



Member driven.
Community focused.

The Honorable Sandra Thompson
Director, Federal Housing Finance Agency
400 7th Street, SW
Washington, DC 20024

Dear Director Thompson:

As members of the Federal Home Loan Bank of Dallas (FHLB Dallas) Board of Directors (Board), we appreciate the opportunity to provide written comments in connection with the Federal Housing Finance Agency's (FHFA) comprehensive review of the Federal Home Loan Bank System. Our comments are centered around FHLB Dallas' organizational structure, products, initiatives, operations, and efficiency.

FHLB Dallas and its counterparts are set up for a purpose, not for profit, and member-shareholders understand that one key purpose is to provide a stable and accessible source of liquidity. As such, the FHLB System, relying on prudent risk management and governance controls, has experienced 90 years of success without a credit loss.

We believe this stellar record is due, in part, to our commitment and focus on high-quality corporate governance practices, policies and philosophies. As directors, we have a duty as stewards of our member-shareholders' capital to ensure it is being effectively managed and protected, and we take that role seriously. We are also committed to ensuring FHLB Dallas operates with the highest standards of ethical behavior and fiduciary duty to merit and maintain the complete confidence and trust of its member-shareholders, investors in its debt securities and the general public.

We bring to the table our collective backgrounds as bankers, lawyers, civic leaders, affordable housing specialists, accountants and real estate experts. Additionally, we are representative of FHLB Dallas' five-state region, and the institutions we represent serve a mix of urban and rural customer bases. Our mix of independent and member directors, as structured by the FHFA, further encourages inclusion of viewpoints and expertise beyond banking. Our member directors represent institutions ranging in size from \$177 Million to \$7.6 Billion in assets. Our broad-based expertise and varied backgrounds provide diversity of thought leadership that complements that of the FHLB Dallas management team and, ultimately, benefits our regional membership base.

We are fully engaged in oversight of FHLB Dallas operations, reviewing enterprise-wide financial information in order to make informed decisions and assess performance. We continually evaluate and monitor appropriate credit, market and collateral risk levels, while evolving the bank's risk management system to monitor new risks that may impact FHLB Dallas operations. For example, this year, FHLB Dallas established an Environmental, Social, and Governance (ESG) Committee, as well as Climate Risk and Sustainability subcommittees. The Board has been actively involved in assisting with the creation of the FHLB Dallas' ESG strategy and our role has expanded to include oversight of ESG strategy and activities.

Flexibility to Deliver Innovative and Impactful Voluntary Programs

FHLB Dallas established its first voluntary affordable housing program, the Partnership Grant Program, in 1996 and currently has five voluntary affordable housing and community development programs – Small Business Boost, Housing Assistance for Veterans, Partnership Grant Program, Hurricane Recovery Grant and the CARE Award. These programs evidence the bank’s flexibility in creating and revising programs to meet the specific needs of members in our District and the communities they serve.

The bank’s approach to voluntary programs has been two-fold. As special needs arise in the District, such as all-too-frequent natural disasters including hurricanes and wildfires, the Board, in conjunction with FHLB Dallas management, has responded through creating voluntary recovery programs to address such special needs. We have approved the use of voluntary programs – in addition to the contributions of the Affordable Housing Program (AHP) – such as FHLB Dallas’ Hurricane Recovery Grant program to assist members’ employees, small businesses and community organizations in the affected areas with recovery. Since Hurricanes Katrina and Rita in 2005, when the Board approved \$5.1 million for relief, we have approved funding for multiple disasters, including \$6.7 million in 2017 following Hurricane Harvey. We also offered more than \$4 million in relief funding in 2021 after Hurricane Ida, which included \$2.5 million in Hurricane Recovery Grants and \$1 million in charitable contributions to food banks and relief organizations.

The second category of voluntary programs is designed to assist underserved populations.

