



Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Community Development Investment Letter #1999-2
September 2004
12 CFR 24

May 11, 1999

Ms. Wanda L. Bass
Vice Chairman of the Board of Directors
First National Bank and Trust of McAlester
P.O. Box 948
McAlester, Oklahoma 74502

Dear Ms. Bass:

This letter is in response to your request concerning the investment proposal from First National Bank and Trust Company of McAlester (the "Bank"). The Bank is requesting approval from the Office of the Comptroller of the Currency (the "OCC") for a proposed investment in the First National Development Corporation ("FNDC"), under 12 U.S.C. 24(Eleventh)(the "Statute") and 12 CFR 24 (the "Regulation").

The FNDC is an Oklahoma nonprofit corporation established by the Bank on October 2, 1981 and was formed for the purpose of stimulating the development and/or redevelopment of properties within the City of McAlester, Oklahoma, providing jobs and other economic opportunities, and servicing other passing community needs. The purpose of the proposed investment in the FNDC is to provide financing for the construction of a medical office facility located on the campus of the McAlester Regional Health Center (the "Building").

The Bank is requesting approval of its proposed investment in FNDC, consisting of a \$2.75 million loan and a contribution of \$1.0 million. The proceeds from the Bank's investment will be used to construct the building and complete the first floor surgical suite and MRI area. FNDC will construct and own the Building. The McAlester Regional Health Center will also invest approximately \$3,575,000 to purchase required surgery and MRI equipment. The total cost of the project is estimated at \$7,325,000.

Based on the Bank's investment proposal and additional information received from the Bank, and subject to all the requirements of the Regulation, we believe that the investment by the Bank in FNDC is consistent with the Statute and the Regulation, and is approved. According to the Bank's proposal the investment primarily benefits an area targeted for redevelopment by local and Federal government by providing activities, services or facilities and primarily promote the public welfare. Information about the Bank's investment is summarized below.

FNDC will help meet essential needs for the public welfare of the community in both the areas of health and education and to further rehabilitate and improve a low- and moderate-income housing area of the City of McAlester. The area was designated as a target area for redevelopment under HUD's Model Cities Program and Neighborhood Development Program. The Bank states that the proposed construction of the medical office building is an essential part of the long-range vision of the Model Cities Program and will continue to establish the McAlester Regional Health Center campus as a vital element in maintaining the area by providing a stabilizing factor which will continue to provide incentives for the area to develop.

The Bank's proposal states that this area has received much attention over the years, including rehabilitation of owner-occupied housing, the removal of dilapidated units and relocation of their occupants and extensive infrastructure improvements, including water, sewer and street improvements. The area also contains public housing developments: one elderly section and one general occupancy section.

Pursuant to the terms of the ground lease, executed by FNDC with the McAlester Regional Health Center Authority (the "Authority"), on which the new facility will be build, the building and its equipment will be deeded over the to the Authority, or an affiliated public trust, when all the indebtedness of FNDC to the Bank has been fully repaid. The goal is that in the end the Authority, or its affiliated public trust, will own and operate the Building for the ongoing future public welfare benefit of the entire community of McAlester, Oklahoma, including low-and moderate-income individuals.

FNDC had support from the local community. The Board of Directors of FNDC consists of five persons, who of whom are directors of the Bank. The other three members of the Board of Directors are residents of the City of McAlester, including the Assistant City Manager and a former Mayor.

The Bank's investment in this project does not exceed five percent of its unimpaired capital and surplus. However, the Bank's aggregate investments under the Regulation including the instant investment would exceed five percent of its unimpaired capital and surplus. As such, under the Regulation the Bank is required to obtain prior written approval from the OCC. The Bank is [] capitalized and the OCC has determined that the proposed investment would not pose risk to the Federal Deposit Insurance Fund. Based on the forgoing, the OCC hereby grants its approval for the Bank's investment. At no time will the Bank's aggregate investments under the Regulation exceed [] percent of its unimpaired capital and surplus, without obtaining prior written approval from the OCC. At no time will the Bank's aggregate investment in all such projects exceed 10 percent of its capital and surplus.

If requested by the Community Development Division (“the Office”), the Bank will provide reports concerning its investment in FNDC and FNDC’s financial status, activities, and accomplishments. Copies of all reports submitted to the Office are to be forwarded to the Deputy Comptroller, Southwestern District.

It is our understanding that the Bank plans to make the investment following approval by the OCC. If the initial investment has not been made by May 31, 2000, our approval of the Bank’s investment will lapse and may only be extended with the approval of the Office, based on your written request prior to that date.

You should be cautioned that the opinions set forth in this letter are based on the information and representations provided to us by the Bank. Any substantial change in the nature, amount, or purpose of the Bank’s investment, or in the purposes and activities of the FNDC could result in a different opinion being rendered concerning the conformance of the Bank’s investment with 12 U.S.C. § 24 (Eleventh) and 12 C.F.R. § Part 24.

Should you have any questions or comments regarding this letter, please contact Lillian M. Long, Program Coordinator, Community Development Investments Program, or David Lewis, Community Development Investment Expert and Manager on (202) 874-4930.

Sincerely,

signed

Jeanne K. Engle
Deputy Comptroller
Community Affairs

cc: R.B. Hall, President, First National Bank and Trust Company of McAlester