

MINUTES OF THE REGULAR MEETING
OF THE STATE BANKING BOARD

NOVEMBER 17, 2021

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 12, 2021. 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
Wade Huckabay
Brad Krieger
Bob Newcomb
Tom Thompson

Member Brand was absent.

Also present: Dudley Gilbert, Deputy Commissioner; Deron Brubaker, Operations Coordinator; Regina Rainey, Chief of Staff; Wayne Arbuthnot, Assistant Deputy Commissioner; Jeff Bagby, Assistant Deputy Commissioner; Rick Nelson, Supervisory Examiner; Angela Morris, Administrative Assistant.

Third item on the agenda was approval of minutes for the regular meeting held August 18, 2021.

Member Thompson made the motion for approval of the minutes of the meeting held August 18, 2021. The motion was seconded by Member Huckabay and approved as follows:

Sandy Bracken – 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 reported the remodeling of the Oklahoma City office has been completed.

Chairman Thompson discussed the Governor's Executive Order 2020-03. He stated that the Board will be asked to consider amendments to its rules that are costly, ineffective and outdated. Rulemaking will begin in December and the Board may be asked to vote on rule amendments during the first quarter next year.

Chairman Thompson told the Board that if they have any changes to the proposed 2022 meeting dates, please let the Department know as soon as possible.

Chairman Thompson gave Board members a copy of the Department's Annual Report.

Chairman Thompson introduced Department personnel attending today's meeting that are associated with examinations: Jeff Bagby, Assistant Deputy Commissioner (schedules exams and supervises all examiners). Jeff has been with the Department 36 years. Rick Nelson, Supervisory Examiner (oversees examiners). Rick has been with the Department 35 years. Chairman Thompson also introduced Deron Brubaker, Operations Coordinator (assists with IT issues/building issues). Deron has been with the Department 23 years.

Chairman Thompson updated the Board regarding the sentencing of Ron McCord.

B. Examination Report

Chairman Thompson reported that during the month of October, the Banking Department completed examinations of one fed member bank, three nonmember banks, two trust departments and assisted the FDIC with one exam. At the beginning of November, examinations of three banks were in process. Five examiners received permission to attend a one day course – OSU Rural Economic Outlook Conference in Stillwater, Oklahoma. The Department continues to operate under the Executive Order banning out-of-state travel.

C. Legislative Update

Chairman Thompson said a committee has been formed at the request of the Governor to consider changes to laws that could attract more trust companies to Oklahoma. The committee includes Department personnel and trust company representatives. They are all reviewing existing state laws and making suggested changes. If laws under the Banking Department's supervision and enforcement need to be updated, a bill may be requested.

Member Thompson asked if this includes corporate trusts?

Mr. Gilbert said yes, if such a trust is administered by a company under the Department's supervision.

Mr. Arbutnot said he is aware of at least one bank trust department that provide corporate trust services. He will get more information to Member Thompson on this topic.

D. Pending Applications

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

Chairman Thompson reported the Department has received an application from a national bank interested in converting to a state chartered bank.

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 Cornerstone Bank, Watonga, Oklahoma, with and into Bank 7, Oklahoma City, Oklahoma, pursuant to Title 6 O.S. § 1103.
- B. Acquired Branch Application of Bank 7, Oklahoma City, Oklahoma, pursuant to Title 6 O.S. § 501.2 and O.A.C. 85:10-9-2.
Branch Location: 115 West A Street, Watonga, Oklahoma

Paul Foster, Attorney; Tom Travis, CEO of Bank 7; and Jason Estes, EVP and Chief Credit Officer of Bank 7 were present to answer questions.

Mr. Foster discussed the Department's analysis and expressed agreement with its findings. He then introduced Tom Travis.

Mr. Travis discussed the merger and its advantages to both institutions.

Chairman Thompson discussed a protest that had been lodged with the Federal Reserve, but that had later been withdrawn.

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

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

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

Sandy Bracken – voted yes
Wade Huckabay – voted yes
Brad Krieger – voted yes
Bob Newcomb – 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 state-chartered institutions existing as of December 31, 2021, calculated on institution assets as of December 31, 2021, pursuant to Title 6 O.S. §211(A)(2).

Chairman Thompson presented Board members with a description of recent years' assessment rates and assessment discounts over the past years.

The Commissioner discussed the Department's reserves and stated the reserves are sufficient to support a reduction in assessment revenue.

Member Newcomb stated he agreed that reserves should not be increased in excess of what the Department may need.

After discussion by Board members, review of suggested alternatives for assessment rates, and review of the Department's budget, Member Newcomb made a motion to set the assessment rate for banks as follows:

18¢ per \$1,000 of assets on the first \$1 billion,
14 ¢ per \$1,000 on the assets exceeding \$1 billion, but not exceeding \$2 billion,
10¢ per \$1,000 on assets exceeding \$2 billion but not exceeding \$4 billion, and
7¢ per \$1,000 on assets exceeding \$4 billion

and the Commissioner is directed to reduce the total collected assessment by 40% for banks with assets of \$1 billion or less and 20% for banks with assets greater than \$1 billion.

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

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

Member Bracken then made the motion to set the rate of trust company assessments as follows:

18¢ per \$1,000 of company-owned assets, plus 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
Wade Huckabay – voted yes
Brad Krieger – voted yes
Bob Newcomb – voted yes
Tom Thompson – voted yes

Chairman Thompson also discussed that this year the Department will be able to accept assessment payments by ACH. It will not be mandatory. Further information will soon be made available to banks regarding the process for making an ACH payment.

Seventh item on the agenda, New Business. There was no new business.

Eighth item on the agenda, Adjournment.

Member Bracken made a motion to adjourn. The motion was seconded by Member Newcomb 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

The meeting adjourned at 10:49 a.m.

Mick Thompson, Chairman

Tom Thompson

Sandy Bracken

Brad Krieger

Bob Newcomb

Wade Huckabay