

**MINUTES OF THE MEETING**  
**OF THE STATE CREDIT UNION BOARD**

**May 21, 2002**

**First item in order of business:** Commissioner Thompson called the meeting of the State Credit Union Board to order at 10:00 a.m. pursuant to the agenda which was posted for public display prior to 10:00 a.m. on May 20, 2002. The meeting was held in the conference room of the Oklahoma State Banking Department, Oklahoma City, Oklahoma.

**Second item:** Roll Call - Members of Board Present:

Mick Thompson, Chairman

Steve Rasmussen

Richard Forshee

Members Rector and Atha were absent.

Also present for the Department: Dudley Gilbert, General Counsel; Terry Slagle, Credit Union Examiner, Kandace Natale, Credit Union Examiner; and Debbie Moore, Secretary.

**Third item:** Approval of the Minutes of the meeting held January 15, 2002.

Commissioner Thompson: Asked for any changes or additions to the minutes from the Board.

Member Forshee: Made a motion to accept the minutes as written.

Member Rasmussen: Seconded the motion.

Minutes were approved as follows:

Member Forshee: Yes

Commissioner Thompson: Yes

Member Rasmussen: Yes

**Fourth item:** Next item on the agenda was the Commissioner's Monthly Report. Status on the Department is that we are going to take a 2% cut in our base budget which probably is one of the lowest for an agency. We have agreed to one time funds out of our revolving fund of \$125,000, which puts us right at a 6% total cut. The governor line item vetoed the \$125,000 out of the revolving fund. When he vetoed the bill, the money came back to the agencies, thus was not available for other uses. Because of that, they are about \$3.4 million short in their budget process. They will have to cut another \$3 million from other agencies, or get this money back from the Banking Department. It is anticipated that they will run the bill again to correct the deficiency. Several agencies are having to furlough employees, which the Banking Department will not have to do. We will see little or no effect and will not have to cut back on training or travel.

Senator Rick Littlefield and Representative Randall Erwin were very supportive of the Department. Because of their support and the way we structured the cuts, we will not have to increase assessments.

There was not a major banking bill before the legislature this year, so the budget cuts were the main focus of the Session.

Commissioner Thompson reported that three credit unions exams were completed in April, and three examinations are in progress as of April 30, 2002. We sent two examiners to the NCUA Regional Conference in Portland, Oregon for two days in March. They also attended the NASCUS Emerging Risk Seminar in Chicago the first part of May.

There are four days left in the legislative session, so we are still monitoring activities at the State Capitol daily to be sure there are no changes in our funding.

Member Rasmussen: "We are glad there were no increases in assessments."

**Fifth item:** The Board next considered the request by Williams Employees Credit Union, Tulsa, Oklahoma, to amend its bylaws, Article IV, Section 4.

Dudley Gilbert explained to the Board the request was the result of an issue the credit union experienced in which a customer was physically abusive to one of the employees. They want to amend the bylaws to make it clear that there are certain circumstances in which they could expel a member. He also had reminded them of Section 2012 of the Credit Union Act which describes circumstances for which a member could be expelled. If the Board is allowed to expel a member, it has to give notice to all members prior to this going into effect. The credit union said they would do that. This amendment essentially describes certain circumstances in which they could expel a member for misconduct such as physical abuse, verbal abuse, or harassment.

Member Rasmussen: “ Is the language such that it allows this?”

Dudley Gilbert: “Yes”

Commissioner Thompson: “ Do you know of any credit unions that have this type language?”

Dudley Gilbert: “No, I don’t know of any with language this specific. Many have generic language

Commissioner Thompson: “ Is it perhaps too specific?”

Dudley Gilbert: “They do include in the first paragraph the general reason of “good cause” and it then explains that good cause includes these things, so they are not the only conditions for expulsion. Member Forshee noted that he would abstain from a vote on this request because he had been called in on the situation that prompted the bylaw change.

Member Rasmussen: Made motion to accept the request from Williams Employees Credit Union.

Commissioner Thompson: Motion seconded.

Member Rasmussen: Aye

Commissioner Thompson: Aye

Member Forshee: Abstained

**Sixth item:** Next on the agenda was the request by Fire Fighters Credit Union, Tulsa, Oklahoma for approval to exceed the 7% limitation on fixed assets of the credit union.

Commissioner Thompson asked for someone from Fire Fighters Credit Union to explain the request.

Francis Reed, President of the Fire Fighters Credit Union, explained the request. It is a request to exceed the 7% limitation on fixed assets for this calendar year only, due to the fact they have purchased a new office building and have not yet sold their present building. They anticipate the sale to take place by the end of this year.

Commissioner Thompson: “Have you already purchased the property?”

President Reed: “Yes we have.”

Commissioner Thompson: “But you haven’t sold the old building yet?”

President Reed: "That is correct."

Member Rasmussen: "What is the size of the new building, as in appraising the value of the new building verses old?"

President Reed: "The size of the new building is 5,500 square feet" The size of the current location is approximately 5,100 square feet." The current location is on the market for \$500,000.

Member Rasmussen: "Do you have the appraised value on it?"

President Reed: "The appraised value is \$480,000."

Member Rasmussen: "You show asset growth projection of 6% per year. What has been the past five year asset growth history?"

