

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

11:00 a.m. – 2:20 p.m., Friday, October 14, 2016

Federal Reserve Bank of New York

33 Liberty St., New York, NY

Present:

Martin K. Birmingham, President and CEO, Five Star Bank and Financial Institutions, Inc.

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

Martin A. Dietrich, President and CEO, NBT Bank, N.A. and NBT Bancorp, Inc

José Rafael Fernandez, President, CEO, and Vice Chairman, Oriental Bank and OFG Bancorp

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:

Jason Bram

Richard Charlton

William Dudley

Richard Dzina

Jacqueline Fenton

Nora Fitzpatrick

Michael Held

Miette Levine

Richard Peach

Joelle Scally

William Schaefer

Michael Strine

Luis Uranga

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

1. Presentations to Council Members

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

2. 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, innovations in community banking, examination practices, and current and future regulatory matters.

Overall, members reported the situation is similar to what it was at the March meeting, with 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 continues to be a challenge for the depository institutions.

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 good demand for home mortgages in the middle range, members reported very strong auto lending. Deposits have been flat to growing.

Turning to overall economic conditions, members reported conditions are generally very good, although there is variation among markets. For example, conditions in Puerto Rico are very different from those in the rest of the District.

On innovations in community banking, members reported some concerns about maintaining a balance between meeting customer needs and preventing fraud in the payments system when there appear to be a proliferation of new mobile banking options in the marketplace.

On examination practices, members reported that examination costs are high and examinations may be affected by examiner turnover.

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

The meeting adjourned at approximately 2:20 p.m.