage firm from other sources, such as professional references, local consumer and investment groups, or friends and family members who already have established investment business relationships.

FINRA BrokerCheck is governed by federal law, Securities and Exchange Commission (SEC) regulations and FINRA rules approved by the SEC. State disclosure programs are governed by state law, and may provide additional information on brokers and firms licensed by the state. Therefore, you should also consider requesting information from your state securities regulator. Refer to www.nasaa.org for a complete list of state securities regulators.

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brokercheck.finra.org



For additional information about the contents of this report, please refer to the User Guidance or www.finra.org/brokercheck. It provides a glossary of terms and a list of frequently asked questions, as well as additional resources.

For more information about FINRA, visit www.finra.org.

DANIEL C. REARDON

CRD# 1412363

This broker is not currently registered with a FINRA firm.

Report Summary for this Broker



The report summary provides an overview of the broker's professional background and conduct. The individual broker, a FINRA-registered firm(s), and/or securities regulator(s) have provided the information contained in this report as part of the securities industry's registration and licensing process. The information contained in this report was last updated by the broker, a previous employing brokerage firm, or a securities regulator on 08/17/2006.

Broker Qualifications

This broker is not currently registered with a FINRA firm.

This broker has passed:

- 0 Principal/Supervisory Exams
- 2 General Industry/Product Exams
- 2 State Securities Law Exams

Registration and Employment History

This broker was previously registered with the following FINRA member firms:

NDX TRADING, INC.
CRD# 39940
NEW BRIGHTON, MN
11/2002 - 08/2006

PRUDENTIAL SECURITIES INCORPORATED
CRD# 7471
NEW YORK, NY
01/1990 - 06/1995

DEAN WITTER REYNOLDS INC.
CRD# 7556
PURCHASE, NY
10/1985 - 01/1990

For additional registration and employment history details as reported by the individual broker, refer to the Registration and Employment History section of this report.

Disclosure of Final Regulatory Events

This section includes details regarding final regulatory events reported by or about this broker to CRD as part of the securities industry registration and licensing process.

Are there Final Regulatory events disclosed about this broker? **Yes**

Broker Qualifications



Registrations

This section provides the self-regulatory organizations (SROs), states and U.S. territories the broker is currently registered and licensed with, the category of each registration, and the date on which the registration became effective. This section also provides the physical location of each branch that the individual broker is associated with for each listed employment.

This broker is not currently registered with a FINRA firm.

Broker Qualifications



Industry Exams this Broker has Passed

This section includes all current principal/supervisory, general product/industry, and/or state securities law exams that the broker has passed. Under certain, limited circumstances, a broker may receive a waiver of an exam requirement based on a combination of previous exams passed and qualifying work experience. Likewise, a new exam requirement may be grandfathered based on a broker's specific qualifying work experience. Information regarding instances of exam waivers or the grandfathering of an exam requirement are not included as part of the BrokerCheck report.

This individual has passed 0 principal/supervisory exams, 2 general industry/product exams, and 2 state securities law exams.

Principal/Supervisory Exams

Exam	Category	Date
No information reported.		

General Industry/Product Exams

Exam	Category	Date
National Commodity Futures Examination	Series 3	11/30/1987
General Securities Representative Examination	Series 7	11/13/2002

State Securities Law Exams

Exam	Category	Date
Uniform Securities Agent State Law Examination	Series 63	11/21/2002
Uniform Investment Adviser Law Examination	Series 65	02/16/1993

Additional information about the securities industry's qualifications and continuing education requirements, as well as the examinations administered by FINRA to brokers and other securities professionals can be found at <http://www.finra.org/Industry/Compliance/Registration/QualificationsExams/index.htm>.

Registration and Employment History



Previously Registered with the Following FINRA Firms

FINRA records show this broker previously held FINRA registrations with the following firms:

Registration Dates	Firm Name	CRD#	Branch Location
11/2002 - 08/2006	NDX TRADING, INC.	39940	NEW BRIGHTON, MN
01/1990 - 06/1995	PRUDENTIAL SECURITIES INCORPORATED	7471	NEW YORK, NY
10/1985 - 01/1990	DEAN WITTER REYNOLDS INC.	7556	PURCHASE, NY

Employment History

This section provides up to 10 years of an individual broker's employment history as reported by the individual broker on the most recently filed Form U4.

Please note that the broker is required to provide this information only while registered with a FINRA firm and the information is not updated via Form U4 after the broker ceases to be registered. Therefore, an employment end date of "Present" may not reflect the broker's current employment status.

Employment Dates	Employer Name	Employer Location
03/2002 - Present	NDX TRADING, INC.	MINNEAPOLIS, MN
01/2000 - Present	INFINITE GRAPHICS	EAGAN, MN

Disclosure of Final Regulatory Events



What you should know and/or consider regarding any reported disclosure events:

- Before reaching a conclusion regarding any of the reported disclosure information contained in your BrokerCheck report, you should ask the broker to clarify the specific event(s) listed, or to provide a response to any questions you may have.

Disclosures in BrokerCheck reports come from different sources:

- **Self-disclosure:** Brokers are required to answer a series of questions on their application requesting securities industry registration ("Form U4"). For example, brokers are asked whether they have been involved in certain regulatory matters.
- **Regulator/Employer postings:** In addition, regulators and firms that have employed a broker also may contribute relevant information about such matters. All of this information is maintained in CRD.



Possible multiple reporting sources -- please note:

Disclosure details may be reported by more than one source (i.e., regulator, firm, or broker). When this occurs, all versions of the event will appear in the BrokerCheck report. The different versions of the same disclosure event are separated by a solid line with the reporting source labeled.

	Final	On Appeal
Regulatory Event	3	0

Disclosure Event Details

This report provides the information exactly as it was reported to CRD by the individual broker, a member firm(s), and/or by securities industry regulators. Some of the specific data fields contained in the report may be blank if the information was not provided to CRD.

Regulatory - Final

This section provides information regarding a final, regulatory action that was reported to CRD by the individual broker, a member firm, and/or a securities regulator. The event may include a final, formal proceeding initiated by a regulatory authority (e.g., a state securities agency, a self-regulatory organization, a federal regulator such as the SEC or the Commodities Futures Trading Commission (CFTC), or a foreign financial regulatory body) for a violation of investment-related rules or regulations.

Disclosure 1 of 3

Reporting Source:	Broker
Regulatory Action Initiated By:	CHICAGO BOARD OF TRADE
Sanction(s) Sought:	Cease and Desist
Other Sanction(s) Sought:	
Date Initiated:	09/04/1990
Docket/Case Number:	
Employing firm when activity occurred which led to the regulatory action:	
Product Type:	Other
Other Product Type(s):	NOT PROVIDED
Allegations:	NOT PROVIDED
Current Status:	Final
Resolution:	Settled
Resolution Date:	09/04/1990
Sanctions Ordered:	Cease and Desist/Injunction
Other Sanctions Ordered:	STRICT SUPERVISION BY THE MANAGER
Sanction Details:	NOT TO ACT IN SUPERVISORY CAPACITY FOR A PERIOD OF ONE YEAR. NOT TO EXERCISE DISCRETIONARY AUTHORITY AS SPECIFIED UNDER RULE 423.00 FOR A PERIOD OF ONE YEAR.

Summary: CBT SENT LETTER WITH THE FOLLOWING RESTRICTIONS:
 STRICT SUPERVISION BY THE MANAGER. NOT TO ACT IN SUPERVISORY
 CAPACITY FOR A PERIOD OF ONE YEAR. NOT TO EXERCISE
 DISCRETIONARY AUTHORITY AS SPECIFIED UNDER RULE 423.00 FOR A
 PERIOD OF ONE YEAR.

Disclosure 2 of 3

Reporting Source: Regulator

Regulatory Action Initiated By: MARYLAND

Sanction(s) Sought:

Other Sanction(s) Sought:

Date Initiated: 04/25/1990

Docket/Case Number: A-90-0108

Employing firm when activity occurred which led to the regulatory action:

Product Type: No Product

Other Product Type(s):

Allegations: THE MARYLAND SECURITIES COMMISSIONER ALLEGES THAT REARDON FAILED TO DISCLOSE, IN HIS JANUARY 18, 1990 APPLICATION TO THE DIVISION, A TERMED FOR CAUSE BY BROKER-DEALER FIRM FOR VIOLATION OF FIRM PROCEDURES AND NYSE RULE 407.

Current Status: Final

Resolution: Order

Resolution Date: 04/25/1990

Sanctions Ordered:

Other Sanctions Ordered: WITHDRAW HIS REGISTRATION AND NOT TO REAPPLY IN MARYLAND FOR TWO (2) YEARS.

Sanction Details: THE MARYLAND SECURITIES COMMISSIONER ACCEPTED A CONSENT ORDER IN WHICH DANIEL CARL REARDON AGREED TO WITHDRAW HIS REGISTRATION AND NOT TO REAPPLY IN MARYLAND FOR TWO (2) YEARS.

Summary: THIS ACTION WAS TAKEN AFTER AN ORDER TO SHOW CAUSE AND SUMMARY SUSPENSION WAS ISSUED ON FEBRUARY 13, 1990, FOR



VIOLATION OF SECTION 11-412(A)(1) OF THE ACT.

.....

Reporting Source: Broker

Regulatory Action Initiated By: STATE OF MARYLAND

Sanction(s) Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s) Sought:

Date Initiated: 02/13/1990

Docket/Case Number: A-90-0108

Employing firm when activity occurred which led to the regulatory action: PRUDENTIAL - BACHE SECURITIES, INC.

Product Type: No Product

Other Product Type(s):

Allegations: VIOLATION OF 11-402 (A) (1) OF THE ACT. FAILED TO DISCLOSE. IN HIS JANUARY 18, 1990 APPLICATION TO THE DIVISION, A TERMED FOR CAUSE BY DEAN WITTER REYNOLDS, INC. FOR VIOLATION OF FIRM PROCEDURES AND NYSE RULE 407.

Current Status: Final

Resolution: Other

Resolution Date: 02/13/1990

Sanctions Ordered: Revocation/Expulsion/Denial

Other Sanctions Ordered:

Sanction Details: DENIED REGISTRATION IN THE STATE OF MARYLAND.

Summary: DISCLOSURE DID NOT HAPPEN BECAUSE THE CAUSE AND REASON FOR TERMINATION WAS NOT FULLY DETERMINED OR ACCURATELY FILED BY DEAN WITTER.

.....

Disclosure 3 of 3

Reporting Source: Regulator

Regulatory Action Initiated By: AMERICAN STOCK EXCHANGE, LLC

Sanction(s) Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s) Sought:

Date Initiated: 11/02/1994

Docket/Case Number: 94-D-4

Employing firm when activity occurred which led to the regulatory action: DEAN WITTER REYNOLDS, INC.

Product Type: Options

Other Product Type(s):

Allegations: THE EXCHANGE INSTITUTED A FORMAL DISCIPLINARY PROCEEDING AGAINST DANIEL C. REARDON ("REARDON"), A FORMER REGISTERED REPRESENTATIVE OF A REGULAR MEMBER ORGANIZATION OF THE EXCHANGE. A STIPULATION OF FACTS AND CONSENT TO PENALTY WAS SUBSEQUENTLY ENTERED INTO BETWEEN THE EXCHANGE AND REARDON AND WAS ACCEPTED BY AN EXCHANGE DISCIPLINARY PANEL AT A HEARING HELD ON JANUARY 31, 1995. REARDON CONSENTED TO A FINDING THAT HE VIOLATED: EXCHANGE RULES 923(A) AND (B), IN THAT HE RECOMMENDED AND EFFECTED UNSUITABLE OPTIONS TRANSACTIONS IN A CUSTOMER'S ACCOUNT BASED UPON HIS KNOWLEDGE OF THE CUSTOMER'S AGE, FINANCIAL STATUS, EMPLOYMENT STATUS AND LACK OF PRIOR OPTIONS EXPERIENCE; EXCHANGE RULE 921(A), MADE APPLICABLE TO EMPLOYEES OF MEMBER ORGANIZATIONS BY EXCHANGE RULE 345(A)(1), IN THAT HE EFFECTED OPTIONS TRANSACTIONS IN A CUSTOMER ACCOUNT WHICH WERE OUT OF THE TRADING CATEGORY FOR WHICH THE ACCOUNT WAS APPROVED; EXCHANGE RULE 345(A)(4), IN THAT HE ENGAGED IN CONDUCT INCONSISTENT WITH JUST AND EQUITABLE PRINCIPLES OF TRADE BY: A) CONDUCTING BUSINESS ON BEHALF OF A EAN FIRM CUSTOMER AT A BANK AND THREE OTHER BROKERAGE FIRMS WITHOUT WRITTEN APPROVAL FROM HIS FIRM'S DIRECTOR OF COMPLIANCE, IN DIRECT CONTRAVENTION OF MEMBER FIRM POLICY; AND B) CONTACTING BROKERAGE FIRMS OTHER THAT MEMBER FIRM TO ARRANGE TRADES IN SECURITIES FOR A MEMBER FIRM CUSTOMER, IN DIRECT CONTRAVENTION OF MEMBER FIRM POLICY; EXCHANGE RULE 345(A)(4), IN THAT HE ENGAGED IN CONDUCT INCONSISTENT WITH JUST AND EQUITABLE PRINCIPLES OF TRADE BY ENGAGING IN A PATTERN OF DAY-TRADING AND SHORT-TERM TRADING UTILIZING DIFFERENT BROKERAGE FIRM ACCOUNTS, TO THE DETRIMENT OF A CUSTOMER; AND EXCHANGE RULE 411, IN THAT HE EFFECTED TRADES ON A DISCRETIONARY BASIS FOR A CUSTOMER THROUGH

MEMBER FIRM, A BANK AND THREE OTHER BROKERAGE FIRMS WHICH WERE EXCESSIVE IN SIZE FOR THE CUSTOMER BASED ON HIS KNOWLEDGE OF THE CUSTOMER'S FINANCIAL STATUS. * NON-PAYMENT OF FINE IMPOSED BY AN AMEX DISCIPLINARY PANEL ON 2/22/95. FINAL INST

Current Status: Final
Resolution: Decision & Order of Offer of Settlement
Resolution Date: 11/27/1995
Sanctions Ordered: Censure
 Monetary/Fine \$5,000.00
 Revocation/Expulsion/Denial
 Suspension

Other Sanctions Ordered:

Sanction Details: REARDON WAS CENSURED AND FINED \$5,000. IN ADDITION, HE WAS SUSPENDED FOR TWO WEEKS FROM ASSOCIATION IN ANY CAPACITY WITH ANY MEMBER OR MEMBER ORGANIZATION OF THE EXCHANGE AND PROHIBITED FOR TWO YEARS FROM HANDLING BOTH DISCRETIONARY ACCOUNTS AND DELIVERY VERSUS PAYMENT ACCOUNTS. * SUSPENDED FROM ASSOCIATION IN ANY CAPACITY WITH A MEMBER OR MEMBER ORGANIZATION AND REGISTRATION REVOKED FOR NON-PAYMENT OF A \$5,000 FINE (\$2,500 REMAINING BALANCE) TO THE EXCHANGE PURSUANT TO EXCHANGE RULE 345(K), UNTIL SUCH FINE IS PAID. FINAL INSTALLMENT PAYMENT OF \$2,500 WAS RECEIVED IN OCTOBER, 2002.

Summary: CONTACT THE ENFORCEMENT DEPARTMENT WITH ANY QUESTIONS AT (212) 306-1000.

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Reporting Source: Broker
Regulatory Action Initiated By: AMERICAN STOCK EXCHANGE (AMEX)
Sanction(s) Sought: Suspension
Other Sanction(s) Sought: 2 WEEK SUSPENSION/\$5,000 FINE
 STILL OWED \$2,500 SO SUSPENDED FROM AMEX UNTIL FULLY PAID.
Date Initiated: 07/13/1990
Docket/Case Number: 90-0-1990, 94-D-4

Employing firm when activity occurred which led to the regulatory action: DEAN WITTER
Product Type: Equity Listed (Common & Preferred Stock)
Other Product Type(s): IPOS
Allegations: SHORT TERM TRADING OF STOCKS AND IPOS IN 1989. REVIEW OF HERREN MATTER IN 1988 BECAUSE ARTHUR LEVITT WAS PRESSURING SRO TO MONITOR MEMBERS. THEY WENT BACK 7-8 YEARS.
Current Status: Final
Resolution: Settled
Resolution Date: 03/14/1995
Sanctions Ordered: Monetary/Fine \$5,000.00
 Suspension
Other Sanctions Ordered:
Sanction Details: SUSPENDED FOR 2 WEEKS FROM AMEX MEMBER.
Summary: THE MATTER REFERENCED HAPPENED 7 - 8 YEARS EARLIER. IT WENT TO ARBITRATION AND RESULTED IN A FAVORABLE RULING TO ME. ALL DOCUMENTS WERE GIVEN TO THE ARBITRATORS SO WHEN AMEX ASKED FOR SUPPORTING DOCUMENTS I HAD NONE. AGAIN THE AGREEMENT TO SETTLE WITHOUT ADMITTING OR DENYING HAPPENED 8 YEARS AFTER AN INCIDENT RULED IN MY FAVOR TO SAVE ON LEGAL EXPENSES. (SEE ATTACH)

About this BrokerCheck Report

BrokerCheck reports are part of a FINRA initiative to disclose information about FINRA-registered firms and individual brokers to help investors determine whether to conduct, or continue to conduct, business with these firms and brokers. The information contained within these reports is collected through the securities industry's registration and licensing process.



Who provides the information in BrokerCheck?

Information made available through BrokerCheck is obtained from CRD as reported through the industry registration and licensing process.

The forms used by brokerage firms, to report information as part of the firms registration and licensing process, Forms BD and BDW, are established by the SEC and adopted by all state securities regulators and SROs. FINRA and the North American Securities Administrators Association (NASAA) establish the Forms U4 and U5, the forms that are used for the registration and licensing process for individual brokers. These forms are approved by the SEC. Regulators report disciplinary information for firms and individual brokers via Form U6.

How current is the information contained in BrokerCheck?

Brokerage firms and brokers are required to keep this information accurate and up-to-date (typically not later than 30 days after learning of an event). BrokerCheck data is updated when a firm, broker, or regulator submits new or revised information to CRD. Generally, updated information is available on BrokerCheck Monday through Friday.

What information is NOT disclosed through BrokerCheck?

Information that has not been reported to CRD or that is not required to be reported is not disclosed through BrokerCheck, such as vacated regulatory actions.

Additional information not disclosed through BrokerCheck includes Social Security Numbers, residential history information, and physical description information. On a case-by-case basis, FINRA reserves the right to exclude information that contains confidential customer information, offensive and potentially defamatory language or information that raises significant identity theft or privacy concerns that are not outweighed by investor protection concerns. FINRA Rule 8312 describes in detail what information is and is not disclosed through BrokerCheck.

Under FINRA's current public disclosure policy, in certain limited circumstances, most often pursuant to a court order, information is expunged from CRD. Further information about expungement from CRD is available in FINRA notices 99-09, 99-54, 01-65, and 04-16 at www.FINRA.org.

For further information regarding FINRA's BrokerCheck program, please visit FINRA's Web site at www.FINRA.org/brokercheck or call the FINRA BrokerCheck Hotline at (800) 289-9999. This hotline is open Monday through Friday from 8:00 a.m. to 8:00 p.m., Eastern Time (ET).

For more information about the following, select the associated link:

- About BrokerCheck Reports: http://www.finra.org/brokercheck_reports
- Glossary: http://www.finra.org/brokercheck_glossary
- Questions Frequently Asked about BrokerCheck Reports: http://www.finra.org/brokercheck_faq
- Terms and Conditions: <http://brokercheck.finra.org/terms.aspx>

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

JUL 13 1991

In the Matter of the Arbitration Between

ARBITRATION-CUM

Name of Claimant

Jonathan B. Frost

90-01990

Name of Respondent

Dean Witter Reynolds, Inc.
Daniel C. Reardon

REPRESENTATION OF PARTIES

Dean Witter Reynolds, Inc. was represented by Scott E. Richter, Esq. of Popham, Haik, Schnobrich & Kaufman, Ltd., Minneapolis, Minnesota.

Daniel Reardon was represented by Jan Stuurmans, Esq. of Stuurmans & Karan, P.A., Minneapolis, Minnesota.

CASE SUMMARY

In a Statement of Claim filed with the National Association of Securities Dealers, Inc. ("NASD") on or about July 18, 1990, Jonathan B. Frost ("Claimant") alleged that Daniel Reardon ("Reardon") an employee of Dean Witter Reynolds, Inc. ("DWR") mismanaged his account by engaging in a highly speculative and unsuitable pattern of improper trading. Claimant further alleged that DWR failed to supervise the activities of Reardon.

In its Answer and Cross-Claim filed with the NASD on or about June 27, 1991, DWR stated that it has never had any direct liability to Claimant and that any liability was based entirely upon the acts and omissions of Reardon. DWR alleged that Reardon concealed his activities from DWR. DWR stated that once the fraudulent activity was discovered, immediate action was taken. DWR stated that it reached a settlement with Claimant and Claimant has assigned his remaining claims against Reardon to DWR. In its cross-claim against Reardon, DWR restated that any liability by it was a direct result Reardon's actions.

