

MINUTES OF THE REGULAR MEETING
OF THE STATE BANKING BOARD

NOVEMBER 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 November 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
Gary Huckabay
John Goad
Chris Conn
Gordon Greer
Bob Newcomb

Member Cartwright was 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; Rhonda Bruno, Budget Director; Stacey Tayar, Administrative Assistant; 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 Special Meeting of the State Banking Board held August 26, 2003. Member Newcomb made the motion for approval. Motion was seconded and approved as follows:

Gary Huckabay – voted yes
Chris Conn – voted yes
John Goad – voted yes
Gordon Greer – voted yes
Bob Newcomb – voted yes

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

A. Department Status Update.

Chairman Thompson said he attended former Board member Jarrett Parker's funeral a couple of weeks ago. He said he spoke with Mr. Parker's daughter and she will be helping out with the banks, but will leave the branches in operation as they are now. He said two new trainees have been hired:

Michael Truitt, who will work out of the Tulsa office and Eric Reed, who will work out of the Oklahoma City office. The Department has lost five examiners who have gone to work for banks. Senior examiners haven't been promoted in a couple of years and the Department will be looking at ways to help with salary increases. He said 70% of Senior Examiners are CPA's or have graduated from the Graduate School of Banking. He gave Board members a copy of a summary of what is given to the Office of State Finance regarding the Department's budget. He said the Department still has to submit a copy of the budget request to the Office of State Finance. He said the self funding issue at this time has increased the workload because the state budget runs from July – July (the Department has to submit the budget request for this time frame) and the Department will now be running from January – December. The Department receives its money in January, but has to submit the budget for July – July time frame and prepare what is actually held in cash on a calendar year basis. He said he will be working with the Office of State Finance regarding a lot of paperwork that is prepared as a state appropriated office, that doesn't necessarily need to be done anymore. He said after the Department has been self funded for awhile, it will be more clear of what needs to be done and what doesn't need to be done anymore.

Member Huckabay asked if the money will still go to the state and then be appropriated back to the office?

Chairman Thompson said no. The Department will receive all its money, deposit it, and send a check to the Office of State Finance of what they should receive.

Member Newcomb asked if there would be any problems going outside of the budget?

Chairman Thompson said no, as long as it has been approved in the budget that has been submitted.

Member Huckabay asked if the Department will gain any interest from its money?

Chairman Thompson said no.

Chairman Thompson gave Board members a copy of budget information that Board members have requested. He said this information will be provided quarterly and this information is July – September. He said column 1 shows General Revenue, 210 Revolving Fund, Banking Revolving Fund and Cemetery Fund. He said the General Revenue fund will go away this year. He said the 210 Revolving Fund (examination revolving fund) has always had to have a certification of how much money was going to come in and if more than that came in, it was put into the Revolving Fund. This fund will also be going away. The Bank Revolving Fund will now be the Department's general revenue fund.

Member Greer asked if the first chart is all spending information?

Chairman Thompson said yes, the second chart is all income.

Member Newcomb asked that column 6 be prepared for that same period of time (1/4 of the year) as of that date and the other numbers would make more sense.

Member Huckabay asked what the Board's responsibility is for money coming in and going out?

Chairman Thompson said the Board members' responsibilities haven't changed. It is still the Commissioner's responsibility to run the agency. The information provided to Board members is for informational purposes only.

Member Huckabay requested Mr. Gilbert to come up with a checklist of what the Board and Commissioner's responsibilities are.

Chairman Thompson said next month he will be providing the Board with personnel updates which are mainly cleanup and changing descriptions. He said there are some places where "bank" is being changed to "financial institutions".

B. Examination Report .

Chairman Thompson gave the monthly examination report showing that during the month of October eight nonmember banks, three credit unions, one trust department, and two cemeteries were examined. Examinations in process at the end of October were five banks, three credit unions, three cemeteries and one trust department.

One examiner attended the CSBS Bank Directors Seminar in Idaho: October 2-4, 2003.

Chairman Thompson said in the years past the Department has allowed the Federal Reserve to do trust examinations, now the Department is training examiners so that examinations can be done by the Department.

C. Legislative Update

Chairman Thompson said he has met with the Oklahoma Bankers Association and several larger banks regarding legislative issues and currently there are none. He also contacted most banks that have converted in the last eighteen months and they don't have any issues either. It looks the Department may not be filing a House Bill this year, but there may be some Interpretive Opinions.

D. Pending Applications

Chairman Thompson said he was in Washington, DC a couple of weeks ago and met with Director of Supervision Richard Spillenkothen regarding local needs not being met. He said Mr. Spillenkothen is working on the Federal Reserve problem. Chairman Thompson said the local Federal Reserve is not the problem.

