

MINUTES OF THE REGULAR MEETING

OF THE STATE BANKING BOARD

JUNE 21, 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 June 20, 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  
Jim Meyer  
Bob Newcomb

Also present: Dudley Gilbert, Legal Counsel; Charles Griffith, Deputy Commissioner; Tony Reel, Assistant Deputy Commissioner; Sherbie Kiffin, Assistant Deputy Commissioner; Stacey Tayar, Administrative Assistant; Rhonda Bruno, Budget Director, and Angela Morris, Secretary.

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

Member Newcomb made the motion for approval of minutes of meeting held April 19, 2006. Motion was seconded and approved as follows:

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

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

Chairman Thompson introduced David Burrage and Jim Meyer, new Banking Board members. Each new member discussed their backgrounds.

David Burrage said they have a small country bank with three locations in southeast Oklahoma (Antlers, Coalgate and Atoka), \$120 million dollar bank with \$100 million in loans. He said he is married with six children. He previously served on the Board for the Department of Transportation.

Jim Meyer said he owns a company called Bridgeport Holdings which is an investment management firm with offices in Georgia, Arizona, California, Oklahoma and Colorado. They do business with mental health, construction, publishing and various other things.

Chairman Thompson gave Board members a copy of the updated list of Board members with their addresses and phone numbers.

Chairman Thompson introduced his staff: Charles Griffith, Deputy Commissioner, has been with the Department many years. He deals with bankers regarding questions on the Code and Regulations and examiners while on exam; Tony Reel, Assistant Deputy Commissioner is in charge of review of examinations, and scheduling; Sherbie Kiffin, Assistant Deputy Commissioner, handles all complaints and all applications; Stacey Tayar, Administrative Assistant, handles personnel issues, insurance, all education, and keeps up with his schedule; Rhonda Bruno, Budget Director, pays all bills, is a CPA from Office of State Finance; Dudley Gilbert, Legal Counsel, answers any questions or issues that come up regarding legal issues, and Angela Morris, Executive Secretary, will deal with the Board members and getting information to them.

Chairman Thompson said the state's budget has an agreement that mandates 5% pay raise. If the 5% pay raise is passed, the Department is able to fund it.

Chairman Thompson said they will be meeting with the Department of Central Services today about a new building for the Department. He said he has looked into other rental properties for about a year. The state would provide the land, the Department would pay for the building and the building will pay for itself within 7-10 years. The proposed location is 28<sup>th</sup> and Lincoln. The building will be under the renaissance project since the Department is one of few that will be 100 years old next year as the state turns 100. He will be working with the Centennial Committee and will provide information to the Board as he receives it. He said investing in a building is a good idea and the Department will be able to regain cash reserves quickly.

Chairman Thompson gave Board members a copy of a FDIC report showing total assets of state and national charters in Oklahoma. He also gave copies showing the monitoring of the deposit cap of 20%.

Member Greer said the state charters have \$25 billion and national charters have \$27 billion, and asked if those are chartered institutions in Oklahoma only?

Chairman Thompson said yes.

Chairman Thompson said there was an article in the American Banker, May 15 issue, regarding the top five states since 2000 with national banks converting to state banks. He said Pennsylvania had nine, Kentucky had nine, Illinois had 14, Texas had 18, and Oklahoma had 23.

Chairman Thompson proposed a Board Resolution for former Banking Board Member, Gary Huckabay. He said the Resolution reads as follows: "On behalf of the Oklahoma State Banking Board, we would like

to recognize former member, Gary Huckabay, for his twelve years of service on the State Banking Board and his many contributions to improving not only the Banking Department, but the banking industry in Oklahoma.”

Member Newcomb made the motion for approval of the Board Resolution. Motion was seconded and approved as follows:

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

He said a copy of these minutes will be sent to Mr. Huckabay.

Chairman Thompson asked how the Department is doing on examinations?

Mr. Reel said the Department is currently ahead.

Chairman Thompson reported on Randy Brook’s progress in recovering from brain and hip surgery.

B. Examination Report .

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

Three examiners attended CSBS Graduate School of BSA/AML in Kansas City, Missouri;

Six (three staff and three examiners) attended CSBS Annual Meeting and Convention in Norfolk, Virginia;

One examiner attended the CSBS Credit Evaluation School in Redondo Beach, California;

One examiner was an instructor at the Credit Evaluation School;

One examiner attended the CSBS Graduate School of BSA/AML in Washington, DC.

C. Legislative Update

D. Pending Applications

Chairman Thompson said approximately 150 money transmitters were contacted to see if they are doing business in Oklahoma. Several have already responded and their lists are starting to come in. The Department will write rules next legislative session and begin charging a fee to keep track of them.

Chairman Thompson asked if the new Board members are receiving the weekly pending applications?

Ms. Morris said yes.

Fifth item on the agenda, Consideration of Request for Approval of Merger and Application for Certificate to Maintain and Operate a Branch:

- A. Application for Merger of The State Bank, Winfield, Kansas, with and into The Bank of Beaver City, Beaver, Oklahoma, pursuant to Title 6 O.S. Section 1103.
- B. Branch Application of The Bank of Beaver City, Beaver, Oklahoma, pursuant to Title 6 O.S. Section 501.1 and O.A.C. 85:10-9-2.  
De Novo Branch – 10 East Tucker Road, Liberal, Kansas  
Proposed Name: “The Bank of Beaver City“

Chairman Thompson said Board members should have a copy of a letter showing in detail what the bank is planning to do.

Jason Weber, Senior Vice President; Larry Mikles, Executive Vice President, and Charles Weber, Executive Vice President, were present to answer questions.

Jason Weber said the bank was established in 1902, has \$70 million in assets and \$46 million in loans. He said they recently had a state exam and it went well. He said they determined they needed a branch in Liberal, Kansas, and since Kansas is not reciprocal with Oklahoma, branching is not allowed. He said they plan to merge with a state bank in Winfield to open a charter in Kansas, sell off the assets to Union State Bank, Arkansas City, and eventually establish a de novo branch. He said they have a large customer base in Liberal with 20% of loan volume and feel there is a need to have a branch there.

Member Newcomb asked how far is it between Beaver City and Liberal, Kansas?

Mr. Weber said approximately 35 miles.

Member Greer said it cost \$250,000 to get into Kansas?

Mr. Weber said yes.

Member Newcomb said you will be new in Kansas?

Mr. Weber said they will be a de novo branch.

Member Newcomb said there won't be any assets?

Mr. Weber said correct.

Chairman Thompson said the Department met with the bank early on to figure out how they could get a branch in Kansas.

Member Greer asked if Kansas could branch in Oklahoma?

Chairman Thompson said no, there is no reciprocity with Kansas to do so.

Member Meyer asked why other states don't try to be reciprocal?

Chairman Thompson said the problem lies with bankers in those states not wanting additional competition. The Department is reciprocal with several states.

Member Newcomb made the motion to approve the Application for Merger of The State Bank, Winfield, Kansas, with and into The Bank of Beaver City, Beaver, Oklahoma. Motion was seconded and approved as follows:

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

Member Goad made the motion to approve the Branch Application of The Bank of Beaver City, Beaver, Oklahoma. Motion was seconded and approved as follows:

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

Chairman Thompson asked Board members to let the Department know if they have any advice or input for the new building plans. He said there will be a small conference room for 6-8 people to use and designated parking on Board days. He said Charles Griffith is head of the Building Committee.

Member Conn made the motion to adjourn at 10:40 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  
Jim Meyer – 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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Jim Meyer

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Bob Newcomb