



**MINUTES OF  
AMERICA'S MUTUAL BANKS  
OCTOBER 23, 2017 MEETING**

Chairman Boulier 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

- Ion Bank—Charles Boulier
- First Federal of Lakewood—Tom Fraser
- First Shore Federal—Marty Neat
- Ridgewood Savings Bank—Peter Boger
- First FS&LA of San Rafael—Paul Simmons
- Raymond Federal Bank—John Marvin
- Maspeth Federal—Tom Rudzewick
- First County Bank—Rey Giallongo

Topics of Discussion

1. Approval of the September 25, 2017 Meeting Minutes

Chairman Boulier asked for comments regarding the minutes of the September 25, 2017 meeting. A motion was made to approve the minutes with two minor edits. The motion was seconded and all voted in favor. The minutes were approved.

2. OCC Hosts MSAAC Meeting in Chicago

Chairman Boulier introduced the topic and Mr. Simmons stated that he attended the MSAAC meeting but questioned whether it was worth the effort because there was nothing of

substance discussed. Tom Fraser and Dan Moore also attended and were panelists on the panel addressing competing on a level playing field, innovation and FinTech. Even though attendance was poor, all members who attended felt that it was important that they were there.

Mr. Faucette stated that only a few federal bank representatives attended the meeting and questioned whether turnout was poor because the meeting was poorly planned. The OCC staff stated they were unsure that next year's meeting will be a joint MSAAC meeting with the FDIC. The staff did say that announcements will be more timely and will go out before the end of 2017. AMB members should ask the OCC staff why attendance at the meeting this year was so poor and if it has a plan going forward to try to ensure that it doesn't happen again. It seems that poor planning this year resulted in poor turnout. Mr. Faucette voiced his concern that if there is no improvement, it may lead to having no meetings at all in the future.

Mr. Faucette stated that AMB members should send a letter to the OCC before the end of this year, asking why only 21 bankers showed up at the MSAAC meeting; and whether it was due to the late notice of the meeting, the substance of the program, or both. The letter should also include suggestions to help improve the program and discussion topics.

All members agreed that sending letters would be a good way to reach out to the OCC and Mr. Fraser suggested that we offer assistance to come up with an agenda for the next meeting. It would be a good way to encourage federal savings associations to attend. It should also be suggested that the meeting be held as a joint meeting every year to increase attendance. Mr. Faucette will draft a form letter and circulate it in the near future.

Mr. Faucette stated that in this current climate, there is nothing more important than the cause of mutuality. For there to be 357 FSA's and have only 21 of them represented at the MSAAC meeting, it looks very bad and shows the apathy of other CEOs.

### 3. Senate and House Move to New Banking Reg Relief Strategy; Treasury Holds Reg Relief Summit

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Mr. Faucette stated that the House introduced much legislation in the past year. Now the Chairman of the House Financial Services Committee has decided that the Choice Act is going nowhere. The time has come to start the legislative season anew and move some of the community bank bills to the House separately and use those bills as talking points for Senate Republicans who are looking to move a real bill through. President Trump's executive order asked the Treasury Department to identify areas of relief. Craig Phillips, Counselor to the Treasury Secretary, issued a report to that effect. Even though the report's main focus was on big bank relief, it also recommended a \$2.0 Billion exemption for small bank holding companies. Democrats who were inclined to support it before, say they can't support it now. Priorities now seem to be dictated more by the Treasury Department rather than Chairman Hensarling. Mr. Faucette stated further that there is a subtle shift where Chairman Hensarling is no longer in charge and follows the lead of the treasury. Mike Crapo and Sherrod Brown still seem to be in a state of disarray regarding community bank relief. Mr. Boulter sent a letter to Craig Phillips last week, asking for a meeting. It remains to be seen what Mr. Phillips' response will be because there really was no significant community bank relief in the 22 bills that passed out of committee two weeks ago.

4. House Financial Services Reports Out 22 Bills for Small Business and Community Banks

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(Topics 3 and 4 Combined)

Mr. Faucette stated further that the bulk of the 22 bills are small business bills, not community bank bills.

5. HR 1116 The TAILOR Act Moves Out of Committee

Mr. Faucette stated that on behalf of AMB he had met with the FDIC staff to support this legislation. If it passes it will be good result for mutuals.

6. St. Louis Fed. President Speaks Out: Community Banks Worse Off Post Dodd-Frank

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Mr. Faucette noted that the President of the St. Louis FRB said that the regulatory costs, post Dodd-Frank, weigh much heavier on small banks than big banks. The St. Louis FRB President wants his voice to be heard in an effort to get more people to speak out about this. It is encouraging to see him speaking out on behalf of community banks.

7. AMB Chair Sends Letter to Counselor to the Secretary of the Treasury Craig Phillips Seeking Meeting

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Mr. Faucette stated that Mr. Phillips has not yet replied to the letter sent to him on October 13, 2017 by AMB Chair, Chuck Boulter. If no response is received in the near future, another letter may be sent.

8. Mutual Transactions: MidState Bancorp Merges With Rosedale Federal After Failed Stock Conversion

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Mr. Faucette stated that MidState is a small institution that attempted to convert to stock but regulators made it impossible. Mr. Neat stated that both organizations are Baltimore based, however, Rosedale is strong and MidState has been on the edge for a while. Mr. Faucette stated that it seems very curious that MidState couldn't get regulatory approval. Mr. Neat stated that no assumptions should be made just yet. Rosedale picked MidState up and may benefit from it. Rosedale's aggregate size is now just under \$1.0 Billion.

9. ABA Files Supplemental Brief In Suit Against NCUA Re Field of Membership

Mr. Faucette stated that the ABA is still vigorously pursuing the lawsuit against the NCUA but it is not making much progress. Mr. Faucette noted that the economic and community effect of credit unions is much stronger in the Midwest than in the East.

Mr. Weitzel commented on the formal letter issued by the GAO, dated October 19, 2018, wherein the GAO determined that the final Interagency Guidance on Leveraged Lending, jointly

issued by the FRB, FDIC and OCC, is a rule for purposes of and, therefore, subject to the requirements of the Congressional Review Act. Senator Toomey asked penetrating questions and the GAO delivered answers that the federal banking agencies did not want to hear.

Mr. Faucette stated that Congress has to act to repeal the Interagency Guidance, but for now the agencies know that they no longer do as they please.

10. Next Meeting Schedule

Chairman Boulier moved to set the next meeting for November 6, 2017. The motion was seconded and passed unanimously.

The next AMB meeting was set for Monday, November 6, 2017, at 1:00 pm ET.

The meeting was adjourned by unanimous vote at 1:45 pm.