In his Answer to the Cross-Claim, Reardon denied the allegations and asserted the following defenses: that the settlement was brought about entirely by the acts or omissions of DWR and was unreasonable; that the cross-claim fails to state a claim upon which relief may be granted; estoppel; waiver; the doctrines of in pari delicto and ratification; and negligence.

OTHER ISSUES

By agreement of the parties, no tape recording was made of the hearing held on Tuesday, October 2, 1991.

RELIEF REQUESTED

DWR requested an award in the amount of \$29,985.03, pre and post judgment interest, attorney's fees, costs and expenses damages in the amount of \$50,000.00 for injury to the business reputation of DWR and unspecified punitive damages.

Reardon requested that the cross-claim be dismissed and denied and that he be awarded his reasonable attorney's fees and costs.

PROCEDURAL MATTERS

On Thursday, September 19, 1991 and Wednesday, October 2, 1991 in Minneapolis, Minnesota during a hearing lasting a total of 5 (five) sessions, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed on July 5, 1990 by Claimant Jonathan B. Frost and on June 24, 1991 by Abe Lampart on behalf of Respondent Dean Witter Reynolds, Inc.

Respondent Daniel Reardon did not file with the NASD a properly executed submission to arbitration but is required to submit to arbitration pursuant to Sections 8 and 12 of the NASD Code of Arbitration Procedure and having answered the claim, appeared and testified at the hearing is bound by the determination of the arbitration panel on all issues submitted.

The parties have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered. In either case, the parties have agreed to receive conformed copies of the award while the original(s) remain on file with the NASD.

AWARD

The arbitration panel, having considered the pleadings, the testimony, and the evidence presented at the hearing and the post-hearing submissions of the parties, has decided in full and final resolution of the issues submitted for determination as follows:

1. The Claimant, Jonathan B. Frost, having previously settled his claims against Respondent Dean Witter Reynolds, Inc. takes nothing from Respondent Daniel Reardon;
2. Cross-Claimant, Dean Witter Reynolds, Inc., sharing responsibility for Claimant's losses due to its reckless supervision of Respondent Daniel Reardon is awarded the sum of \$2,998.50 (Two Thousand Nine Hundred Ninety Eight Dollars and Fifty Cents);
3. No interest is awarded on the above stated sum;
4. Each party shall bear its own costs, expenses and attorney's fees

90-1990

incurred in this matter not specifically enumerated herein; and

5. Pursuant to Section 43(c)/44(c) of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the non-refundable filing fee in the amount of \$120.00 and shall retain the hearing session deposit in the amount of \$400.00 previously deposited with the NASD by the Claimant. Dean Witter Reynolds, Inc. shall pay to the NASD the sum of \$1,600.00 as forum fees.

Fees are payable to the National Association of Securities Dealers, Inc.

Dated:

11/8/91

James E. Olson, Esq.
Presiding Chair
Public Arbitrator

Sharon K. Imes
Sharon K. Imes
Public Arbitrator

David M. Ginter
Industry Arbitrator

90-1990

incurred in this matter not specifically enumerated herein; and

5. Pursuant to Section 43(c)/44(c) of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the non-refundable filing fee in the amount of \$120.00 and shall retain the hearing session deposit in the amount of \$400.00 previously deposited with the NASD by the Claimant. Dean Witter Reynolds, Inc. shall pay to the NASD the sum of \$1,600.00 as forum fees.

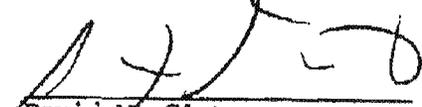
Fees are payable to the National Association of Securities Dealers, Inc.

Dated:

James E. Olson, Esq.
Presiding Chair
Public Arbitrator

Sharon K. Ines
Public Arbitrator

11/12/91



David M. Ginter
Industry Arbitrator

90-1990

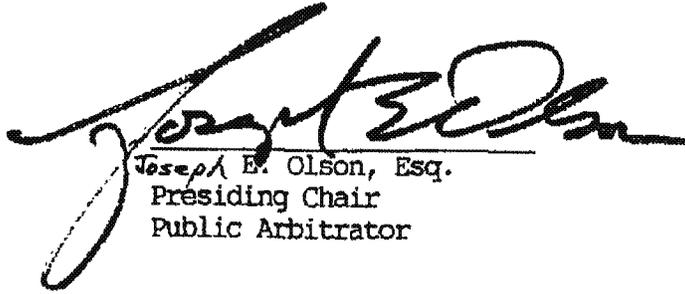
incurred in this matter not specifically enumerated herein; and

5. Pursuant to Section 43(c)/44(c) of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the non-refundable filing fee in the amount of \$120.00 and shall retain the hearing session deposit in the amount of \$400.00 previously deposited with the NASD by the Claimant. Dean Witter Reynolds, Inc. shall pay to the NASD the sum of \$1,600.00 as forum fees.

Fees are payable to the National Association of Securities Dealers, Inc.

Dated:

11-8-91



Joseph E. Olson, Esq.
Presiding Chair
Public Arbitrator

Sharon K. Ines
Public Arbitrator

David M. Ginter
Industry Arbitrator

Exhibit 17

Charlotte S. Johnson ~ 

June 30, 2010

William H. Lipschultz
Trustee
Otto Bremer Foundation
445 Minnesota Street, Suite 2250
Saint Paul, MN 55101

Daniel C. Reardon
Trustee
Otto Bremer Foundation
445 Minnesota Street, Suite 2250
Saint Paul, MN 55101

Dear Bill and Dan:

This letter regards the Resolution to increase Trustee compensation. I have not signed the Resolution, although you have, and the 2010 compensation increases have begun for you.

As you know, the Resolution calls for an increase in Trustee compensation from a current annual salary of \$120,000 to a salary of \$333,400, with a further increase to \$416,700 over two years. In addition, the Resolution ratifies payment of a 0.3% "investment advisory fee" to Trustees who participate in the active management of the non-BFC stock assets, activated in 2009.

After much reflection, I have retained separate counsel to advise me regarding the substantial increase in Trustee compensation. I have a number of concerns regarding the increase, and have sought counsel to determine whether those concerns should be pursued. My primary goal is to ensure that the best interests of the Foundation are protected, and that the three of us as Trustees are well protected against any challenges regarding our fiduciary obligations to the Foundation or claims alleging excessive compensation, and liability that may arise from these claims. We three Trustees have had a long and productive working relationship, and I seek not to disrupt or strain that relationship, but to ensure that we as Trustees fully uphold our fiduciary responsibilities and make sure that any actions to increase compensation are adequately researched, supported and documented to limit any adverse consequences that may otherwise arise. Before I can decide on the Resolution as it applies to me or support Trustee compensation increases at all, I believe more information must be obtained to support the reasonableness of the proposed compensation.

I have consulted with the law firm of Briggs and Morgan, P.A., whose attorneys work regularly with non-profit corporations similar to the Foundation. In addition, I received information from Celia Roady of the law firm of Morgan, Lewis & Bockius in Washington, D.C., who regularly counsels foundation clients on tax and governance matters. After consultation with counsel, I believe it is in the best interest of the Foundation, and the three of us as Trustees, that I address my concerns with you. Upon the advice of my counsel, I feel it imperative to raise with you the issues set forth below.

I understand that the March 31, 2010 "preliminary" report from Riley Dettman & Kelsey was prepared by a competent evaluator, with some participation by Winthrop and Weinstine. I have some concerns, however, about the report, and in particular the assumptions it makes about the Trustees' duties (including that the duties are comparable to senior executive duties, even though the Foundation and the Bank have their own Executive Director and CEO, respectively). I also believe the significant increase in Trustees' compensation, both in base compensation and also additional investment-related compensation, could raise questions from the Minnesota Attorney General's Office at the time of the next petition. If the compensation data in the Riley report is insufficient to establish a "rebuttable presumption of reasonableness," there could be significant IRS penalties if the Trustees are determined to have received excess compensation. In addition to these legal concerns, I believe that the substantial increase in compensation could result in negative publicity that could seriously damage the reputation of the Foundation and the Bremer Banks.

The Riley report references meetings with Dan, and states that the consultant reviewed a variety of background materials that the Trustees had researched and gathered. The report also states that the consultant had an in-depth discussion with the Trustee (Dan) about the Foundation's organizational structure and the role of Trustees. At the progress meeting, it appears that Dan and the consultant discussed at least 23 questions or issues raised by the consultant, and also discussed the monitoring of the Foundation's private equity assets. As you know, I was not involved in the discussions with Mr. Riley. Nor have I had the opportunity to review any of the information provided to the Riley consultants by Dan, or the 23 questions or issues raised by Riley (or the responses provided to those questions). The report states that it is based on assumptions drawn from what appears to have been significant background material, but I have not seen the majority of the background information on which those assumptions are based.

The Resolutions include the following language in the "whereas" recitals:

"WHEREAS, the Trustees have each reviewed the Final Report and its discussion *and assumptions contained therein* and have had the opportunity to discuss said Final Report among themselves; and

WHEREAS, the *assumptions in the Final Report appear to accurately reflect the operations of the Foundation* and actions of the Trustees in connection with the Foundation and *the recommended compensation and salary range contained in the Final Report for the ordinary services as a Trustee of the Foundation appears reasonable* in light of the specific ordinary services rendered to the Foundation by the Trustees..."

The Resolution also states that the March 31, 2010 report "is hereby ratified, adopted and approved for the Foundation, and the compensation and salary range contained in said Final Report is hereby ratified, adopted and approved as the "Trustee Fee Range" for the ordinary services as a Trustee to the Foundation." A following resolution states the Trustees "adopt and approve as the reasonable ordinary compensation to be paid each Trustee for his or her services as Trustee an amount equal to the \$333,400 established as the "minimum" of the "Trustee Fee Range" for the ordinary service as a Trustee for the Foundation." (And as you know, a further resolution approves increasing the amount to \$416,700 over two years.) Because I have not had the opportunity to review the background materials, or the questions raised by the Riley consultants at the progress meeting or the responses to those questions, I cannot sign a Resolution that states I have reviewed the information, confirms that it appears reasonable or that I ratify, approve or adopt the Report. I simply do not have enough information to make such acknowledgments or approvals, and my attorneys tell me the implications of signing are significant. I believe I must have appropriate information before I can take any action.

I believe it is necessary for me to see the background information provided to Riley, as well as the questions posed by Riley along with the responses given. But, that is not all. In order to place any compensation increase on solid ground, and to provide the Trustees with protection against challenges related to the compensation increases, I believe we must seek additional information and build a stronger record as to whether the proposed compensation increases are reasonable. I cannot sign any version of the Resolution until that is done.

Therefore, I intend to seek from the Foundation's counsel at Winthrop and Weinstine a legal opinion regarding the legal exposure that we as Trustees may have if the substantial increase in base compensation, as well as the additional investment compensation, is adopted. I ask that you, as fellow Trustees, join me in my request. Please see the enclosed Briggs and Morgan letter for the specific matters that I ask the opinion to address. Depending upon Winthrop and Weinstine's response, there may be certain additional steps, also outlined in the Briggs and Morgan letter.

I understand that part of this recommended work may already have been done by Winthrop and Weinstine and you may have reviewed the information in making your determination. I have not had access to any such information, so if it has already been provided, please let me know so I can review it as well. But, I have spoken with our counsel, Ryan Crayne of Winthrop and Weinstine, and he seems willing to take the steps my counsel has advised.

Once we have received an opinion from Winthrop and Weinstine and made the necessary compensation decision, I believe a petition requesting the Court's approval of the compensation increases will be necessary, and we should ask Winthrop and Weinstine to prepare a petition for submission to the Court.

I hope that these issues can be addressed and resolved smoothly and efficiently through collaboration among all three of us for the good of the Foundation. Again, I do not seek to cause discord among the Trustees, but wish to place the Foundation and Trustees in the best possible position. In order to support the proposed increases, I feel strongly that further documentation of the reasonableness of the proposed compensation must be obtained.

Once you have had an opportunity to review and consider this letter and the enclosed Briggs and Morgan letter, we can discuss the appropriate next steps and contact the Foundation's counsel at Winthrop and Weinstine. We should proceed on this by mid-summer at the latest to ensure we have adequate time to address these important questions. I look forward to working with you as we further discuss, consider and ultimately resolve these issues.

Sincerely,

A handwritten signature in cursive script, appearing to read "Shotsy".

Charlotte S. Johnson

Exhibit 18

17

FILED

STATE OF MINNESOTA

DISTRICT COURT

AUG 30 2011

COUNTY OF RAMSEY

SECOND JUDICIAL DISTRICT

COURT ADMINISTRATOR
BY DEPUTY

Court File No. 62-C9-61-315222

In the Matter of the Otto Bremer Foundation

**PETITION FOR COURT ORDER
APPROVING TRUSTEES' ACCOUNT
COVERING THE PERIOD JANUARY 1,
2010 THROUGH DECEMBER 31, 2010;
CONFIRMING AND APPROVING
TRUSTEE COMPENSATION; AND
GRANTING OTHER RELIEF**

The Petitioners, William H. Lipschultz, Daniel C. Reardon and Charlotte S. Johnson, who petition the Court pursuant to Minn. Stat. §§ 501B.16 and 501B.23, respectfully declare and state as follows:

1. The Petitioners are Trustees of the Otto Bremer Foundation (the "Foundation").
2. The Foundation is an express trust for charitable, religious and other purposes within the meaning of Minn. Stat. Section 501B.35. The Foundation is created by that certain Otto Bremer Foundation Trust Instrument dated May 22, 1944, as amended (the "Trust Instrument").
3. There have been prior court proceedings in this Court concerning the Foundation, and therefore this Court has jurisdiction over this matter as a proceeding in rem and venue is proper.
4. No court proceedings relative to this Foundation have been filed in any other county in Minnesota.
5. This Petition is brought pursuant to Minn. Stat. §§ 501B.16 and 501B.23.
6. The Trustees of the Foundation consist of William H. Lipschultz and Daniel C. Reardon, and Charlotte S. Johnson, the appointment of all such Trustees having been duly confirmed by prior Orders of this Court.

7. The annual accounts for the Foundation covering the administration of the Foundation for periods ending prior to January 1, 2010 previously were filed with this Court and have previously been settled and allowed by prior orders of this Court.
8. The Trustees have filed with this Court their account for the period January 1, 2010, through and including December 31, 2010; which account is designated as the Sixty-Sixth Annual Account, which is a true and correct itemized statement of all monies, properties and effects which came into possession of the said Trustees during the aforesaid periods and all disbursements made by said Trustees during said periods of time.
9. The Sixty-Sixth Annual Account is true and correct and reflects that the Foundation has been administered pursuant to Trust Instrument.
10. Pursuant to Paragraph 13 of the Trust Instrument, the Trustees of the Foundation are entitled, if they claim it, to receive an amount not to exceed (in the aggregate for all Trustees) four percent (4%) of the cash income therefrom for their regular services as Trustees and, for extraordinary services required, reasonable additional compensation.
11. Although the term "cash income" is not defined in the Trust Instrument and the term is subject to different possible interpretations, the Court, by its Order dated March 9, 2011, construed "cash income" as the Foundation's total net investment income before expenses and disbursements for each fiscal year as reflected on the IRS Form 990-PF for that year (currently Line 12, Column (b) of Part I of the 990-PF).
12. The Foundation's cash income for its fiscal year ending December 31, 2010 was \$27,739,041, and four percent (4%) of that amount was \$1,109,561.64, an amount well in excess of the \$607,500 collectively received by the Trustees for their regular services as Trustees during that fiscal year.
13. The Court, by its Order dated March 9, 2011, approved a permitted annual Trustee Fee for the ordinary services rendered by each Trustee in the amount of \$285,000 for the Foundation's fiscal year ending December 31, 2010, provided that each Trustee shall be permitted to claim a lesser amount should he or she desire, as is permitted under the Trust Instrument. For the fiscal year ending December 31, 2010, the Trustees received the following Trustee Fee for their ordinary regular services to the Foundation:
 - a. William H. Lipschultz: \$243,750
 - b. Daniel C. Reardon: \$243,750
 - c. Charlotte S. Johnson: \$120,000
14. In addition to the Trustee Fee for the ordinary services as a Trustee, since 2009 Trustees Lipschultz and Reardon have been actively providing investment advisory services for the over \$100,000,000 of the Foundation's assets consisting of assets other than stock of Bremer Financial Corporation, a regional bank holding company ("BFC"). From January 1, 2009 through March 31, 2010, Trustees Lipschultz and Reardon received fees of approximately thirty-five (35) basis points (0.35%) in the aggregate. Effective April 1, 2010, this was reduced to thirty (30) basis points (0.30%) in the aggregate. The

Court, by its Order dated March 9, 2011, approved the continued receipt of an annual thirty (30) basis points (0.30%) investment advisory fee for the services performed by Trustees Lipschultz and Reardon.

15. For the fiscal year ending December 31, 2010, those Trustees received the following investment advisory fee for the active management of the non-BFC stock assets of the Foundation:
 - a. William H. Lipschultz: \$167,499.99
 - b. Daniel C. Reardon: \$167,499.99
16. In the opinion of the Petitioners, the amounts shown in the Sixty-Sixth Annual Account as compensation paid to the Trustees are just and reasonable and properly allocated to income as required under Paragraph 13 of the Trust Instrument.
17. The Trustees and employees of the Foundation are reimbursed for any personal expenses incurred on behalf of the Foundation, and included with the annual account covering the annual period ending December 31, 2010 are payments made for or as reimbursements to officers and employees for expenses incurred within this category.
18. Each of the Petitioners also serves as a member of the Board of Directors of BFC for which the Petitioners receive the director fees set for members of the BFC Board of Directors. The Board of Directors is appointed by the holders of BFC's Class A voting common stock, of which only 20% is owned by the Foundation. The Petitioners do not control the Board of Directors, do not have any right or power to continue as directors, and do not set the compensation paid by BFC to its directors. As a result, Petitioners believe that their services as BFC directors are outside the scope of the services to the Foundation. However, because a substantial portion of the Foundation's assets consist of BFC stock, this information is provided in the interest of full disclosure.
19. As of December 31, 2010, the book value of the assets of the Foundation was \$802,924,520, with \$697,495,595 of those assets consisting of BFC stock.
20. Because of the unique structure and composition of the assets of Foundation and the duties of and services rendered by the Trustees, in 2010 the Trustees engaged the independent consulting firm of Riley Dettmann & Kelsey LLC. (the "Independent Consultant") to provide guidance on comparable compensation for the regular Trustee services.
21. The Independent Consultant prepared and presented a Final Report dated March 31, 2010 (the "Final Report") to the Trustees, which report identified a compensation and salary range for each Trustee for the regular duties of the Trustee in connection with the Foundation, with said compensation and salary range consisting of a minimum of \$333,400, a midpoint of \$416,700, and a maximum of \$500,000. The Final Report was adopted and approved by a majority of the Trustees.
22. In their Petition dated January 26, 2011, the Trustees outlined their belief that the amount of \$285,000 (the "Trustee Fee") represents the reasonable ordinary annual compensation to be paid to a Trustee for his or her ordinary services as a Trustee, which Trustee Fee is

less than the amount established as the “minimum” of the range contained in the Final Report. After due notice and hearing on this matter where a copy of the Final Report was entered into evidence with the Court (after a copy had also been provided to the Office of the Attorney General for the State of Minnesota), the Court, by its Order dated March 9, 2011, approved a permitted annual Trustee Fee for the ordinary services rendered by each Trustee in the amount of \$285,000 for the Foundation’s fiscal year ending December 31, 2010, provided that each Trustee shall be permitted to claim a lesser amount should he or she desire, as is permitted under the Trust Instrument.

23. The Court Order dated March 9, 2011 also permits, for each fiscal year subsequent to the Foundation’s fiscal year ending December 31, 2010, a reasonable adjustment to the Trustee Fee to be made by action of the Trustees after due deliberation on the same, provided that the Trustee Fee in no event may be increased by an amount that for any fiscal year exceeds the normal range for compensation increases for employees of the Foundation (which normal range typically has been 0% to 4% of compensation) approved for that fiscal year. The Trustees do not intend to make any adjustment to the Trustee Fee for the Foundation’s current fiscal year that ends December 31, 2011.
24. The Petitioners request that this Court approve the amount of \$285,000 as the Trustee Fee for the Foundation’s fiscal year ending December 31, 2011 for the ordinary regular services rendered by each Trustee to the Foundation, subject to the following:
 - a. For each fiscal year of the Foundation, each Trustee shall be entitled to claim annual compensation from the Foundation for his or her ordinary services as a Trustee in an amount that does not exceed the Trustee Fee for that fiscal year, provided that each Trustee shall be permitted to claim a lesser amount of compensation should he or she so desire, as is permitted under the Trust Instrument.
 - b. For each fiscal year subsequent to the Foundation’s fiscal year ending December 31, 2011, a reasonable adjustment to the Trustee Fee may be made by action of the Trustees after due deliberation of the same, provided that the Trustee Fee in no event may be increased by an amount that for any fiscal year exceeds the normal range for compensation increases for employees of the Foundation (which normal range typically has been 0% to 4% of compensation) approved for that fiscal year.
 - c. The aggregate of the annual compensation claimed for all Trustees for their ordinary regular services as Trustees for a given fiscal year of the Foundation may not exceed four percent (4%) of the Foundation’s cash income for that fiscal year. For this purpose, “cash income” shall be considered the Foundation’s total net investment income before expenses and disbursements for each fiscal year as reflected on the IRS Form 990-PF for that year (currently Line 12, Column (b) of Part I of the 990-PF).
 - d. The permitted Trustee Fee for any Trustee who serves as a Trustee for less than a full fiscal year for the Foundation shall be prorated to the portion of such fiscal year during which said individual serves as a Trustee.