A brief description of FHLB Dallas’ voluntary programs is as follows:

- Small Business Boost (SBB): provides secondary, unsecured loans to small local businesses in conjunction with loans made by participating member institutions – filling the gap between the member financing and the amount of the loan request. Since inception in 2019 through 2021, SBB has provided \$8.9 million in loans to support 976 jobs and 133 businesses.
- Housing Assistance for Veterans (HAVEN): helps to fund necessary home modifications, repairs or rehabilitation for eligible disabled veterans, service members and Gold Star Families. Under a new pilot offering, HAVEN is also helping eligible veterans, service members and Gold Star Families purchase their first home by providing households with up to \$10,000 for down payment and/or closing cost assistance. Since its inception in 2011 through 2021, HAVEN has provided \$945,000 to 106 veterans and service members and seven Gold Star Families.
- Partnership Grant Program (PGP): provides grants for small community-based organizations to use for operational and administrative expenses. FHLB Dallas matches member contributions on a 3:1 basis up to \$12,000 per member. Since inception in 1996, FHLB Dallas has awarded \$8.5 million in PGP funds to support nearly 500 community-based organizations.
- Community Area Revitalization Efforts (CARE) Award: recognizes member financial institutions who are committed to community revitalization through awarding \$7,500 to a nonprofit in the member’s community.
- A new voluntary program will launch in 2023 that will provide funding for resilient and sustainable housing that may withstand certain impacts of climate change.

We have also taken advantage of our authority to offer specially designated advance offerings with reduced activity-based stock requirements and to enact special programs, such as the COVID-19 Relief

Advances program that provided \$8 billion in low-cost advances at the onset of the pandemic to aid member financial institutions with short- and long-term liquidity needs.

Commitment to DE&I

As a Board, we are committed to diversity, equity and inclusion (DE&I) as a strategic business priority as evidenced by the following FHLB Dallas initiatives.

- Outreach to HBCUs: FHLB Dallas recruits interns and employees from several historically black colleges and universities (HBCUs) around the nation, and in 2021, the bank hired seven interns from HBCUs.
- Paul Quinn College Internship Program: For the fourth consecutive year, FHLB Dallas has partnered with Paul Quinn College, a private, faith-based HBCU in Dallas. The partnership provides Paul Quinn students the opportunity to obtain internships to offset the cost of housing and tuition.
- Cristo Rey College Prep Partnership: In 2021, FHLB Dallas recruited four interns from Cristo Rey College Prep, a college preparatory high school for economically disadvantaged students (predominately students of color) with campuses in Dallas and Fort Worth, Texas. In 2022, the bank expanded the program to eight interns who each work two days a week in different bank departments to earn money for college.
- Irving Independent School District partnership: FHLB Dallas has partnered for several years with the school district located where the bank's office is situated in Irving, Texas. This partnership has included providing food for students, school supplies, monetary support and providing 10 \$1,500 scholarships for young women pursuing science, technology, engineering and math (STEM) careers.
- Returnship and ReStart programs: In 2022, FHLB Dallas began recruiting women who have been out of the workforce for an extended period of time, encouraging them to return to the workforce with the offer of a program that helps develop and advance their skills. ReStart offers a full-time job with benefits, mentoring, coaching and training while Returnship provides a one-year paid internship, also with mentoring, coaching and training.
- Women in Finance Symposium: In 2023, the bank will offer a leadership conference for women in banking and other areas of finance.

In our Board member succession planning process, diversity has been a key priority for us, and we seek to encourage nominations that are reflective of our District's population in terms of gender, ethnicity, race and also diverse in terms of expertise and backgrounds.

FHLB Dallas prepares and follows a three-year DE&I strategic plan that includes quantifiable metrics that are regularly reported to the Board. It also provides opportunities for its employees to connect and grow personally through events that focus attention on DE&I topics and annually includes DE&I as a key component of its annual management incentive compensation program to ensure accountability.



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Several members of the Board have attended and/or participated in DE&I events and activities at the bank, including participating in panel discussions. This level of visibility within FHLB Dallas enables us to further understand the needs of the organization and its employees.

Effectiveness, Efficiency and Resiliency with Products, Technology and Transparency

FHLB Dallas serves its members through its acceptance of collateral that meets regulatory requirements and the creation of products that meet needs ranging from one-day liquidity to long-term hedging of balance sheet exposures. Our member banks represent 99 percent of the financial assets in our five-state district. Our member banks provided over \$27 billion in mortgage warehouse funding at the end of the second quarter of 2022. The bank’s Mortgage Partnership Finance® Program assists smaller financial institutions with accessing the secondary mortgage market to help families achieve homeownership.

FHLB Dallas has made a firm commitment to advance technology measures that enhance the efficiency and security of its systems, products and services. The implementation of robotic process automation projects, investments in cloud-based technology and investments in enhancing member transactional and reporting systems are examples of technological innovation.

