



**MINUTES OF
AMERICA'S MUTUAL BANKS**

JANUARY 9, 2017 MEETING

Chairman Boulier chaired the meeting and called it to order at 1:04 pm ET. The following institutions and persons attended by conference call:

Locke Lord LLP

- Doug Faucette
- Dan Weitzel

Representatives and Institutions

- Ion Bank—Chuck Boulier
- Raymond Federal Bank—John Marvin
- First Federal of Lakewood—Tom Fraser
- First County Bank—Rey Giallongo
- First FS&LA of San Rafael—Paul Simmons

A. Topics of Discussion.

1. Adoption of Minutes.

Chairman Boulier asked for comments regarding the draft minutes of the December 5, 2016 meeting. A motion was made to approve the minutes, the motion was seconded and all voted in favor. The minutes were approved.

2. Discussion of Senate and House Committee Appointments for the 115th Congress.

Chairman Boulier introduced the matter and asked Mr. Faucette to discuss. Mr. Faucette stated that there were no surprises on the Senate side. However, the composition of the committee should lend itself to being more inclined to moving some legislation. The new Chairman of the Banking Committee, Senator Crapo, has the experience and support needed. He

will be more collaborative and will attempt to work with the minority member of the committee, Senator Brown. There may be the opportunity for compromise on issues relating to community banks, while no real inkling of compromise on big bank issues—repeal of Dodd Frank. Senator Shelby is still on the committee as is Senator Toomey who should be an ally on community bank issues. Several of the states with mutual banks are represented on the committee. Mr. Faucette then comment that on the House side he is optimistic that there will be movement on community bank issues. He believes that the Love Bill, increasing the small bank holding company exemption FRB policy statement to \$5.0 billion, will be reintroduced promptly. Mr. Faucette stated that he has had many discussions with the senior staff to the appropriate House members and particularly the staff director to the House Banking Committee. Mr. Fraser stated that he too had been engaged in discussions with several key staffers including the committee staff director. Both Mr. Faucette and Mr. Fraser agreed that the staff director is a professional and are hopeful that progress can be made. Mr. Fraser also mentioned that Senator Brown (OH) is up for reelection in 2018 and, as such, should move to the center on banking issues. Mr. Fraser also mentioned that Ohio has 40 mutuals. Mr. Faucette reiterated that it is unlikely that any big bank issues will be moved if for no other reason that party discipline. Senators Warren and Sanders should be focus on new administrations appointments and may expend their energies there and not on opposing community bank issues in the Senate and House. Mr. Faucette stated again that Rep. Love’s staff has said that she intends to reintroduce the Love Bill. Mr. Faucette mentioned that Rep. Luetkemeyer will chair the Subcommittee on Financial Institutions and Consumer credit and that Rep. Duffy will chair the Subcommittee on Housing and Insurance. Both of these Reps should be key going forward in influencing community banking legislation. Chairman Boulrier stated that this was good news.

3. Discussion of Trump Agency Appointments.

Mr. Faucette stated that the banking and related agency appointments should be very interesting. By the end of 2017, Mr. Faucette predicts there will be a total change in the leadership at the various agencies. There will be a many of agencies affected; OCC, FDIC, SEC, CFTC, NCUA, FSOC, and CFPB. Comptroller Curry’s term ends in March and Director Cordroy is in the sights of many. There are at least two seats on the FDIC board and two seats at the FRB. There will also be a slew of senior staff positions which will be changing. Mr. Faucette stated that this will be a time of great change, but he is not sure at this time how the changes will be implemented and on what timeline. So far no banking agency appointments have been announced. Chairman Boulrier asked if some of these will need to be approved by the Senate and Mr. Faucette responded yes. Mr. Simmons asked if this meant that FDIC Vice Chair Hoenig may also be stepping down. Mr. Faucette indicated that either he becomes the Chairman or he will step aside. Chairman Boulrier asked what the timing on these appointments will be and will it take some Democrats to go along on these appointments. Mr. Faucette indicated that he didn’t expect any real fight on these appointments because they were not high profile which is where the Democrats will turn their attention. The fights will be at the cabinet level.

4. Prospects for Reintroduction of HR 3791.

Mr. Faucette stated again that Rep. Love intends to reintroduce the bill by the end of January. Chairman Boulrier asked how and where would it go after reintroduction. Mr. Faucette stated that the bill has a somewhat better chance in this congress and will pass the house quickly. The strategy will be to carve the bill out if it gets caught up in a fight over Dodd Frank. Mr. Faucette is optimist.

5. OCC MSAAC meeting and prospects for appointments.

Mr. Faucette mentioned that at the last meeting of this committee the lack of energy in the room was palpable. The current committee members are reactive and passive. He believes that it is the staff's intention to appoint more active people to the committee. Look for a vastly changed committee composition. Chairman Boulier asked who nominated the current membership and Mr. Faucette responded the ABA.

6. EGPRA Mutual Merger Relief.

Mr. Faucette stated that with the technical changes recently implemented as a result of determining certain regulations as unnecessary, the technical impediment to the merger of federal mutual banks has been eliminated.

7. Transactions.

Mr. Faucette reported that there had been one dividend waiver application filed by Lakeshore Federal. The FRB staff is now moving relatively quickly on these requests. The need to make the requests seems to be another example of unnecessary regulatory burden.

8. AMB Annual Leadership Meeting-March 20, 2017.

A general discussion regarding the upcoming meeting ensued. A discussion relating to the ABA's March meeting also took place. Chairman Boulier mentioned that the agenda for the ABA March meeting was weak in his view. The ABA appears to be a bit apathetic to their meeting. Mr. Marvin also discussed the weakness in the prior ABA meetings and the proposed agenda for the upcoming meeting.

9. FDIC Study on Mutual Banks.

Mr. Faucette gave credit to Mr. Fraser for his work in educating the FDIC staff on issues germane to mutual banks. The FDIC's general conclusion is that mutual banks have a low failure rate and while less profitable, are stronger than stock banks. Mr. Faucette wanted AMB members to know of the study and will provide a link to the study itself.

10. Date of next meeting.

The next AMB meeting was set for January 23, 2017 at 1:00 pm ET.

Prior to adjournment, Mr. Faucette asked members to consider topics for the March 20 meeting.

Chairman Boulier asked if there was anything else to discuss. Hearing no comments, he called for a motion to adjourn. A motion was made and seconded and passed unanimously.

The meeting was adjourned.