

Office of the Comptroller of the Currency
Minority Depository Institution Advisory Committee

January 28, 2014 Meeting Minutes

The Minority Depository Institution Advisory Committee (the Committee) convened for a meeting at 8:30 a.m. on Tuesday, January 28, 2014, at the Office of the Comptroller of the Currency (the OCC), Constitution Center, Washington, D.C.

In accordance with Federal Advisory Committee Act, 5 U.S.C. App 2, and the regulations implementing the Act at 41 C.F.R. Part 102-3, the meeting was open to the public. The meeting lasted from 8:30 a.m. until 2:30 p.m. with a break for lunch.

Committee Members Present:

Guillermo Diaz-Rousselot, President, Continental National Bank of Miami, Miami FL;
Susan Faulkner, Enterprise Risk Executive, Bank of America, Charlotte, NC;
John Hou, Chief Executive Officer and President, Asian Pacific National Bank, San Gabriel, CA;
Joe Quiroga, President, Texas National Bank, Mercedes TX; and,
Norman J. Williams, Chairman and Chief Executive Officer, Illinois-Service Federal Savings and Loan Association, Chicago, IL.

Staff from the OCC Present:

Comptroller of the Currency Thomas J. Curry; Senior Counsel Charlotte Bahin; National Bank Examiner James Calhoun; Senior Advisor to the Senior Deputy Comptroller for Midsize and Community Bank Supervision and Designated Federal Official, Beverly Cole; Senior Advisor for Outreach and Minority Affairs, Glenda Cross; Deputy Comptroller for Thrift Supervision, Donna Deale; National Bank Examiner and Industry Analyst, Ralph DeLeon; Deputy Comptroller for Compliance Operations and Policy, Grovetta Gardiner; Deputy Comptroller for Public Affairs and Communication, Robert (Bob) Garsson; Director for Banking Relations, Gregory (Greg) Golembe; Senior Deputy Comptroller for Midsize and Community Bank Supervision Jennifer Kelly; Special Counsel, Administrative and Internal Law Kristin Merritt; Director for Congressional Liaison, Carrie Moore; Director for Community and Consumer Law Donna Murphy; National Bank Examiner Monique Parkmon; Community Development Lending Manager William (Bill) Reeves; Director for Community Affairs Theodore (Ted) Wartell; and Deputy Comptroller for Community Affairs Barry Wides.

Public Observers:

Robert (Bob) Mooney, Federal Department Insurance Corporation (FDIC)
Betty Rudolph, FDIC

8:30 a.m. – Public Meeting

Beverly Cole, OCC Senior Advisor to the Senior Deputy Comptroller for Midsize and Community Bank Supervision and the Committee's Designated Federal Official, called the meeting to order and welcomed the attendees. She then introduced Thomas J. Curry, Comptroller of the Currency.

Comptroller Curry welcomed the Committee and thanked members for attending the meeting. Comptroller Curry discussed the strategic planning presentation that was developed in response to feedback from prior Minority Depository Institution (MDI) meetings where strategic planning was identified as a challenge. Additionally he commented that members were also interested in identifying strategic planning issues that significantly impact MDIs as the economy and the community base they serve changes.

Comptroller Curry encouraged the members to actively participate and be open and frank with their feedback. He thanked them for pre-viewing the presentation, which is also planned for the June 26, 2014 MDI conference in Dallas, TX for OCC-regulated institutions.

9:00 a.m. – Strategic Planning – Technical Assistance

Ms. Cole introduced OCC National Bank Examiner James Calhoun as the presenter of the Strategic Planning – Technical Assistance session. For committee members' reference she referred to Mr. Calhoun's biography located in the meeting materials. The Strategic Planning – Technical Assistance power point presentation is attached to these minutes.

