

SPECIAL MEETING
OF THE
ARKANSAS STATE BANKING BOARD
April 13, 2021

A Special Meeting of the Arkansas State Banking Board was held in the Rockefeller Conference Room located at the Department of Commerce, 1 Commerce Way, Little Rock, Arkansas, at 10:00 a.m. on April 13, 2021. The following Board Members were present: Chairman David Leech, Vice-Chairman D. Scott Miller, George French, Russell Meeks, III and Todd Smith. Randy Scott participated via WebEx. Representing the State Bank Department were Commissioner Susannah T. Marshall, Deputy Commissioner John Ahlen, Deputy Commissioner Dharmin Patel, IT Director Frank Fields, Secretary to the Board Cynthia Nixon, Administrative Analyst Barbara Robinson and Research Project Analyst Barbara Mahoney. Lori Massanelli from Bushman Court Reporting was the recording reporter for the applicant. Notice of a Special Meeting was sent by regular mail to each member of the State Banking Board on March 10, 2021. The notice was also given to the news media in accordance with state law.

Commissioner Marshall opened the meeting and declared a quorum was present. Commissioner Marshall then asked the visitors and guests to stand and introduce themselves and state who they represent. Representing Southern Bancorp Bank, Arkadelphia, Arkansas were Chief Executive Officer John Olaimy, Regional CEO for the Central Region Jeff Frazier, DD&F Consulting Randy Dennis and Josh Dennis.

CHAIRMAN LEECH: Good morning and once again, thank you for being here. For our first order of business today, I would like to call for an election of new officers of Chairman and Vice-Chairman for next year. I would like to call on the election of the Chairman first if I have a nomination for this.

MR. SCOTT: Yes. I would like to make a motion for Scott Miller as Chairman.

CHAIRMAN LEECH: We have a motion for Scott Miller to be the Chairman. Do we have a second?

MR. MEEKS: Second.

CHAIRMAN LEECH: All in favor, say aye.

BOARD MEMBERS: Aye.

CHAIRMAN LEECH: Opposed, same sign.

(No response.)

CHAIRMAN LEECH: I will entertain a motion for Vice-Chairman at this time.

MR. SCOTT: I would also like to make a motion for Todd Smith as Vice-Chairman.

CHAIRMAN LEECH: We have a motion for Todd Smith for Vice-Chairman.

MR. MEEKS: Second.

CHAIRMAN LEECH: I have a second.

CHAIRMAN LEECH: All in favor say, aye.

BOARD MEMBERS: Aye.

CHAIRMAN LEECH: Opposed, same sign.

(No response.)

COMMISSIONER MARSHALL: And the Commissioner concurs. Congratulations.

CHAIRMAN LEECH: At this time, I am going to turn the meeting over to Chairman Miller.

CHAIRMAN MILLER: Thank you, Mr. Leech. Next order of business is consideration of Board Member expenses for 2021. These are the standard expenses that we recognize from year to year. I would entertain a motion to approve those expenses.

VICE-CHARIMAN SMITH: So moved.

CHAIRMAN MILLER: We have a motion, is there a second?

MR. MEEKS: I have a second, with a comment that I do not have any, for the record.

CHAIRMAN MILLER: So noted. We have a motion and a second, are there any comments or questions?

(No response.)

CHAIRMAN MILLER: There being none. All in favor, say aye.

BOARD MEMBERS: Aye.

CHAIRMAN MILLER: Are there any opposed?

(No response.)

CHAIRMAN MILLER: Expenses are approved.

COMMISSIONER MARSHALL: And the Commissioner concurs.

CHAIRMAN MILLER: Thank you. Next, we have the minutes of our last bank board meeting of October 15, 2020, our regular board meeting minutes. Do I have a motion to approve those minutes?

MR. MEEKS: I move we approve the minutes as presented.

CHAIRMAN MILLER: We have a motion to accept the minutes. Is there a second?

MR. FRENCH: Second.

CHAIRMAN MILLER: We have a second, any comments or questions about the minutes?

(No response.)

CHAIRMAN MILLER: There being none. All in favor, say aye.

BOARD MEMBERS: Aye.