25. In rendering the Final Report, the Independent Consultant specifically excluded and did not consider any additional appropriate income that might be received by the Trustees from the Foundation for other services such as fees for investment advisory services.
26. Under Paragraph 13 of the Trust, each Trustee, in addition to compensation for regular services rendered as Trustee, is entitled to reasonable additional compensation for extraordinary services required of the Trustee.
27. The Trustees believe that the continued charging of an annual investment advisory fee equal to thirty (30) basis points (0.30%) for the active investment management of the non-BFC stock assets of the Foundation by Trustees Lipschultz and Reardon is appropriate additional compensation for those services to the Foundation, with such fee to be divided equally between those Trustees. The Petitioners request that this Court approve the continued receipt by Trustees Lipschultz and Reardon of this thirty (30) basis points (0.30%) investment advisory fee.
28. Petitioners also request that this Court order that no additional annual compensation from the Foundation to the Trustees (beyond any health insurance or fringe benefits already being provided to the Trustees from the Foundation) will be permitted without prior court approval for the same
29. Petitioners request that this Court approve the payment from the Foundation of their reasonable attorneys' fees and expenses incurred in connection with this proceeding.

WHEREFORE, Petitioners respectfully pray for an Order of this Court as follows:

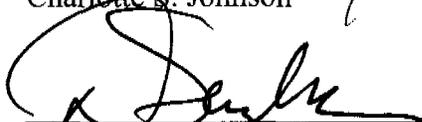
1. Fixing a time and place for a hearing on the Petition and notice to be given thereon.
2. Settling and allowing the Sixty-Sixth Annual Account of the Trustees covering the period ended December 31, 2010.
3. Confirming and approving the acts and doings of the Trustees during the period January 1, 2010, to and including December 31, 2010.
4. Approving and ratifying a "Trustee Fee," in the amount and manner set forth in the Petition for the services rendered by the Trustees to the Foundation.
5. Approving and ratifying the continued receipt of an annual investment advisory fee from the Foundation in the amount and manner set forth in the Petition for the Trustees of the Foundation actively managing the assets of the Foundation constituting assets other than stock of Bremer Financial Corporation.

6. Granting such other or further relief as may be proper, including allowances for attorneys' fees and expenses necessarily incurred in this proceeding.

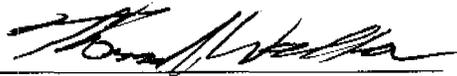
Dated: August 24, 2011.


William H. Lipschultz


Charlotte S. Johnson


Daniel C. Reardon

WINTHROP & WEINSTINE, P.A.

By: 
Thomas A. Walker

Attorneys for the Petitioners:
Thomas A. Walker (#204102)
Winthrop & Weinstine, P.A.
225 S. 6th Street, Suite 3500
Minneapolis, MN 55402
Phone: (612) 604-6400
Fax: (612) 604-6800

STATE OF MINNESOTA)
COUNTY OF Ramsey) ss.

WILLIAM H. LIPSCHULTZ, being first duly sworn upon oath, says that he is one of the Petitioners named in and who executed the foregoing Petition; that he has read the foregoing Petition, knows the contents thereof; and that the same is true to the best of his knowledge, information and belief.

William H. Lipschultz
William H. Lipschultz

Subscribed and sworn to before me this 24 day of August, 2011.

Kari Suzuki
Notary Public



STATE OF MINNESOTA)
COUNTY OF Ramsey) ss.

CHARLOTTE S. JOHNSON, being first duly sworn upon oath, says that she is one of the Petitioners named in and who executed the foregoing Petition; that she has read the foregoing Petition, knows the contents thereof; and that the same is true to the best of her knowledge, information and belief.

Charlotte S. Johnson
Charlotte S. Johnson

Subscribed and sworn to before me this 24 day of August, 2011.

Kari Suzuki
Notary Public



**ACKNOWLEDGMENT REQUIRED BY
MINN. STAT. § 549.21, SUBD. 1**

We, the attorneys for the Petitioner, acknowledge that pursuant to Minn. State. § 549.21, Subd. 2, costs, disbursements, and reasonable attorney and witness fees may be awarded to the parties in this matter if the Court should find that the attorneys for the Petitioner acted in bad faith, asserted a claim or defense that is frivolous and that is costly to the other party, asserted an unfounded position solely to delay the ordinary course of the proceedings or to harass; or committed a fraud upon the Court.

WINTHROP & WEINSTINE, P.A.



Thomas A. Walker, Esq. #204102

Attorneys for the Petitioner
225 South Sixth Street, Suite 3500
Minneapolis, Minnesota 55402
(612) 604-6400; Fax (612) 604-6800

Exhibit 19

CG-61-315222

FILED

MAR 02 2011

COURT ADMINISTRATOR
BY CB DEPUTY

Otto Bremer Foundation

Determination of a Trustee Fee Structure

Final Report

March 31, 2010

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OBJECTIVES/SCOPE

Otto Bremer Foundation (the Foundation) was organized as a Trust in 1944 to fulfill several charitable objectives detailed in the trust instrument.

The primary asset of the Foundation is Bremer Financial Corporation, a bank holding company with assets of approximately \$760 million. The Foundation has approximately \$110 million in other assets.

The Foundation is governed by the trust instrument established in 1944. There are three trustees who have responsibility for every aspect of the operation of the Foundation and have expenditure responsibility of \$30 to \$35 million that includes grants and administration. The Trustees are appointed for life and affirmed by the Court.

The Trustees have engaged an independent consultant to provide guidance on appropriate compensation practices and to recommend a fee structure or range. The Trustees have researched comparable compensation data using personal contacts, Internet data and other sources. A list of these sources is included in this report.

The consultant will provide an independent evaluation and analysis of the data provided. The consultant will also conduct their own research to supplement this data.

The end result will be a final report detailing the objective, approach, and findings. The final report will also detail a range for compensation with statistical exhibits.

Organization Meeting

We initiated the engagement by meeting with Daniel Reardon (the Trustee). Mr. Reardon was acting on behalf of the other Trustees. At this meeting, we reviewed a variety of background materials that the Trustees had researched and gathered. These materials were of significant volume. A summary of the background materials is included in this report.

We also had an in-depth discussion with the Trustee to explore the unique organizational structure of the Foundation and the unique and complex role of the Trustees.

The background materials included data pertaining to fees that trust organizations would charge for varying asset levels of investment management. There was data pertaining to what private equity firms charge for inventory and investment management, data from compensation surveys, and opinion letters from law firms. We were also provided with a copy of the trust agreement and historical data (letters to congressmen and other miscellaneous documents). A more complete list of background materials is included in this report.

Review of the Background Materials

We reviewed the background materials and developed a list of questions and observations. These questions and observations served as the principal agenda for our progress meeting with the Trustee.

Progress Meeting

We met with the Trustee to review our progress. We covered approximately 23 questions or discussion points. In addition, the Trustee provided clarification on several points such as the monitoring of the private equity assets of the Foundation.

We discussed the fringe benefits that are provided to the Trustees, as well as the void of a retirement plan of any kind. We also discussed the potential and feasibility of adding a deferred compensation component to any future Trustee fee schedule.

We agreed that our engagement team should research additional statistical data to support our recommendations concerning a Trustee fee schedule.

Preliminary Report

We developed a preliminary report and presented it to the Trustees.

The report followed this format--

- Objectives/Scope
- Methodology
- Findings
- Supporting Statistical Exhibits
- List of Miscellaneous Background Materials

FINDINGS

Overview

Trustees are engaged in the oversight and monitoring of the primary asset, the bank holding company. Their role is both at the operating and governance executive level. Due to the illiquidity of the bank holding company, the financial reporting to regulators, as well as the timeliness and accuracy of reporting, the Trustees assume significant fiduciary responsibility.

We based our findings by looking at data from multiple dimensions and organizational types.

Trust Instrument

The trust instrument was made in 1944 and is still the governing instrument today.

Paragraph 13 deals with Trustee compensation and entitles Trustees up to 4% of cash income of the trust estate. Cash income is defined as earnings, dividends and interest.

Each Trustee receives \$115,000 in cash income. They also participate in the fringe benefits of the Foundation. They do not receive or participate in any retirement program, including those of the Foundation.

Based on 2008 cash income of approximately \$61 million, the 4% available for the three Trustee's compensation would be \$2.4 million.

Responsibilities and Liabilities

As noted in correspondence from outside counsel, Trustees occupy a position of considerable responsibility. Trustees are charged with advancing the Trust's purpose and protecting its assets. The three Trustees are the senior executives of the Foundation.

Correspondence from outside counsel stated that the position of Trustee is more comparable to that of senior executives. We would concur in that conclusion.

Trustees incur risks and liabilities as sole control persons and fiduciaries.

Private Equity Considerations

Some aspects of the Trustees are similar to those of private equity managers. The Trustees have fiduciary responsibility for Bremer Financial Corporation, a significant private equity asset. Like a private equity manager, the Trustees are responsible for the monitoring and administration of investments. This includes cash flow management, performance monitoring, and reporting.

Private equity funds generally have an annual management fee ranging from 1.5% to 3.0% based on total commitments during the investment period. After the investment period, fees are generally assessed at a lower rate.

Trust Organizations

Certainly there are aspects of the Trustee's responsibilities that are similar to the management of trust organizations.

Trust organizations structure their fees based on the size of the assets they are being asked to oversee and manage as fiduciaries. Generally, fees are negotiated when assets are over \$5 million, but several trust organizations quoted fees for assets over \$2 million, \$5 million, etc. Fees are quoted as a percentage or basis points based on asset size.

Detailed information on trust fees is included in this report.

Compensation Surveys

In addition to the surveys that were provided, we used additional surveys that we have used in our consulting practice for many years and are generally accepted reliable sources. All of the surveys used are on the *List of Miscellaneous Background Materials* found at the end of this report.

In order to utilize the survey materials, the Trustee position has to be comparable to a survey position and accompanying position descriptions.

We recognized that an exact match to the Trustee position was not possible, but we did select the position of Chief Executive Officer as an optimum comparable. Many of the Trustee's duties detailed in the position description given to us by Bremer are similar to the survey position descriptions.

Details of the compensation survey data are included in this report. The data is expressed as the Q1 (25th percentile), Q2 (median), Q3 (75th percentile) and average for each data cut, plus an explanation of the composition of the data cut.

Conclusion

Our compensation analysis did not address additional income such as fees for investment advisory services.

We reached our conclusion based on a careful review of the background materials and related discussion points in the findings of this report.

We also considered the following--

- The maximum that the Trustees can be compensated is 4% of the cash income of the trust estate. This equates to \$2.4 million divided among the Trustees.
- The Executive Director, who reports to the Trustees and has significantly less responsibilities, is paid \$268,000.

We concluded the establishment of a compensation/salary range represents an appropriate and reasonable approach to a fee schedule for the Trustees.

A typical executive salary range has a minimum, midpoint, and maximum. The midpoint, in an academic sense, is the market value of the position and where a fully qualified and experienced executive's salary is positioned. However, this is often not the case since many factors influence an executive's salary.

It is common for an executive's salary range to have a width of 50% or more.

We concluded that the range width of 50% is reasonable for a Trustee. We also concluded that the minimum should be reasonably higher than the actual salary of the Executive Director. Therefore, we would recommend a salary range as follows--

<u>Minimum</u>	<u>Midpoint</u>	<u>Maximum</u>
\$333,400	\$416,700	\$500,000

This range correlates to the compensation survey data. The minimum of this range approximates the Q2 (median) of the survey averages. The maximum of this range approximates the Q3 (75th percentile) of the survey averages.

An executive's salary can be placed in the range or outside the range (such as below the minimum). The decision concerning the placement of an executive's salary can be a function of performance, experience, and several other factors including the judgment of the decision maker.

While it is outside the scope of the engagement, we will note while the Trustees participate in the Foundation's fringe benefits, they do not participate in any retirement plan. The Trustees may wish to investigate deferring part of their compensation into a deferred compensation plan. This should be possible if the proper elections are made and the plan conforms to other design criteria such as "time criteria", etc. The benefits department of the Foundation's outside counsel would be a good resource, if appropriate.

SURVEY SOURCES

Source Code	Survey Title	Publisher
FFOG	FFOG Compensation Studies Data Effective: January 1, 2008 Data Updated: 3.3%	Foundation Financial Officers Group
GM	Grantmakers Salary and Benefits Report Data Effective: February 1, 2008 Data Updated: 3.0%	Council on Foundations
100	Survey Report on Top Management Compensation Data Effective: January 1, 2010 Data Updated: 0%	Watson Wyatt Worldwide
960	National Executive Compensation Survey Data Effective: February 1, 2007 Data Updated: 6.9%	Employers Association
1170	Minnesota Statewide Compensation Survey Data Effective: April 1, 2008 Data Updated: 1.024	QualComp Research Company

Survey data (excluding bonus) have been updated assuming an annual increase rate of 3.6% for 2008, and zero increases for 2009 and 2010, to be effective as of April 1, 2010.

POSITIONS DESCRIPTIONS

<u>Source Code</u>	<u>Position Title/Description</u>
FPOG	CEO/President This position has responsibility for the overall direction and management of the foundation. Coordinates the efforts of the senior executives and works with them and the Board of Trustees to develop the foundation's vision and strategies. Typically reports to the Board of Trustees.
GM	CEO/President Responsible for directing the overall staff, program, and administrative activities of the organization. Works closely with the board to develop the foundation's vision and strategies. Responsible for the effective use of financial and human resources of the organization. May also be called administrator, executive director, or other titles. The top staff position at a small or single staffed foundation.
100	Chief Executive Officer Directs the development of short and long-range objectives, policies, budgets and operating plans for the organization. As approved by the Board of Directors, oversees their consistent interpretation, implementation and achievement. Establishes an organization hierarchy and delegates limits of authority to subordinate executives regarding policies, contractual commitments, expenditures and personnel matters. Represents the organization to the financial community, industry groups, key customers, representatives of government and regulatory agencies, and the general public. May serve as presiding officer of the Board of Directors and guide its deliberations and activities.
960	Chief Executive Officer Determines the basic objectives of the organizational unit; formulates plans and policies and allocates resources for the achievement of these objectives. Interprets and applies policies established by the owners of the enterprise or their representatives (Board of Directors, Trustees, etc.). Organizes the unit and determines allocation of duties and authorities to subordinates. Exercises controls to see that objectives are achieved in accordance with basic organization policy. Fully accountable for the results of the activity of the organizational unit. Typical position titles include: Chairman of the Board, President, Vice President, General Manager, Executive Director, etc. This is usually a single incumbent position.
1170	Chief Executive Officer Top executive in the organization/operating unit, responsible for establishing short-term and long-term strategy to ensure a financially successful operation. Provides overall direction to line and staff functions through subordinate top management team. At the corporate or subsidiary level, may also be Chairman of the Board. At the non-corporate level, may be President or General Manager or equivalent title. For non-industrial organizations, titles may differ substantially. This position and all others in this section are not limited to the corporate level.

LIST OF MISCELLANEOUS BACKGROUND MATERIALS

- Trust Instruments
- Private Foundation Tax Laws and Compliance (chapter from book)
- 1981 Winthrop, Weinstine & Sexton Letter to Congressman Stark
- 2005 Panel on the Non-Profit Section (#5 Compensation of Trustees of Charitable Trusts)
- Overview of Private Equity (2006 article by McGovern and Franklin Park)
- 2008 Memo - Trustee Fees
- Private Equity Foundation and Monetary Fees (2008 Dechert article)
- Dechert One Point - Private Equity (2008 article)
- 2009 Financial Statements
- 2009 Winthrop Weinstine Letter (Trustee Fee Analysis - March 12)
- 2009 Winthrop Weinstine Discussion Memo (Trustee Fees - January 23)
- 2009 Gray Plant Mooty Letter (Otto Bremer Foundation Holdings of Bremer Financial Corporation Stock)
- Fee Schedules
 - Edward Jones Trust Company
 - Vanguard Trust Services
 - Fred Schoen Fiduciary
 - FABT (Jacksonville, Arkansas)
 - Greenspring Wealth Management
 - The Private Trust Company
 - Supervisor Trust Services
 - AB Bernstein Global Wealth Management
 - The People State Bank
 - American Estate Trust

- Fee Schedules (continued)
 - Virgil Trust & Financial Advocacy
 - RBC Wealth Management
- Miscellaneous Memos Concerning Fees
- Trustee Compensation - What's Appropriate (Bruhl & Associates papers)
- Miscellaneous Articles Concerning Trustees Responsibilities and Liabilities
- Surveys Used in Market Pricing Analysis
 - FFOG Compensation Studies (Foundation Financial Officers Group)
 - Grantmakers Salary and Benefits Report (Council on Foundations)
 - Survey Report on Top Management Compensation (Watson Wyatt Worldwide)
 - National Executive Compensation Survey (Employers Association)
 - Minnesota Statewide Compensation Survey (QualComp Research Company)

Otto Bremer Foundation Market Pricing Analysis

Aged to 4/1/2010*

Otto Bremer Foundation Job Title	Base Salary	Survey Code	Survey Job Title	# of Orgs	# of EEs	Base Salary				Annual Incentive			Avg Total Cash Comp	Comments	
						Q1	Q2	Q3	Mean	% of Base	Avg Paid				
Trustees	\$ 228,000	FEOG	CEO/President*	145	145	253.1	328.5	417.3	342.1	-	-	-	349.4	Membership of Foundation Financial Officers Group	
		GM	CEO/President*	8	8	-	384.0	-	409.3	-	-	-	-	Membership of Council on Foundations Private, Independent Assets \$750M-\$999.9M	
		100	Chief Executive Officer*	15	15	307.2	501.4	769.9	553.6	68.7%	423.9	900.7	Financial Svcs Orgs Assets Under \$2,000M Median Asset: \$717M National Data		
		960	Chief Executive Officer*	15	15	-	374.9	-	390.2	-	465.0	424.9	All Non-Mfg Orgs (Svc) Rev: \$500M-\$999.9M National Data		
		1170	Chief Executive Officer*	94	94	256.0	355.4	436.6	391.3	-	-	546.0	All Business Units Median Rev: \$110M Minnesota Data		
Variance from Q2 Median				-41.4%	Survey Averages:		55	55	272.1	388.8	541.3	417.3	68.7%	444.5	555.2

*OBF is similar to the CEO/President job description "responsibility for the overall direction and management of the organization". While the CEO/President position typically reports to a Board of Trustees, OBF position also has Trustee & Fiduciary responsibility.

Annual Fees Charged for Professional Trustee Services

Generally includes overhead and profit

(Exhibit excludes extra charges for Real Estate property management or selling.)

	Tax Prep	One-Time Fee	Estate Adm Fee	Annual Minimum Fee	First ~ \$500,000	Next ~ \$500,000	First Million	Next Million	More Than 2 Million	More Than 3 Million
	Edward Jones Trust Company	tbd	\$3000/once	\$3000/once	\$5,000	1.50%	1.15%	1.15%	0.75%	
Vanguard		\$4500/once				0.75%	0.35%	0.20%		
Fred Schoen, Fiduciary		tbd		\$2,400		0.60%	0.55%	0.50%	0.50%	
First Arkansas Bank & Trust		\$700/yr	\$750/yr		0.95%	0.85%	0.75%	0.65%		
Greenspring Wealth Mgmt					1.25%	1.00%	0.75%	0.75%	0.75%	0.50%
Greenspring Institutional Svcs							0.50%	0.40%	0.40%	
The Private Trust Company	\$475			\$1,300			0.65%	0.55%	0.55%	0.45%
Superior Trust Services				\$2,000			1.10%	0.85%	0.65%	
Bernstein Global Wealth Mgmt					1.85%	1.50%	1.25%	1.20%	1.10%	1.10%
Peoples State Bank	??									
American Estate & Trust, LC	\$500			\$750	1.00%	0.75%	0.50%	0.50%	0.25%	
Vigil Trust & Financial Advocacy	tbd			\$225+.002	1.00%	0.80%	0.80%	0.60%	0.50%	
RBC Wealth Management	\$850			\$10,000			1.50%	1.50%	1.50%	1.00%

Annual Fees Charged for Professional Trustee Services

Generally Includes overhead and profit

(Exhibit excludes extra charges for Real Estate property management or selling.)

