

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,

CoastHills Credit Union appreciates the opportunity to comment on the National Credit Union Administration's proposed amendments to supplemental capital regulations. Providing credit unions with options for raising capital beyond retained earnings is important and we support it. CoastHills has more than \$1 billion in assets and serves more than 63,000 members on the central coast of California. As a low-income designated credit union, CoastHills has a limited ability to issue secondary capital.

We encourage the NCUA to adopt an approach to supplemental capital that appropriately considers the cooperative nature of credit unions, the safety and soundness of the issuing institution, matters of consumer protection and credit union principles of governance.

Member-based capital is already a reality in the industry. Corporate credit unions raise capital from their members, natural person credit unions, in various forms and subject to NCUA rules and regulations. Member-based capital has not altered the cooperative nature of corporate credit unions nor has it impacted their principles of governance. During the financial crisis, it became abundantly clear that such instruments adequately perform the role of capital and serve to protect the NCUSIF.

The Federal Credit Union Act specifically exempts credit unions from taxation by the United States or by any State or local taxing authority. This exemption was granted due to their cooperative nature, not-for-profit status and the special mission that credit unions serve their members. It has nothing to do with their ability or inability to raise capital, but we understand the perceived political implications. In our view, member-based supplemental capital does not alter the credit union structure or mission. Credit unions remain member-owned, member-governed, not-for-profit institutions with missions focused on member benefit over shareholder enrichment. Additionally, we believe capital formation among the membership is perfectly consistent with the cooperative nature of credit unions and should offer minimal

if any political risk provided consumer protections are appropriate.

Thank you for allowing us to comment on this advanced proposal and for your consideration of our comments.

Sincerely,

Jeff York  
President/CEO  
CoastHills FCU

cc: CUNA, CCUL