Mr. Calhoun reviewed the agenda for his presentation and advised that the presentation content was designed to be a resource for the committee to take away from the meeting. His focus was to add some additional perspective to the content. The objectives of the presentation were to define strategic planning; personalize strategic planning by looking at OCC banks and thrifts, MDIs, and current conditions; discuss the OCC perspective on key risks; discuss key attributes of a good strategic plan; and discuss strategic considerations banks have to make in the current environment. Mr. Calhoun stressed to the committee members that it was important that they be engaged, ask questions and that there be good dialogue around this topic.

In defining strategic planning, Mr. Calhoun also stressed what strategic planning is not (i.e., a budget; a 3-year financial forecast; or a fixed percentage added to prior year results). He highlighted that strategic planning is more about the process of planning, positioning (or bets) and making difficult decisions about the unknown, uncertain, and uncontrollable. Mr. Calhoun referenced a 2008 District Chief Executive Officer (CEO) conference where bankers were challenged to determine how to become a better bank and define action items critical to success. The bankers highlighted 1) being disciplined and to stay with what you know; 2) know more about your bank, your market, and your customers; 3) employ good risk management processes which include good communication and enhanced controls; 4) have a willingness to adapt to changing conditions; and 5) have superior talent, whether this talent is developed

internally or hired outside of your institution. For a full listing of critical action items refer to the attached presentation.

The presentation transitioned into discussing strategic orientation and Mr. Calhoun noted that parameters that define a strong bank have not changed significantly over time. A committee member asked that if the parameters for a strong bank have not changed over ten years have banks really learned lessons and changed their views over time? Mr. Calhoun responded that there has been a confluence of change over time in tandem with increased compliance costs and lower interest rates, and banks have remained successful while employing these same attributes from ten years ago. Mr. Calhoun went on to highlight a number of challenges that bankers have faced and dealt with over the past 20 years in comparison to today's issues.

Senior Deputy Comptroller for Midsize and Community Bank Supervision (SDC) Jennifer Kelly added that it is important for a bank to know itself relative to these challenges as the level of success in dealing with them depends on the individual bank. For example, a rural community bank is different from an urban community bank that is competing with larger institutions. Mr. Calhoun added that technology can help bridge the gap between rural and urban institutions. Success in competing with any institution comes back to leadership, identifying and understanding weaknesses, strengths, threats, and opportunities for your individual institution.

A committee member stated that at times a Chief Executive Officer (CEO) of an institution must take the suggestion out of strategic planning. Of the institutions that have survived the latest economic downturn, they did so by either doing what they could to survive or deciding not to do what other institutions were doing. For example, the younger generation is more technologically advanced and as a result, some institutions chose to offer mobile banking and/or a broader range of web-based services. These technologically advanced services resulted in increased costs relative to increased staff / controls needed to protect against cyber-theft. Another institution's business model is to remain high-touch with its customers, focusing on spending more face-to-face time with their community, and deciding not to venture into web based or mobile banking services. A committee member went on to state that strategic planning is really about doing what you know and knowing what you do not know.

Mr. Calhoun transitioned to a discussion about the importance of banks having the perspective about their common circumstances. He discussed in general terms how economic trends show that employment has improved but that job creation is in lower paying jobs and retail service positions that pay minimum wage. This distinction impacts the economic recovery, as discretionary income remains tight and uneven. A committee member added that another point to consider is the make-up of the unemployment population. A large majority of the unemployed are younger, while the employed work force is older. How will this make-up affect each of our markets since this make-up is a change from prior economic downturns?

Mr. Calhoun confirmed that this is different and will have significant impact. He asked the group to consider banks in college communities. A college community may not have jobs for graduates, and as such, this talent leaves the community in search of employment. An unemployed college graduate will not be able to repay their student loans, which has

implications on this graduate's ability to purchase their first home. This could impact the entire student loan market. He went on to comment that banks could also consider such circumstances as possible opportunities. Is there a way for banks to leverage this circumstance and provide a means for this student to become productive?