	More Than			Distribution Fees	Termination Fees	Annual Sole Trustee
	5 Million	10 Million	25 Million			
Edward Jones Trust Company				Yes	Yes	
Vanguard						\$2,500
Fred Schoen, Fiduciary	0.45%				tbd	
First Arkansas Bank & Trust					\$20/asset	
Greenspring Wealth Mgmt						
Greenspring Institutional Svcs	0.40%	0.30%	0.20%			
The Private Trust Company	0.35%	0.25%	0.20%		1% /\$10K Min	
Superior Trust Services						
Bernstein Global Wealth Mgmt						
Peoples State Bank						
American Estate & Trust, LC						
Vigil Trust & Financial Advocacy					50% of yr fee	
RBC Wealth Management	0.75%	0.75%			\$10,000	Add 20% of fee

Hourly Rates Charged for Professional Trustee Services

(Hourly rates generally include overhead and profit.)

	<u>12/16/2009</u>	<u>Annualized</u>
	<u>\$ / Hour</u>	<u>2080</u>
Fred Schoen, Individual Fiduciary	\$160	\$332,800
Fred Schoen, Trust Officers	\$140	\$291,200
Fred Schoen, Trust Acctg Svcs	\$115	\$239,200
Fred Schoen, Assistant	\$105	\$218,400
Fred Schoen, Bookkeeping Svcs	\$75	\$156,000
Fred Schoen, Admin Assistants	\$75	\$156,000
<hr/>		
<u>5/1/2009</u>	<u>\$ / Hour</u>	<u>Annualized</u>
		<u>2080</u>
RBC Wealth Mgmt - Officer	\$300	\$624,000
RBC Wealth Mgmt - Administrator	\$150	\$312,000

Trustee

**William Lipschultz
Charlotte Johnson
Daniel Reardon**

Proposal to Assist

OTTO BREMER FOUNDATION

with a Determination of a Trustee Fee Structure

January 13, 2010

OBJECTIVES/SCOPE

Otto Bremer Foundation (the Foundation/Trust) is a Trust. The major asset of the Trust is a \$650 million Bank Holding Company/Bremer Financial Corporation. The other assets of the Trust are \$110 million.

Trustees are court appointed. The Trustees are not members of a Board, but individual Trustees. The Trustees have sole legal and fiduciary responsibility and liability. It is important and unique to note the personal liabilities of the Trustees as opposed to the Directors of a more typical Foundation.

Trustees are responsible for the management of the Foundation including oversight of all investments and strategic directives. This includes the responsibility and liability for an annual budget of \$30 to \$35 million.

Recognizing there may be no directly comparable organizations, the Trustees are interested in fee information inline with Trust Administrators, Fiduciaries, Trust companies, asset managers and private equity managers that are reflective of management fees with private equity holdings similar to Bremer Financial Corporation.

The Trustees have researched comparable data utilizing a variety of data sources including personal contacts, internet data and others. The Trustees would like a consultant to provide an independent evaluation and analysis of this data and, if needed, supplement further research.

The end result would be a final report detailing the objectives, approach and findings. The findings would be syntheses of the research data that provides the Trustees with guidance concerning competitive fees, either a single number or more likely a range for fees, and supporting statistical exhibits.

APPROACH

We will remain in close contact with you throughout the conduct of the engagement.

We believe based on the information at our disposal and our experience that the engagement will evolve according to these major work steps.

Background Material

In order to initiate the engagement, we would like to receive the background material that the Trustees have researched and gathered. This would generally include the following:

- All fee structure information and data related to the associated organizations
- Trustee position description
- Other relevant information (to be determined by the Trustees)

Review and Analysis of Data

We will carefully review and analyze the data provided by the Trustees. It is likely that we may need to seek clarification of the data to ensure our accurate understanding.

We will preliminary arrange the data into statistical exhibits for a report.

Develop a Preliminary Report

We will develop a preliminary report that will generally follow the following format:

- Objectives
- Methodology
- Findings/Conclusions
- Supporting Statistical Exhibits

Our findings and related conclusions will be governed by the quality of the background data.

We will submit the preliminary report to the Trustees for their review. After their review, we will be available to discuss the report and make any required modifications or additions.

Final Report

We will make any changes or additions that result from the review of the preliminary report. The final report format will be the same as the preliminary report.

We will submit the final report to the Trustees.

QUALIFICATIONS

Our engagement team has assisted a large number of clients in not-for-profit organizations, public companies and private companies with all types of compensation consulting engagements for many years.

We have included representative lists of our not-for-profit, public and private clients.

Not-For-Profit Clients

A representative list of not-for-profit clients I have assisted with compensation issues would include--

- Amateur Athletic Union -- Lake Buena Vista, FL
- America's Blood Centers -- Washington, DC
- American Red Cross -- St. Paul, MN
- Amherst H. Wilder Foundation -- St. Paul, MN
- Augsburg Fortress -- Minneapolis, MN
- Blandin Foundation -- Grand Rapids, MN
- Bloomington Visitors and Convention Bureau -- Bloomington, MN
- Board of Social Ministry -- Shoreview, MN
- Builders Association of the Twin Cities -- Roseville, MN
- Chicago Historical Society -- Chicago, IL
- CommonBond Communities -- St. Paul, MN
- Guthrie Theater -- Minneapolis, MN
- Immanuel St. Joseph's Hospital-Mayo Health System -- Mankato, MN
- Insurance Federation of Minnesota -- St. Paul, MN
- Lutheran Social Service of Minnesota -- Minneapolis, MN
- Memorial Blood Centers of Minnesota -- Minneapolis, MN
- Michigan Community Blood Centers -- Grand Rapids, MI
- Minneapolis Institute of Art -- Minneapolis, MN
- Minnesota Council on Foundations -- Minneapolis, MN
- Minnesota Historical Society -- St. Paul, MN
- Minnesota Soybean Growers Association -- Mankato, MN
- Minnesota Soybean Research & Promotion Council -- Mankato, MN
- Minnesota Special Olympics -- Minneapolis, MN
- National Marrow Donor Program -- Minneapolis, MN
- Science Museum of Minnesota -- St. Paul, MN
- Sisters of St. Joseph of Carondelet -- St. Paul, MN
- Ordway Center for Performing Arts -- St. Paul, MN
- The Saint Paul Foundation -- St. Paul, MN
- University of Minnesota Foundation -- Minneapolis, MN

Public Clients

A representative list of public clients we have assisted with compensation issues would include--

- Angeion Corporation/Medical Graphics -- St. Paul, MN
- BNCCorp, Inc. -- Bismarck, ND
- CNS, Inc. -- Eden Prairie, MN
- Commercial Federal Bank -- Omaha, NE
- Datalink Corporation -- Chanhassen, MN
- Delphax Technologies Inc. -- Minnetonka, MN
- Digital Angel Corporation -- South St. Paul, MN
- Goodrich Corporation - Sensor Systems -- Burnsville, MN
- Hoffman (subsidiary of Pentair) -- Anoka, MN
- Home Federal Bank -- Sioux Falls, SD
- Identix -- Minnetonka, MN
- Lifecore Biomedical, Inc. -- Chaska, MN
- Marten Transport LTD -- Mondovia, WI
- New Ulm Telecom, Inc. -- New Ulm, MN
- Nortech Systems -- Wayzata, MN
- Osmonics -- Minnetonka, MN
- Pentair, Inc. -- St. Paul, MN
- Pemstar -- Rochester, MN
- Queen City Federal Savings Bank -- Virginia, MN
- Ridley, Inc. -- Mankato, MN
- Stratasys -- Eden Prairie, MN
- SurModics, Inc. -- Minnetonka, MN
- Synovis Life Technologies -- St. Paul, MN
- Thermo King -- Minneapolis, MN

Privately Held Clients

A representative list of privately held clients I have assisted with compensation issues would include --

- Alliance Financial Services, Inc. -- St. Paul, MN
- Commerce Bank -- Edina, MN
- Continental Savings Bank -- Greenfield, WI
- Dayton Rogers Manufacturing Company -- Blaine, MN
- Excel Bank -- Edina, MN
- FCStone -- Des Moines, IA
- Flame Metals -- St. Louis Park, MN
- Gabberts -- Edina, MN
- Gold'n Plump Poultry -- St. Cloud, MN
- Hutchinson Telephone Company -- Hutchinson, MN
- Intek Plastics, Inc. -- Hastings, MN
- Intemark, Inc. -- Bloomington, MN
- Internet Broadcasting Systems, Inc. -- Mendota Heights, MN
- Japs-Olson Company -- Minnetonka, MN
- Klein Financial, Inc. -- Chaska, MN
- Lettieri's, Inc. -- Shakopee, MN
- Liberty Enterprises -- Mounds View, MN
- Logistics Health, Inc. -- La Crosse, WI
- Lyman Lumber Company -- Excelsior, MN
- ME Global, Inc. -- Minneapolis, MN
- Manchester Companies -- Minneapolis, MN
- Micromedics -- St. Paul, MN
- Midwest Medical Insurance Holding Company -- Edina, MN
- Midwest Wireless -- Mankato, MN
- Opus Corporation -- Minnetonka, MN
- Quality Assured Label, Inc. -- Minnetonka, MN
- RD Offutt Company -- Fargo, ND
- Restaurant Technologies, Inc. -- Eagan, MN
- The Smead Manufacturing Company -- Hastings, MN
- Specialty Tool & Engineering -- Eden Prairie, MN
- tkda -- St. Paul, MN
- Upsher-Smith Laboratories -- Plymouth, MN
- Vanco Services -- Minnetonka, MN
- Vaaler Insurance -- Grand Forks, ND
- Winona Agency -- Winona, MN

PROJECT STAFFING/TIMING

I will be the engagement director and primary consultant and interface with the Trustees.

For required support, I will draw on the experienced staff from my firm, Riley, Dettmann & Kelsey.

Kasey Christopherson, a senior consultant in our practice, will provide any required consulting support. Kasey was present at our meeting with Dan Reardon.

Marlys Decker, our Administrative Manager for many years, will provide administrative support for my efforts.

Based on the available information, we believe that we can complete the engagement in 30 to 60 days after the receipt of the referenced background materials.

C. TRENT RILEY

C. Trent Riley is the President of Riley, Dettmann & Kelsey (RDK), a management consulting firm specializing in compensation strategies and related services with special emphasis on executive compensation and other incentive compensation matters.

Prior to his current position, Trent was President of the DCA Stanton Group for almost five years. Trent was also in charge of KPMG Peat Marwick compensation and benefits consulting practice in the Upper Midwest for eight years. He has been Vice President of Human Resources for Northern Telecom and has held senior human resource management positions with Sycor, Inc., G.D. Searle and NCR.

He is a frequent speaker on compensation topics for professional organizations such as KPMG Peat Marwick, The University of St. Thomas Graduate School of Business, The Minnesota Bar Association, Minnesota and Iowa Institute of Certified Public Accountants, the American Electronics Association, Minnesota Venture Capital Association, Savings League of Minnesota, Iowa Institute of Savings Institutions, North Dakota Bankers Association, Lutheran Financial Management Association, Health Care Financial Management Association, and several others.

Trent serves on the Board of Directors of Nortech Systems, Inc. (a public company) and US Energy Services (a private company), both located in Minnesota.

Trent has a BA degree in economics from the University of Dayton and an MBA degree from the Ohio State University.

KASEY J. CHRISTOPHERSON

Kasey J. Christopherson provides senior consulting services to a variety of Riley, Dettmann & Kelsey (RDK) clients. Her present responsibilities include the development of salary administration programs, which include market pricing analysis, the development of incentive plans; compensation/benefit custom survey design and project administration; and the design and implementation of performance management systems.

Kasey possesses over twenty-five years of human resource experience. Prior to joining Riley, Dettmann & Kelsey, she was Manager of Compensation & Benefits for the Faegre & Benson and

Oppenheimer Wolff & Donnelly law firms in Minneapolis, and has held the same position for Caterpillar - Paving Products Division in Brooklyn Park. In addition, she has been the Physicians Benefits Plan Manager for Abbott Northwestern Hospital and Allina, an Account Executive/Consultant for Clark-Bardes Health Care, and the Director of Personnel for the Atlas Van Lines agencies in Minnesota and Wisconsin. She has held management positions in Human Resources at Target Corporation, US Bank, and State Fund Mutual Insurance Company as well.

Kasey holds a BS degree in Business Administration from the University of Minnesota. She is a past officer of Human Resource Systems Professionals and is a member of the Human Resources Consultants Network in Minneapolis.

PROFESSIONAL ARRANGEMENTS

Based on the stated objectives of the engagement, our experience with comparable engagements and consistent with what we have charged other clients for similar engagements, our professional fees will be in a range of \$10,000 to \$15,000.

In addition to professional fees, we are reimbursed for expenses such as travel, administrative support, report reproduction, etc.

Exhibit 20

ON AIR 0:00

MPR News with Angela Davis

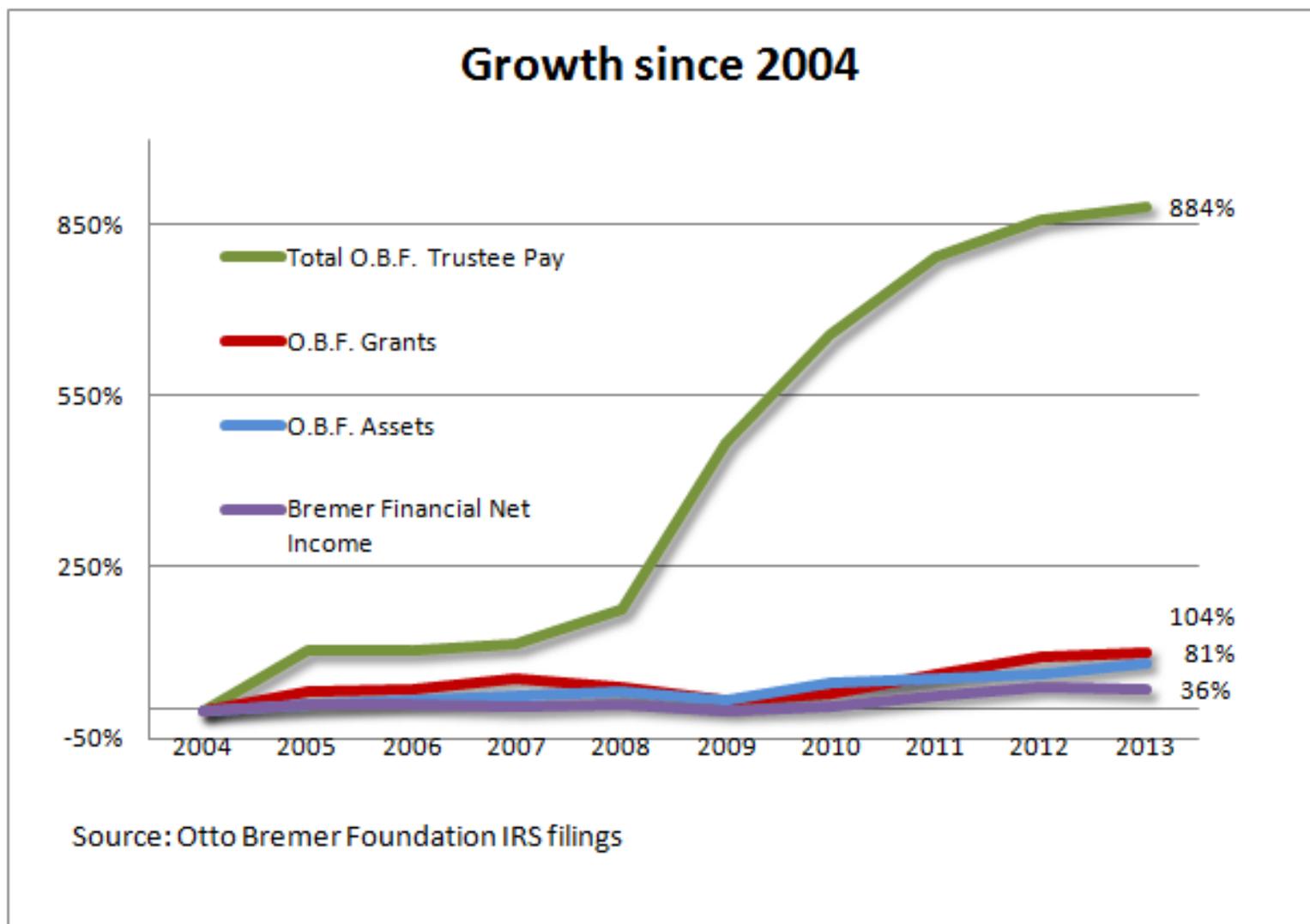
Bremer trustees paying themselves too much, watchdog says

Matt Sepic St. Paul, Minn. June 27, 2014

Share story



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The Otto Bremer Foundation's Trustee compensation has grown at many times the pace of the foundation's assets and grant outlays, as well as the net income of Bremer Financial Corporation. The foundation owns 92 percent of the banking company.

■ Bill Catlin/MPR News

A philanthropy watchdog group in Washington, D.C., wants Minnesota Attorney General Lori Swanson to investigate the Otto Bremer Foundation in the wake of last week's firing of executive director Randi Roth.

The three trustees running the foundation are paying themselves far too much, and they have removed critical checks and balances on the people who oversee the foundation's \$800 million in assets, the National Committee for Responsive Philanthropy said.

The foundation is one of the Twin Cities' largest. Last year it gave away more than \$38 million to charities, non-profit organizations and government agencies across the Upper Midwest. More than 150 groups and activities benefited, from the AIDS Resource Center of Wisconsin to the Zimmerman School District booster club.

The three trustees who run the foundation were paid a total of more than \$1.2 million in 2013. Brian Lipschultz received \$466,198, Daniel Reardon \$465,313 and Charlotte Johnson \$294,000, according to records filed with the state.

"It's just an outrageously high level of compensation for trustee service," said Aaron Dorfman, executive director of the National Committee for Responsive Philanthropy.

Trustees at most charitable foundations, if paid at all, earn a median salary of \$24,000 a year, Dorfman said. Even though it's a private organization, Dorfman said the three trustees' actions are a matter of public concern.

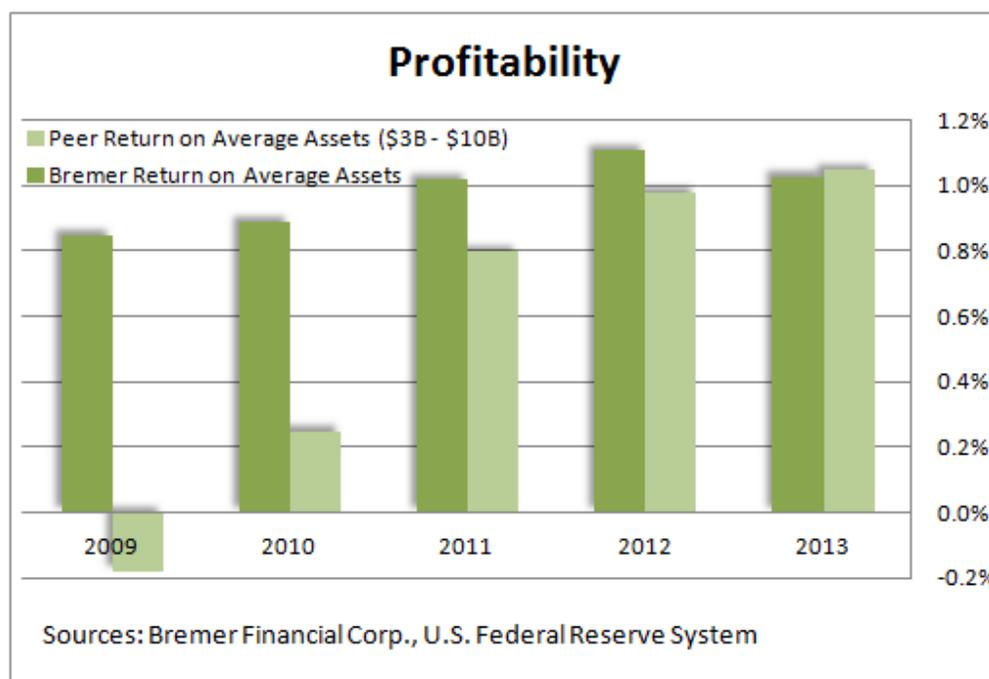
The Bremer trustees declined multiple requests for comment.

"These institutions get tremendously preferential tax treatment," he said. "And because of the tax-exempt status they enjoy, the rest of us pay higher taxes and in effect subsidize nonprofit tax-exempt charitable foundations. They're partners with the public in pursuing the common good."

Dorfman also said he was concerned about how the foundation is

governed. Until Roth was fired, she oversaw a staff of 14. Now the three trustees are splitting that job as co-CEOs. Dorfman said putting both managerial and fiduciary control of the organization in just a few hands removes accountability and violates commonly accepted good governance principles that most foundations follow.

