



**MINUTES OF
AMERICA'S MUTUAL BANKS**

AUGUST 21, 2017 MEETING

Acting Chairman, Peter Boger, chaired the meeting and called it to order at 1:00 pm ET. The following institutions and persons were in attendance:

Locke Lord LLP

- Doug Faucette
- Dan Weitzel

Institutions and Representatives

- Ridgewood Savings Bank—Peter Boger
- First FS&LA of San Rafael—Paul Simmons
- Raymond Federal Bank—John Marvin
- First County Bank— Robert Granata

Topics of Discussion

1. Approval of the June and July 2017 Meeting Minutes

Chairman Boger asked for comments regarding the minutes of the June 19, 2017 and July 17, 2017 meetings. A motion was made to approve the minutes, the motion was seconded and all voted in favor. The minutes were approved.

2. Hensarling Call for Continued Regulatory Relief for Community Banks

Mr. Faucette stated that Chairman Hensarling's call for community bank reform works to the benefit of mutuals but it is also part of a greater political scheme to show that the House has done its job and now it's time for the Senate to act. Mr. Faucette further commented that the House is finished with bank regulatory reform for 2017.

3. Randy Quarles and Secretary Mnuchin Call for Tailored Regulation

Mr. Faucette stated that the call for tailored regulation is good news for mutuals. The two key administration players, Treasury Secretary, Steven Mnuchin and anticipated member of the FRB, Randy Quarles, are both in agreement with the idea of tailored regulation. Even though the regulations that apply to mega banks mostly do not apply to mutuals, it is encouraging to see them continue to speak out on this issue. The more they talk about it, the more mutuals need to hold their feet to the fire so that when they are in power, Messrs. Quarles and Mnuchin will be challenged to actually show what they are doing about tailored regulation.

Chairman Boger asked Mr. Faucette if it is his plan to get AMB members in to see various regulators and politicians again as was done in the past. Mr. Faucette replied, yes, that is the plan. However, it would be more advantageous to wait until the right people get into power. A lot of appointees have not yet been confirmed and we want to make sure that AMB members will be able to meet with people who have actually been installed in the positions and not just there temporarily.

Mr. Faucette stated that he doesn't know yet where mutuals are best served. Meetings can be set up in the Fall, after many appointments are made. For the time being, things remain uncertain and the full participation of mutuals is needed so that community banking reform can be enacted. Even if the Senate and House got along, there may not be any significant community banking reform until the first quarter of 2018. One of the issues with the Senate's inability to get things done is the democrats insisting on full compliance with regular procedures, 30 hours of debate for each appointee. This continued filibustering by the Democrats has caused an intentional backlog of senate confirmations.

4. AMB Member Leadership On MSAAC

Mr. Faucette stated that mutuals have been complaining for the past couple of years about what appears to be a wasted opportunity. Tom Fraser recently joined OCC's MSAAC committee and Dan Moore is on the committee as a holdover member. At the July 25th meeting, there was discussion on the issue of trying to have the committee judge its own progress instead of going with the flow. A report from the staff should be required regarding what have they done about the issues that were raised three months earlier. Dan Moore was also present for the meeting. He did a great job and got a lot of press recognition. It was a very significant meeting because Messrs. Fraser and Moore talked about the need to have their own report card with specific goals rather than just having a chat every three months. Only two or three AMB members are needed on the committee to make a difference.

Mr. Weitzel commented that the staff was sincerely listening to them so much so that the issue was raised about a possible side group being formed between some of the members of the committee and several of the OCC staff members to take up the issues off-line in real time.

Mr. Faucette stated that it would be very helpful if there was sincere desire by those in power to push the agenda forward, but there hasn't been. People are usually put in positions who are not very forceful in pushing any agenda. However, great progress was made during the meeting. It was a real milestone. What Mr. Fraser said about mutuality was also picked up by the media. That was followed up with a Mutual Alert which was also discussed and picked up by the media. Even though progress has been made, the OCC continues to face the same

problem it faced prior to Dodd-Frank because banks are leaving and the OCC could have a funding problem in the future, depending on which banks leave. It would behoove the OCC to be kinder and gentler so that they won't lose more of their banks and undermine their own assessment base.

5. Meeting with Speaker Ryan

Mr. Faucette stated that the fundraiser he attended for Speaker Ryan that was held on July 20th in Nantucket consisted of a very small group of approximately 6 people, besides himself, that were not the Speaker's staff and security. Much of the conversation was about Dodd-Frank and, in the Speaker's opinion, the bum rap the House is getting. Speaker Ryan said that he views the Republicans as the party of proposition not opposition. He believes that the House has done its job on Dodd-Frank and Health Care and the Senate needs to do its job now. Mr. Faucette stated further that Speaker Ryan was very concerned that he will get blamed for the failures of the House.

6. UST Comment Period for Regulatory Relief Expires

Mr. Faucette stated that the comment period under the Treasury paper regarding regulatory relief expired on July 31, 2017. The regulatory relief, i.e., Volker Rule, Living Wills, etc., was, for the most part, for big banks with very little targeted towards banks of \$10 billion or less. Things are moving in the Treasury department but not very fast because of the absence of staff. They need to show that they can get something done on banking reform at the beginning of 2018, even though it's an election year. Getting nothing done would be their liability. They have achieved nothing since President Trump was elected and the new Congress was sworn in. That is not a good situation to be in. Doing nothing would be a greater political risk for the Republicans than the Democrats.

7. AMB New Member Solicitation Campaign

Mr. Faucette stated that letters have been sent out and all AMB members were sent lists of other mutuals in their states in hopes that they would make calls asking them to join, especially because 2018 will be a critical year and mutuals need all the help they can get. Everything that can be done has been done. The rest is up to the members.

Mr. Faucette stated further that membership has been virtually unchanged except for picking up Tom Fraser and a couple of small banks. Now we need to push particularly hard because substantial growth is needed in the next 12 months instead of continuing with the status quo. AMB members are most influential at getting other mutuals to join. One major accomplishment of AMB is that it has kept the ABA honest. AMB has accomplished great things with minimal resources. It's the shared effort that continues to keep it successful. Mutuals are much better off now than they were a year ago during the Obama administration when all banks were the enemy.

8. House Rejects CFPB Arbitration Rule

Mr. Faucette stated that one of the speakers at the annual AMB meeting spoke on the Congressional Review Act. He explained how Congress could be effective without the White House. That seems to be a major tool that Congress has been using since the election even if

they didn't need it. The House passed a bill repealing the CFPB arbitration rule. Now it is up to the Senate to do the same. Then it will be no more. That's a very useful tool and there have been a number of examples of its use since the AMB annual meeting.

9. Next Meeting Schedule

Chairman Boger moved to set the next meeting for September 25, 2017. The motion was seconded and passed unanimously.

The next AMB meeting was set for Monday, September 25, 2017, at 1:00 pm ET.

The meeting was adjourned by unanimous vote at 1:57 pm.