Fifth item on the agenda, Consideration of Request for Approval of Merger of First Mustang Corporation, Mustang, Oklahoma, with and into All America Bank, Oklahoma City, Oklahoma, pursuant to Title 6 O.S. § 1111.

Member Greer made the motion to approve the request. Motion was seconded and approved as follows:

Gary Huckabay – abstained.
Chris Conn – voted yes
John Goad – voted yes
Gordon Greer – voted yes
Bob Newcomb – voted yes

Sixth item on the agenda, Consideration of Request for Approval of Merger and Application for Certificate to Maintain and Operate a Branch by Acquisition: Merger of Weleetka State Bank, Weleetka, Oklahoma, with and into The Bank of Commerce, Wetumka, Oklahoma.

Bruce Crum, Attorney, Tom Carroll and Bob Nelson were present to answer questions.

Mr. Crum said the two banks are approximately ten miles apart and Weleetka State Bank will become a branch of The Bank of Commerce, Wetumka. He said there will be some stock available and no cash. There will be construction of a new building, but is not related to this transaction. It will be ready in September.

Chairman Thompson said the Board only will consider the approval of the merger and he has the authority to approve the branch application connected with the merger.

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

Gary Huckabay – voted yes
Chris Conn – voted yes
John Goad – voted yes
Gordon Greer – voted yes
Bob Newcomb – voted yes

Seventh item on the agenda, Consideration and Prescription of the rate of bank and trust company assessments for Oklahoma chartered institutions existing as of December 31, 2003, calculated on institution assets as of December 31, 2003, pursuant to Title 6 O.S. § 211 (A)(2).

Chairman Thompson suggested there be no change to the assessment rate that was last prescribed by the Board. He said the Department will be looking at ways to raise examiner salaries and build reserve in case banks leave the state system.

Member Goad made a motion to prescribe an assessment on state-chartered banks and trust companies existing as of December 31, 2003, at the following rates: an amount of 19 cents per \$1,000 on the first \$1 billion of assets; an amount of 14 cents per \$1,000 on assets exceeding \$1 billion but not exceeding \$2 billion; and 10 cents per \$1,000 on assets exceeding \$2 billion, but with a maximum total assessment not to exceed \$430,000. The motion was seconded and was approved as follows:

Gary Huckabay – voted yes
Chris Conn – voted yes
John Goad – voted yes

Gordon Greer – voted yes
Bob Newcomb – voted yes

Seventh item on the agenda, Proposed Executive Session:

- A. The purpose of the proposed Executive Session shall be for discussion of the following items of business: (1) confidential communications between the Board and its attorney concerning the status before the Oklahoma Supreme Court of State of Oklahoma et al. v. Cemetery Company, Inc., Case No. 99974, pursuant to 25 O.S. § 307(B)(4) of the Open Meeting Act; and (2) resignation of senior examiners and hiring replacements, and employment of Department personnel, pursuant to 25 O.S. § 307(B)(1) of the Open Meeting Act.
- B. Vote of the Board for adjournment to Executive Session.
- C. Executive Session.
- D. Vote of the Board to return from Executive Session to Regular Session.

Mr. Gilbert said "It is my advice to this Board that public discussion of the agenda items identified for the proposed executive session will seriously impair the ability of this Board to process claims or conduct a pending investigation, litigation, or proceeding in the public interest. Therefore, it is my advice that I discuss these matters with you in an executive session."

Member Newcomb made the motion to enter into executive session at 10:47 a.m. Motion was seconded and unanimously approved as follows:

Gary Huckabay – voted yes
Chris Conn – voted yes
John Goad – voted yes
Gordon Greer – voted yes
Bob Newcomb – voted yes

Member Greer made the motion to enter into the regular meeting at 11:46 a.m. Motion was seconded and unanimously approved as follows:

Gary Huckabay – voted yes
Chris Conn – voted yes
John Goad – voted yes
Gordon Greer – voted yes
Bob Newcomb – voted yes

New business. The Commissioner asked if there was new business to come before the Board. None was suggested.

Member Newcomb made the motion to adjourn at 11:48 a.m. Motion was seconded and unanimously approved as follows:

Gary Huckabay – voted yes
Chris Conn – voted yes
John Goad – voted yes
Gordon Greer – voted yes
Bob Newcomb – voted yes

Mick Thompson, Chairman

Gary Huckabay

Chris Conn

Gordon Greer

Bob Newcomb

John Goad