Dorfman said the situation is especially disconcerting because the Otto Bremer Foundation has what he calls a stellar reputation for helping underserved and marginalized communities.



Bremer Financial Corp. remained much more profitable than peer banks in the aftermath of the Great Recession. The peer banks include institutions with assets of between \$3 billion and \$10 billion.

Source: Bremer Financial Corp., U.S. Federal Reserve

But the original 1944 trust that established the foundation gives the trustees the power to manage and operate the Foundation.

The arrangement is not unheard of and may not necessarily be a conflict of interest, said Kansas City nonprofit law attorney Bruce Hopkins. But he said the pay levels of the three could raise some red flags with the Internal Revenue Service.

"The test here is whether or not the compensation is reasonable," Hopkins said. "One of the factors that you look at in making that kind of a judgment is if there's been a quick run-up in the increases. If there's sharp increases year after year, under a variety of court opinions, that is an indication that the compensation may be

excessive."

The foundation's tax documents do show substantial pay increases. In 2004, the three trustees together received nearly \$125,000. That figure has increased by nearly 10 times in 10 years. Two of the trustees gave themselves 157 percent raises in 2009, a recession year when the foundation's assets and grant payments dropped.

The trust also says the trustees, if they choose, can be paid up to four percent of the foundation's cash income. And even though the trustees pay has soared, it's still under that level.

The Bremer Foundation is unique in another way. It is also a holding company for Bremer Bank, which operates bank branches primarily in Minnesota, North Dakota and Wisconsin. The foundation, which invests a large portion of its assets in communities where there are Bremer bank branches, says it owns 92 percent of Bremer Financial Corporation.

While the bank fared better than many others during the recession, and the assets of the Otto Bremer Foundation grew considerably over the past decade, the pay of the foundation's trustees still far outpaced the growth of the foundation's assets or grants and the net income of Bremer Financial.

Neither former executive director Randi Roth, nor the foundation's trustees would comment for this story. And a spokesman for Minnesota Attorney General Lori Swanson would not say if Swanson plans to investigate.

WACHTELL, LIPTON,
ROSEN & KATZ

Per WLRK Information Security policy, you are being redirected to Silo, a secure virtual browser.

You may also launch Silo manually by going to the [Start](#) button on your PC and clicking on the [Authentic8 Silo](#) icon.

Exhibit 21

Chosen For You

Local

Sports



OPINION EXCHANGE

Bremer Foundation must clean up its act

Watchdog's criticism of foundation is long overdue, as 1969 Tax Reform Act shows.

By Paul Olson | JULY 11, 2014 — 6:11PM

Somebody once described a foundation as a pile of money surrounded by people who want some.

The Otto Bremer Foundation, and its three trustees, may be a shocking case in point for that cynicism, if the report of the National Committee for Responsive Philanthropy is on target (“Charity watchdog questions Bremer,” July 1). Unfortunately, Bremer is not the first Minnesota foundation to come under this kind of scrutiny.

At Bremer, the criticisms include excessive trustee compensation of more than half a million dollars annually (after a 1,000-percent increase over 9 years); concentrating the roles of CEO, chairman and treasurer with the trustees; and firing the foundation’s executive director to justify the increased salaries.

NCRP’s credentials as a nationally recognized “watchdog” on behalf of the public interest are impeccable. It has served this role for 40 years and is headed by Aaron Dorfman, a professional and principled Minnesotan with deep roots in our philanthropic tradition and standards. His sharp criticisms of Bremer’s trustee conduct boil down to excessive compensation and avoiding the primary regulations of the Tax Reform Act.

Foundations exist at the pleasure of the U.S. government to serve a charitable purpose. While “charity” is a wide-ranging concept, the Tax Reform Act of 1969 spelled out clear rules for foundations. Before TRA, many (not all!) foundations were tax dodges, set up by clever lawyers.



PAUL LACHINE • NEWSART

Paul Lachine/NewsArt

The most egregious was the Ford Foundation. The Ford family had put all of the voting stock of Ford Motor Company into its foundation, thereby allowing the family to run the company free from stockholder input and estate taxes. It also got a tax credit for making the “donation” of highly appreciated stock. Sweet, as the kids might say today.

Here in Minnesota, many decades ago, partners at the Oppenheimer Donnelly Wolf and Shepard law firm devised a similar structure for two corporations — Blandin (a paper company) and Bremer (a bank) to perpetuate family control long after the deaths of Messrs. Blandin and Bremer. In each case a trust was created to control all of the for-profit company’s stock. Two or three “trustees” would command all company decisions. The “charitable trust” could perpetuate the company forever. And the lifetime trustees could set their own compensation and also name their children as successors — hence the three descendants running Bremer today.

The Tax Reform Act had required foundations to sell controlling interests in private corporations. Ford complied. Bremer sought an exemption, and for reasons that remain a mystery was allowed to continue by selling just 8 percent of the stock to employees.

At Blandin, the two trustees were ordered to sell the paper company, which they did in 1977, for about \$80 million. Before that time, the foundation was distributing less than 1 percent of its endowment each year in charitable gifts. The IRS required at least 7 percent.

Even after the sale, the Blandin trustees’ behavior remained deeply flawed. One was the “individual trustee,” Jim Oppenheimer, now deceased, and the other was the “corporate trustee,” Norwest Bank.

The individual trustee was dishing himself an exorbitant annual fee — in today’s dollars, about \$250,000. When called to defend it, he could provide work records of only a few hours. Like the trustees today at Bremer, he wore “four hats” — trustee, board chair, legal counsel and foundation president, which gave him the power to veto any action by the foundation board and dismiss anyone who dared to vote against him. (And he did.)

Meanwhile, the corporate trustee put all the proceeds of the paper company sale under its own investment management services, buying its own stock. Despite subpar returns, the corporate trustee netted a tidy fee in the millions.

Is this starting to sound like the Bremer Foundation? Frankly, it’s out of the same playbook of self-interest dressed up as charity. The lawyers who wrote the playbook in each case were from the same law firm.

Is there any watchdog on guard duty? Who is looking out for the public interest?

The Ramsey County District Court reviews the compensation of trustees; the attorney general also has purview over charitable entities. If they are watching, it must be with a blind eye — or maybe just a wink and a nod.

Whether the two guardians of the public interest are overlooking illegal or unethical standards must be answered. Former Attorney General Mike Hatch was quoted in a news story scoffing at any attempt to curtail Bremer compensation, saying they would have to prove theft. But how about self-dealing? The Tax Reform Act is replete with such prohibitions. Take a look.

If a third party set the Bremer trustees’ compensation, using reasonable comparisons, it might rebut any inurement/self-dealing accusation. But unless performance goals were in place before the 1,000 percent increase, it is impossible to see justification.

Or use a local comparison: the two presidents of our higher education systems make about the amount paid to two Bremer trustees. But the academic leaders got their appointments on the basis of a national search, not from their fathers. They have Ph.D.s and are nationally ranked scholars. They manage budgets in the billions, employ thousands, and report to public boards as well as to the governor and the Legislature.

My second suggestion to the two watchdogs is to insist that the three Bremer trustees be removed from any office of the foundation, so that it is a free-standing organization with a board chair, president and treasurer. The independent foundation board should chart the mission and goals of the foundation, and fall under the purview of the attorney general and court, just like every other foundation.

Third, Bremer trustees should tear up the pre-1969 tax-dodging, self-perpetuating private-bank, nepotism-driven trust arrangement and get on with philanthropy in the best Minnesota tradition. Sure, the trustees can point to the 1941 charter and claim Otto Bremer allowed for such compensation. But today such percentage formulas are out of sync with charitable standards. Nobody gets a percentage of the corpus.

Blandin, for its part, made all of the reforms recommended above, and it is the better for it. Principled leaders including Elmer L. Andersen, Ken Dayton and James P. Shannon helped us do it.

The judge and the AG should demand that Bremer reform, and the Minnesota Council on Foundations should provide guidance. Voluntary compliance is better than coercion.

Paul Olson, president of Blandin Foundation from 1978 to 2003, is CEO of Portland Group Inc. He may be reached at pmolson27@hotmail.com.



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Exhibit 22



October 28, 2019

Confidential

Dear BFC Directors,

As you know, the three undersigned Directors have urged the Board for some time to engage in a full exploration of BFC's strategic options. The importance of doing so became immediate in light of the "merger of equals" discussions earlier this year as well as the proposal received by OBT from another institution regarding a potential acquisition.

As a charitable trust and the owner of the overwhelming majority of BFC's equity, the potential for BFC to engage in a strategic transaction – a merger or a sale – implicates legal obligations for OBT and at the same time raises important questions of fiduciary duties for all the Directors of BFC. Despite our efforts to encourage and facilitate a meaningful exploration of strategic options for BFC, including our willingness to use the investment banker selected by BFC management and our support for the formation of an oversight committee that would have included BFC's independent Directors and its CEO, the non-OBT members of BFC's Board have steadfastly sought to block these efforts. For example, when we informed the Board of an acquisition proposal at a substantial premium, the Board not only rejected our views (despite OBT's ownership of nearly all of BFC's equity), it passed a resolution that suspended any consideration of such a proposal and directed management not to cooperate with any possible transaction.

To resolve this impasse, we write today to inform you that, on October 25, 2019, OBT sold approximately seven percent of BFC's Class B common stock to a number of investors in separate, independent transactions.

In accordance with the BFC bylaws, we, in our roles as Directors and, separately, OBT as the 86-percent shareholder of BFC, are calling a Special Meeting of Shareholders. The purpose of the Special Meeting will be to remove the non-OBT Directors. The remaining Directors will then direct the management team to commence a meaningful exploration of strategic options for BFC, including a potential sale or merger, under the oversight of the new Board.

A copy of our press release announcing our actions and intentions is attached.

The decision to pursue this course is not one we made lightly or without exploring every other approach. While we would have much preferred to have worked constructively with the other members of the current BFC Board in exploring strategic options, given the Board's unwillingness to do so, we believe these actions are necessary to fulfill our obligations as Directors of BFC as well as our legal obligations as Trustees of OBT. A successful transaction would substantially increase OBT's charitable assets, enabling OBT to meaningfully increase its philanthropic distributions in the years ahead and to expand its work in Minnesota, North Dakota, Wisconsin and Montana. Enabling this increased philanthropy is an extraordinary opportunity and true to Otto Bremer's vision when he established OBT in 1944.



We also believe these actions are in the best interests of the individuals and communities that BFC serves. A strategic combination with a larger financial institution will strengthen BFC's ability to serve its customers, and will provide good jobs and careers and be a source of economic vitality and energy for our region. BFC is a much-admired institution because of its outstanding employees, its quality of service and its commitment to its communities. We believe the right strategic partner will recognize and value those strengths. Accordingly, the opportunities for and the welfare of BFC employees will be critical elements in this process.

We have consulted with the relevant government authorities to ensure that our actions meet all regulatory requirements.

It is with true regret that we find ourselves in this situation. At nearly every turn since the creation of the Trust, OBT and BFC have used their resources to complement and extend one another's efforts. Although the comity of shared interest has unfortunately broken down over the last several months, we sincerely believe that the best path forward for both organizations — and the many constituencies who depend on us — is the one marked by cooperation and coordination of efforts and resources.

As we have sought consistently to convey, all of us have responsibilities to various constituencies. As BFC Directors, every one of us has a responsibility to act to further the interests of the BFC shareholders, the employees who make BFC so successful, and the customers and communities who rely on BFC as a trusted financial partner. As ERISA fiduciaries, we have the responsibility to maximize the value of the plans' investments. As Trustees of OBT, the three of us have responsibilities to the Trust based on the terms of the Trust Instrument and our legal obligations. Our constituencies also include the individuals and families, current and future, who receive critical assistance from the non-profits supported by OBT; our ability to serve them is entirely dependent upon OBT's interest in BFC.

We hope that the Board feels the same sense of responsibility and is mindful that every dollar spent to contest this matter is a dollar lost. Every dollar lost depletes the resources and capital base of BFC, harming its shareholders, its employees and customers and, ultimately, the very people Otto Bremer sought to help. If we continue to be guided by Otto Bremer's example, we are confident that everyone will benefit, including the millions of people in Minnesota, North Dakota, Wisconsin and Montana who look to us for help in living a better life.

Sincerely,

Charlotte Johnson

Brian Lipschultz

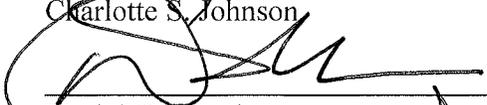
Daniel Reardon

Exhibit 23

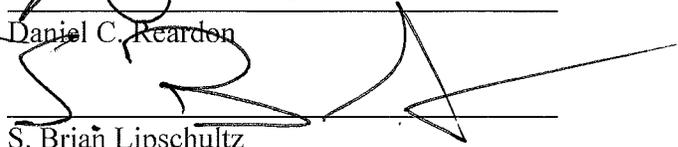
Sincerely,



Charlotte S. Johnson



Daniel C. Reardon



S. Brian Lipschultz

As Trustees of Otto Bremer Trust

**WRITTEN ACTION OF
TRUSTEES OF
OTTO BREMER FOUNDATION**

The undersigned, being all of the Trustees of the Otto Bremer Foundation, a Minnesota trust ("OBF"), hereby take the following actions and adopt the following resolutions to be effective as 7/29/15, in accordance with the terms of the Otto Bremer Foundation Trust Instrument, dated May 22, 1944, as amended (the "Trust"), which constitutes the trust instrument and governing document for OBF.

WHEREAS, OBF is an express trust for charitable, religious, and other purposes within the meaning of Minnesota Statutes Section 501B.35;

WHEREAS, the Trust provides that the Trust "shall be known as the 'Otto Bremer Foundation' and under that name so far as practicable the business of the trust shall be conducted."

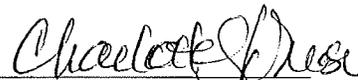
WHEREAS, the term "Foundation" does not adequately reflect the scope of the Trust's activities and the responsibilities of the Trustees and thus it is no longer practicable to conduct the business of the trust under the name of the "Otto Bremer Foundation";

WHEREAS, the name the "Otto Bremer Trust" is consistent with the Trust Instrument, encompasses the Trust's philanthropic work but is also inclusive of the Trust's other activities of operating the business of a bank holding company and having a significant investment in Bremer Financial Corporation and its other investments.

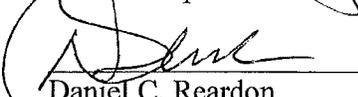
NOW, THEREFORE, based upon the foregoing, the Trustees of OBF hereby agree as follows:

RESOLVED, that as of the Effective Date, the Trust shall be known as the "Otto Bremer Trust" and the Trustees take such actions as may be required to notify the Internal Revenue Service and Ramsey County District Court of its amended name.

TRUSTEES


Charlotte S. Johnson 7/29/2015
Date

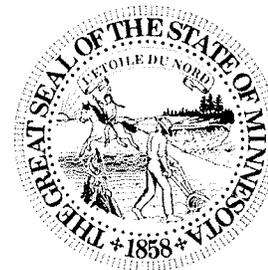

S. Brian Lipschultz 7/29/15
Date


Daniel C. Reardon 7/29/15
Date

Office of the Minnesota Secretary of State

Certificate of Assumed Name

Minnesota Statutes, Chapter 333



The filing of an assumed name does not provide a user with exclusive rights to that name. The filing is required for consumer protection in order to enable customers to be able to identify the true owner of a business.

ASSUMED NAME: **Otto Bremer Trust**

PRINCIPAL PLACE OF BUSINESS: **30 E 7th ST STE 2900 St. Paul MN 55101 USA**

NAMEHOLDER(S):

Name:	Address:
Otto Bremer Trust	30 E 7th ST STE 2900 St. Paul MN 55101

If you submit an attachment, it will be incorporated into this document. If the attachment conflicts with the information specifically set forth in this document, this document supersedes the data referenced in the attachment.

By typing my name, I, the undersigned, certify that I am signing this document as the person whose signature is required, or as agent of the person(s) whose signature would be required who has authorized me to sign this document on his/her behalf, or in both capacities. I further certify that I have completed all required fields, and that the information in this document is true and correct and in compliance with the applicable chapter of Minnesota Statutes. I understand that by signing this document I am subject to the penalties of perjury as set forth in Section 609.48 as if I had signed this document under oath.

SIGNED BY: **Brian Lipschultz**

MAILING ADDRESS: **None Provided**

EMAIL FOR OFFICIAL NOTICES: **nielsen.lori@dorsey.com**

Office of the Minnesota Secretary of State

Assumed Name | Certificate of Assumed Name

Minnesota Statutes, Chapter 333



Read the instructions before completing this form.

Filing Fee: \$50 for expedited service in-person and online filings, \$30 if submitted by mail

Note: An Annual Renewal is required to be filed once every calendar year, beginning in the calendar year following the original filing with the Secretary of State.

The filing of an assumed name does not provide a user with exclusive rights to that name. The filing is required for consumer protection in order to enable consumers to be able to identify the true owner of a business.

1. List the exact assumed name under which the business is or will be conducted: (Required)

Otto Bremer Trust

2. Principal Place of Business: (Required)

30 E. 7th ST STE 2900	St. Paul	MN	55101-2988
Street Address (A PO Box by itself is not acceptable)	City	State	Zip

3. List the name and complete street address of all persons conducting business under the above Assumed Name, OR if an entity, provide the legal corporate, LLC, or Limited Partnership name and registered office address: (Required)
Note: A PO Box by itself is not acceptable. Attach additional sheet(s) if necessary.

Otto Bremer Trust	30 E. 7th ST STE 2900	St. Paul	MN	55101-2988
Name	Street	City	State	Zip

Name	Street	City	State	Zip
------	--------	------	-------	-----

Name	Street	City	State	Zip
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4. I, the undersigned, certify that I am signing this document as the person whose signature is required, or as agent of the person(s) whose signature would be required who has authorized me to sign this document on his/her behalf, or in both capacities. I further certify that I have completed all required fields, and that the information in this document is true and correct and in compliance with the applicable chapter of Minnesota Statutes. I understand that by signing this document I am subject to the penalties of perjury as set forth in Section 609.48 as if I had signed this document under oath.

S. B.
Signature (Only one nameholder or an authorized agent is required to sign)

12/14/15
Date

Brian Lipschultz, Trustee

Print Name and Title

Email Address for Official Notices

Enter an email address to which the Secretary of State can forward official notices required by law and other notices:

nielsen.lori@dorsey.com

Check here to have your email address excluded from requests for bulk data, to the extent allowed by Minnesota law.

Office of the Minnesota Secretary of State
Assumed Name | Certificate of Assumed Name
Minnesota Statutes, Chapter 333



List a name and daytime phone number of a person who can be contacted about this form:

Lori Nielsen 612-340-2961

Contact Name Phone Number

Entities that own, lease, or have any financial interest in agricultural land or land capable of being farmed must register with the MN Dept. of Agriculture's Corporate Farm Program.



Work Item 859718700029
Original File Number 859718700029

STATE OF MINNESOTA
OFFICE OF THE SECRETARY OF STATE
FILED
12/14/2015 11:59 PM

Steve Simon

Steve Simon
Secretary of State



INCORPORATED UNDER THE LAWS OF THE STATE OF MINNESOTA

BREMER FINANCIAL CORPORATION

SEE REVERSE SIDE
FOR CERTAIN DEFINITIONS

THIS CERTIFIES THAT * * * WILLIAM H. LIPSCHULTZ, CHARLOTTE S. JOHNSON * * *
* * * AND DANIEL C. REARDON, TRUSTEES OF THE * * *
* * * OTTO BREMER FOUNDATION * * *

is the owner of ----- TEN MILLION EIGHT HUNDRED THOUSAND -----

FULLY PAID AND NON-ASSESSABLE SHARES OF THE CLASS B COMMON STOCK WITHOUT PAR VALUE OF

BREMER FINANCIAL CORPORATION

transferable on the books of the Company by the holder hereof in person or by duly authorized attorney on surrender of this certificate properly endorsed. This certificate is not valid unless countersigned by the Transfer Agent and Registrar.

The shares of Class B Common Stock evidenced by this Certificate and the holder hereof are subject to the terms and conditions set forth in the Articles of Incorporation (the "Articles") of Bremer Financial Corporation, a Minnesota corporation (the "Company"), and the Plan of Reorganization entered into by the Company and Otto Bremer Foundation, dated February 8, 1989 (the "Plan"), to all of which terms and conditions the registered holder of this Certificate consents by acceptance hereof. Copies of the Articles and the Plan are on file and are available for inspection at the offices of the Company in St. Paul, Minnesota.

WITNESS the facsimile signatures of the Company's duly authorized officers and to be sealed with the seal of the Corporation.

