

MINUTES OF THE REGULAR MEETING

OF THE STATE BANKING BOARD

AUGUST 26, 2009

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 25, 2009. 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
David Burrage
Gordon Greer
Brad Krieger
Bob Newcomb
Bob Weaver

Also present: Charles Griffith, Deputy Commissioner; Dudley Gilbert, Legal Counsel; Sherbie Kiffin, Assistant Deputy Commissioner; Rhonda Bruno, Director of Administration; and Angela Morris, Secretary.

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

Third item on the agenda was the approval of the minutes for the regular meeting held June 17, 2009.

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

Gordon Greer – voted yes
Chris Conn – voted yes
David Burrage – voted yes
Bob Newcomb – voted yes
Brad Krieger – voted yes
Bob Weaver – voted yes

Approval of the minutes for the Executive Session held June 17, 2009.

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

Gordon Greer – voted yes

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

Approval of the minutes for the Emergency Meeting held July 31, 2009.

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

Gordon Greer – voted yes
David Burrage – voted yes
Chris Conn – voted yes
Bob Newcomb – voted yes
Brad Krieger – voted yes
Bob Weaver – voted yes

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

A. Department Status Update

CSBS Accreditation Review Team was here recently. There were four individuals here to review documents and interview staff for three days.

Member Greer asked how Accreditation was before you became Commissioner?

Chairman Thompson said the Department had never been Accredited until 1994. Also, the Department is one of few that is Accredited and examiners are also certified.

Chairman Thompson said the Department's first bank to close in 17 years was First State Bank of Altus. Jon Morphis, Senior Examiner, spent 80 plus days working to make this transition as smooth as possible. Also commended Mark Taylor, Assistant Regional Director with the FDIC for their cooperation and Dudley Gilbert, Banking Department Legal Counsel in making sure all documents were in place to help the transition to be as smooth as possible. To date received no complaints from any customers.

B. Examination Report

Chairman Thompson said during the month of July three fed member banks, three non-member banks, two credit unions, one trust department and two cemetery exams were examined. Exams in process at the end of July were three banks, and one credit union.

Schools attended from July – August were:

One Senior Examiner attended FFIEC School: Cash Flow Analysis From Tax Returns.

Twelve Examiners attended the Southwest BSA and Financial Crimes Forum in Oklahoma City.

Four Examiners attended the Information Systems Vulnerability Management Lab at the Federal Reserve Bank, Chicago.

C. Legislative and Rulemaking Update

Chairman Thompson said the Department will be proposing to transfer cemetery examinations to the Insurance Department. Insurance Department currently handles prepaid funeral accounts and the cemetery industry seems to be in favor of the idea of one Department handling all prepaid cemetery and funeral transactions.

Chairman Thompson also noted that the Department's Cemetery Examiner, Ilene Martzen, had retired recently.

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

Chairman Thompson reviewed Department Budget Information.

He said examiners recently received new laptop computers.

Member Greer asked if they are encrypted?

Chairman Thompson said yes. They have passwords and thumbprint encryption. He said after examiners finish an examination, all information from that exam is removed from their computers.

Member Greer asked what Fee Sharing Agreements were?

Chairman Thompson said these are agreement with other State Banking Departments which have branches in our state. Some states pay an hourly fee for examinations and some pay a quarterly fee.

Member Newcomb asked since the bank that took over First State Bank, Altus, was from Texas, will the Department be examining it?

Chairman Thompson said no, unless asked to do so by Texas Banking Department.

Chairman Thompson said the Department is not being affected by budget cuts that other state agencies are receiving because the Department is self funded.

Fifth item on the agenda:

Consideration of, and possible action on Request for Declaratory Ruling, pursuant to O.A.C. 85:1-3-21, submitted by Great Nations Bank (in organization) regarding minimum capital requirements.

Chet Fenimore, Attorney, was present to answer any questions.

Mr. Fenimore said the proposal today is the request for a "Declaratory Ruling" to clarify the minimum capital requirement of the original Order. In May 2008, Great Nations Bank came before the Board to request approval of a charter application and was approved at that time. In that meeting,

and subsequent discussions, the amount of initial capital that the bank was going to raise was between \$13 - \$16 million. The Bank understood that organizational expenses would be paid out of that number and the net capital number was going to be more in the range of \$11.1 million. He requested that the Board clarify its original order as to whether organizational expenses could be included as part of the total funds that made up the \$13 million figure in its original order.

Chairman Thompson said this is before the Board today to be sure to clarify the capital issues.

Member Conn asked if \$11.4 million will be the minimum amount?

Mr. Fenimore said yes.

Mr. Gilbert said the request for Declaratory Ruling has been discussed by himself and Ms. Kiffin and he has reviewed minutes from the May 2008 meeting and the number is not specific. He said the letters the Department provided to the organizers had been specific with respect to \$13 million in opening capital without regard to the organizational expenses.

Mr. Fenimore said the FDIC ruling doesn't say net – they plan to defer to the Board. He said their preference is to clarify the ruling instead of modifying it to prevent having to go through the FDIC in Washington.

Member Burrage said the initial capital requirement should be expected to drop down to 10 million?

Mr. Fenimore said that is correct.

Member Newcomb said the original application said \$11.2 million as the net capital?

Member Conn asked if it would be objected to stating also in the approval motion that the minimum not fall below \$11 million?

Mr. Fenimore said he would not object.

Member Conn made the motion that the original order approving the organization of the Bank be clarified to require the bank to raise a minimum of \$13 million, with a minimum of \$11.125 million of opening-day capital after the deduction of organizational expenses. Motion was seconded by Member Newcomb and approved as follows:

Gordon Greer – voted yes
David Burrage – voted yes
Chris Conn – voted yes
Bob Newcomb – voted yes
Brad Krieger – voted yes
Bob Weaver – voted yes

Chairman Thompson said capital was to be collected by August 25 and today is August 26.

Mr. Gilbert said capital was collected by August 25, now it is just matter of going through the corporate organization. He said the formal extension request (received August 19) is not in connection with the capital, only with organizational activities.

Sixth item on the agenda: New Business.

Seventh item on the agenda: Adjournment.

Motion made to adjourn by Member Conn.

Motion seconded by Member Greer.

Motion was approved as follows:

Gordon Greer – voted yes
David Burrage – voted yes
Chris Conn – voted yes
Bob Newcomb – voted yes
Brad Krieger – voted yes
Bob Weaver – voted yes

Meeting was adjourned at 10:25 a.m.

Mick Thompson, Chairman

David Burrage

Gordon Greer

Chris Conn

Bob Newcomb

Brad Krieger

Bob Weaver