CHAIRMAN MILLER: Are there any opposed?

(No response.)

CHAIRMAN MILLER: Minutes are approved.

COMMISSIONER MARSHALL: And the Commissioner concurs.

CHAIRMAN MILLER: All right. Thank you.

COMMISSIONER MARSHALL: Mr. Chairman, if you do not mind, I would like to call a moment of order, I would like our staff to introduce themselves before the transaction.

MR. FIELDS: Frank Fields, Bank Information Technology Administrator.

MS. NIXON: Cynthia Nixon, Executive Secretary, and Secretary to the Board.

MR. AHLEN: John Ahlen, Deputy Commissioner.

MR. PATEL: Dharmin Patel, Deputy Commissioner.

MS. MAHONEY: Barbara Mahoney, Research Project Analyst

MS. ROBINSON: Barbara Robinson, Administrative Analyst

COMMISSIONER MARSHALL: Thank you, Mr. Chairman.

CHAIRMAN MILLER: Next, we have an application by Southern Bancorp Bank of Arkadelphia, to merge Arkansas County Bank, DeWitt, which are both in Arkansas, with and into Southern Bancorp Bank, Arkadelphia, Arkansas. John, is there a representative you would like to have speak on your behalf?

MR. JOSH DENNIS: I would like to echo what everybody else said, it is good to see people face-to-face again. And have an application to file with you guys. Barbara, it is great to see you back here again.

On February 22, 2021, we filed a merger application with your office, as we mentioned, for the merger of Arkansas County Bank with and into Southern. We filed a merger application with the Federal Reserve Bank of St. Louis that same day and we received approval for that on April 7th. So in order to get approval from this office, we have to demonstrate five things as per the Arkansas Banking Code. And that first thing being, the merger must provide an adequate capital structure.

The pro formas we provided as part of the application showed that Southern Bancorp is well-capitalized before the transaction. And after the transaction they will remain well-capitalized. With the proposed acquisition leveraged ratio of 8.27 and a common equity Tier 1 of 11.5. Those numbers are in the application, confidential exhibit.

The second thing we must demonstrate is that the terms of the merger are fair. The boards of both banks have looked at the terms of the agreement and have determine that they are fair.

Third, we must prove that or demonstrate that the transaction is not contrary to public interest. The application lays out a number of reasons why this application or why this transaction is in the best interest of the public. And Mr. Olaimy is here and will be able to give you a little more details on how it will impact the particular markets of Arkansas County Bank.

Fourth, we must demonstrate that the dissenter's rights were adequately provided for and in this case, they were.

And lastly, all applicable federal and state banking laws have to be applied or complied with. And we filed the applications with the State Bank Department and the Federal Reserve, and all the filings and notice applications were complied with.

At this point, I will turn it over to Mr. Olaimy.

MR. OLAIMEY: Thank you, Josh. Just as Josh said, I am thrilled to be here in person. Randy, good to see you online as well.

MR. SCOTT: I am sorry I am not with you in person as well.

MR. OLAIMEY: We are thrilled about this opportunity to merge with Arkansas County Bank. First and foremost, it affords us more scale, it brings us into some additional markets with Arkansas County and Sevier County. And what we are proud about is, it brings our unique brand of services and products to the marketplace.

Most of you will know that Southern Bancorp is a community development financial institution. That is really a fancy term for that we originate at least 60 percent of our loans annually in low to moderate consensus tracks. So we will be bringing not only a host of banking products to the marketplace, but we will also be bringing our financial development services to the marketplace. This will include things like credit counseling, a lot of credit repair work that we advise people on. So we are ecstatic and we think the market can actually use our unique brand of services. And then, finally, we're thrilled with the opportunity to get to work with Warren Jennings and his team who will be remaining with us and really leading us in the marketplace. So we think it is a great opportunity for all involved. So thanks for the opportunity to be here.

CHAIRMAN MILLER: Thank you, John. At this time, I will pause for questions for the Southern Bancorp team.

(No response.)

VICE-CHAIRMAN SMITH: I will make a motion we approve

CHAIRMAN MILLER: We have a motion to approve.

MR. LEECH: Second.

