

MINUTES OF THE REGULAR MEETING

OF THE STATE BANKING BOARD

MARCH 19, 2003

As first item in order of business on the agenda, Chairman Thompson called the Banking Board meeting to order at 10:00 a.m., pursuant to the Agenda that was posted for public display prior to 10:00 a.m. on March 18, 2003. The meeting was held in the Conference Room of the State Banking Department, Oklahoma City, Oklahoma.

Second item on the agenda was roll call; the following members were present:

Mick Thompson, Chairman  
Gordon Greer  
Gary Huckabay  
Bob Newcomb

Members Burgess, Conn, and Goad were absent.

Also present: Charles R. Griffith, Deputy Commissioner; Dudley Gilbert, Legal Counsel; Tony Reel, Assistant Deputy Commissioner ; Randy Brooks, Director of Examinations; Sherbie Kiffin, Assistant Deputy Commissioner; Wayne Arbuthnot, Senior Examiner; and Angela Morris, Secretary.

The Chairman noted for the record that a quorum was present.

Third item on the agenda, Chairman Thompson called for approval or discussion of the Minutes of the Meeting of the State Banking Board held February 19, 2003. Member Huckabay made the motion for approval. Motion was seconded and approved as follows:

Gary Huckabay – voted yes  
Chairman Thompson – voted yes

Fourth item on the agenda, Commissioner's Monthly Reports:

A. Department Status Update.

Chairman Thompson said the Department Status Update and Legislative Update will be combined. He said he is waiting for a call from Senate Pro Tem Cal Hobson and may have to step out for a moment.

He said H.B. 1522 passed out of the House Banking & Finance Committee 18-0 and passed the House Floor 99-0. He said the title was stricken from the Bill and will be sent to conference under the agreement that the Department will make sure the Bill is revenue neutral. There will be lag time between when session ends and when assessments are sent. He said next month the Board will make definite plans on how to assess banks during the six-month period.

Chairman Thompson said twenty-two Oklahoma state agencies are self-funded and forty state Banking Departments are self-funded.

Chairman Thompson said he has talked with Chairman Rabon of the Senate who seems to be supportive.

Chairman Thompson said this month the Department had an additional budget cut which is now 13.74% of this year's budget.

Member Newcomb asked who is on the Senate Committee.

Chairman Thompson gave Board members a copy of the Senate Committee members.

He said House Bill 1522 may be up next Tuesday at 9:00 a.m. in the Senate Finance Committee. Member Greer asked what else is in the Bill.

Chairman Thompson gave Board members a summary explaining all changes to the Bill. He said it is mainly cleanup/clarification language.

Member Greer asked if credit union fees are comparable to bank fees?

Chairman Thompson said credit unions have a larger annual fee than banks and smaller assessment, and is comparable to banks.

Member Greer asked what is the largest state chartered credit union.

Chairman Thompson said Tulsa Teachers Credit Union, then WEOKIE Credit Union.

Member Greer said from July – December, banks will be assessed an additional assessment to buy out during that six-month period and then become self funded if everything goes well.

Chairman Thompson said that is correct and we will probably have some loss to the operating fund.

He said next month he plans on talking about either lowering assessments and maintaining at a certain level or do a rebate keeping assessments constant all the time where the banks can plan for it. If there is excess money at the end of the year above what is needed in the revolving funds, then we can do refunds. He said he plans to build reserves up the first few years so if any large banks are lost, all other banks won't have to make up the difference.

Member Greer said the Bill looks good so far.

Chairman Thompson said yes. He said Cal Hobson, Senator Fisher, Rick Littlefield and Jeff Rabon are key to keeping the Bill going.

Member Huckabay asked what will happen to the fees the Department charges banks?

Chairman Thompson said those will be kept by the Department.

Member Huckabay asked what the percentage has been taken from the Department?

Chairman Thompson said last year was 20% to 25%.

Member Huckabay asked if the revenue will be neutral the first year?

Chairman Thompson said yes.

B. Examination Report .

Chairman Thompson gave the monthly examination report showing that during the month of February two fed member banks, three nonmember banks, one credit union, one trust company, and three cemeteries were examined. Examinations in process at the end of February were six banks, two credit unions, one cemetery, and one trust company.

Seven examiners attended a 1-day grammar and proofreading workshop in Oklahoma City and Tulsa (February 18 & 21);

Two examiners attended the NCUA State Regulators Regional Conference in Savannah, Georgia (March 10-12);

Two staff members attended the OBA Senior Management Conference along with the Commissioner in Las Vegas, NV (March 10-11).

C. Legislative Update

D. Pending Applications

Fifth item on the agenda, Consideration of Request for Approval of Merger of First American Bancorp, Inc., Stonewall, Oklahoma, with and into First American Bank, Stonewall, Oklahoma, pursuant to Title 6 O.S. § 1111. :

Marion Bauman, Attorney, was present to answer questions.

Mr. Bauman said this is a simple merger which will get rid of the holding company on a tax free basis. The holding company has no assets or liabilities. He anticipates having three more of these requests for next month. He said there is really no reason for smaller banks to have holding companies any longer. They can now use operating subsidiaries or financial subsidiaries. He said the bank also plans to drop their Federal Reserve membership.

Member Newcomb made the motion to approve the merger. Motion was seconded and unanimously approved as follows:

Gordon Greer – voted yes  
Gary Huckabay – voted yes  
Bob Newcomb – voted yes  
Chairman Thompson – voted yes

Member Newcomb made the motion to adjourn at 10:38 a.m. Motion was seconded and unanimously approved as follows:

Gordon Greer – voted yes  
Gary Huckabay – voted yes  
Bob Newcomb – voted yes  
Chairman Thompson – voted yes

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Mick Thompson, Chairman

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Gordon Greer

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Bob Newcomb

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Gary Huckabay