

MINUTES OF THE REGULAR MEETING
OF THE STATE BANKING BOARD

APRIL 19, 2006

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 18, 2006. Notice of the meeting was also made available to the Secretary of State pursuant to Title 25 O.S. § 311 (The Open Meeting Act). 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
Gary Huckabay
Bob Newcomb

Member Cartwright and Member Greer were absent.

Also present: Dudley Gilbert, Legal Counsel; Charles Griffith, Deputy Commissioner; Tony Reel, Assistant Deputy Commissioner; Sherbie Kiffin, Assistant Deputy Commissioner; Wayne Arbuthnot, Senior Examiner; Rhonda Bruno, Budget Director, and Angela Morris, Secretary.

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

Member Conn made the motion for approval of minutes of meeting held March 15, 2006. Motion was seconded and approved as follows:

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

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

Chairman Thompson reported that Randy Brooks came through his brain surgery successfully. The tumor was the size of a lemon and non malignant. He will be in rehabilitation for a couple of weeks. The Department met with the State Auditor and Inspector's Office last week and the Department will undergo a routine audit beginning next week. They will be looking at the Department's financial records and personnel files, etc. The audit will last approximately 4-6 weeks. When a final report is submitted to the Department, the Board will be given copies.

Chairman Thompson gave Board members a copy of the quarterly Expenditure Summary. He said that while the Department is currently under budget, expenditures are expected to increase based on the time of year certain costs are incurred.

Member Newcomb said the heading shows July 1, 2005 to March 31, 2006. Is this for a nine month period?

Rhonda Bruno said that part of the report is on the fiscal nine month period and the rest is on a three month calendar-year schedule.

Chairman Thompson said it is confusing since the Department receives its assessment money in January on a calendar basis but the state budget runs on a fiscal year from July to June.

Chairman Thompson said on the Revenue Report, there is an amount of \$37,546 for fee sharing with Texas which is quarterly, and \$57,650 for cemetery annual fees that are received once a year.

B. Examination Report .

Chairman Thompson gave the monthly examination report showing that during the month of March eight non fed member banks, two credit unions, and three cemeteries were examined. Examinations in process at the end of March were two banks, two credit unions, and one cemetery.

Commissioner, two staff members, and one Senior Examiner attended the CSBS Legislative Fly-in in Washington, D.C.;

Two Senior Examiners attended the CSBS Trust Forum in Seattle;

Eight bank examiners attended the OBA Ag Conference in Oklahoma City; and

One Credit Union Examiner attended the NASCUS regional meeting in Chicago.

Chairman Thompson reported that some examination discrepancies have happened between the Department and Federal Reserve. He said the Department has a Cooperative Agreement with the FDIC, but the Federal Reserve would not sign one. There have been instances where the Department's examiners and Federal Reserve examiners have agreed upon the ratings for an examination, but when the examination is sent to the Federal Reserve in Kansas City or Washington D.C., the ratings are changed. He said once the examiners agree on an examination and have their exit meeting with the banker, the ratings should not change later. Currently, there is a joint examination that the Department will not sign because of changes being made after the examiners have agreed and left the bank.

Member Huckabay asked if there is a pattern as to which way the Camel Rating is done?

Chairman Thompson said yes, it is being lowered by the Federal Reserve after examiners have made their decision. He said there are 52 banks that are Federal Reserve members out of 184.

Member Goad asked how often this is happening?

Chairman Thompson said more than it should.

Member Huckabay asked why the banks this is affecting continue to be Federal Reserve members?

Chairman Thompson said because they have had a good relationship with the Federal Reserve in the past and in fact some are dropping the Federal Reserve membership.

Member Newcomb asked what happens if the Department doesn't sign the examination?

Charles Griffith said a transmittal letter will be sent that states what the Department doesn't agree with in the Federal Reserve's final examination copy.

C. Legislative Update

Chairman Thompson reported that the Governor signed H.B. 2483 which requires the Department to license wire transfer companies. To help pay for the new responsibilities, the amount paid to General Revenue will be 10%, like other self-funded agencies.

D. Pending Applications

Fifth item on the agenda, Consideration of Request by Community National Bank, Alva, 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: "Community Bank"

Terry Ross, President; K.L. Washburn, Board Member; and Richard Ryerson, Board Member were present to answer questions.

Mr. Ross said their primary reason for conversion is to lower their assessment cost and be able to get in touch with their primary regulator in a more timely fashion.

Member Goad asked if they will be a Federal Reserve member?

Mr. Ross said no. He said at the examination, two Federal Reserve examiners were present and didn't feel as strongly about the bank as the state examiners.

Member Huckabay asked Mr. Ross if he felt the Federal Reserve would rather he were a FDIC member?

Mr. Ross said no. He had talked with the Federal Reserve and they didn't feel that he should be a Fed member.

Chairman Thompson said Wayne Arbutnot was in charge of the examination and is present to answer questions.

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

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

Bob Newcomb – voted yes

Sixth item on the Agenda, Consideration of changes to the Oklahoma State Banking Department Employee Position Description Manual pursuant to Title 6 O.S. Section 201.C.5.

Chairman Thompspon described the changes, which include references to skill-based or performance-based adjustments paid in a lump sum will not be included in the calculation of the employee's total salary. These changes are consistent with OPM regulations.

Member Goad made the motion to approve the changes to the Employee Description Manual. Motion was seconded and approved as follows:

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

Member Huckabay asked if any decision has been made on the Wal-Mart, LLC application?

Chairman Thompson said they will be having a hearing in Kansas City and will not vote until the new FDIC Chairman is sworn in. He said he was recently appointed to the FFIEC Board and met with the Comptroller of the Currency, Acting FDIC Chairman, and Richard Spillenkothen of the Federal Reserve. He represents the states and will be able to sit in on the meeting, but not allowed to vote.

Member Newcomb asked about Member Huckabay's farewell letter as a Board member.

Member Huckabay said according to Chairman Thompson he will serve on the Board until a new member is appointed and confirmed by the Senate.

Chairman Thompson said Cheri Cartwright notified the Governor that she does not want to be re-appointed to the Board.

Member Huckabay made the motion to adjourn at 10:26 a.m. Motion was seconded and unanimously approved as follows:

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

Mick Thompson, Chairman

Chris Conn

John Goad

Gary Huckabay

Bob Newcomb