

**Minutes of the regular meeting of the
COMMUNITY DEPOSITORY INSTITUTIONS ADVISORY COUNCIL**

11:00 a.m. – 2:10 p.m., Monday, March 21, 2016

Federal Reserve Bank of New York

33 Liberty St., New York, NY

Present:

John R. Buran, President and CEO, Flushing Bank and Flushing Financial

Michael J. Castellana, President and CEO, SEFCU

Lourdes Cortez, President and CEO, North Jersey Federal Credit Union

Reyno Giallongo, Jr., Chairman and CEO, First County Bank

Saleem Iqbal, President and CEO, HAB Bank

Katherine Liseno, President and CEO, Metuchen Savings

Mary D. Madden, President and CEO, Hudson Valley Federal Credit Union

Christopher Martin, Chairman, President and CEO, The Provident Bank and Provident Financial Services Inc.

Tyrone Muse, President and CEO, Visions Federal Credit Union

Federal Reserve Bank of New York attendees:

Tom Baxter

Jason Bram

Christopher Calabia

Richard Charlton

Tony Davis

William Dudley

Jacqueline Fenton

Miette Levine

Richard Peach

Joelle Scally

William Schaefer

Roseann Stichnoth

Kevin Stiroh

Michael Strine

Roy Thetford

Luis Uranga

The meeting was called to order at approximately 11:00 a.m.

1. Administrative Matters

Ms. Stichnoth and Mr. Castellana welcomed new members Tyrone Muse, Lourdes Cortez, Reyno Giallongo and Christopher Martin to the group.

Mr. Charlton reviewed the Antitrust Guidelines with the Council.

2. Presentations to Council Members

Mr. Peach and Mr. Bram discussed the national and regional economic outlook.

Mr. Thetford gave a presentation on cybersecurity priorities for depository institutions.

3. Luncheon Discussion

After a brief recess, Mr. Dudley joined the group for the luncheon discussion. Members were asked to comment on current banking conditions, overall economic conditions, payment systems, examination practices, and current and future regulatory matters.

Overall, members reported good business conditions, particularly in commercial real estate and small business lending. Mortgage regulations are slowing the closing process, but demand remains strong. Finding workers with specialized skills can be a challenge for the depository institutions.

Members reported that small business lending is doing well, with healthy competition and a wide variety of businesses seeking funding.

Commercial real estate, particularly the multifamily sector, is booming. Several members noted an absence of construction lending. Some members reported that upstate New York construction lending is concentrated in the education, hotel, and medical industries.

In addition to a high demand for home mortgages, members reported very strong auto lending, an uptick in credit cards, and strong demand from lower-credit-score borrowers. Deposits have been flat.

Turning to overall economic conditions, members reported that unemployment varies by region and many recent graduates are still struggling with student loans.

On payment systems, members reported that the cost and difficulty of keeping up with new payment systems, particularly online systems for sending money between individuals, is significant. On examination practices, members reported that examination costs are high and enforcement can be inconsistent.

The group's discussion of regulatory and other matters focused on the competitive difficulties that some community banks and credit unions may be facing, as well as concerns that Dodd-Frank's \$10 billion asset threshold may be potentially acting to limit the growth of community depository institutions.

Members also discussed legal uncertainties surrounding the topic of banking medical marijuana customers and expressed concern about global forces affecting the U.S. economy.

The meeting adjourned at approximately 2:10 p.m.