

MINUTES OF THE REGULAR MEETING
OF THE STATE BANKING BOARD

DECEMBER 13, 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 Amended Agenda that was posted for public display prior to 10:00 a.m. on December 8, 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
Bob Newcomb
Tom Thompson

Member Krieger was absent.

Also present: Dudley Gilbert, Deputy Commissioner; Wayne Arbuthnot, Assistant Deputy Commissioner; Regina Rainey, Chief of Staff; Paul Qualls, Director of Examinations; Steven Hawkins, Budget Director; Bob Toler, Review Examiner; and Angela Morris, Administrative Assistant.

Third item on the agenda was the approval of the minutes for the meeting held November 15, 2017.

Member Brand made the motion for approval of the minutes of the meeting held November 15, 2017. The motion was seconded by Member Bracken and approved as follows:

Sandy Bracken – voted yes
Dennis Brand – voted yes
Wade Huckabay – 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 discussed the status of the State's attempts to purchase the property behind the OSBD building. The Department is still interested in obtaining the property for future expansion.

Chairman Thompson gave Board members a copy of the memo that will be sent via email this Friday regarding assessments. The assessment calculator is on the Department's website and assessment payments are due February 5, 2018. The Department will return \$1.4 million to the industry by reducing the collected assessments in accordance with the Board's directions.

Mr. Gilbert discussed recent conversion applications pursued by state-chartered credit unions.

B. Examination Report

Chairman Thompson said that examinations of five banks and one credit union were completed in November 2017. Examinations of five banks and one credit union were in process as of November 30, 2017.

Schools attended in November: Three examiners attended OBA Operations School.

C. Legislative and Rulemaking Update

Ms. Rainey said the first special session ended November 17. The second special session will begin December 18.

She said the House Special Investigation Committee is looking into financial mismanagement at the State Department of Health. It heard Monday from Preston Doerflinger, who now serves as interim Commissioner of the Health Department, Interim OMES Director Denise Northrup, and Governor Fallin's Chief of Staff Chris Bengel. Gary Jones, State Auditor and Inspector, will be heard on December 14. Many questions are being raised regarding raises and promotions.

Bill request deadline was December 8. Almost 2,800 bills were filed for the upcoming regular session.

Chairman Thompson said the House Special Investigation Committee will review revolving funds for non-appropriated agencies.

Chairman Thompson discussed how the Banking Department maintains only one account and its transactions are much more transparent than agencies that maintain multiple accounts.

Chairman Thompson also discussed a bill that would prohibit agencies from hiring legislative liaisons. The bill would require state agencies to transfer funds normally used to pay legislative liaisons to the Legislative Service Bureau instead. The Bureau would then hire an auditor to work for the Bureau, but be housed with the agency.

Member Tom Thompson asked who the author of this bill is? Ms. Rainey said Senator Rob Standridge (R) Norman, Oklahoma.

Chairman Thompson said he will be visiting Senator Lankford, Senator Warren, Senator Inhofe, Senator Shelby, Congressman Lucas and Congressman Cole next week in Washington, DC, to discuss federal regulatory relief and various appointments to federal regulatory agencies.

Chairman Thompson provided Board members a summary of the federal regulatory relief bill.

D. Pending Applications

Chairman Thompson confirmed each Board member is receiving the report of pending applications.

Mr. Arbuthnot discussed the status of specific applications.

Fifth item on the agenda:

Consideration of, and possible action on, request for approval of Merger and Application to Maintain and Operate a Branch by Acquisition:

- A. Application for Merger of First Bank & Trust Co., Wagoner, Oklahoma, with and into BancFirst, Oklahoma City, Oklahoma, pursuant to Title 6 O.S. § 1103.
- B. Branch Application of BancFirst, Oklahoma City, Oklahoma, pursuant to Title 6 O.S. § 501.2 and O.A.C. 85:10-9-2.
Branch Location: 111 South Casaver, Wagoner, Oklahoma

Brian Pierson, EVP and General Counsel, and Kevin Lawrence, EVP & Chief Financial Officer, were present to answer questions.

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

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

After discussion by Board members and upon review of the branch application and the Department's analysis, Member Tom Thompson made the motion to approve the branch. The motion was seconded by Member Huckabay and approved as follows:

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

Sixth item on the agenda:

Consideration of, and possible action on, request for approval of Merger and Application to Maintain and Operate a Branch by Acquisition:

- A. Application for Merger of First Bank of Chandler, Chandler, Oklahoma, with and into BancFirst, Oklahoma City, Oklahoma, pursuant to Title 6 O.S. § 1103.
- B. Branch Application of BancFirst, Oklahoma City, Oklahoma, pursuant to Title 6 O.S. § 501.2 and O.A.C. 85:10-9-2.
Branch Location: 902 Manvel Avenue, Chandler, Oklahoma

Brian Pierson, EVP and General Counsel, and Kevin Lawrence, EVP & Chief Financial Officer, were present to answer questions.

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

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

After discussion by Board members and upon review of the branch application and the Department's analysis, Member Newcomb made the motion to approve the branch. The motion was seconded by Member Tom Thompson and approved as follows:

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

Seventh item on the agenda:

Consideration of, and possible action on, request for approval of Merger and Application to Maintain and Operate a Branch by Acquisition:

- A. Application for Merger of The First State Bank, Kiowa, Kansas, with and into Alva State Bank and Trust Co., Alva, Oklahoma, pursuant to Title 6 O.S. § 1103.
- B. Branch Application of Alva State Bank & Trust Co., Alva , Oklahoma, pursuant to Title 6 O.S. § 501.1 and O.A.C. 85:10-9-2.
Branch Location: 546 Main Street, Kiowa, Kansas

Paul Foster, Attorney, was present to answer questions.

Chairman Thompson said Wayne Arbuthnot prepared the Department Analysis and is present to answer questions.

Member Newcomb asked if both banks are owned by the same holding company?

Mr. Foster said yes.

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

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

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

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

Eighth item on the agenda:

Consideration of, and possible action on, request for approval of Merger and Application to Maintain and Operate a Branch by Acquisition:

- A. Application for Merger of First State Bank, Commerce, Oklahoma with and into Security Bank and Trust Company, Miami, Oklahoma, pursuant to Title 6 O.S. § 1103.
- B. Branch Application of Security Bank and Trust Company, Miami, Oklahoma, pursuant to Title 6 O.S. § 501.2 and O.A.C. 85:10-9-2.
Branch Location: 101 N. Mickey Mantle Blvd., Commerce, Oklahoma

Marcel Walther, President and Chief Executive Officer of Security Bank and Trust Company, Miami, and Dustin Matthews were present to answer questions.

Chairman Thompson said Bob Toler prepared the Department Analysis and is present to answer questions.

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

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

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

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

Ninth item on the agenda, New Business:

There was no new business considered by the Board.

Tenth item on the agenda, Adjournment.

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

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

The meeting adjourned at 10:30 a.m.

Mick Thompson, Chairman

Sandy Bracken

Dennis Brand

Bob Newcomb

Wade Huckabay

Tom Thompson