Dated: March 17, 1995

Jordan Shepard
SECRETARY



Fred Cummings
PRESIDENT

By *Marc A. Reed, Jr.*
Authorized Signature

Countersigned and Registered:
FIRST AMERICAN TRUST COMPANY OF MINNESOTA
Transfer Agent and Registrar

NOTICE

Bremer Financial Corporation will furnish without charge to each shareholder who so requests a statement of the powers, designations, preferences and relative, participating optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common	UNIF GIFT MIN ACT - _____ Custodian _____
TEN ENT - as tenants by the entireties	(Cust) _____ (Minor)
JT TEN - as joint tenants with right of survivorship and not as tenants in common	under Uniform Gifts to Minors
	Act _____
	(State)

Additional abbreviations may also be used though not in the above list.

For value received _____ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS INCLUDING POSTAL ZIP CODE OF ASSIGNEE

_____ *Shares*
of the capital stock represented by the within Certificate,
and do hereby irrevocably constitute and appoint
 _____ *Attorney*
to transfer the said stock on the books of the within-named
Corporation with full power of substitution in the premises.

Dated _____

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSOEVER.

SIGNATURE GUARANTEED

EXHIBIT A-1

Purchaser, Address, and Other Contact Information	Number of Shares of Class B Common Stock
Patriot Financial Partners III, L.P. 4 Radnor Corporate Ctr 100 Matsonford Rd Suite 210 Radnor, PA 19087	120,835

EXECUTION VERSION

ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED, Charlotte S. Johnson, Daniel C. Reardon and S. Brian Lipschultz, as Trustees of the Otto Bremer Trust, formerly the Otto Bremer Foundation (the “Trustees”) hereby sell, assign and transfer unto Patriot Financial Partners III, L.P. \$14,500,200 (120,835 shares) of the Class B Common Stock of Bremer Financial Corporation (the “Corporation”) standing in the Trustees’ names (or in the case of S. Brian Lipschultz, in the name of his predecessor trustee, William H. Lipschultz) on the books of the Corporation and represented by share Certificate No. 3 of the Corporation, and hereby authorize and direct the Secretary and/or the Transfer Agent of the Corporation to transfer such shares on the books of the Corporation, with full power of substitution in the premises.

Effective Date: October 25, 2019



Charlotte S. Johnson



Daniel C. Reardon



S. Brian Lipschultz

As Trustees of Otto Bremer Trust

EXHIBIT A-2

Purchaser, Address, and Other Contact Information	Number of Shares of Class B Common Stock
Basswood SPV I, LLC 645 Madison Ave 10th Floor New York, NY 10022	75,000

EXECUTION VERSION

ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED, Charlotte S. Johnson, Daniel C. Reardon and S. Brian Lipschultz, as Trustees of the Otto Bremer Trust, formerly the Otto Bremer Foundation (the “Trustees”) hereby sell, assign and transfer unto Basswood SPV I, LLC \$9,000,000 (75,000 shares) of the Class B Common Stock of Bremer Financial Corporation (the “Corporation”) standing in the Trustees’ names (or in the case of S. Brian Lipschultz, in the name of his predecessor trustee, William H. Lipschultz) on the books of the Corporation and represented by share Certificate No. 3 of the Corporation, and hereby authorize and direct the Secretary and/or the Transfer Agent of the Corporation to transfer such shares on the books of the Corporation, with full power of substitution in the premises.

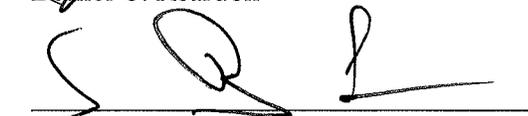
Effective Date: October 25, 2019



Charlotte S. Johnson



Daniel C. Reardon



S. Brian Lipschultz

As Trustees of Otto Bremer Trust

EXHIBIT A-3

Purchaser, Address, and Other Contact Information	Number of Shares of Class B Common Stock
Castle Creek Capital Partners VII, LP 6051 El Tordo #1329 Rancho Santa Fe, CA 92067	75,000

EXECUTION VERSION

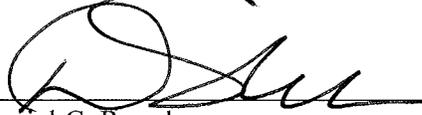
ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED, Charlotte S. Johnson, Daniel C. Reardon and S. Brian Lipschultz, as Trustees of the Otto Bremer Trust, formerly the Otto Bremer Foundation (the “Trustees”) hereby sell, assign and transfer unto Castle Creek Capital Partners VII, LP \$9,000,000 (75,000 shares) of the Class B Common Stock of Bremer Financial Corporation (the “Corporation”) standing in the Trustees’ names (or in the case of S. Brian Lipschultz, in the name of his predecessor trustee, William H. Lipschultz) on the books of the Corporation and represented by share Certificate No. 3 of the Corporation, and hereby authorize and direct the Secretary and/or the Transfer Agent of the Corporation to transfer such shares on the books of the Corporation, with full power of substitution in the premises.

Effective Date: October 25, 2019



Charlotte S. Johnson



Daniel C. Reardon



S. Brian Lipschultz

As Trustees of Otto Bremer Trust

EXHIBIT A-4

Purchaser, Address, and Other Contact Information	Number of Shares of Class B Common Stock
EJF Small Financial Equities Fund III LP 2107 Wilson Blvd Suite 410 Arlington, VA 22201	75,000

EXECUTION VERSION

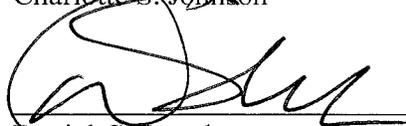
ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED, Charlotte S. Johnson, Daniel C. Reardon and S. Brian Lipschultz, as Trustees of the Otto Bremer Trust, formerly the Otto Bremer Foundation (the “Trustees”) hereby sell, assign and transfer unto EJP Small Financial Equities Fund III LP \$9,000,000 (75,000 shares) of the Class B Common Stock of Bremer Financial Corporation (the “Corporation”) standing in the Trustees’ names (or in the case of S. Brian Lipschultz, in the name of his predecessor trustee, William H. Lipschultz) on the books of the Corporation and represented by share Certificate No. 3 of the Corporation, and hereby authorize and direct the Secretary and/or the Transfer Agent of the Corporation to transfer such shares on the books of the Corporation, with full power of substitution in the premises.

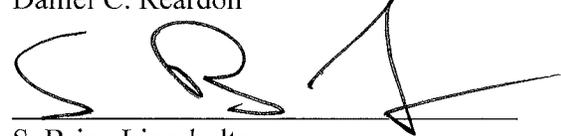
Effective Date: October 25, 2019



Charlotte S. Johnson



Daniel C. Reardon



S. Brian Lipschultz

As Trustees of Otto Bremer Trust

EXHIBIT A-5

Purchaser, Address, and Other Contact Information	Number of Shares of Class B Common Stock
Endeavour Capital Private Investments I LP 410 Greenwich Ave, 2nd Fl Greenwich, CT 06830 Attn: Glenn Hofsess	51,500

EXECUTION VERSION

ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED, Charlotte S. Johnson, Daniel C. Reardon and S. Brian Lipschultz, as Trustees of the Otto Bremer Trust, formerly the Otto Bremer Foundation (the “Trustees”) hereby sell, assign and transfer unto Endeavour Capital Private Investments I LP \$6,180,000 (51,500 shares) of the Class B Common Stock of Bremer Financial Corporation (the “Corporation”) standing in the Trustees’ names (or in the case of S. Brian Lipschultz, in the name of his predecessor trustee, William H. Lipschultz) on the books of the Corporation and represented by share Certificate No. 3 of the Corporation, and hereby authorize and direct the Secretary and/or the Transfer Agent of the Corporation to transfer such shares on the books of the Corporation, with full power of substitution in the premises.

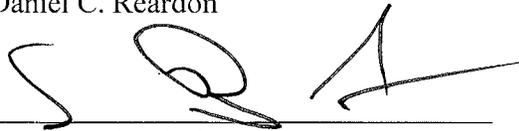
Effective Date: October 25, 2019



Charlotte S. Johnson



Daniel C. Reardon



S. Brian Lipschultz

As Trustees of Otto Bremer Trust

EXHIBIT A-6

Purchaser, Address, and Other Contact Information	Number of Shares of Class B Common Stock
Endeavour Regional Bank Opportunities Fund II LP 410 Greenwich Ave, 2nd Fl Greenwich, CT 06830 Attn: Glenn Hofsess	23,500

EXECUTION VERSION

ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED, Charlotte S. Johnson, Daniel C. Reardon and S. Brian Lipschultz, as Trustees of the Otto Bremer Trust, formerly the Otto Bremer Foundation (the “Trustees”) hereby sell, assign and transfer unto Endeavour Regional Bank Opportunities Fund II LP \$2,820,000 (23,500 shares) of the Class B Common Stock of Bremer Financial Corporation (the “Corporation”) standing in the Trustees’ names (or in the case of S. Brian Lipschultz, in the name of his predecessor trustee, William H. Lipschultz) on the books of the Corporation and represented by share Certificate No. 3 of the Corporation, and hereby authorize and direct the Secretary and/or the Transfer Agent of the Corporation to transfer such shares on the books of the Corporation, with full power of substitution in the premises.

Effective Date: October 25, 2019



Charlotte S. Johnson



Daniel C. Reardon



S. Brian Lipschultz

As Trustees of Otto Bremer Trust

EXHIBIT A-7

Purchaser, Address, and Other Contact Information	Number of Shares of Class B Common Stock
Financial Hybrid Opportunity Fund LLC 1313 Dolley Madison Blvd Suite 306 McLean, VA 22101	30,450

EXECUTION VERSION

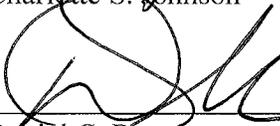
ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED, Charlotte S. Johnson, Daniel C. Reardon and S. Brian Lipschultz, as Trustees of the Otto Bremer Trust, formerly the Otto Bremer Foundation (the “Trustees”) hereby sell, assign and transfer unto Financial Hybrid Opportunity Fund LLC \$3,654,000 (30,450 shares) of the Class B Common Stock of Bremer Financial Corporation (the “Corporation”) standing in the Trustees’ names (or in the case of S. Brian Lipschultz, in the name of his predecessor trustee, William H. Lipschultz) on the books of the Corporation and represented by share Certificate No. 3 of the Corporation, and hereby authorize and direct the Secretary and/or the Transfer Agent of the Corporation to transfer such shares on the books of the Corporation, with full power of substitution in the premises.

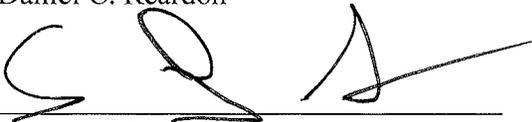
Effective Date: October 25, 2019



Charlotte S. Johnson



Daniel C. Reardon



S. Brian Lipschultz

As Trustees of Otto Bremer Trust

EXHIBIT A-8

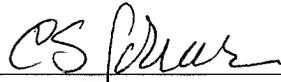
Purchaser, Address, and Other Contact Information	Number of Shares of Class B Common Stock
Financial Hybrid Opportunity SPV I LLC 1313 Dolley Madison Blvd Suite 306 McLean, VA 22101	44,550

EXECUTION VERSION

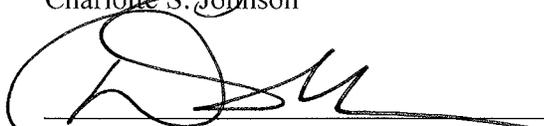
ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED, Charlotte S. Johnson, Daniel C. Reardon and S. Brian Lipschultz, as Trustees of the Otto Bremer Trust, formerly the Otto Bremer Foundation (the “Trustees”) hereby sell, assign and transfer unto Financial Hybrid Opportunity SPV I LLC \$5,346,000 (44,550 shares) of the Class B Common Stock of Bremer Financial Corporation (the “Corporation”) standing in the Trustees’ names (or in the case of S. Brian Lipschultz, in the name of his predecessor trustee, William H. Lipschultz) on the books of the Corporation and represented by share Certificate No. 3 of the Corporation, and hereby authorize and direct the Secretary and/or the Transfer Agent of the Corporation to transfer such shares on the books of the Corporation, with full power of substitution in the premises.

Effective Date: October 25, 2019



Charlotte S. Johnson



Daniel C. Reardon



S. Brian Lipschultz

As Trustees of Otto Bremer Trust

EXHIBIT A-9

Purchaser, Address, and Other Contact Information	Number of Shares of Class B Common Stock
Malta Hedge Fund, L.P. 150 E 52nd St 30th Floor New York, NY 10022	2,300

EXECUTION VERSION

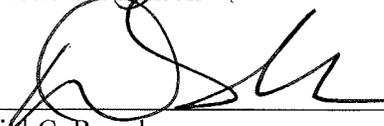
ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED, Charlotte S. Johnson, Daniel C. Reardon and S. Brian Lipschultz, as Trustees of the Otto Bremer Trust, formerly the Otto Bremer Foundation (the “Trustees”) hereby sell, assign and transfer unto Malta Hedge Fund, L.P. \$276,000 (2,300 shares) of the Class B Common Stock of Bremer Financial Corporation (the “Corporation”) standing in the Trustees’ names (or in the case of S. Brian Lipschultz, in the name of his predecessor trustee, William H. Lipschultz) on the books of the Corporation and represented by share Certificate No. 3 of the Corporation, and hereby authorize and direct the Secretary and/or the Transfer Agent of the Corporation to transfer such shares on the books of the Corporation, with full power of substitution in the premises.

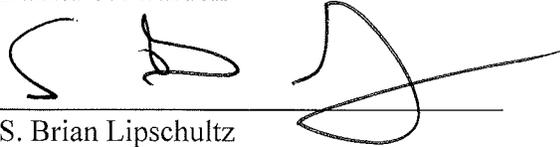
Effective Date: October 25, 2019



Charlotte S. Johnson



Daniel C. Reardon



S. Brian Lipschultz

As Trustees of Otto Bremer Trust

EXHIBIT A-10

Purchaser, Address, and Other Contact Information	Number of Shares of Class B Common Stock
Malta Hedge Fund II, L.P. 150 E 52nd St 30th Floor New York, NY 10022	31,400

EXECUTION VERSION

ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED, Charlotte S. Johnson, Daniel C. Reardon and S. Brian Lipschultz, as Trustees of the Otto Bremer Trust, formerly the Otto Bremer Foundation (the “Trustees”) hereby sell, assign and transfer unto Malta Hedge Fund II, L.P. \$3,768,000 (31,400 shares) of the Class B Common Stock of Bremer Financial Corporation (the “Corporation”) standing in the Trustees’ names (or in the case of S. Brian Lipschultz, in the name of his predecessor trustee, William H. Lipschultz) on the books of the Corporation and represented by share Certificate No. 3 of the Corporation, and hereby authorize and direct the Secretary and/or the Transfer Agent of the Corporation to transfer such shares on the books of the Corporation, with full power of substitution in the premises.

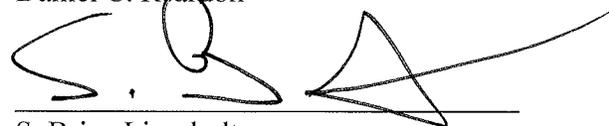
Effective Date: October 25, 2019



Charlotte S. Johnson



Daniel C. Reardon



S. Brian Lipschultz

As Trustees of Otto Bremer Trust

EXHIBIT A-11

Purchaser, Address, and Other Contact Information	Number of Shares of Class B Common Stock
Malta Offshore Fund, Ltd. 150 E 52nd St 30th Floor New York, NY 10022	14,800

EXECUTION VERSION

ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED, Charlotte S. Johnson, Daniel C. Reardon and S. Brian Lipschultz, as Trustees of the Otto Bremer Trust, formerly the Otto Bremer Foundation (the “Trustees”) hereby sell, assign and transfer unto Malta Offshore Fund, Ltd. \$1,776,000 (14,800 shares) of the Class B Common Stock of Bremer Financial Corporation (the “Corporation”) standing in the Trustees’ names (or in the case of S. Brian Lipschultz, in the name of his predecessor trustee, William H. Lipschultz) on the books of the Corporation and represented by share Certificate No. 3 of the Corporation, and hereby authorize and direct the Secretary and/or the Transfer Agent of the Corporation to transfer such shares on the books of the Corporation, with full power of substitution in the premises.

Effective Date: October 25, 2019



Charlotte S. Johnson



Daniel C. Reardon



S. Brian Lipschultz

As Trustees of Otto Bremer Trust

EXHIBIT A-12

Purchaser, Address, and Other Contact Information	Number of Shares of Class B Common Stock
Malta MLC Fund, L.P. 150 E 52nd St 30th Floor New York, NY 10022	7,400

EXECUTION VERSION

ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED, Charlotte S. Johnson, Daniel C. Reardon and S. Brian Lipschultz, as Trustees of the Otto Bremer Trust, formerly the Otto Bremer Foundation (the “Trustees”) hereby sell, assign and transfer unto Malta MLC Fund, L.P. \$888,000 (7,400 shares) of the Class B Common Stock of Bremer Financial Corporation (the “Corporation”) standing in the Trustees’ names (or in the case of S. Brian Lipschultz, in the name of his predecessor trustee, William H. Lipschultz) on the books of the Corporation and represented by share Certificate No. 3 of the Corporation, and hereby authorize and direct the Secretary and/or the Transfer Agent of the Corporation to transfer such shares on the books of the Corporation, with full power of substitution in the premises.

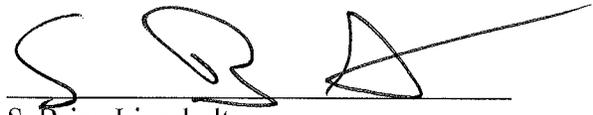
Effective Date: October 25, 2019



Charlotte S. Johnson



Daniel C. Reardon



S. Brian Lipschultz

As Trustees of Otto Bremer Trust

EXHIBIT A-13

Purchaser, Address, and Other Contact Information	Number of Shares of Class B Common Stock
Malta MLC Offshore Fund, Ltd. 150 E 52nd St 30th Floor New York, NY 10022	3,600

EXECUTION VERSION

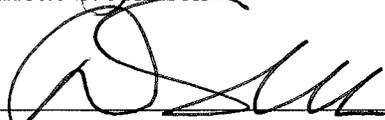
ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED, Charlotte S. Johnson, Daniel C. Reardon and S. Brian Lipschultz, as Trustees of the Otto Bremer Trust, formerly the Otto Bremer Foundation (the “Trustees”) hereby sell, assign and transfer unto Malta MLC Offshore Fund, Ltd. \$432,000 (3,600 shares) of the Class B Common Stock of Bremer Financial Corporation (the “Corporation”) standing in the Trustees’ names (or in the case of S. Brian Lipschultz, in the name of his predecessor trustee, William H. Lipschultz) on the books of the Corporation and represented by share Certificate No. 3 of the Corporation, and hereby authorize and direct the Secretary and/or the Transfer Agent of the Corporation to transfer such shares on the books of the Corporation, with full power of substitution in the premises.

Effective Date: October 25, 2019



Charlotte S. Johnson



Daniel C. Reardon



S. Brian Lipschultz

As Trustees of Otto Bremer Trust

EXHIBIT A-14

Purchaser, Address, and Other Contact Information	Number of Shares of Class B Common Stock
Malta Titan Fund, L.P. 150 E 52nd St 30th Floor New York, NY 10022	6,400

EXECUTION VERSION

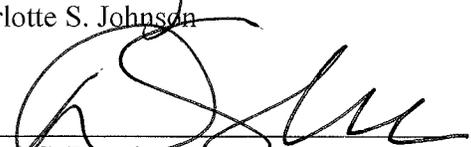
ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED, Charlotte S. Johnson, Daniel C. Reardon and S. Brian Lipschultz, as Trustees of the Otto Bremer Trust, formerly the Otto Bremer Foundation (the “Trustees”) hereby sell, assign and transfer unto Malta Titan Fund, L.P. \$768,000 (6,400 shares) of the Class B Common Stock of Bremer Financial Corporation (the “Corporation”) standing in the Trustees’ names (or in the case of S. Brian Lipschultz, in the name of his predecessor trustee, William H. Lipschultz) on the books of the Corporation and represented by share Certificate No. 3 of the Corporation, and hereby authorize and direct the Secretary and/or the Transfer Agent of the Corporation to transfer such shares on the books of the Corporation, with full power of substitution in the premises.

Effective Date: October 25, 2019



Charlotte S. Johnson



Daniel C. Reardon



S. Brian Lipschultz

As Trustees of Otto Bremer Trust

EXHIBIT A-15

Purchaser, Address, and Other Contact Information	Number of Shares of Class B Common Stock
Malta Phoenix Partners, L.P. 150 E 52nd St 30th Floor New York, NY 10022	9,100

EXECUTION VERSION

ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED, Charlotte S. Johnson, Daniel C. Reardon and S. Brian Lipschultz, as Trustees of the Otto Bremer Trust, formerly the Otto Bremer Foundation (the “Trustees”) hereby sell, assign and transfer unto Malta Phoenix Partners, L.P. \$1,092,000 (9,100 shares) of the Class B Common Stock of Bremer Financial Corporation (the “Corporation”) standing in the Trustees’ names (or in the case of S. Brian Lipschultz, in the name of his predecessor trustee, William H. Lipschultz) on the books of the Corporation and represented by share Certificate No. 3 of the Corporation, and hereby authorize and direct the Secretary and/or the Transfer Agent of the Corporation to transfer such shares on the books of the Corporation, with full power of substitution in the premises.

