

Chairman

THE HONORABLE CURTIS M. LOFTIS, JR.
State Treasurer



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J. BARRY HAM | *Manning*
JOHN F. WINDLEY | *Columbia*
CHARLES H. STUART | *Mount Pleasant*
BILLY D. BYRD, II | *Hartsville*

SOUTH CAROLINA
STATE BOARD OF FINANCIAL INSTITUTIONS

MINUTES

Wednesday, August 5, 2020

10:00 AM

**1200 Senate Street, Wade Hampton Office Building
Treasurer's Conference Room
Columbia, South Carolina
& via Webex and Bridge Virtual Conference Rooms**

Upon proper call and due notice to all its members and after having given required public notice, the State Board of Financial Institutions met on the 5th day of August 2020, with Chairman Loftis presiding.

Members present: Messrs. Conley, Pennington, Strickland, Walters, Wright, Wicker, Ham, Windley, and Byrd.

Mr. Stuart could not attend the meeting.

Staff present:

Consumer Finance Division: Commissioner Ron Bodvake, Deputy Commissioner Phyllis Wicker, Deputy Commissioner Quinton Creed, Deputy Commissioner Amy Gelhaus.

Banking Division: Commissioner Rick Green and Deputy Commissioner Kathy Bickham.

State Treasurer's Office: Chief of Staff Clarissa Adams, Deputy State Treasurer Cynthia Dannels, Deputy General Counsel Shawn Eubanks, HR Manager Lisa O'Sullivan, Finance Specialist Cameron Larkin and Board Administrator Alicia Sharpe.

There were no visitors present onsite or via teleconference.

The Agenda for this meeting was approved by General Consent.

The June 3, 2020 Board Meeting Minutes were approved by General Consent.

Board Member Recusal or Conflicts of Interest

The Chairman asked if any member had a conflict with an item on the agenda. Mr. Wicker submitted a written statement recusing himself from all matters regarding South Atlantic Bank, Myrtle Beach, South Carolina because he is associated with this business and has an economic interest in the decision to be made by this Board.

No other conflicts of interest were identified.

The **Policy and Planning Committee** update was provided by Committee Chairman Justin Strickland. He informed the Board that the Committee met on July 15th. The proposed revised Board Mission Statement, the proposed revisions to the Board Governance Manual and Bylaws, a report on the Policy Statement Regarding NMLS, and a report on an Examination Program Agreement were reviewed. The Committee recommended these items be sent to the full board for approval.

The **Legislative and Regulatory Committee** update was provided by Committee Chairman Barry Ham. The Committee met on July 29th and received reports and information from the Commissioners and Legal staff. Commissioner Green provided a Policy Statement Concerning Payment of Dividends by State Chartered Credit Unions. The Committee voted to forward the Policy Statement to the full Board for approval. Commissioner Green and Legal staff also presented an Advisory Opinion Regarding the Sale of Bank Assets and Liabilities. The Committee reviewed the request for an advisory opinion and recommended that the full Board issue an advisory opinion which interprets S.C. Code Section 34-3-850 to provide that bank assets and liabilities may be sold only to other banks, and to define "assets and liabilities" under that section to mean those assets and liabilities which are unique to depository institutions. The next Legislative & Regulatory Committee meeting is scheduled for December 16th.

The **Budget & Operations Committee** update was provided by Committee Chairman Don Pennington. The Committee met on July 23rd and shortly before today's full Board meeting. The Commissioners presented details of the final FY 2020 operating results of each division. Commissioner Green presented the Banking Division's FY 2021 Supervisory Fee Assessment Proposal and the Committee reviewed and recommended the assessment proposal to the full Board for approval. Commissioner Bodvake presented the Consumer Finance Division's Supervisory Fee Proposal and the Committee recommended the fee proposal to the full Board for approval. The next Budget & Operations Committee meeting is scheduled for August 20th.

Commissioner of Consumer Finance, Ron Bodvake provided the Board with an update on the following:

Personnel Changes

- Jennifer Kinard hired as Mortgage Licensing Specialist

Pandemic Update

- Working onsite
 - o Mortgage licensing team
 - o Program Managers and Commissioner (rotating days)
 - o Review Examiners (rotating days as needed)
- Working remote
 - o Consumer licensing team
 - o Consumer exam team
 - o Mortgage exam team
- Exposure Checklist (STO)
 - o Exposure scenarios
 - o Quarantine times
 - o Professional cleaning
 - o Contact tracing – notification to co-workers

NMLS Transition

- Field Examiner calls
- Emails sent to licensees
- Direct mail sent licensees

Reports

- Monthly statistics
- Transition and approved consumer licensees report
- State Auditor's Report on Agreed Upon Procedures noted no exceptions.