Mr. Calhoun transitioned to discuss external environmental factors such as uneven housing market recoveries, increased competition in the lending and intermediary arena, and the competition for retail credit business with larger competitors. Comptroller Curry asked the Committee if any of these factors were amplified for their institutions, and what factors were they seeing in their markets. Members discussed factors such as crowd funding and unregulated lending, and whether these two segments of the market could behave in a way to recreate the mortgage crisis. A brief discussion was held on the Consumer Financial Protection Bureau (CFPB) role in supervising these product lines. Comptroller Curry then asked if any of the aforementioned factors could be an opportunity for an MDI to expand its product lines. Committee members stressed that they did not want to stray from their primary business mission of being a high touch institution that acts as a resource and provides counsel to its customers.

Continuing the discussion on external environmental factors to consider with strategic planning, a committee member mentioned how the impact of data breaches outside of a bank's control affects the bank's bottom line. An institution can find itself diverting more funds than anticipated to fraud losses. In addition, there is reputation risk at times in protecting the customer (i.e. re-issue debit cards that may have been compromised). Committee members went on to discuss the impact of competing in an oversaturated market; developing and/or hiring good talent; facing the aging of their customer base; remaining true to their high touch customer model as bank industry customer service transitions to web based and mobile; unemployment in their key market areas; competing with the Large Banks; and merger and acquisition activity.

Mr. Calhoun challenged the committee members to find the opportunity in the external environmental factors. For example, if an institution wanted to temper its entrance into web based or mobile banking services, consider what controls need to be in place to address primary concerns and possibly reduce costs depending on how the service was implemented (i.e. pooling back office resources). Mr. Calhoun also discussed opportunities to reach additional customers through incentives to save. He challenged the committee members to find opportunities to have those types of conversations with potential customers.

The presentation transitioned to highlighting "bubbles" in the market that contributed to the Great Recession, the student loan "bubble" around the corner and implications about the dollar's value and stature as the currency standard along with the implications of increasing interest rates on unprecedented government debt levels. The committee discussed strategic implications of these factors and whether they were a hurdle or potential opportunity. A committee member stated that there are those that worry the traditional business model of community banks is over. There was agreement that their banks were more dependent on

interest rates for success rather than loan volume, deposits or overhead management. Some of their customers simply did not have the liquid wealth as others. Mr. Calhoun mentioned other challenges to strategic opportunities such as capital constraints and a shortage of available banking talent, which impacts the bank's ability to execute and compete.

The presentation transitioned to a review of financial metrics and trends in OCC supervised institutions and OCC MDI institutions. Mr. Calhoun noted that MDI's that were rated 3/4/5 have both tactical and strategic decisions to make to remain competitive. The Committee members and the group discussed a bank's efficiency ratio and the trend in MDI overhead expenses in comparison to other institutions under \$100 million and over \$1 billion. A committee member noted that MDI overhead expenses were higher in comparison due to several factors including the number of employees per million in deposits and the volume of passbook savings accounts versus certificates of deposits. The MDI market typically does not have the number of wealthy customers as a non-MDI market, and therefore would typically have more insured deposit accounts. A committee member also referred to the MDI business model of personalized and high touch service, specifically offering free advice to customers and how this required more people. Another mentioned the cost to hire outside talent to work at their institutions also attributes to higher overhead costs. Committee members also noted the aging of the banker's workforce and the challenge of finding and affording good talent and the diminishing loyalty of newly hired staff. Ms. Kelly commented that the disparity of hiring talent costs for larger banks versus smaller community banks noting that all small banks have to pay for the talent versus having the opportunity to grow the talent internally.

The overhead discussion then transitioned to a discussion about considering other opportunities that might exist with business activities incidental to banking. Mr. Calhoun spoke about the possibility of deriving the economic benefits of property ownership by leasing used space. Mr. Calhoun reiterated that the overhead disparity was significant and needed to be addressed.