As well, the bank has increased transparency in corporate governance activities through its Corporate Social Responsibility report, which is available to the public on the bank’s website. Next year, FHLB Dallas will publish an ESG report, to be approved by the Board, that will also address FHLB Dallas’ corporate governance and structure.

We want to thank you for the opportunity to provide these written comments. As you examine the efficacy of the FHLBank System, we urge you to carefully and prudently consider the 90-year success of the System. The robust governance practices in place at each individual home loan bank have been integral to that success and we are committed to ensuring that success continues. Throughout the System’s history, FHLBanks have been a key lifeline to our nation’s community banks. We ask that you carefully consider the role FHLBanks play with community banks and the communities they serve as you move forward in this process.

Respectfully,

Federal Home Loan Bank of Dallas Board of Directors

R. Michael Rigby

R. Michael Rigby (Oct 20, 2022 09:27 CDT)

_____ (Signature)

_____ (Institution)

_____ (Print Name)

_____ (Title)





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Tim Carter
Tim Carter (Oct 19, 2022 17:12 CDT)

(Signature)

FHLB Dallas (Institution)

Tim Carter (Print Name)

Director (Title)

Albert C. Christman
Albert C. Christman (Oct 19, 2022 17:48 CDT)

(Signature)

_____ (Institution)

Albert C. Christman (Print Name)

_____ (Title)

Dorothy Lee Babin Jr.
Dorothy Lee Babin Jr. (Oct 20, 2022 08:10 CDT)

(Signature)

_____ (Institution)

_____ (Print Name) _____ (Title)

Dianne Bolen
Dianne Bolen (Oct 19, 2022 17:15 CDT)

(Signature)

FHLB Dallas (Institution)

Dianne Bolen (Print Name) Board Member (Title)

Fred Miller, Jr.
Fred Miller, Jr. (Oct 20, 2022 06:48 CDT)

(Signature)

Bank of Anguilla (Institution)

Fred Mille, Jr. (Print Name) Director (Title)

Felipe Rael
Felipe Rael (Oct 19, 2022 16:17 MDT)

(Signature)

Greater Albuquerque Housing Partnership (Institution)

Felipe Rael (Print Name) Executive Director (Title)

Jim Goudge
Jim Goudge (Oct 19, 2022 17:16 CDT)

(Signature)

_____ (Institution)

_____ (Print Name) _____ (Title)

John P. Salazar
John P. Salazar (Oct 19, 2022 18:29 MDT)

(Signature)

Federal Home Loan Bank/Dallas (Institution)

John P. Salazar (Print Name) Director (Title)



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Mary E. Ceverha

Mary E. Ceverha (Oct 19, 2022 18:22 CDT)

(Signature)

(Institution)

Mary E. Ceverha

(Print Name)

Independent Director

(Title)

Michael C Hutzell

Michael C Hutzell (Oct 19, 2022 17:18 CDT)

(Signature)

(Institution)

(Print Name)

(Title)

Margo S Scholin

Margo S Scholin (Oct 19, 2022 19:45 CDT)

(Signature)

Federal Home Loan Bank of Dallas

(Institution)

Margo S Scholin

(Print Name)

Director

(Title)

Rufus Cormier

Rufus Cormier (Oct 19, 2022 17:22 CDT)

(Signature)

FHLB of Dallas

(Institution)

Rufus Cormier

(Print Name)

Board Member

(Title)

Ron G Wiser

Ron G Wiser (Oct 19, 2022 16:16 MDT)

(Signature)

(Institution)

(Print Name)

(Title)

Wes Hoskins

Wes Hoskins (Oct 21, 2022 14:43 CDT)

(Signature)

First Community Bank Corpus Christi

(Institution)

Wes Hoskins

(Print Name)

President, CHairman and CEO

(Title)

Stephen Panepinto

Stephen Panepinto (Oct 21, 2022 16:35 CDT)

(Signature)

Plaquemine Bank & Trust Company

(Institution)

Stephen Panepinto

(Print Name)

Chairman, President & CEO

(Title)

Sally Nelson

Sally Nelson (Oct 24, 2022 10:01 CDT)

(Signature)

FHLB Dallas

(Institution)

Sally Nelson

(Print Name)

Board Member

(Title)