

MINUTES OF THE REGULAR MEETING  
OF THE STATE BANKING BOARD

APRIL 20, 2005

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 April 19, 2005. 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  
Chris Conn  
John Goad  
Gordon Greer  
Bob Newcomb

Member Huckabay and Member Cartwright were absent.

Also present: Dudley Gilbert, Legal Counsel; Sherbie Kiffin, Assistant Deputy Commissioner; Tony Reel, Assistant Deputy Commissioner; Paul Qualls, Regional 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 Regular Meeting of the State Banking Board held March 16, 2005. Member Newcomb made the motion for approval. Motion was seconded and approved as follows:

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 stated the examiners had received their new laptops.

## B. Examination Report .

Chairman Thompson gave the monthly examination report showing that during the month of March two fed member banks, seven nonmember banks, two credit unions, one trust department, one cemetery and one money order company were examined. Examinations in process at the end of March were seven banks, two credit unions, two cemeteries, and one money order company.

One Senior Examiner attended the OBA Commercial Lending School in Stillwater;  
One Examiner attended the CSBS Bank Management/EIC School in San Antonio;  
One Examiner attended the CSBS Credit Evaluation School in San Antonio;  
One Regional Examiner instructed at the CSB Credit Evaluation School in San Antonio; and Three Senior Examiners attended the CSBS Legislative Fly-In in Washington, DC.

Chairman Thompson said examinations are behind because of conversions. The Department should be caught up by July.

## C. Legislative Update

Chairman Thompson said H.B. 1234 was signed by the Governor this week and copies will be sent to Board members as soon as the Department receives the final copy.

Chairman Thompson discussed budget information. He said on the Expenditure Summary page, the first three accounts (General Revenue, General Revenue and 210 Revolving Fund) will be eliminated after July 1. The 200 Banking Revolving Fund and 205 Cemetery Fund will be the only two left. He said at the bottom, the 210 Revolving Fund will be eliminated. He said on the Expenditure by Object Code page the largest items for the Department are salaries which includes the mandated pay raises and insurance. He said travel reimbursement has increased to 40.5 cents per mile. He said on the third page, if you look at the bottom numbers there is \$907,000 in GR which is what was deposited to the state.

Member Greer asked if 15% is what is deposited to the general revenue fund?

Chairman Thompson said it's 20% of assessments only. Any other fees brought in are kept by the Department.

Chairman Thompson gave a copy showing assessment rates in 1992 vs. 2004. He gave a copy showing the number of examiners in 1992 vs. 2005. He gave a copy showing assets under supervision. He said you can see that assets have gone up, number of examiners have gone down and assessment rates have also gone down.

Chairman Thompson said if conversions continue, assessments may be reduced in November to a lower rate.

Member Greer asked what the total assets are in Oklahoma?

Chairman Thompson asked Mr. Reel to get that information.

Mr. Reel provided a report showing total assets of all Oklahoma financial institutions as of December 31, 2004, being \$56,422,000.00.

#### D. Pending Applications

Chairman Thompson asked if Board members are receiving pending applications.

Fifth item on the agenda, Consideration of Application for Authority to Organize a State Chartered Banking Corporation, to be known as Rose Rock Bank, Oklahoma City, pursuant to Title 6 O.S. §0301 et seq.

Bruce Crum, Attorney; Ralph Fredrickson, Executive Vice President; Mike Sterkel, President and CEO; and Trent McKnight were present to answer questions.

Mr. Crum said the bank purchased assets and liabilities of seven branches of Gold Bank (Enid, Hennessey, Kingfisher, El Reno, and Oklahoma City which will be the main office). He said it will have approximately \$307 million in assets and capitalized with \$63.6 million. He said the purchase and assumption transaction had merged the Oklahoma charter into the Kansas charter a year or two ago and now are chartering a new bank. He said the other subsidiary banks of Olney Bancshares are national banks. He said the holding company will capitalize the bank at \$63.6 million and pay Gold Bank a fixed premium of \$34 million. The capital structure of the bank is well-capitalized. The \$63.6 million will come from two sources: 1) holding company trust preferred securities and subordinated debt totaling \$52 million - \$22 million being subordinated debt and 2) \$11.6 million in dividends from subsidiaries of Texas banks. He said all banks are well-capitalized. He said the organizers are: Ralph Frederickson; Mike Sterkel; Bill Henson, Oklahoma banker from Maysville and Blair; Stan Lyles, shareholder; and Ross McKnight, resident of Texas and also a banker. He said Mike Sterkel and Ralph Frederickson have been involved in banking since 1996. They are excited to become a state chartered bank.

Member Goad made the motion for approval of the authority to organize a state chartered banking corporation. Motion was seconded and approved as follows:

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

Chairman Thompson said he has had the pleasure to visit Throckmorton, Texas. He said he flew to Throckmorton. He said their operation is very successful and the Comptroller of the Currency worked hard for the new bank to be a national charter.

Member Newcomb made the motion for approval of the Purchase and Assumption of the seven branches. Motion was seconded and approved as follows:

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

Member Greer made the motion for approval of the seven branches located at 101 North Rock Island, El Reno, Oklahoma; 2409 Country Club Road, El Reno, Oklahoma; 510 North Commerce, Enid, Oklahoma; 101 North Main Street, Hennessey, Oklahoma; 1209 South Main, Kingfisher, Oklahoma; 320 North Main Street, Kingfisher, Oklahoma; and 10900 Hefner Pointe Drive, Oklahoma City, Oklahoma. Motion was seconded and approved as follows:

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

Seventh item on the agenda, Consideration of Request by First Bethany Bank & Trust, N.A., Bethany, Oklahoma, for Conversion from a National Charter to a State Chartered Institution pursuant to Title 6 Okla. Stat. § 1101 and O.A.C. 85:10-3-17;  
Proposed Name: "First Bethany Bank & Trust"

Joe Williams, President; Chris Pierce, Chairman; and Pete Pierce, President of the holding company, were present to answer questions.

Mr. Williams said the bank is 100% family owned by the Pierces. He said there is no debt against the bank or the holding company. They are excited at the possibility of becoming a state chartered bank.

Chairman Thompson said Paul Qualls is here to answer any questions about the Department Analysis.

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

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

Chris Pierce said this is like a homecoming for them and they are ready to be a state chartered bank.

Member Goad made the motion to adjourn at 10:25 a.m. Motion was seconded and unanimously approved as follows:

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

---

Mick Thompson, Chairman

---

Gordon Greer

---

John Goad

---

Chris Conn

---

Bob Newcomb