

MINUTES OF THE MEETING
OF THE STATE CREDIT UNION BOARD

January 21, 2003

First item in order of business: Commissioner Mick Thompson called the 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 January 17, 2003. The meeting was held in the conference room of the Oklahoma State Banking Department, Oklahoma City, Oklahoma.

Second item: Roll call - the following members were present:

Floyd Atha
Steve Rasmussen
Les Rector
Mick Thompson

The Commissioner declared a quorum present.

Also present from 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 November 19, 2002.

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

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

Member Rasmussen: Seconded the motion.

Minutes were approved as follows:

Member Atha: yes

Member Rasmussen: yes

Member Rector: Yes

Commissioner Thompson: Yes

Fourth item: Department Status

Commissioner Thompson stated that the budget process is just getting started. The Department anticipates taking the cut of which we have been notified. We do not know about any additional cuts yet, but as information becomes available the Commissioner will send it out.

We are still working toward becoming self-funded. We will ask the Credit Union League for help on that as the situation progresses.

The examination report shows that during December 2002, two credit union exams were completed and four others were in process.

The Legislative Report

Currently nothing has been filed pertaining directly to credit unions. However, Bob Bianchini, President of Oklahoma Credit Union League added that a predatory lending bill has been proposed.

The new Chairperson of the House Banking Committee is Representative Mary Easley and the Chairman of the Senate Finance Committee is Senator Jeff Rabon.

Fifth Item: Next item on the agenda was the request by Oil Capital Community Credit Union for a waiver of the limitation on investment in fixed assets, pursuant to Section 2006 (4) of the Oklahoma Credit Union Act.

The request was explained by Don Stivers, President/CEO of Oil Capital Credit Union. The cost of their new building has exceeded the expected expense. The street bordering the location later had to be completed to meet city codes. The city planning commission required the credit union to finish out the bordering street after they divided the property into three lots.

The cost to the credit union resulted in approximately \$110.00 per foot for completion of the street. Sewer lines, water lines, and inspection costs were included. However, concrete block fences were approved rather than the higher costing brick. Income did not come in as expected and the city required things that were not anticipated in the beginning.

Member Atha asked what the end of year fixed asset ratio was. Mr. Stivers replied that fixed asset ratio at the end of the year was 7.4%.

Member Atha asked if the lots were zoned commercial or residential. The city had approved the zoning request excluding the street. The front lot was commercial and the back two lots were zoned residential. He has sold the residential lots now.

Dudley Gilbert replied that the Board could set a deadline by which the fixed asset ratio would be reviewed again.

Member Atha asked if a motion with a deadline would be in order.

Member Atha then moved to approve the credit union's waiver request up to 7.5%, contingent upon the fixed asset ratio being reviewed again as of December 31, 2003. Dudley Gilbert asked that Mr. Stivers submit a letter by January 7, 2004 regarding the credit union's investment in fixed assets.

Member Rasmussen seconded the motion.

Member Atha: yes

Member Rasmussen: yes

Chairman Thompson: yes

Member Rector: yes

Motion was approved.

Sixth item:

Consideration of the request by Oklahoma Educators Credit Union to invest in "School Judgments" pursuant to Section 2006 (8)(b)(13) of the Oklahoma State Credit Union Act (Title 6 O.S. §2006 (8)(b)(13)). The request was made by Rodney Eller representing that credit union.

The investment opportunity is to purchase bonds from the State Department of Education. The rate is four points over treasury bills and is renegotiated each year. The school districts do this each year to raise money and it is a secure investment.

Member Rasmussen asked in what increments these are purchased.

Member Atha replied they are in the \$220,000 range.

Dudley Gilbert said this application is only for Oklahoma Educators Credit Union and may not be appropriate for every credit union. The Board, under this application, could only approve on a case by case basis.

Member Rector moved to approve the request by Oklahoma Educators Credit Union to invest in "school judgments".

Member Rasmussen seconded.

Member Rasmussen: yes

Chairman Thompson: yes

Member Atha: abstained

Member Rector: yes.

Motion passed.

Seventh item: New Business

An issue was brought up by Commissioner Thompson that deals with membership overlap. It goes back to HR 1151 which gives the consumer a choice. The choice should not be just between the credit union or a bank, but a choice between credit unions. The Credit Union Board is not a policing entity. The Board has not had to look at this issue previously. From a regulatory standpoint the Department does not become concerned with the issue of overlap.

Bob Bianchini said he doesn't believe that you can put constraints on the membership. The more choices the consumer has, the better.

Mr. Biachini further said the emphasis needs to be on the 21/2 million people who are **not** members rather than on constraining the credit unions with further rules. He said his organization does not want to put state chartered credit unions at a disadvantage with more rules, especially since federal regulations are becoming more liberal. More rules at the state level would only limit the competitive opportunities of state chartered credit unions.

Chairman Thompson said that anyone with an issue to discuss would be placed on the Board agenda and be able to voice their concern.

Eighth Item: Adjournment

The discussion being over, Member Rector moved to adjourn.

Member Rasmussen seconded the motion.

Member Atha: yes

Member Rasmussen: yes

Chairman Thompson: yes

Member Rector: yes

The meeting was adjourned at 10:25 a.m.

Commissioner Thompson

Floyd Atha

Steve Rasmussen

Leslie Rector