

May 09, 2017

National Credit Union Administration  
Gerald Poliquin, Secretary of the Board  
1775 Duke Street  
Alexandria, VA 22314-3428

RE: Comments on Alternative Capital

Dear Mr. Gerald Poliquin,

Valley First Credit Union appreciates the opportunity to give comment on the proposed rule regarding alternative capital. Valley First Credit Union is a \$600 million credit union with 67,000 members in the Central Valley of California.

Founded almost 70 years ago we have maintained a continuous, stable, profitable growth pattern for the entire time frame. We have continuously contributed to our retained earnings and now have a capital asset ratio of almost 11%. Over the years we have always thought that someday we would see some form of alternative capital proposal. In the last 4 months we have heard much discussion on the issue and new components were introduced to each discussion. Taxation. Each time the discussion has come up it has included the cautionary words that this could change our structure and expose our credit union to become taxed. In concept the ability to raise capital from other than retained earnings would be a positive benefit for credit union, however, at the risk of becoming a taxed entity, we can not support any proposal that would jeopardize our tax exempt status.

It is believed that taxation of credit unions could ultimately be the death of credit unions. With the risk of taxation on the table we do not support any proposal that would put that exemption at risk.

Thank you for the opportunity to comment on this Proposed Rule and for considering our views on alternative capital.

Sincerely,

Hank Barrett  
CEO  
Valley First CU

cc: CUNA, CCUL