Commissioner of Banking, Rick Green provided the Board with an update on the following:

Industry Engagement

- Chief Examiner Remonia Felix is representing the division on a Regulatory Panel Conference Call with the SC Bankers Association this morning

Personnel Changes

- John Hammond was promoted to Examiner II effective July 2.

Pandemic Operational Posture

- Three Phase Re-Entry Plan

Phase I	Began June 1	<ul style="list-style-type: none">• Essential staff and employees not able to telecommute return to the office
Phase II (A)	Began July 6	<ul style="list-style-type: none">• Essential staff and employees not able to telecommute work in the office.• Staff capable of telecommuting may voluntarily return to the office on a weekly rotation (up to 50% occupancy).
Phase II (B)	TBD	<ul style="list-style-type: none">• Essential staff and employees not able to telecommute work in the office.• Remaining staff return to work in the office on a weekly rotation (50% occupancy).
Phase III	TBD	<ul style="list-style-type: none">• All staff work in the office

- Offsite exam work will continue through at least mid-September

Audit Report

- State Auditor's Report on Agreed Upon Procedures noted no exceptions.

Executive Session

The Board voted unanimously to adjourn into Executive Session.

Deputy General Counsel Shawn Eubanks stated the reasons the Board entered Executive Session:

To discuss information security, a contract draft/negotiation, companies conducting trust business without approval, requests to purchase property, requests to establish a bank branch and to receive legal advice as needed.

Mr. Wicker left the meeting while items on which he had a conflict were discussed.

The Board voted unanimously to end Executive Session.

Actions following Executive Session

Action on Committee Items

On motion of Mr. Strickland, the Board voted to approve the revised Board Mission Statement as recommended by the Policy and Planning Committee.

On motion of Mr. Strickland, the Board voted to approve the BOFI Governance Manual and By-laws as recommended by the Policy and Planning Committee.

On motion of Mr. Strickland, the Board voted to approve the Policy Statement Regarding NMLS as recommended by the Policy and Planning Committee.

On motion of Mr. Strickland, the Board voted to approve the Examination Program Agreement as recommended by the Policy and Planning Committee.

On motion of Mr. Ham, the Board voted to approve the Policy Statement Concerning Payment of dividends by State Chartered Credit Unions as recommended by the Legislative and Regulatory Committee.

On motion of Mr. Ham, the Board voted to issue an advisory opinion which interprets S.C. Code Section 34-3-850 to provide that bank assets and liabilities may be sold only to other banks, and to define "assets and liabilities" under that section to mean those assets and liabilities which are unique to depository institutions as recommended by the Legislative and Regulatory Committee.

On motion of Mr. Pennington, the Board voted to adopt the FY 2021 Supervisory Fee Assessment Proposal from the Banking Division as recommended by the Budget and Operations Committee. Mr. Ham expressed concern that the fee schedule weighed too heavily towards small to mid-sized banks.

On motion of Mr. Pennington, the Board voted to adopt the Consumer Finance Division Supervisory Fee Proposal as recommended by the Budget and Operations Committee.

Actions on Items Discussed in Executive Session

On motion of Mr. Pennington and duly seconded by Mr. Windley, the Board voted to approve the request of The Citizens Bank, Olanta, South Carolina, to purchase property on Pawleys Island, South Carolina.

On motion of Mr. Strickland and duly seconded by Mr. Windley, the Board voted to approve the request of Anderson Brothers Bank, Mullins, South Carolina, to purchase property in Florence, South Carolina.

On motion of Mr. Pennington and duly seconded by Mr. Conley, the Board voted to approve the application of Anderson Brothers Bank, Mullins, South Carolina, subject to the conditions that the Commissioner provided to the Board, to establish a branch at 2001 Hoffmeyer Road, Suite A, Florence, South Carolina.

On motion of Mr. Pennington and duly seconded by Mr. Windley, the Board voted to approve the application of Anderson Brothers Bank, Mullins, South Carolina, subject to the conditions that the Commissioner provided to the Board, to establish a branch at 11975 Highway 17 Bypass, Murrells Inlet, South Carolina.

Mr. Wicker had a conflict of interest on matters pertaining to South Atlantic Bank and did not vote and there was no discussion.

On motion of Mr. Windley and duly seconded by Mr. Strickland, the Board voted to approve the application of South Atlantic Bank, Myrtle Beach, South Carolina, subject to the conditions that the Commissioner provided to the Board, to establish a branch at 81 Main Street, Suite 100, Hilton Head Island, South Carolina.

Announcements

The next board meeting is scheduled for Wednesday, September 2, 2020.

There being no objection, the meeting adjourned at 11:46 AM.