The presentation transitioned to a discussion of financial trends in MDIs in comparison to banks under \$1 billion. A committee member inquired about the ability to expand the peer groups to include a MDI peer group. Ms. Cole stated that the addition of a new peer group has been discussed with FDIC and is a complex topic. The CAR is an internal OCC analysis report based on Call Report information for 187 minority institutions by MDI category. The CAR was shared at the prior Committee meeting and is available on BankNet. The OCC held a call in December 2013 with all of the OCC MDI Assistant Deputy Comptrollers (ADCs) and Portfolio Managers to make them aware of the CAR analysis report. Additionally our efforts to refine examination tools related to MDIs and provide technical assistance to MDIs are reported to Congress in the OCC's annual report on MDI examinations. Ms. Cole encouraged the committee to contact their individual ADCs or her if they are unable to access the CAR analysis report.

A committee member inquired if the OCC used 1.00% ROAA as a benchmark to define satisfactory or strong earnings. Mr. Calhoun responded that the OCC looks at several factors, which include profitability, but more importantly whether the bank is run in a safe and sound

manner and if there are any supervisory concerns. For example, a 0.30% ROAA may not be a significant concern if the institution is making sufficient income to support operations and has implemented appropriately robust risk management processes given its business activities and risks. Mr. DeLeon added that examiners consider the quality aspect of earnings as required in the earnings component ratings definition. A committee member commented that younger examiners tend to focus more on comparison to peer in earning discussions. Ms. Kelly added that examiners do look at a bank's peer information, but have to assess earnings based on the bank's overall situation. Ms. Kelly encouraged committee members to call their ADCs if a bank is concerned that examiners are not considering the entire picture. ADCs are expected to be involved in these conversations.

Mr. Calhoun transitioned the discussion to looking ahead. Where will your bank be in the next five (5) years in terms of technology; implementing Dodd-Frank; fraud risk; replication of processes and services by others (i.e. e-banking). Mr. Calhoun next went over key risks facing banks as defined by the OCC's National Risk Committee: Strategic Vulnerability, Commercial Credit Underwriting; Home Equity Line of Credit End of Draw (HELOC EOD); Mortgages; Interest Rate Risk; BSA/AML; Cyber Threats; and Third Party Vendor Management. Comptroller Curry commented it was interesting how the risks blended into each other. Ms. Kelly noted strategic vulnerability advanced to the top risk after several agency discussions highlighted the cross over nature of all of the risks and how they fit together.

A committee member commented that a recent announcement around cannabis business banking being allowed in the banking system as an example of a situation of blended risks, primarily knowing the character of the business owners not just the business. Comptroller Curry noted that the availability of cannabis business banking has not yet been settled.

The presentation transitioned to discussion of a good strategic plan, highlighting that the Board and management need to know their bank and their customers. Committee members discussed their primary business mission to serve their communities and how to preserve that mission yet strategically plan to compete in today's market. Committee members discussed the balance of desires for growth opportunities without compromising the primary mission and MDI status; and limitations brought on by their Board's risk appetite and being comfortable with the current way of doing business.

Mr. Calhoun challenged the committee members to rethink challenges as opportunities by determining ways to meet their primary mission based on current conditions and tailor strategic plans to that end. He further discussed the importance of clarity in a good strategic plan noting that it was just as important to identify what the bank will not do versus what it will do. Identifying clearly in the strategic plan what a bank will not do provides a higher level of strategic clarity, which is key to ensuring staff, do not have to guess about products, services, and markets that are not mentioned within the strategic plan.

As the presentation transitioned to implementing a strategic planning process, Comptroller Curry noted that it was an interesting point made previously about maintaining a bank's MDI

status amidst strategic opportunities. Committee members spoke to how important their MDI status is and that they do not want to lose this identity for the sake of growth into new markets. The committee members understand the importance of their institutions in the communities they serve. Committee members further discussed strategic challenges and opportunities while staying true to the bank's original mission with input from Comptroller Curry, Ms. Kelly, Mr. Calhoun, and Mr. DeLeon. There was further discussion around Board make-up, customer base loyalty, competition and economies of scale. Mr. Calhoun reiterated the overarching theme of the discussion, "How can you continue to preserve your primary and original mission yet still open the door to new ideas which can bring increased risks?"

