

MINUTES OF THE REGULAR MEETING  
OF THE STATE BANKING BOARD

DECEMBER 13, 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 December 12, 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  
David Burrage  
Chris Conn  
John Goad  
Gordon Greer  
Bob Newcomb

Member Meyer was absent.

Also present: Charles Griffith, Deputy Commissioner; Tony Reel, Assistant Deputy Commissioner; Sherbie Kiffin, Assistant Deputy Commissioner; Roger Brock, Senior Examiner; and Angela Morris, Secretary.

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

Member Newcomb said under the rate that was set last month, if the maximum amount set was for trust companies only?

Chairman Thompson said yes.

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

David Burrage – 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:

Chairman Thompson gave Board members a copy of what the front of the new building, Lincoln Boulevard side. This picture will be on the cover of the Annual Report and may be available next

month. He said the engineering part is almost finished and will be going to bid after the first of the year.

#### B. Examination Report.

Chairman Thompson gave the monthly examination report showing that during the month of November one fed member bank, three non member banks, two credit unions, one trust department, and two conversion exams were examined. Examinations in process at the end of November were two banks, two credit unions, and one cemetery.

Four examiners attended a tax seminar.

One examiner attended CSBS examiner-in-charge school.

One examiner instructed at CSBS examiner-in-charge school.

Commissioner Thompson attended CSBS supervisors symposium.

Two staff members attended continuing legal education seminar.

Three examiners attended financial risk modeling seminar.

Chairman Thompson said the CSBS symposium he attended in New Orleans was informative. He said it is unbelievable. He said there are 13,000 houses still waiting to be destroyed, many shopping centers are boarded up, several banks are closed and some are using portable trailers; Ward 9 has mile after mile of nothing. He said there was one bank that was totally destroyed except for the parking lot and the vault was left standing.

Member Newcomb said he had a similar experience driving to Orlando last month. He said a busy stretch from Tupelo to Buloxi now is nothing for 24 miles.

Chairman Thompson said he met with bankers and businessmen to discuss what to do, if for example, a major tornado hit downtown Oklahoma City.

Chairman Thompson said he met with the new Chairman of the House Banking Committee, Representative Winchester. John Carey, will be the Vice Chairman, he is with First United Bank and Trust, Durant. He said the subcommittee is still in the planning process. Last year there were 28 members and only 10 this year. The new Chairman is receptive to what the Department is doing.

Chairman Thompson said the Department is working on cleanup language and Representative Winchester plans to carry the bill and should have the language for the Board next month. If you have anything you want to change, let the Department know soon.

Chairman Thompson said on the Senate side, there are 24 democrats and 24 representatives.

Chairman Thompson said the credit unions will have a cleanup bill and the OBA has signed off on it. One other issue will be the realtor-banker issue.

#### C. Legislative Update.

Chairman Thompson said Dudley Gilbert had knee surgery on Monday. He said Mr. Gilbert has been in contact with the lobbyist for Western Union and Money Gram to be sure everything is in

order on the money transmitter legislation. Public comments will begin December 15 and end January 16 and be brought to the Board next month. He said the rules have highlighted areas showing the most important sections to look at. This is for information purposes only and more information will be forthcoming. The rules will be voted on at January's meeting.

Member Greer asked where the fee will go?

Chairman Thompson said the Department.

Member Greer asked how these fees compare to other states?

Chairman Thompson said they vary from state to state. Some charge more for annual fee and less per agent. He said some charge a percentage.

Fifth item on the agenda, Consideration of Request by Bank of Grove, F.S.B., Grove, Oklahoma, for Conversion from a Federal Savings Bank to a State Chartered Institution pursuant to Title 6 O.S. § 1101 and O.A.C. 85:10-3-17; Proposed Name: "Bank of Grove"

Ed Townsend, President, said his business has evolved into community banking. He said their deposit growth has been rapid at \$28 million. He said there is \$23 million in deposits half of which are transaction accounts, \$17 million in loans, and 90% in real estate. He is holding approximately \$9 million in cash. He has encountered two technical thrift issues: 1) cash is not a qualified lending asset, meaning the more cash he has the more difficult it is and 2) capital compound at 15% and now is 25%, with accumulated loans exceeding 15% which is \$3 ½ million. He only has four relationships that total \$850,000. He said he favors a state charter because of the partnership he had with the state when Local Oklahoma was a state charter for awhile, before he sold it. His bank is an uncomplicated bank and has many experienced employees.

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

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

Sixth item on the agenda, Consideration of Request by Valliance Bank, N.A., Oklahoma City, Oklahoma, for Conversion from a National Charter to a State Chartered Institution pursuant to Title 6 O.S. § 1101 and O.A.C. 85:10-3-17; Proposed Name: "Valliance Bank dba VBank"

Paul Foster, Attorney, introduced Roy Oliver, Director; Brad Swickey, President/CEO; David Durrett, Director; and Janna Robinson, Senior Vice President/Cashier. He said Mr. Swickey and Mr. Oliver may have extra information for the Board.

Mr. Swickey said their situation with the Comptroller of the Currency is not a negative one and they have been happy with them. He said he is impressed with Commissioner Thompson and his staff and after comparing how a conversion would affect them, decided to convert. He said the Banking Department is the premier regulator of Oklahoma.

Mr. Oliver said he would rather deal with local peers and also be able to drive to the regulator's office to talk to someone if it is needed. He said answers have been quick and forthcoming from the Banking Department.

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

David Burrage – voted yes  
Chris Conn – voted yes  
John Goad – voted yes  
Gordon Greer – voted abstained  
Bob Newcomb – voted yes

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

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

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Mick Thompson, Chairman

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David Burrage

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Chris Conn

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John Goad

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Gordon Greer

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Bob Newcomb