Tim White, CFO, Fire Fighters Credit Union: "The past 5 years it has been 6 ½% to 7%. Other years it was 2% to 3 %.

Commissioner Thompson: "You have said you have outgrown the present facility. How is 5,500 feet going to be more beneficial than 5,100 feet. That is not a big difference".

President Reed explained that the present building was built in 1920. It was the original location for the first Tulsa jail. Even though a major renovation was completed ten years ago, including the building of two drive through lanes, parking is still a problem. Cars are lined up a half block down the street waiting to go through the drive through lanes on certain days, particularly fire department pay days. This creates a traffic hazard and safety issue. Also, lack of space in the lobby leads to a security problem. There is no space for additional computer equipment which is needed.

Member Rasmussen: "Would the new design of the 5,500 square foot building meet all these need:

President Reed: "Yes, it will and I have a design of it here if you would like to look at it."

Member Forshee: After the old building is sold, is your drop back down below the 7% limit dependent only on the sale of the building or is it also dependent on projected asset growth?"

Tim White: " Actually we have almost met the growth this year, but when we sell that building it will put us back down below the 7%. We are a little over 4% already within the first five months of this year with a 6% projection by the end of the year which if the building sold by the end of the year, it would put us below the 7% right there."

Member Forshee: "How confident are you that you will sell that building by the end of the year?"

President Reed: “ Actually pretty confident. Channel 6 is our neighbor and they want the building but are holding out for us to lower the price. Tulsa Development Authority has released a plan, which I have a copy of here, showing they are purchasing 115 acres in this downtown site to develop into an area of apartments, coffee shops, cafes, etc. Channel 6 is pegged to be modeled after the Today show as you see it on television, with glass walls where the people can watch the show live from outside. So purchasing our old building is certainly a viable option for them. They are holding out over money issues right now.” “Also a bank is interested in the location. It would be a good drive-through location for a bank.”

Member Forshee: “Will it be possible to complete the construction and move into the new building by the end of the year?”

President Reed: “Yes, possibly by the first of December, 2002.”

Member Rasmussen: “If we approve this just until the end of the year, and you do not sell the building would this not create a problem? Would we want to make this motion not so specific as to limit it to the year 2002? A twelve month period perhaps.”

Dudley Gilbert: “What I suggest is that it would be more beneficial to the Credit Union to make the request for a twelve month period rather than to limit it to the year 2002. If that time period has expired and they have not sold the building then they would have to reapply which would be another proceeding. Tim White said his pro forma assumptions were based through 2003 assuming you kept both buildings. The letter states you are requesting the exemption through 2002, but your pro formas work through 2003.

Member Rasmussen: “You show the land and building are decreasing by about \$400,000 by year 2003, so that is what we are considering. Hopefully, it will be disposed of by year end 2003.

Tim White: “We considered that we might be holding the old building in 2003, because I was not as optimistic as the builder.”

Commissioner Thompson: “Any other questions?”

Member Rasmussen: Moved that the Board amend the request and grant approval to exceed the 7% limitation on fixed assets for a period which extends until June 30, 2003.

Member Forshee: Seconded the motion

Member Forshee: Aye

Commissioner Thompson: Aye

Member Rasmussen: Aye

No one opposed the motion.

**Seventh item:** Next on the agenda was the request by East Central Teacher’s Credit Union, Ada, Oklahoma to (i) change its name to “East Central Credit Union”, (ii) amend its bylaws, Article IV, Section 1, and (iii) add “all students enrolled at East Central University” to its field of membership.

Dudley Gilbert: Assured the Board that the name requested had been reviewed with the Secretary of State and was available.

Member Forshee: “Does the university have any problem with the name change?”

Phyllis Kunze, CEO of East Central Teacher’s Credit Union replied that she had talked to administration and faculty, who favor the change. The President of the university felt the name change was a timely move.

Member Forshee moved to approve the name change of East Central Teacher’s Credit Union to East Central Credit Union.

Member Rasmussen seconded the motion.

Member Forshee: Aye

Commissioner Thompson: Aye

Member Rasmussen: Aye

No one opposed the motion.

The second request by East Central Credit Union was to amend its bylaws, Article IV, Section 1. They want to drop language saying “seniors and graduate students” and amend to say “all students

Member Forshee inquired as to the reason for the change.

CEO Kunze explained the change made the program easier to market. It had been planned to include all students at the university by 2004.

Member Forshee moved to approve the motion to amend the bylaws.

Member Rasmussen seconded the motion.

Member Forshee: Aye

Commissioner Thompson: Aye

Member Rasmussen: Aye

No one opposed the motion.

The next request by East Central Credit Union was to add “all students enrolled at East Central University” to its field of membership.

Member Forshee moved to accept the request.

Member Rasmussen seconded the motion.

Member Forshee: Aye

Commissioner Thompson: Aye

Member Rasmussen: Aye

No one opposed the motion.

**Eighth item:** The next item on the agenda was new business. There were no comments from the Credit Union League or the Examiners. No further comments.

**Ninth item:** Adjournment

Member Rasmussen moved to adjourn.

Member Forshee seconded the motion.

The meeting was adjourned at 10:45 a.m.

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Mick Thompson, Chairman

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Richard Forshee

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Steve Rasmussen