The presentation transitioned to analytical methodologies. During this discussion, Mr. DeLeon inquired if the bankers analyzed fee income and fee waivers. A committee member commented that looking at the various analytical factors being discussed could help identify strategic advantages over competitors. Mr. Calhoun recapped some the tools that bankers traditionally use and others that may provide more precise information on revenue, cost, efficiency, market share, etc.

The presentation then transitioned to performance metrics that should be considered in monitoring progress. Mr. Calhoun noted that it was important to include change management assessments as well as methods for challenging assumptions. Metrics also help to manage expectations of the bank and its customer. Committee members discussed the importance of analyzing metrics and how it can help identify the root cause or reason over an issue the bank thought it knew about. Additionally, the performance metrics can measure how well the strategy is communicated and understood by staff, especially those several layers under senior management.

Mr. Calhoun went on to present strategic considerations for community banks. A member mentioned that lessons could be learned from the FDIC OIG material loss reviews, however they are boilerplate. For example, one report mentioned an institution's failure to adapt to new markets, but did not offer any additional details. Mr. Calhoun commented that the discussion point for community bank strategic considerations is in regards to banks needing to be flexible. He further stated that a 2004 FDIC paper on the future of community banks stated that there is a competitive advantage to build on personal service to customers and that this advantage still exists today. A committee member responded that the advantage still exists but is changing. For example, mortgage underwriting has changed with the advent of the CFPB, and so has the landscape of commercial lending. Another member added that finding capital has also become a challenge and is related to the aforementioned challenges.

Comptroller Curry commented that banks talk about increasing fee income but do banks consider changes in operational risks? Mr. Calhoun added that intuitively bankers know this, but cannot quantify the changes. Deputy Comptroller for Thrift Supervision Donna Deale added that there are several kinds of fee income and each have their own risks. There must be a balance of application and customer service in order for programs to work. Basically, there are

positive sources of fee income as well as negative sources of fee income. Ms. Kelly added that the bankers' decisions in this regard should be what is prudent and most effective.

Mr. Calhoun then presented strategic and tactical considerations highlighting balance sheet management and operational risk challenges. In discussing risk controls, banker's relationship with auditors was highlighted as well as responding to findings. He also briefly touched on third party vendor management. Director for Community and Consumer Law Donna Murphy commented that when considering new products, services, or delivery channels it is important for the banks to estimate controls prior to launch. Ms. Kelly added that the compliance officer should be part of any new product or service discussions.

Mr. Calhoun transitioned to management. Committee members shared details of their management succession challenges. There was also discussion around developing staff and hiring the right people, noting that personnel was an area of cost management, but the trade-off is the appropriate skill set and management succession. Discussion also included Board make-up and Board succession challenges. Committee members noted that MDIs need Board members that not only understand the community served by the broader market but also those that come with ideas on how to navigate and adjust in current economy.

Mr. Calhoun asked if committee members considered advisory directors. Committee members shared their experiences with advisory directors. A member reiterated the importance of strong character and vision, as well as a good mix of community leaders and the need to be careful not to have a concentration of any one group on the Board if possible. Another member commented on the challenge of wearing many hats, which includes not only managing the bank, but the Board as well at times. Members also commented on the importance of being able to be open and frank with the Board.

The presentation transitioned into the need to re-evaluate every aspect of the bank's business model including market perception and image and the importance of the "tone from the top". Mr. Calhoun noted a key takeaway is that strategic decisions must be S.M.A.R.T. (specific, measurable, attainable, responsible parties, time specific). The group then discussed how the identified factors that lead to good banks getting into trouble and Comptroller Curry commented these factors were all ingredients of the FDIC OIG Material Loss Reviews.