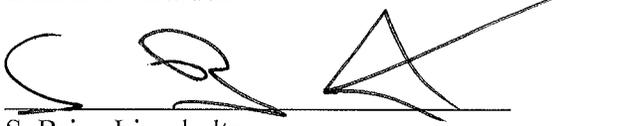
Effective Date: October 25, 2019



Charlotte S. Johnson



Daniel C. Reardon



S. Brian Lipschultz

As Trustees of Otto Bremer Trust

EXHIBIT A-16

Purchaser, Address, and Other Contact Information	Number of Shares of Class B Common Stock
AB Financial Services Opportunities Master Fund L.P. Attn: Michael Howard 1345 Avenue of the Americas New York, NY 10105	41,667

EXECUTION VERSION

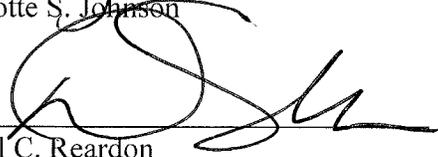
ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED, Charlotte S. Johnson, Daniel C. Reardon and S. Brian Lipschultz, as Trustees of the Otto Bremer Trust, formerly the Otto Bremer Foundation (the “Trustees”) hereby sell, assign and transfer unto AB Financial Services Opportunities Master Fund L.P. \$5,000,040 (41,667 shares) of the Class B Common Stock of Bremer Financial Corporation (the “Corporation”) standing in the Trustees’ names (or in the case of S. Brian Lipschultz, in the name of his predecessor trustee, William H. Lipschultz) on the books of the Corporation and represented by share Certificate No. 3 of the Corporation, and hereby authorize and direct the Secretary and/or the Transfer Agent of the Corporation to transfer such shares on the books of the Corporation, with full power of substitution in the premises.

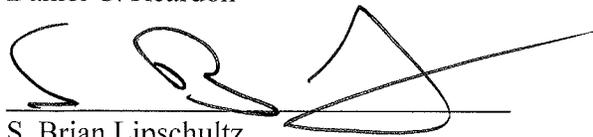
Effective Date: October 25, 2019



Charlotte S. Johnson



Daniel C. Reardon



S. Brian Lipschultz

As Trustees of Otto Bremer Trust

EXHIBIT A-17

Purchaser, Address, and Other Contact Information	Number of Shares of Class B Common Stock
Banc Fund X L.P. 20 N. Wacker Drive, Suite 3300 Chicago, IL 60606	41,667

EXECUTION VERSION

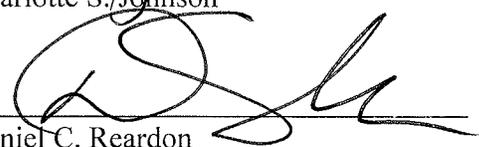
ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED, Charlotte S. Johnson, Daniel C. Reardon and S. Brian Lipschultz, as Trustees of the Otto Bremer Trust, formerly the Otto Bremer Foundation (the “Trustees”) hereby sell, assign and transfer unto Banc Fund X L.P. \$5,000,040 (41,667 shares) of the Class B Common Stock of Bremer Financial Corporation (the “Corporation”) standing in the Trustees’ names (or in the case of S. Brian Lipschultz, in the name of his predecessor trustee, William H. Lipschultz) on the books of the Corporation and represented by share Certificate No. 3 of the Corporation, and hereby authorize and direct the Secretary and/or the Transfer Agent of the Corporation to transfer such shares on the books of the Corporation, with full power of substitution in the premises.

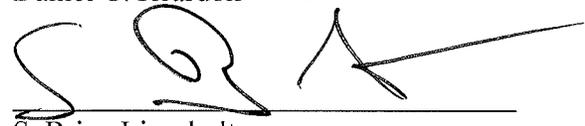
Effective Date: October 25, 2019



Charlotte S. Johnson



Daniel C. Reardon



S. Brian Lipschultz

As Trustees of Otto Bremer Trust

EXHIBIT A-18

Purchaser, Address, and Other Contact Information	Number of Shares of Class B Common Stock
John Hancock Financial Opportunities Fund c/o DTC - Newport Office Center 570 Washington Blvd. 5th Floor NY Window, Attn: Robert Mendez Jersey City, NJ 07310 FBO: State Street Bank and Trust - Fund#2X21	41,667

EXECUTION VERSION

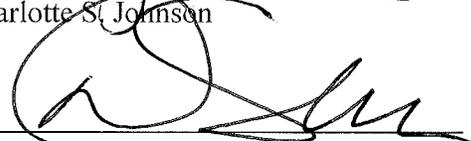
ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED, Charlotte S. Johnson, Daniel C. Reardon and S. Brian Lipschultz, as Trustees of the Otto Bremer Trust, formerly the Otto Bremer Foundation (the “Trustees”) hereby sell, assign and transfer unto John Hancock Financial Opportunities Fund \$5,000,040 (41,667 shares) of the Class B Common Stock of Bremer Financial Corporation (the “Corporation”) standing in the Trustees’ names (or in the case of S. Brian Lipschultz, in the name of his predecessor trustee, William H. Lipschultz) on the books of the Corporation and represented by share Certificate No. 3 of the Corporation, and hereby authorize and direct the Secretary and/or the Transfer Agent of the Corporation to transfer such shares on the books of the Corporation, with full power of substitution in the premises.

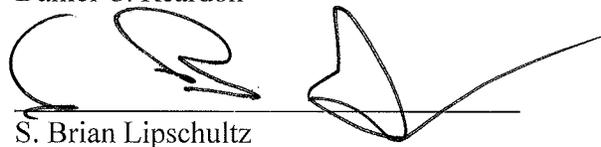
Effective Date: October 25, 2019



Charlotte S. Johnson



Daniel C. Reardon



S. Brian Lipschultz

As Trustees of Otto Bremer Trust

EXHIBIT A-19

Purchaser, Address, and Other Contact Information	Number of Shares of Class B Common Stock
Zweig-DiMenna Partners, LP 900 3rd Avenue 31st Floor New York, NY 10022	29,164

EXECUTION VERSION

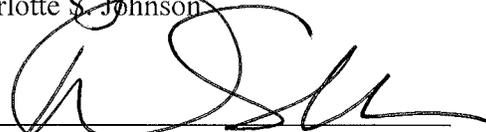
ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED, Charlotte S. Johnson, Daniel C. Reardon and S. Brian Lipschultz, as Trustees of the Otto Bremer Trust, formerly the Otto Bremer Foundation (the “Trustees”) hereby sell, assign and transfer unto Zweig-DiMenna Partners, LP \$3,499,680 (29,164 shares) of the Class B Common Stock of Bremer Financial Corporation (the “Corporation”) standing in the Trustees’ names (or in the case of S. Brian Lipschultz, in the name of his predecessor trustee, William H. Lipschultz) on the books of the Corporation and represented by share Certificate No. 3 of the Corporation, and hereby authorize and direct the Secretary and/or the Transfer Agent of the Corporation to transfer such shares on the books of the Corporation, with full power of substitution in the premises.

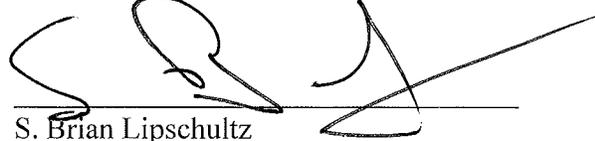
Effective Date: October 25, 2019



Charlotte S. Johnson



Daniel C. Reardon



S. Brian Lipschultz

As Trustees of Otto Bremer Trust

Exhibit 24

**DEMAND FOR
SPECIAL MEETING OF SHAREHOLDERS
BREMER FINANCIAL CORPORATION**

To: Jeanne Crain, Chief Executive Officer of Bremer Financial Corporation
380 Saint Peter Street, Suite 500, Saint Paul, MN 55102

The undersigned, being a shareholder and two or more directors of BREMER FINANCIAL CORPORATION, a Minnesota corporation (the "Corporation"), pursuant to Article I, Section 1.3 of the Corporation's Bylaws do hereby demand that a special meeting of the shareholders of the Corporation be promptly held as provided in the Corporation's Bylaws and Minn. Stat. 302A.433, for the purpose of acting on (i) the removal of the following directors of the Corporation:

Mary Brainerd
Jeanne Crain
Ronald James
Glenn McCoy
Kevin Rhein
Wendy Schoppert
Charles Westling

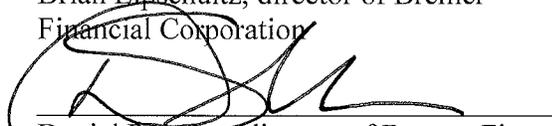
and any person nominated, appointed or elected to the Board of Directors to fill any vacancy or newly created directorship prior to the effectiveness of such proposal and (ii) a reduction in the number of directors of the Corporation to three or more directors.

Dated: October 28, 2019

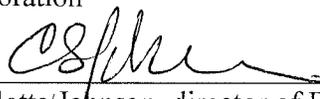
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Brian Lipschultz, director of Bremer
Financial Corporation

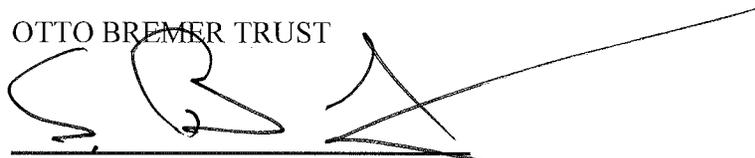


Daniel Reardon, director of Bremer Financial
Corporation

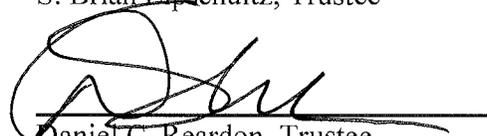


Charlotte Johnson, director of Bremer
Financial Corporation

OTTO BREMER TRUST



S. Brian Lipschultz, Trustee



Daniel C. Reardon, Trustee



Charlotte S. Johnson, Trustee

Exhibit 25

Participants: +13106060935 Joe Gulash (owner)
;+19522173289 Brian Lipschultz
;joe@gulash.com Joe Gulash (owner)
Timestamp: 12/12/2019 7:00:52 AM(UTC-8)

Another bit of great timing is that FJ is supposed to file their lawsuit today. BTW, we affectionately say FJ=Fuck Jeanne.

Participants: +13106060935 Joe Gulash (owner)
;+19522173289 Brian Lipschultz
;joe@gulash.com Joe Gulash (owner)
Timestamp: 12/12/2019 7:01:05 AM(UTC-8)

This is going to be a great day!

Exhibit 26

Participants: +13106060935 Joe Gulash (owner)
;+19522173289 Brian Lipschultz
;joe@gulash.com Joe Gulash (owner)
Timestamp: 12/13/2019 10:52:10 AM(UTC-8)

Kevin Kooman and I have traded calls. But now I'm on an airplane so won't be able to talk to him until later today. Kirk was a big big talker when we met and now he's not doing shit. So I need to know if they're going to step in to the ring or wait for others to fight it out and then nibble on the leftovers. It's so tricky because we can't coordinate but I would have thought we didn't need to because these investors were aggressive animals that would swoop in and go for the BFC jugular without any coordination required. So far, it's a nothing sandwich and that has thrown me for a loop.

Participants: +13106060935 Joe Gulash (owner)
;+19522173289 Brian Lipschultz
;joe@gulash.com Joe Gulash (owner)
Timestamp: 12/13/2019 10:53:07 AM(UTC-8)

What happened with [REDACTED]? Did they talk to Jeanne on Wednesday as was "agreed"? We don't have any news about that, either.

Participants: +13106060935 Joe Gulash (owner)
;+19522173289 Brian Lipschultz
;joe@gulash.com Joe Gulash (owner)
Timestamp: 12/13/2019 11:01:34 AM(UTC-8)

I called Kirk's lawyer last night and told them to get off their ass. They said they've been going back and forth with the bank but I told him last night that wasn't good enough. I told Jim that I was calling Kirk to say the same.

Participants: +13106060935 Joe Gulash (owner)
;+19522173289 Brian Lipschultz
;joe@gulash.com Joe Gulash (owner)
Timestamp: 12/13/2019 11:02:16 AM(UTC-8)

“With the bank”?

Participants: +13106060935 Joe Gulash (owner)
;+19522173289 Brian Lipschultz
;joe@gulash.com Joe Gulash (owner)
Timestamp: 12/13/2019 11:03:28 AM(UTC-8)

Nasty grams to BFC and Wachtell threatening to take action

Participants: +13106060935 Joe Gulash (owner)
;+19522173289 Brian Lipschultz
;joe@gulash.com Joe Gulash (owner)
Timestamp: 12/13/2019 11:03:37 AM(UTC-8)

My response was, where's the action?

Participants: +13106060935 Joe Gulash (owner)
;+19522173289 Brian Lipschultz
;joe@gulash.com Joe Gulash (owner)
Timestamp: 12/13/2019 11:04:05 AM(UTC-8)

Exactly!

Participants: +13106060935 Joe Gulash (owner)
;+19522173289 Brian Lipschultz
;joe@gulash.com Joe Gulash (owner)
Timestamp: 12/13/2019 11:04:37 AM(UTC-8)

And they haven't been going back and forth. Just meekly forth because nothing is coming back.
Wachtell is just laughing.

Participants: +13106060935 Joe Gulash (owner)
;+19522173289 Brian Lipschultz
;joe@gulash.com Joe Gulash (owner)
Timestamp: 12/13/2019 11:06:14 AM(UTC-8)

The truth is, OBT can weather this storm for a long time. I've got years of reserves if absolutely necessary. But if anyone wants relatively quick resolution, they will need to file suit in Ramsey County and pile in. It's a pussy move to hide behind FJ.

Participants: +13106060935 Joe Gulash (owner)
;+19522173289 Brian Lipschultz
;joe@gulash.com Joe Gulash (owner)
Timestamp: 12/13/2019 11:06:43 AM(UTC-8)

From my standpoint, this current episode is separating they men from the boys.

Participants: +13106060935 Joe Gulash (owner)
;+19522173289 Brian Lipschultz
;joe@gulash.com Joe Gulash (owner)
Timestamp: 12/13/2019 11:06:52 AM(UTC-8)

Or, men from the girls.

Participants: +13106060935 Joe Gulash (owner)
;+19522173289 Brian Lipschultz
;joe@gulash.com Joe Gulash (owner)
Timestamp: 12/13/2019 11:10:35 AM(UTC-8)

Not to overdramatize, but I thought we had a platoon assembled to storm the beach and instead it's Dan, Shotsy, and me now joined by FJ all by ourselves and we're pinned down. If we're going to take this thing, we need everyone to join in the fight.

Participants: +13106060935 Joe Gulash (owner)
;+19522173289 Brian Lipschultz
;joe@gulash.com Joe Gulash (owner)
Timestamp: 12/13/2019 12:43:41 PM(UTC-8)

I spoke with Kirk directly

Participants: +13106060935 Joe Gulash (owner)
;+19522173289 Brian Lipschultz
;joe@gulash.com Joe Gulash (owner)
Timestamp: 12/13/2019 12:45:00 PM(UTC-8)

I hope that Basswood and Maltese want to party as well.

Participants: +13106060935 Joe Gulash (owner)
;+19522173289 Brian Lipschultz
;joe@gulash.com Joe Gulash (owner)
Timestamp: 12/13/2019 12:47:08 PM(UTC-8)

I have a call into Terry already and I am talking to Matthew on Monday

Participants: +13106060935 Joe Gulash (owner)
;+19522173289 Brian Lipschultz
;joe@gulash.com Joe Gulash (owner)
Timestamp: 12/13/2019 12:49:00 PM(UTC-8)

Man or mouse. Guess we'll see.

Exhibit 27

**AMENDED AND RESTATED
BYLAWS
OF
BREMER FINANCIAL CORPORATION
A MINNESOTA BUSINESS CORPORATION
INCORPORATED UNDER MINNESOTA STATUTES CHAPTER 302A**

**ARTICLE I
MEETINGS OF SHAREHOLDERS**

SECTION 1.1. Place of Meeting. All meetings of the shareholders of the Corporation shall be held at the principal executive office of the Corporation in the State of Minnesota or at such other place within or without the state as may be fixed from time to time by the Board of Directors. The Board of Directors may determine that all such meetings may be held, in whole or in part, by means of "Remote Communication" (as such term is defined in Minnesota Statutes, Chapter 302A, as now enacted or hereafter amended (the "Act")).

SECTION 1.2. Regular Meetings. Regular meetings of the shareholders may be called by the Board of Directors, or by a shareholder or shareholders holding three (3) percent or more of the voting power of all shares entitled to vote under the circumstances described in § 302A.431, Subd. 2. The regular meeting of the shareholders shall be held on such date as the Board of Directors shall by resolution establish. At the regular meeting, the shareholders shall designate the number of directors to constitute the Board of Directors (subject to the authority of the Board of Directors to increase or decrease the number of directors as provided in Article II, Section 2.2 of these Bylaws), shall elect qualified successors for directors who serve for an indefinite term or whose terms have expired or are due to expire within six months after the date of the meeting, and shall transact such other business as may properly come before them.

SECTION 1.3. Special Meetings. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the Articles of Incorporation, may be called by the Chief Executive Officer, President, Chief Financial Officer, any two or more directors, or by a shareholder or shareholders holding ten percent (10%) or more of the voting power of all shares entitled to vote, except that a special meeting for the purpose of considering any action to directly or indirectly facilitate or effect a business combination, including any action to change or otherwise affect the composition of the Board of Directors for that purpose, must be called by twenty-five (25) percent or more of the voting power of all shares entitled to vote.

SECTION 1.4. Notice of Meetings. There shall be mailed to each shareholder, shown by the books of the Corporation to be a holder of record of voting shares, at his/her address as shown by the books of the Corporation, a notice setting out the date, time and place of each regular meeting and each special meeting, except where the meeting is an adjourned meeting and the date, time and place of the meeting were announced at the time of adjournment, or except as otherwise permitted by statute. This notice shall be mailed at least five (5) days prior thereto and no earlier than sixty (60) days prior thereto. However, notice of a meeting at which a plan or agreement of merger or exchange is to be considered shall be mailed

to all shareholders of record, whether or not entitled to vote at the meeting, not less than fourteen (14) days nor more than sixty (60) days prior thereto. Every notice of any special meeting called pursuant to this Section shall state the purpose or purposes for which the meeting has been called, and the business transacted at all special meetings shall be confined to the purpose stated in the notice. In addition, the notice of a meeting at which a plan or agreement of merger or exchange is to be voted upon shall state that a purpose of the meeting is to consider the proposed plan or agreement of merger or exchange and a copy or a short description of the plan or agreement of merger or exchange shall be included in or enclosed with the notice. Notice may also be given in the form of an "Electronic Communication" (as such term is defined in the Act) as authorized by, and in compliance with, the requirements of §302A.436 of the Act.

SECTION 1.5. Waiver of Notice. A shareholder may waive notice of a meeting of shareholders. A waiver of notice by a shareholder entitled to notice is effective whether given before, at, or after the meeting, and whether given in writing, orally, by means of Electronic Communication (in compliance with the requirements of §302A.436 of the Act) or by attendance. Participation by a shareholder at a meeting, whether by attendance or by means of Remote Communication, is a waiver of notice of that meeting, except where the shareholder objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened, or objects before a vote on an item of business because the item may not lawfully be considered at that meeting and does not participate in the consideration of the item at that meeting.

SECTION 1.6. Quorum, Adjourned Meetings. The holders of a majority of the voting power of the shares entitled to vote shall constitute a quorum for the transaction of business at any regular or special meeting. In case a quorum shall not be present at a meeting, those present may adjourn to such day as they shall, by majority vote, agree upon, and a notice of such adjournment shall be mailed to each shareholder entitled to vote at least five (5) days before such adjourned meeting. If a quorum is present, a meeting may be adjourned from time to time without notice other than announcement at the meeting. At adjourned meetings at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally noticed. If a quorum is present when a duly called or held meeting is convened, the shareholders present may continue to transact business until adjournment, even though the withdrawal of a number of shareholders originally present leaves less than a quorum.

SECTION 1.7. Voting. At each meeting of the shareholders, every shareholder having the right to vote shall be entitled to vote either in person or by proxy, but no proxy shall be valid after eleven (11) months unless a longer period is expressly provided for in the appointment. Each shareholder, unless the Articles of Incorporation or statute provide otherwise, shall have one vote for each share having voting power registered in such shareholder's name on the books of the Corporation. Jointly owned shares may be voted by any joint owner unless the Corporation receives written notice from any one of them denying the authority of that person to vote those shares. Upon the demand of any shareholder, the vote upon any question before the meeting shall be by ballot. All questions shall be decided by a majority vote of the voting power of the shares present and entitled to vote and represented at the meeting at the time of the vote except if otherwise required by statute, the Articles of Incorporation, or these Bylaws.