CHAIRMAN MILLER: We have a second from Mr. Leech. I will pause again for any comments or questions before we vote.

(No response.)

CHAIRMAN MILLER: There being none.

MR. SCOTT: I do have a comment that it looks like two very well-run banks, very clean banks, it looks like a great partnership there. And you all did a great job putting the package together, so it makes it hard to ask questions. Because any questions you may have, you have prepared for in the packet, so I can concur with the motion.

CHAIRMAN MILLER: Thank you, Randy. Again, with no further comments or questions. All in favor, say aye.

BOARD MEMBERS: Aye.

CHAIRMAN MILLER: Are there any opposed?

(No response.)

CHAIRMAN MILLER: Motion carries from the Board.

COMMISSIONER MARSHALL: And the Commissioner concurs.

CHAIRMAN MILLER: All right. Very good.

COMMISSIONER MARSHALL: Congratulations.

MR. OLAIMY: Thank you all, very much. We appreciate you.

COMMISSIONER MARSHALL: And I would like to add, I spoke with Warren and his team prior to the application being filed and they're excited. I certainly hate to lose a charter, but to know that it will be consolidated in with a wonderful institution here in Arkansas, and a great partnership. And we know that those communities will continue to be well served, so we're very proud for both of you.

MR. OLAIMY: Thank you very much.

MR. MEEKS: Mr. Chairman?

CHAIRMAN MILLER: Yes.

MR. MEEKS: May I make a post vote comment? I want to give special thanks to members and team of the State Bank Department for what you did for new members.

I will speak for myself, but for new members on the Board, the way it was presented to us made it very easy for us to understand and talk to some of the experts in the field and other members of our Board. I just want to put on the record, how much we appreciate the effort that you went into explaining this for people like us so we could understand it very easily, and then not have questions for these people. That was so hard. So thank you very much.

COMMISSIONER MARSHALL: Thank you, sir.

CHAIRMAN MILLER: All right. I will again ask if there's any additional business to be brought before the Board?

(No response.)

CHAIRMAN MILLER: There being none, I would entertain a motion to adjourn.

MR. MEEKS: Motion to adjourn.

CHAIRMAN MILLER: We have a motion.

VICE-CHAIRMAN SMITH: Second.

CHAIRMAN MILLER: And we have a second. Assuming no further comments. All in favor, say aye.

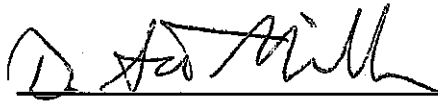
BOARD MEMBERS: Aye.

CHAIRMAN MILLER: Are there any opposed?

(No response.)

CHAIRMAN MILLER: Motion carries, we are adjourned.

COMMISSIONER MARSHALL: And the Commissioner concurs.

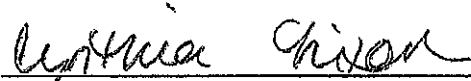


D. SCOTT MILLER, Chairman
State Banking Board

9-2-21

Date

ATTEST:



CYNTHIA NIXON, Secretary
State Banking Board



SUSANNAH T. MARSHALL
Bank Commissioner



STATE OF ARKANSAS
ASA HUTCHINSON
GOVERNOR

June 22, 2021

Mr. Randy Scott
2512 N. US Highway 61
Blytheville, AR 72315

Dear Mr. Scott:

I am very pleased to reappoint you to the State Banking Board, for a term to expire on December 31, 2025. Your name will soon be brought before the Senate for confirmation in the General Assembly.

I appreciate your willingness to serve the public, and I am counting on your wise counsel and advice as you accept this position of responsibility. I look forward to your participation and support as we work together to shape the future of Arkansas.

Enclosed, please find instructions for taking the oath of office.

Sincerely,

A handwritten signature in black ink that reads "Asa Hutchinson".

Asa Hutchinson

AH:mb
Enclosure

Cc: The Honorable Jimmy Hickey, Jr., President Pro Tempore of the Senate
The Honorable Matthew Shepherd, Speaker of the House of Representatives
The Honorable Dave Wallace
The Honorable Monte Hodges
Mike Preston, Secretary, Department of Commerce
Susannah Marshall, Commissioner, Arkansas State Bank Department