Mr. Calhoun briefly touched on a bank examiner's primary interests when reviewing a strategic plan, highlighting the risk management process in conjunction with strategic planning (Board/committee minutes; monitoring reports/tracking; and bank results to plan). Mr. DeLeon brought up an example of not meeting a target: examiners may look to see if this was an isolated event; look into what did the bank give up due to this event; what was the effect of this event to the overall strategic plan; and was this decision/incident detailed in the minutes.

Mr. Calhoun then discussed resources for strategic process support, encouraging the members to leverage their relationship with their ADC. Ms. Kelly agreed, stating that of all the resources

available, the bank's ADC should be one of the top resources. Comptroller Curry added it is important for MDIs to use the OCC as a resource.

12:00 p.m. – Adjourned for Lunch

1:00 p.m. – Presentation Feedback / Roundtable Discussion

The meeting reconvened, and Ms. Cole opened the meeting asking the Committee members for feedback on the Strategic Planning – Technical Assistance presentation. Ms. Kelly inquired if the presentation was worthwhile to provide during the June 26, 2014 MDI Conference in Dallas, TX. All members had positive comments about the presentation and recommended it be presented to all OCC supervised MDI management at the upcoming conference. Committee members then discussed some takeaways from the presentation they could take back to their institutions.

Committee members did suggest bringing in more MDI centric information, specifically how an MDI could be more effective in strategic planning. Comptroller Curry added perhaps including more specific strategic planning challenges for MDIs, and add more emphasis on how to preserve and promote MDI status.

A member commented that at the last meeting one of the topics discussed was to present strategic planning process without the focus on the bank examination process. Others commented that so often the discussion of strategic planning in the examining context can have bankers in a defensive mode. Opening the presentation with a broader tone of expectations and the process and putting it in the context of what is best for the institutions' survival as an MDI would improve interaction. Other feedback included adding more about MDIs capital challenges and loss history, and how to attract capital partners, but keep MDI status. Another comment was around how this presentation could be a means to present information to future and viable investment partners. For example, an effective strategic plan could be a positive factor in attracting investment capital through such vehicles as the Community Development Financial Institutions (CDFI) or private capital.

Ms. Cole thanked the committee members for participating and providing their feedback. Mr. Calhoun will explore ways to incorporate their comments into the June 26, 2014 presentation for the MDI Conference in Dallas, TX.

The meeting transitioned to the Roundtable Discussion and Ms. Cole asked the Committee if there were any other topics that should be covered during the MDI Conference in Dallas, TX.

A committee member noted that it would be useful to discuss the market value of real estate and show changes from across the states, and include discussion around thrift model banks relative to the stability in market value. For example, during the underwriting process, mortgage loans based on income stream led institutions not to securitize these loans, but use them as a long-term investment strategy.

Other members mentioned that it would be helpful to hear success stories about banks making it through the crisis, and also include best practices on how to function out of the recession. Similar discussion points were mentioned as well: (1) Assuming counterparts are thinking traditional home mortgage are a thing of the past, if this is true, where will the older generation go for a home loan; (2) Share success stories of institutions that have effectively recovered at different stages within this economy; (3) Include discussion from the Commercial Real Estate and Residential Real Estate perspectives; (4) Discuss the use of the secondary market – traditional liquidity needs were to insure solvency, whereas now it relates more to credit risk.

Additional topics were offered regarding the decline in the number of MDIs. For example, there is a concern relative to how MDIs can survive as banking has evolved. Banking is no longer seen as a profitable business, and as such how can a MDI remain its own institution, focusing on safety and soundness, remain conservative, and advance forward cautiously? Others commented that safety and soundness is key but the legal aspect of going forward scares some Board members.

There was discussion about the future for the traditional banking model and relationship banking. MDIs cannot consider an exit strategy in the face of market competition, and as such what more could they do? How can MDIs be more creative, yet remain in OCC guidelines? Committee members further discussed topics related to Qualified and Non-qualified Mortgages and its impact on MDIs and the communities they serve.

