

MINUTES OF THE REGULAR MEETING
OF THE STATE BANKING BOARD

NOVEMBER 15, 2017

First item 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 9, 2017. Notice of the meeting was also made available to the Secretary of State and other interested parties 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
Sandy Bracken
Dennis Brand
Wade Huckabay
Brad Krieger
Bob Newcomb
Tom Thompson

Also present: Dudley Gilbert, Deputy Commissioner; Wayne Arbuthnot, Assistant Deputy Commissioner; Rhonda Bruno, Director of Administration; Regina Rainey, Chief of Staff; Steven Hawkins, Budget Director; Jon Morphis, Regional Examiner; Bob Toler, Review Examiner; and Angela Morris, Administrative Assistant.

Third item on the agenda was the approval of the minutes for the meeting held July 24, 2017.

Member Brand made the motion for approval of the minutes of the meeting held July 24, 2017. The motion was seconded by Member Thompson and approved as follows:

Sandy Bracken – voted yes
Dennis Brand – voted yes
Wade Huckabay – voted yes
Brad Krieger – voted yes
Bob Newcomb – voted yes
Tom Thompson – voted yes

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

A. Department Status Update

Chairman Thompson introduced Steven Hawkins who will replace Rhonda Bruno as Budget Director. Ms. Bruno will be retiring at the end of December. Mr. Hawkins had budget responsibilities for numerous agencies while employed at OMES during the past 6 ½ years. Commissioner Thompson also reported that Kandace Mills has been hired by the Department as an examiner.

Chairman Thompson gave the Board copies of the 2017 Annual Report to the Governor and the 2018 Banking Board meeting schedule. He asked the Board to let Ms. Morris know by December 1 if there are any conflicts with the dates.

Chairman Thompson discussed the Banking Department's budget. He explained that the Department is currently operating under budget. He then reviewed the Department's Expenditure Summary and Revenue Report. Rhonda Bruno and Steven Hawkins were present to answer questions regarding the budget materials.

At this point, Board Member Newcomb left the meeting.

B. Examination Report

Chairman Thompson said that examinations of five banks were completed in October 2017. Examinations of four banks were in process as of October 31, 2017.

Schools attended in October: One examiner attended Money 20/20 Conference; one office staff member attended CSBS Examiner Education Forum; and one office staff attended the GSBC Fall Trustee Meeting.

C. Legislative and Rulemaking Update

Ms. Rainey said the state is in week eight of special session and has not reached any agreements on the budget deficit. The Department met with the representatives of the OBA and CBAO last week. At this time, there are no suggested changes to the banking code. Ms. Rainey reported the federal Senate Banking Committee has reached a consensus on the banking regulatory relief bill. She summarized that the bill covers mortgage rules, eases prudential regulations for community, mid-sized, and regional banks, and enhances consumer protections for veterans, seniors, and homeowners.

Chairman Thompson gave the Board a list of state agencies whose funds may be swept from their reserve accounts. He also handed out a summary of the Economic Growth, Regulatory Relief, and Consumer Protection Act.

Mr. Greg Piatt and his legislative assistant were present to answer questions.

D. Pending Applications

Chairman Thompson confirmed each Board member is receiving the report of Pending Applications.

Fifth item on the agenda:

Consideration of, and possible action on, request by First National Bank of Thomas, Thomas, Oklahoma, for conversion from a national charter to a state chartered institution pursuant to Title 6 O.S. Section 1101 and O.A.C. 85:10-3-17. Proposed Name: First Bank of Thomas.

Phillip Dickey, President; Doug Dickey, Vice President; Jeff Dickey, Director; and Cody Parker, Vice President, were present to answer questions.

Mr. Phillip Dickey thanked the Department and examination staff for all the help given in this process and stated he looked forward to being a state charter.

Mr. Krieger asked about certain internal control matters identified by the examiners.

Mr. Arbuthnot said Internal Control rules/requirements for national banks are different than state banks and the bank is working diligently to conform to state requirements.

After further discussion by Board members and upon review of the conversion application and the Department's analysis, Member Bracken made the motion to approve the conversion. The motion was seconded by Member Krieger and approved as follows:

Sandy Bracken – voted yes
Dennis Brand – voted yes
Wade Huckabay – voted yes
Brad Krieger – voted yes
Tom Thompson – voted yes

Sixth item on the agenda:

Consideration and prescription of the rates of bank and trust company assessments for Oklahoma chartered institutions existing as of December 31, 2017, calculated on institution assets as of December 31, 2017, pursuant to Title 6 O.S. §211(A)(2).

Chairman Thompson provided a PowerPoint presentation with details regarding assessments. The presentation addressed bank asset growth, assets under supervision, a 5-year revenue comparison, expenditures vs. revenue, a history of bank assessment rates, and a summary of bank discounts and assessment proposals.

After discussion by Board members and upon review of various assessment proposals, Member Tom Thompson made the motion to set assessment rates for state chartered banks as follows:

- i. 18¢ per \$1,000 of assets on the first \$1 billion,
- ii. 14 ¢ per \$1,000 on the assets exceeding \$1 billion, but not exceeding \$2 billion,
- iii. 10¢ per \$1,000 on assets exceeding \$2 billion but not exceeding \$4 billion, and
- iv. 7¢ per \$1,000 on assets exceeding \$4 billion

and that the Commissioner is directed to reduce the total collected assessment by 20% for each bank with assets of \$1 billion or less and by 10% for each bank with assets greater than \$1 billion.

The motion was seconded by Member Krieger and approved as follows:

Sandy Bracken – voted yes
Dennis Brand – voted yes
Wade Huckabay – voted yes
Brad Krieger – voted yes
Tom Thompson – voted yes

Member Bracken then made a motion to set the trust company assessment rates as follows:

- i. 18¢ per \$1,000 of company-owned assets, plus
- ii. a rate of 10¢ per \$1,000 of assets under management - with this portion of the assessment capped at \$25,000.

The motion was seconded by Member Huckabay and approved as follows:

Sandy Bracken – voted yes
Dennis Brand – voted yes
Wade Huckabay – voted yes
Brad Krieger – voted yes
Tom Thompson – voted yes

Seventh item on the agenda, New Business:

There was no new business considered by the Board.

Eighth item on the agenda, Adjournment.

Member Bracken made a motion to adjourn. The motion was seconded by Member Thompson and approved as follows:

Sandy Bracken – voted yes
Dennis Brand – voted yes
Wade Huckabay – voted yes
Brad Krieger – voted yes
Tom Thompson – voted yes

The meeting was adjourned at 10:53 a.m.

Mick Thompson, Chairman

Sandy Bracken

Dennis Brand

Bob Newcomb

Wade Huckabay

Brad Krieger

Tom Thompson