



**MINUTES OF
AMERICA'S MUTUAL BANKS**

MARCH 6, 2017 MEETING

Chairman Boulier chaired the meeting and called it to order at 1:03 pm ET. The following institutions and persons were in attendance:

Locke Lord LLP

- Doug Faucette
- Dan Weitzel

Institutions and Representatives

- Ion Bank—Chuck Boulier
- First Shore Federal Savings & Loan—Marty Neat
- First Federal of Lakewood—Tom Fraser
- Ridgewood Savings Bank—Peter Boger

Topics of Discussion

1. Adoption of Minutes

Chairman Boulier asked for comments regarding the draft minutes of the February 21, 2017 meeting. A motion was made to approve the minutes, the motion was seconded and all voted in favor. The minutes were approved.

2. Update on Annual Meeting Speakers and Registrations

Chairman Boulier introduced the matter and asked Mr. Faucette to discuss. Mr. Faucette mentioned that there had been several early acceptances and a few of those were non-AMB members. He stated that he believed this was a good indication of new interest in AMB by people who have otherwise been sitting on the fence. Mr. Faucette went on to discuss the speaker line up. Mr. Faucette stated that he was very pleased with the speakers. Rep. Blaine

Luetkemeyer, Chairman of the House Financial Institutions and Consumer Credit subcommittee, Ms. Sima Gandhi, head of business development at Plaid, a software applications aggregator firm, Tom Fraser, President and CEO of First Federal Lakewood, and Ron Riggins, President and Managing Director of RP Financial have all committed to speak. Senator Sherrod Brown of Ohio has been asked to speak and is checking his availability. Mr. Faucette explained that he had not extended invitations to any regulators this year. He explained that they are useful speakers from time to time, but this year's lineup is already full.

3. Schedule of Next Week's Capitol Hill Meetings with Congressmen and Senators

Mr. Faucette stated that he had planned on having several of these meetings this week, but schedules had to be rearranged. Rep. Rothfus had postponed his meeting, but he is attending a small dinner with Senator Brown later this week. He has been meeting periodically over the last month with several house members or their staff. The impression he is getting is that they are genuinely interested in learning more about small community banks. However, there is not yet any focus on this from the White House. No one from the White House is talking to the members or staff on the Hill about substantive banking matters. Mr. Faucette stated that President Trump is having difficulty moving his agenda on the Hill. Democratic Senators are slowing down the confirmation process, not just for the most senior appointees but also members of their staffs who also need to be confirmed. This in turn is delaying the movement on legislation. Don't expect to see any significant movement on banking agenda prior to summer. Obamacare and tax relief are the priority now, not bank regulatory reform. Chairman Boulter asked what were the prospects for the Choice Act. Mr. Faucette indicated that certainly nothing until summer. He stated that the Choice Act is a messaging bill. As it is drafted now, it is a bridge to far. The bill is too large to digest and covers too many issues. It may pass the house in parts, but no real chance right now in the Senate. Ironically, the Republican's appear to be focused on the big banks and the Democrats are focused on community banks. The Republicans are about to be co-opted by the Democrats regarding community bank relief. The Democrats appear to understand to go for the relatively easier legislation and get out ahead of the Republicans on community banking issues. Mr. Faucette stated that the Republicans recognize this and are worried about it.

4. President Trump's Executive Order on Regulatory Reform Task Force

Mr. Faucette stated that the purpose of the executive order was to basically lock down the agency staff until at least summer. The agencies are on notice to not do anything until the President's people are confirmed and take their positions. The executive order requires each agency to form a regulatory review task force. While the banking agencies are independent and not specifically covered, the OMB has a hook—the paperwork reduction act. The staff of the agencies may not take notice of this, the political appointees certainly will. In effect, for the time being, no regulations will be coming out of the banking agencies. Chairman Boulter commented that this could create a real problem for the agencies as some regulations are mandated by law and have a timeframe attached to them. Mr. Faucette remarked that the executive order will give the staff cover for not doing anything.

5. Congressional Review Act

Mr. Faucette stated that this one is a stroke of genius. The Congressional Review Act states that the agencies must submit rules enacted within the final 60 legislative days of an

outgoing President to Congress which has 60 days to disapprove from the date submitted. Many of the rules which the agencies are using to regulate have never been submitted under the terms of the CRA. Having never been presented to Congress, the 60 days review period has not even started. Arguably, the agencies are acting without lawful authority. Mr. Faucette stated that many of the right leaning think tanks are suggesting that many of these rules are open for repeal for non-compliance with the statute. The CRA covers all agencies. Mr. Faucette commented that both the agencies and Congress need to be careful how they play this and what they do. Chairman Boulier suggested that all members keep an eye on this as it develops.

6. FRB Dallas Economic Letter on Small Business Lending

Mr. Faucette stated that the crux of the study was that if the community banking system weakens so too will small business lending. Community banks are the primary lenders to businesses in smaller communities. This speaks to the larger community bank regulatory issue.

7. American Banker Article on Trade Group Reaction to NCUA Alt Cap Proposal

Mr. Faucette suggested that those members attending the ABA mutual bank meeting in two weeks should question the staff and officers as to what, if anything, is being done on this subject. The public comments are confusing. Members need to understand this is dicey for the trade groups. In reality the ABA is opposed. Of course, that is the sentiment of a majority of its membership. Mr. Faucette suggested that the ABA staff will soft pedal this at the mutual conference. Mr. Faucette again stressed that members should press the ABA staff on its position, which could be contrary to the interests of mutual banks. Chairman Boulier mentioned that this really highlighted two issues, the Love Bill and capital certificates—two AMB issues for quite a while. A general discussion ensued and the consensus was that the NCUA proposal leaves the door open for all ideas of a similar nature. Mr. Faucette pointed out it will be tough for the ABA to be for the Rothfus bill but opposed to credit union alternative capital.

8. Schedule for Next Meeting

The next AMB meeting was set for April 3, 2017 at 1:00 pm ET.

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.