

July 12, 2024

Federal Housing Finance Agency
Division of Bank Regulation
400 7th Street, SW
Washington, MN 20219

Re: RFI of 5/16/2024

To Whom It May Concern:

On behalf of Premier Bank Minnesota, I am writing to express concerns with changes that will likely occur as a result of items contemplated in the RFI, specifically those referencing mission change and the potential to disrupt the liquidity potential of the FHLB system.

Premier Bank Minnesota is a locally owned and operated community bank in Minnesota. We regularly invest in local projects in our local communities near our branch locations including the Twin Cities Metro Area, Rochester and greater Minnesota. We regularly make loans to support the needs of small businesses and community development projects that provide jobs, employment and economic opportunity to our local communities. We also specialize in the development of land into new single family, townhome and apartment buildings that provide desperately needed housing to our communities. We provide a myriad of mortgage products including construction loans, lines of credit and second mortgage products that support and expand home ownership.

The existing structure and mission of the FHLB system provides readily identifiable liquidity resources despite timing misalignment that regularly occurs in our local deposit markets due to normal seasonality. For example, agricultural businesses typically have large deposit balances once a year, following harvest. Commercial service businesses often have larger deposit balances in summer months when normal weather patterns in Minnesota drive demand from customers that subsequently increase the deposits of our small business depositors. In short, readily accessible FHLB liquidity as an alternative funding option allows more loans to be funded when the loan customer needs the funding. FHLB liquidity allows our bank to say "yes" on a myriad of financing decisions that drive economic activity, jobs and the creation of housing supply in our local markets despite naturally occurring depository timing misalignment.

Additionally, Congress established the Federal Home Loan Bank System, not the FHFA. Therefore, changes regarding mission, liquidity access or membership should follow Congressional action. Congress did not authorize a system where access differs for different members who might be more politically expedient from the FHFA's perspective. In *West Virginia v. EPA*, The Supreme Court recently noted limits pertaining to agencies enabling legislation. Congress is to make major policy decisions, especially as regards potential changes to an FHLB system Congress originally established. For 90 years the FHLB System has served as a reliable and critical funding source for members. As any changes are contemplated, ensure no harm is done to this critically available resource of the FHLB System for community banks.

Thank you!

Sincerely,



Casey O. Regan, CEO