

MINUTES OF THE REGULAR MEETING
OF THE STATE BANKING BOARD

AUGUST 22, 2008

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 August 21, 2008. 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
Bob Newcomb
Bob Weaver

Members Greer and Krieger were absent.

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

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

Chairman Thompson welcomed everyone to the new building. He said the landscaping will be put in soon and the conference room will have audio/video setup soon. He gave everyone present a tour of the new building.

Third item on the agenda was the approval of the minutes for the regular meeting held July 29, 2008.

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

David Burrage – voted yes
Chris Conn – voted yes
Bob Newcomb – voted yes
Bob Weaver – voted yes

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

A. Department Status Update

Member Greer asked at the last meeting if meetings can be held by teleconference. After review, Section 306 of the Oklahoma Open Meetings Act prohibits teleconferencing. Videoconferencing is allowed with multiple stipulations, including one that requires a quorum to be physically present before business can be conducted via videoconference.

Rhonda Bruno said the recent audit of the Department was clean and there were no deficiencies found.

Chairman Thompson said there are four categories of supervision in the office. One is examination/review with Tony Reel in charge; applications/complaints with Sherbie Kiffin in charge; Legal with Dudley Gilbert in charge; and administration (which includes clerical, IT, and filing) with Rhonda Bruno in charge. Diane Ries was hired to assist Ms. Bruno with purchasing and various other duties.

B. Examination Report

Chairman Thompson said during the month of August, one fed member, four non member banks, two credit unions, one savings and loan, one trust company, one trust department, and two cemeteries were examined. He said examinations in process at the end of August were four banks, one credit union, and one cemetery.

One Senior Examiner graduated from Graduate School of Banking in Colorado; and All examiners attended 1 hour in-house presentation on private label CMOs (conducted by a Senior Examiner)

Chairman Thompson said to date 17 examiners have graduate degrees in banking or trust.

C. Legislative and Rulemaking Update

Chairman Thompson said in the next couple of months let Dudley or Regina know if you have any suggestions or ideas for the upcoming legislative session.

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

Fifth item on the agenda:

Consideration of, and possible action on, Request for Approval of Merger and Application for Certificate to Maintain and Operate a Branch by Acquisition:

- A. Application for Merger of The Bank of Commerce in Wetumka, Wetumka, Oklahoma, with and into Citizens Security Bank & Trust Company, Bixby, Oklahoma, pursuant to Title 6 O.S. § 1103.
- B. Branch Application of Citizens Security Bank & Trust Company, Bixby, Oklahoma, pursuant to Title 6 O.S. § 501.2 and O.A.C. 85:10-9-2.
Branch Location – 601 South Main Street in Wetumka
Proposed Name: “Citizens Security Bank & Trust Company”

Bruce Crum, Attorney; John Mabrey and Bob Nelson of Citizens Security Bank, Bixby were present to answer questions.

Mr. Crum said the bank is a 100% wholly owned subsidiary. The capital ratio is strong. March 30, 2008 call report ratio is 7.8%. Tier 1 ratio is 9.8%. It is an affiliated merger.

Chairman Thompson added that Ms. Kiffin prepared the department analysis.

Mr. Nelson has been with the bank since 1985.

Member Newcomb said this is a straightforward application.

Member Newcomb made the motion to approve the merger of The Bank of Commerce in Wetumka with and into Citizens Security Bank & Trust Company, Bixby, Oklahoma. Motion was seconded by Member Conn and approved as follows:

David Burrage – voted yes
Chris Conn – voted yes
Bob Newcomb – voted yes
Bob Weaver – voted yes

Member Burrage made the motion to approve the branch application. Motion was seconded by Member Conn and approved as follows:

David Burrage – voted yes
Chris Conn – voted yes
Bob Newcomb – voted yes
Bob Weaver – voted yes

Sixth item on the agenda:

Consideration of, and possible action on, Request by Citizens Security Bank & Trust Company, Bixby, Oklahoma, to issue subordinated debentures, pursuant to Title 6 O.S. § 410 and O.A.C. 85:10-3-16.

Mr. Gilbert said this offering will qualify as Tier 2 Capital the primary focus is subordination to depositors and other creditors and the maturity date is greater than 7 years. This indebtedness appears to satisfy Department rules.

Mr. Crum said the proposed note is \$6 million for 10 years and this is not related to the previous merger. The bank is well-capitalized and one reason for this request is to help support future growth. Many large banks are doing this type of financing.

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

David Burrage – voted yes
Chris Conn – voted yes
Bob Newcomb – voted yes
Bob Weaver – voted yes

Member Newcomb thanked everyone for the great job on the building, Member Conn agreed.

Chairman Thompson said the Department plans to have an open house sometime in October. Former Chairmen of the Banking Committee and former Governors who helped make the building possible will be invited.

Seventh item on the agenda: Adjournment.

Motion made to adjourn by Member Weaver.

Motion seconded by Member Newcomb.

Motion was approved as follows:

David Burrage – voted yes
Chris Conn – voted yes
Bob Newcomb – voted yes
Bob Weaver – voted yes

Meeting was adjourned at 10:36 a.m.

Mick Thompson, Chairman

David Burrage

Chris Conn

Bob Newcomb

Bob Weaver