SECTION 1.8. Record Date. The Board of Directors may fix a date, not exceeding sixty (60) days preceding the date of any meeting of shareholders, as a record date for the determination of the shareholders entitled to notice of, and to vote at, such meeting, notwithstanding any transfer of shares on the books of the Corporation after any record date so fixed. If the Board of Directors fails to fix a record date for determination of the shareholders entitled to notice of, and to vote at, any meeting of shareholders, the record date shall be the twentieth (20th) day preceding the date of such meeting.

SECTION 1.9. Organization of Meetings. Unless a Chair of the Board has been appointed, at all meetings of the shareholders the Chief Executive Officer shall act as Chair of the Board, and in his/her absence any person appointed by the Chief Executive Officer shall act as Chair of the Board, and the Secretary, or in his/her absence any person appointed by the Chair of the Board, shall act as Secretary.

SECTION 1.10. Nomination of Directors. The Board of Directors may, by resolution, adopt procedures for the nomination of directors.

SECTION 1.11. Participation by Means of Remote Communications. Through use of procedures established by the Board of Directors in compliance with §302A.436 of the Act, any or all shareholders may take part in, and be present at, any meeting of the shareholders by means of Remote Communication. For the purposes of establishing a quorum and taking any action at the meeting, such shareholders participating pursuant to this Section 1.11 shall be deemed present in person at the meeting, and the place of the meeting shall be the place of origination of the communication.

ARTICLE II BOARD OF DIRECTORS

SECTION 2.1. General Powers. The business and affairs of the Corporation shall be managed by or under its Board of Directors, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Articles of Incorporation or by these Bylaws required to be exercised or done by the shareholders.

SECTION 2.2. Number, Qualification and Term of Office. The number of directors shall be established by resolution of the shareholders; provided that, unless otherwise prohibited by the shareholders, the directors may increase or, subject to Section 2.10, decrease the size of the Board of Directors. In the absence of such shareholder resolution, the number of directors shall be the number last fixed by the shareholders, the Board of Directors, or the Articles of Incorporation. Directors need not be shareholders. Each of the directors shall hold office for an indefinite term that expires at the next regular meeting of shareholders next held after such director's election or appointment and until such director's successor shall have been elected and shall qualify, or until the earlier death, resignation, removal, or disqualification of such director; provided, however, that no director shall be elected to a fixed term in excess of the maximum fixed term permitted by law.

SECTION 2.3. Board Meetings.

(a) Annual Meeting. Immediately following the regular meeting of shareholders, the Board of Directors shall hold an annual meeting for the purpose of organization, election of officers and the transaction of other business and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present.

(b) Special Meetings. Special meetings of the Board of Directors may be held from time to time at such time and place within or without the State of Minnesota as may be designated in the notice of such meeting. The Board of Directors may determine that all such meetings may be held, in whole or in part, by means of Remote Communication.

SECTION 2.4. Calling Meetings; Notice. Meetings of the Board of Directors may be called by the Chair of the Board (if a Chair of the Board has been appointed) or Chief Executive Officer (if the Chief Executive Officer is a director) by giving at least forty-eight (48) hours' notice, or by any other director by giving at least five (5) days' notice, of the date, time and place thereof to each director by mail, telephone, telegram or in person. Notice may also be given by means of Electronic Communication if the director has consented to such form of notice, such notice will be effective when "given," as such term is defined by §302A.231, Subdivision 4(b) of the Act; and consent to such notice may be revoked by a director in accordance with §302A.231, Subdivision 4(c).

SECTION 2.5. Waiver of Notice. Notice of any meeting of the Board of Directors may be waived by any director either before, at or after such meeting orally, in a writing signed by such director, or consented to by means of authenticated Electronic Communication (in compliance with the requirements at §302A.231 of the Act), or by attendance at the meeting. A director, by his/her participation at any meeting of the Board of Directors (whether by attendance or by means of Remote Communication), shall be deemed to have waived notice of such meeting, except where the director objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened and does not participate thereafter in the meeting.

SECTION 2.6. Quorum. A majority of the directors holding office immediately prior to a meeting of the Board of Directors shall constitute a quorum for the transaction of business at such meeting. In the absence of a quorum, the majority of the directors present may adjourn a meeting from time to time until a quorum is present. If a quorum is present when a duly called or held meeting is convened, the directors present may continue to transact business until adjournment, even though the withdrawal of a number of directors originally present leaves less than a proportion or number otherwise required for a quorum.

SECTION 2.7. Absent Directors. A director may give advance written consent or opposition to a proposal to be acted on at a meeting of the Board of Directors. If such director is not present at the meeting, consent or opposition to a proposal does not constitute presence for purposes of determining the existence of a quorum, but consent or opposition shall be counted as a vote in favor of or against the proposal and shall be entered in the minutes or other record of action at the meeting, if the proposal acted on at the meeting is substantially the

same or has substantially the same effect as the proposal to which the director has consented or objected.

SECTION 2.8. Participation by Means of Remote Communications. Any or all of the directors may take part in, and be present at, any meeting of the Board of Directors, or of any duly constituted committee thereof, by any means of Remote Communication through which the directors may participate in the meeting on a substantially simultaneous basis. For the purposes of establishing a quorum and taking any action at the meeting, such directors participating pursuant to this Section 2.8 shall be deemed present in person at the meeting, and the place of the meeting shall be the place of origination of the communication.

SECTION 2.9. Vacancies; Newly Created Directorships. Vacancies on the Board of Directors of this Corporation resulting from the death, resignation, removal or disqualification of a director may be filled by the affirmative vote of a majority of the remaining directors of the Board, although less than a quorum; newly created vacancies in the Board of Directors resulting from an increase in the authorized number of directors by action of the shareholders or by action of the Board of Directors as permitted by Section 2.2 may be filled by a majority of the directors serving at the time of such increase; and each director elected or appointed pursuant to this Section 2.9 shall be a director until such director's successor is elected by the shareholders at their next regular or special meeting in accordance with Section 1.7.

SECTION 2.10. Removal. Any or all of the directors may be removed from office at any time, with or without cause, by the affirmative vote of the shareholders holding a majority of the shares entitled to vote at an election of directors. A director named by the Board of Directors to fill a vacancy may be removed from office at any time, with or without cause, by the affirmative vote of a majority of the remaining directors if the director was named by the Board to fill the vacancy and the shareholders have not elected directors in the interim between the time of the appointment to fill such vacancy and the time of the removal. In the event that the entire Board or any one or more directors be so removed, new directors may be elected at the same meeting in accordance with Section 1.7.

SECTION 2.11. Committees. A resolution approved by the affirmative vote of a majority of the directors currently holding office may establish committees having the authority of the Board in the management of the business of the Corporation to the extent provided in the resolution. A committee shall consist of one or more persons, who need not be directors, appointed by affirmative vote of a majority of the directors present. Committees may include a special litigation committee consisting of one or more independent directors or other independent persons to consider legal rights or remedies of the Corporation and whether those rights and remedies should be pursued. Committees other than special litigation committees and committees formed pursuant to §302A.673, Subdivision 1(d) of the Act, are subject to the direction and control of, and vacancies in the membership thereof shall be filled by, the Board of Directors. A majority of the members of the committee present at a meeting is a quorum for the transaction of business, unless a larger or smaller proportion or number is established by a resolution approved by the affirmative vote of a majority of the directors currently holding office. Committee meetings may be held, in whole or in part, by Remote Communication or by written action in accordance with the requirements of Section 2.13 of these Bylaws.

SECTION 2.12. Chair of the Board. A Chair of the Board may be appointed by the Board and, if one is appointed, shall preside at all meetings of the shareholders and directors and shall have such other duties as may be prescribed, from time to time, by the Board of Directors. Unless otherwise determined by the Board, the Chair of the Board shall not be an employee or officer of the Corporation unless the Chief Executive Officer is acting as Chair pursuant to Section 1.10.

SECTION 2.13. Written Action. An action required or permitted to be taken at a meeting of the Board of Directors may be taken by written action signed by all of the directors or consented to by means of authenticated Electronic Communication (in compliance with the requirements at §302A.239 of the Act), unless the action need not be approved by the shareholders and the Articles of Incorporation so provide, in which case the action may be taken by written action signed by the number of directors that would be required to take the same action at a meeting of the Board of Directors at which all directors were present. The written action is effective when signed by the required number of directors, unless a different effective time is provided in the written action. When written action is permitted to be taken by less than all directors, all directors shall be notified immediately of its text and effective date. Failure to provide the notice does not invalidate the written action. A director who does not sign or consent to the written action has no liability for the action or actions taken thereby.

SECTION 2.14. Resignations. Any director of the Corporation may resign at any time by giving written notice to the Secretary of the Corporation. Such resignation shall take effect at the date of the receipt of such notice, or at any later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 2.15. Compensation of Directors. By resolution of the Board of Directors, each director may be paid his/her expenses, if any, of attendance at each meeting of the Board of Directors, may be paid a stated amount as director or a fixed sum for attendance at each meeting of the Board of Directors, and/or such other compensation as is determined by the Board of Directors. No such payment shall preclude a director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed, pursuant to resolution by the Board of Directors, like compensation for attending committee meetings.

ARTICLE III OFFICERS

SECTION 3.1. Number. The officers of the Corporation shall be chosen by the Board of Directors and shall consist of a Chief Executive Officer and Chief Financial Officer, however designated. The Board of Directors may also elect or appoint any other officers or agents the Board of Directors deems necessary for the operation and management of the Corporation. Any number of offices may be held by the same person. If a document must be signed by persons holding different offices or functions and a person holds or exercises more than one of these offices or functions, that person may sign the document in more than one capacity, but only if the document indicates each capacity in which the person signs.

SECTION 3.2. Election, Term of Office and Qualifications. The Board of Directors shall elect or appoint, by resolution approved by the affirmative vote of a majority of the directors present, from within or without their number, such other officers as the Board of Directors may deem advisable, each of whom shall have the powers, rights, duties, responsibilities, and terms in office provided for in these Bylaws or a resolution of the Board of Directors not inconsistent therewith. To the extent authorized in a resolution approved by the affirmative vote of a majority of the directors present, the Chief Executive Officer may appoint one or more officers, other than the Chief Financial Officer. The Chief Executive Officer and all other officers who may be directors shall continue to hold office until the election and qualification of their successors, notwithstanding an earlier termination of their directorship.

SECTION 3.3. Removal and Vacancies. Any officer may be removed at any time, with or without cause, by a resolution approved by the affirmative vote of a majority of the directors present. An officer appointed by the Chief Executive Officer may also be removed at any time, with or without cause, by the Chief Executive Officer. To the extent authorized in a resolution approved by a majority of the directors present, the Chief Executive Officer may, if the Corporation is not a closely held corporation under the Act, remove an officer elected or appointed by the Board, other than the Chief Financial Officer. Such removal, however, shall be without prejudice to the contract rights of the person so removed. If there be a vacancy in the office of the Chief Executive Officer or the Chief Financial Officer of the Corporation by reason of death, resignation, removal, disqualification or otherwise, such vacancy shall be filled for the unexpired term by the Board of Directors. If there be a vacancy in any other officer position of the Corporation by reason of death, resignation, removal, disqualification or otherwise, such vacancy may be filled for the unexpired term by the Board of Directors or if the Chief Executive Officer has the authority pursuant to Section 3.2 to appoint such officer, by the Chief Executive Officer.

SECTION 3.4. Chief Executive Officer. The Chief Executive Officer of the Corporation shall have general active management of the business of the Corporation. In the absence of the Chair of the Board, or if no Chair of the Board is appointed, the Chief Executive Officer shall preside at all meetings of the shareholders and directors. He/She shall see that all orders and resolutions of the Board of Directors are carried into effect. He/She shall execute and deliver, in the name of the Corporation, any deeds, mortgages, bonds, contracts or other instruments pertaining to the business of the Corporation unless the authority to execute and deliver is required by law to be exercised by another person or is expressly delegated by the Articles or Bylaws or by the Board of Directors to some other officer or agent of the Corporation. He/She shall maintain records of and, whenever necessary, certify all proceedings of the Board of Directors and the shareholders, and shall perform all duties usually incident to the office of the Chief Executive Officer. He/She shall have such other duties as may, from time to time, be prescribed by the Board of Directors.

SECTION 3.5. President. Unless otherwise specified by the Board of Directors, the President shall be the Chief Executive Officer of the Corporation. If an officer other than the President is designated Chief Executive Officer, the President shall perform such duties as may from time to time be assigned to the President by the Board or the Chief Executive Officer.

SECTION 3.6. Vice President. Each Vice President, if one or more are elected or appointed, shall have such powers and shall perform such duties as may be specified in the Bylaws or prescribed by the Board of Directors, by the Chief Executive Officer or by the President. In the event of the absence or disability of the President, Vice Presidents shall succeed to his/her power and duties in the order designated by the Board of Directors.

SECTION 3.7. Secretary. The Secretary, if one is elected or appointed, shall be secretary of and shall attend all meetings of the shareholders and Board of Directors and shall record all proceedings of such meetings in the minute book of the Corporation. He/She shall give proper notice of meetings of shareholders and directors. He/She shall perform such other duties as may be prescribed from time to time by the Board of Directors or by the Chief Executive Officer.

SECTION 3.8. Assistant Secretary. The Assistant Secretary, if any, or if there be more than one (1), the Assistant Secretaries in the order determined by the Board of Directors, shall, in the absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary and shall perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer may from time to time prescribe.

SECTION 3.9. Chief Financial Officer. The Chief Financial Officer of the Corporation shall keep accurate financial records for the Corporation. He/She shall deposit all moneys, drafts and checks in the name of, and to the credit of, the Corporation in such banks and depositories as the Board of Directors shall designate from time to time. He/She shall have power to endorse for deposit all notes, checks and drafts received by the Corporation and make proper vouchers therefor. He/She shall disburse the funds of the Corporation, as ordered by the Board of Directors, making proper vouchers therefor. He/She shall render to the Chief Executive Officer and the directors, whenever requested, an account of all his/her transactions as Chief Financial Officer and of the financial condition of the Corporation, and shall perform such other duties as may be prescribed from time to time by the Board of Directors or by the Chief Executive Officer.

SECTION 3.10. Treasurer. Unless otherwise specified by the Board of Directors, the Treasurer shall be the Chief Financial Officer of the Corporation. If an officer other than the Treasurer is designated Chief Financial Officer, the Treasurer shall perform such duties as may from time to time be assigned to the Treasurer by the Board or the Chief Executive Officer.

SECTION 3.11. Assistant Treasurer. The Assistant Treasurer, or if there shall be more than one (1), the Assistant Treasurers in the order determined by the Board of Directors, shall, in the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer and shall perform such other duties and have such powers as the Board of Directors or the Chief Executive Officer may from time to time prescribe.

SECTION 3.12. Compensation. The officers of the Corporation shall receive such compensation for their services as may be determined, from time to time, by resolution of the Board of Directors.

SECTION 3.13. Delegation. Unless prohibited by a resolution approved by the vote of a majority of the directors present, an officer elected or appointed by the Board of Directors may, without the approval of the Board of Directors, delegate some or all of the powers and duties of his/her office to other persons. An officer who delegates the duties or powers of an office remains subject to the standard of conduct for an officer with respect to the discharge of all duties and powers as delegated.

ARTICLE IV CERTIFICATES OF STOCK

SECTION 4.1. Certificates of Stock. Subject to the discretion of the Board of Directors to otherwise provide by resolution, every holder of stock in the Corporation shall be entitled to have a certificate of stock in the name of the Corporation signed by the Chief Executive Officer, the President or the Vice President and the Secretary or the Assistant Secretary, certifying the number of shares owned by him/her in the Corporation. The certificates of stock shall be numbered in the order of their issue.

SECTION 4.2. Issuance of Shares. The Board of Directors is authorized to cause to be issued shares of the Corporation up to the full amount authorized by the Articles of Incorporation in such amounts as may be determined by the Board of Directors and as may be permitted by law. No shares shall be issued except in consideration of cash or other property, tangible or intangible, received or to be received by the Corporation under a written agreement, or services rendered or to be rendered to the Corporation under a written agreement, as authorized by resolution (s) approved by the affirmative vote of a majority of the directors present, or approved by the affirmative vote of the holders of a majority of the voting power of the shares present, valuing all non-monetary consideration and establishing a price in money or other consideration, or a minimum price, or a general formula or method by which the price will be determined.

SECTION 4.3. Facsimile Signatures. Where a certificate is signed (1) by a transfer agent or an assistant transfer agent, or (2) by a transfer clerk acting on behalf of the Corporation and a registrar, the signature of any such authorized officer of the Corporation may be facsimile. In case any officer or officers who have signed, or whose facsimile signature or signatures have been used on any such certificate or certificates, shall cease to be such officer or officers of the Corporation before such certificate or certificates have been delivered by the Corporation, such certificate or certificates may nevertheless be used by the Corporation and be issued and delivered as though the person or persons who signed such certificate or certificates or whose facsimile signature or signatures have been used thereon had not ceased to be such officer or officers of the Corporation.

SECTION 4.4. Lost or Destroyed Certificates. Except as otherwise provided by §302A.419 of the Act, any shareholder claiming a certificate for shares to be lost, stolen or destroyed shall make an affidavit of that fact in such form as the Board of Directors shall require and shall, if the Board of Directors so requires, give the Corporation a bond of indemnity in form, in an amount, and with one or more sureties satisfactory to the Board of Directors, to indemnify the Corporation against any claim which may be made against it on

account of the reissue of such certificate, whereupon a new certificate may be issued in the same tenor and for the same number of shares as the one alleged to have been lost, stolen or destroyed.

SECTION 4.5. Transfers of Stock. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer and upon confirmation that the proposed transfer of shares complies with the Corporation's Articles of Incorporation, Bylaws and any and all other plans and agreements applicable to the transfer of the Corporation's shares, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

SECTION 4.6. Registered Shareholders. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Minnesota..

ARTICLE V SECURITIES OF OTHER CORPORATIONS

Unless otherwise ordered by the Board of Directors, the Chief Executive Officer shall have full power and authority on behalf of the Corporation to vote any and all securities of any other corporation or other business entity owned by the Corporation, and may execute and deliver such documents as may be necessary to vote such securities. The Board of Directors may, from time to time, confer like powers upon any other person or persons.

ARTICLE VI INDEMNIFICATION OF CERTAIN PERSONS; PURCHASE OF INSURANCE

The Corporation shall indemnify such persons, for such expenses and liabilities, in such manner, under such circumstances, and to such extent as permitted by §302A.521 of the Act. The Board of Directors may authorize the purchase and maintenance of insurance or the execution of individual agreements for the purpose of such indemnification, and the Corporation shall advance all reasonable costs and expenses (including attorneys' fees) incurred in defending any action, suit or proceeding to all persons entitled to indemnification under this bylaw, all in the manner, under the circumstances and to the extent required or permitted by the Act.

ARTICLE VII GENERAL PROVISIONS

SECTION 7.1. Dividends. Subject to provisions of applicable law and the Articles of Incorporation, dividends upon the capital stock of the Corporation may be declared by the Board of Directors at any regular or special meeting, and may be paid in cash, or in other property.

SECTION 7.2. Record Date. Subject to any provisions of the Articles of Incorporation, the Board of Directors may fix a date not exceeding one hundred twenty (120) days preceding the date fixed for the payment of any dividend as the record date for the determination of the shareholders entitled to receive payment of the dividend and, in such case, only shareholders of record on the date so fixed shall be entitled to receive payment of such dividend notwithstanding any transfer of shares on the books of the Corporation after the record date.

SECTION 7.3. Checks. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

SECTION 7.4. Fiscal Year. The fiscal year of the Corporation shall be fixed or changed by resolution of the Board of Directors.

SECTION 7.5. Seal. The Corporation shall have no corporate seal.

SECTION 7.6. Statutory References to the Act. Any statutory reference to a specific section of the Act contained in these Bylaws shall include all subsequent amendments, restatements and recodifications of such section of the Act.

ARTICLE VIII AMENDMENTS

Subject to the right of the shareholders of the Corporation to adopt or amend these Bylaws as provided by §302A.181 of the Act, these Bylaws may be amended, altered, or repealed by a vote of the majority of the whole Board of Directors at any meeting provided that notice of such proposed amendment shall have been given in the notice given to the directors of such meeting. However, the Board of Directors shall not adopt, amend or repeal any Bylaws fixing a quorum for meetings of shareholders, prescribing procedures for removing directors or filling vacancies in the Board of Directors, or fixing the number of directors or their classifications, qualifications, or terms of office, except that the Board of Directors may adopt or amend any Bylaw to increase their number.

IN WITNESS WHEREOF, I hereby certify that the foregoing Bylaws were duly adopted as the Bylaws of the Corporation effective as of April 29, 2014.

Linda E. Werner
Signature

Linda E. Werner
Name Printed

Its: Corporate Secretary
Title Typed or Printed