Other topic ideas included: Cyber Security (early warning signs, best practices); Vendor Management; Interest Rate Risk (discuss “hot” money and MDI customer base behavior (both long-time and newer depositors)); and BSA/AML (changes in complexity, share stories of instances where an activity appeared to be legitimate, but really was not).

Comptroller Curry noted that there has been a migration of BSA issues from larger institutions to smaller institutions. Deputy Comptroller for Compliance Operations and Policy Grovetta Gardiner agreed with Comptroller Curry and added that the BSA/AML issues are primarily with the new technology (i.e. Bitcoins) and mentioned charges the Department of Justice brought against the Bitcoin owner. Considerations for these type issues include: What should MDIs be doing now? What is the risk? and What makes sense?

Another topic discussed was the prepaid card phenomenon. A member noted concern over claims that a customer would be able to access their pay check up to a day or two days early, but the customer is unaware that fees associated with this is similar to a payday loan. There is concern that customers are not aware certain services (i.e. prepaid debit cards) are outside of the financial sector. With financial sector services, the customer has certain protections. A committee member noted that CFPB has jurisdiction over these types of services and inquired on what the CFPB plans to do to protect consumers.

Ms. Murphy mentioned a CFPB proposed rule to address pre-paid cards and that the OCC has been brought in to consult on the rule. Ms. Murphy also noted that when proposed rules come out that is the opportunity to have the most input. Ms. Murphy encouraged the Committee to comment on proposed rules.

Ms. Gardner then mentioned that in response to concern around implementing the new mortgage rules, the CFPB plans to put together an interagency working group in early March 2014. The purpose of the working group is to bring understanding and clarity institutions need to implement these rules.

A committee member noted that it would be helpful to have a summary of CFPB rules and their status, and inquired if there was a possibility an MDI representative could be on the CFPB advisory committee. Another member mentioned that there is a CFPB committee that listens to issues of the smaller community bank and any concerns can be discussed in that forum.

A committee member inquired if any of the members participated in any trade organizations, and proposed that MDIs could be represented as a group on certain committees that have access to Washington, D.C. Comptroller Curry noted that this representation could not be done via the MDI Advisory Committee, but could be done separate and apart from this committee.

Members agreed that as bankers they are inundated with information but it is important to be engaged in the process. The committee then briefly discussed other methods to become better represented and engaged.

Ms. Cole thanked the committee members for their thoughts and noted she will try to incorporate as many of their ideas as practicable into the agenda.

Ms. Cole then transitioned the discussion to MDI Advisory Committee membership. The MDI Advisory Committee will need to update its charter as well as its membership. Ms. Cole will announce the start of the Advisory Committee membership nomination process at the June 26, 2014 MDI conference. Ms. Cole is looking for members who are interested to serving on the Advisory Committee, and to ensure continuity of the group by staggering membership, she encouraged self-nomination.

The MDI Advisory Committee nomination process is as follows:

1. Ms. Cole will place a notice in the Federal Register and will advise committee once the notice has been posted, as well as place the notice in BankNet.
2. The notice will be open for 45 days.
3. Interested parties must send a letter to nominate a member or to self-nominate. The nominated party's institution must be included in the letter.
4. The OCC will review and vet the nominations and perform background checks.
5. The MDI Advisory Committee members will be announced.

Ms. Deale noted that this process is completed jointly with the Mutual Advisory Committee Membership Nomination period.

The nomination process begins in June and will officially end in October (Mutual Advisory Committee's nomination process ends in November). Current MDI Advisory Committee members' tenure ends October 28, 2014. Membership termination is not mandatory, and all current members are eligible to remain on the committee, but will need to self-nominate. MDI Advisory Committee membership cannot exceed ten (10) members.

2:00 p.m. – Public Comments

The public observers did not have comments.

2:30 p.m. – Adjourn

Ms. Kelly and Comptroller Curry thanked the members for attending and participating in the meeting. Ms. Cole adjourned the meeting.