

MINUTES OF THE SPECIAL MEETING
OF THE STATE BANKING BOARD

NOVEMBER 26, 2007

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 19, 2007. 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
Bradley Krieger
Bob Newcomb
Bob Weaver

David Burrage and Gordon Greer were absent.

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

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

Third item on the agenda was the approval of the minutes for the meeting held September 19, 2007.

Member Newcomb made the motion for approval of minutes. The motion was seconded by Member Conn and approved as follows:

Chris Conn – voted yes
Bradley Krieger – voted yes
Bob Newcomb – voted yes
Bob Weaver – voted yes

Chairman Thompson welcomed new Board Member, Bradley Krieger, with Arvest Bank.

Member Krieger introduced himself and said he's been in banking since 1972 and currently works for Arvest Bank which has approximately 200 branches in four states.

Member Weaver said he drove by the new building site today. A lot of progress has been made and a partial steel wall is up.

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

A. Department Status Update

Chairman Thompson met with the Federal Reserve Bank, FDIC, and several state Commissioners in Kansas City recently and discussed loan participations. A lot of smaller banks are buying loan participations and relying totally on the selling bank. The Banking Department may issue guidance explaining the precautions that should be taken when buying a participation.

B. Examination Report

Examinations completed during October, 2007 include two Fed member banks, five non-member banks, and three cemetery exams. Examinations in process as of October 31, 2007 include two banks, one cemetery, and one trust company.

Schools for October include: One Senior Examiner attended the Money Transmitter Regulators Association Annual Conference; Two Senior Examiners and the Department's Computer Specialist attended the CSBS Technology Seminar; One staff person and one Regional Examiner attended the CSBS Examiner Education Forum; One Senior Examiner attended the NCUA Advance Member Business Lending Seminar; One Examiner attended the CSBS EIC/Bank Management School; One Regional Examiner taught at the EIC/Bank Management School; One Senior Examiner attended a BSA Conference sponsored by the National Association of Credit Union Supervisors and the Credit Union National Association; and Twelve examiners attended a 1/2 day exam report training program at the FDIC office.

Member Newcomb asked how the Department is doing on examinations.

Tony Reel said the Department is current.

C. Legislative and Rulemaking Update

Chairman Thompson said there is an interim study that is looking at consolidating state agencies. Consumer Credit has been suggested to consolidate with the Banking Department. The Department is in the process of having a new building built and therefore wouldn't have room for another agency and also there would be a conflict with the Banking Department being self funded while the Department of Consumer Credit receives appropriations from the Legislature.

Mr. Gilbert discussed the various suggested changes that the Rule Review Committee has come up with, many of which are for cleanup purposes. The proposed adoption of the rules will be in February by the Banking Board. There will be further discussions regarding the rules leading up to the February meeting. The rulemaking process began with the Rule Review Committee going over all the rules and suggesting changes; rulemaking intent will be filed, then published, the public will have 30 days to comment, then the hearing will be in February. Board members can make any changes at any time before adopting any changes. After the February meeting, a document is filed with the legislature and Governor for their approval.

Member Conn asked if the change of control rule can be further amended.

Mr. Gilbert said he will review the statute and get back with him.

D. Report to the Board on status of pending applications.

Chairman Thompson asked if Board members have any questions regarding the pending applications report they receive weekly.

Fifth item on the agenda, Consideration of Request by Rose Rock Bank, Oklahoma City, Oklahoma, to issue subordinated debentures, pursuant to Title 6 O.S. § 410 and O.A.C. 85:10-3-16.

Bruce Crum, Attorney, and Mike Sterkel, President of Rose Rock Bank, were present to answer questions.

Mr. Crum thanked the Department for holding a Special Meeting today. He explained that the debentures are being issued in connection with their planned merger with Union Bank. Rose Rock Bank will merge into Union Bank because FDIC requirements wouldn't allow them to be able to do what they wanted to and stay a state charter.

Mr. Sterkel thanked everyone for allowing this to be on the agenda at such a short notice.

Member Newcomb made the motion to approve the Request. The motion was seconded by Member Conn and approved as follows:

Chris Conn – voted yes
Bradley Krieger – voted yes
Bob Newcomb – voted yes
Bob Weaver – voted yes

Chairman Thompson explained the expenditure summary sheet and budget information with the Board. He explained that the Department's funds are on a calendar year basis, but the budget is on a fiscal year basis.

Mr. Gilbert said the Department has received 31 money transmitter applications, 26 are currently licensed. Licensees are required to submit quarterly reports to the Department and will renew their licenses in January. The Bureau of Narcotics is doing some background checks on the companies officers and directors.

Chairman Thompson discussed a comparison of what it costs to be a state charter versus what costs would be with the Comptroller of the Currency.

Sixth item: Consideration and Prescription of the rates of bank and trust company assessments for Oklahoma chartered institutions existing as of December 31, 2007, calculated on institution assets as of December 31, 2007, pursuant to Title 6 O.S. § 211 (A)(2).

Chairman Thompson said the Board each year sets the assessments in November on banks and trust companies.

Member Krieger asked why assessments were lowered last year?

Chairman Thompson said because of surplus, assessments were lowered. He said that if the Department does not need the money to operate, assessments will be lowered.

Member Newcomb made the motion to approve assessment rates for trust companies at the following rates: (1) a rate of \$.18 cents per \$1,000 of company-owned assets, plus (2) a rate of \$.10 cents per \$1,000 of assets under management, but this portion of the assessment be capped at \$25,000. Motion was seconded by Member Krieger and unanimously approved, as follows:

Chris Conn – voted yes
Bradley Krieger – voted yes
Bob Newcomb – voted yes
Bob Weaver – voted yes

Member Newcomb made the motion to approve assessment rates for banks at the following rates: (1) \$.18 cents per \$1,000 of assets on the first \$1 billion, \$.14 cents per \$1,000 on the assets exceeding \$1 billion, but not exceeding \$2 billion, and \$.10 cents per \$1,000 on assets exceeding \$2 billion. Motion was seconded by Member Conn and unanimously approved as follows:

Chris Conn – voted yes
Bradley Krieger – voted yes
Bob Newcomb – voted yes
Bob Weaver – voted yes

Chairman Thompson thanked everyone for attending the Special Meeting.

Seventh item: Adjournment

Motion made to adjourn by Member Conn.
Motion seconded by Member Newcomb.

Motion was approved as follows:

Chris Conn – voted yes
Bradley Krieger – voted yes
Bob Newcomb – voted yes
Bob Weaver – voted yes

Meeting was adjourned at 11:04 a.m.

Mick Thompson, Chairman

Chris Conn

Bradley Krieger

Bob Newcomb

Bob Weaver