



**MINUTES OF  
AMERICA'S MUTUAL BANKS  
DECEMBER 18, 2017 MEETING**

Chairman Boulier called the meeting 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—Chuck Boulier
- Raymond Federal Bank—John Marvin
- First FS&LA of San Rafael—Paul Simmons
- First Federal of Lakewood—Tom Fraser

Topics of Discussion

1. Approval of the December 4, 2017 Meeting Minutes

Chairman Boulier asked for comments regarding the minutes of the December 4, 2017 meeting. A motion was made to approve the minutes. The motion was seconded and all voted in favor. The minutes were approved.

2. Schedule Choices for Meeting with Deputy Asst. Secretary Jared Sawyer

Mr. Faucette stated that while young, Jared Sawyer has been on the banking committee staff in both majority and minority roles. Mr. Faucette previously had suggested meeting before Christmas, but only Tom Fraser could make it and no other responses were received. After further discussion, Mr. Faucette stated that he will send an email to Mr. Sawyer letting him know that the preferred meeting dates are January 19th and 22nd, and will get back to the members when the date is confirmed.

3. Introduction by Hon. French Hill (R. Ar.) of HR 4562 Small Bank Capital Exemption

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Mr. Faucette stated that Rep. Hill is highly regarded and was chosen by the leadership to play a more active role. He introduced a bill similar to the bill previously introduced by Rep. Love but Rep. Hill's bill exempts community banks from Basel III and raises the small bank exemption to \$3 Billion. This bill is something that small banks have been waiting for and now have.

4. Senate Banking Commences Markup on Community Bank Bill

Mr. Faucette stated that the Senate backed bill still has to be scheduled to be moved to the floor. Because it is a bipartisan bill it should have little problem being passed. Once passed, it has to go to the joint senate and house conference where each body will appoint its conferees and will negotiate any differences between the two bills. Mr. Faucette stated further that he suspects that the Senate bill will define what will emerge in the way of community bank relief.

Chairman Boulier asked if HR 4562 will be part of the legislation when it comes out of the conference committee. Mr. Faucette reiterated that HR 4562 is a House bill. There is also a Senate bill. When they go to conference the committee will reconcile the bills. Because the Senate bill is bipartisan, it won't do the House any good to demand concessions because it may impede passage on the floor.

5. Conference Committee Action on Tax Bill

Mr. Faucette stated that he believes President Trump will deliver on his promise of having the tax bill passed by Christmas. It would be a good thing for mutuals because they can keep more of their retained earnings. It is not designed to eliminate tax burdens for most taxpayers. However, the reduction of the corporate tax rate and the repatriation tax are universal. Mr. Faucette stated further that the motive behind the tax bill is growth. If it doesn't work in the next two years, the consequences may be dire for the Republicans.

Chairman Boulier commented that from a banker's perspective it should work. The stock market also thinks it will work but that remains to be seen.

Mr. Faucette stated that the proposed loss of deductibility of state income taxes may shake things up demographically but it is doubtful that people are going to move their families to Florida to lessen the blow from this provision. Mr. Faucette stated further that the bill will have a systemic impact on the marketplace. If hedge fund deals don't work out on an after tax basis, it may not be as appealing a proposition as it used to be for companies issuing debt.

Chairman Boulier commented that the success of the tax bill also depends on demand.

Mr. Faucette stated that the conference committee is being assembled. The leadership will most likely choose people they can depend on to approve the bill. The consensus on both sides of the aisle is that by Christmas the tax bill will have passed.

6. Second Largest Mutual Columbia Financial MHC to Issue Minority Stock

Mr. Faucette stated that the stock issuance transaction is in the works. Dodd Frank has tried to discourage these transactions but, as the second largest mutual, Columbia Financial doing this is significant. However, Mr. Faucette indicated that he doesn't see the corporate purpose of the stock issuance. Columbia Financial has plenty of capital and the question is what are they going to do with \$500 million. The Ponce Bank's stock issuance raised \$90 million. Ponce received over \$220 million in subscriptions. One can only imagine what will show up in the way of subscriptions for Columbia Financial. Because the deal is so big it will inevitably attract troublemakers and may turn into a controversial transaction. If there is negative press or something goes wrong with the deal, all mutual holding companies may suffer. Mr. Faucette stated further that Columbia Financial is currently in the application process, and is approximately five months away from approval.

Regarding mutual holding companies, Mr. Faucette stated that there are a lot of AMB members this year who are passing the baton to their successors, i.e., Mr. Trentacosta, Mr. Boger and Mr. Wagner. It will be incumbent upon all members to welcome the successors and try to cement the bond of their predecessors. Chairman Boulier commented that he is committed to staying involved.

7. HR 4464 Passes Committee to Repeal Credit Union Risk Based Capital Rule

Mr. Faucette stated that HR 4464 is one of many bills coming out of the House. It is doubtful that it will go anywhere but it is worth mentioning to show that credit union lobbyists are still very active. Mr. Faucette stated further that he was told recently that the ABA has proffered the idea of taxing credit unions as a doable proposition and some banks were counting on its success.

8. HR 4545 Passes Committee to Force Exam Deadline and Independent Review of Appeals by FFEIC

Mr. Faucette stated that HR 4545 would create an independent review board which would act as a check on the examiners. If someone were a victim of an arbitrary rating, the chance of an appeal would be much greater. It also sets a deadline to receive a final exam. Mr. Faucette stated further that there is currently no similar bill on the Senate side.

Chairman Boulier commented that HR 4545 will allow for more recourse and choices.

Mr. Marvin commented that the greatest thing about HR 4545 is that it will force accountability by examiners. Mr. Faucette agreed.

9. Next Meeting

Chairman Boulier moved to set the next meeting for January 22, 2018. The motion was seconded and passed unanimously.

The next AMB meeting was set for Monday, January 22, 2018 at 1:00 pm ET.

The meeting was adjourned by unanimous vote at 1:40 pm.