



Dear Mr. Sheesley,

As a uniting force in our local industry, we at Hospitality Minnesota are writing to voice our concerns about the FDIC's recently proposed changes to the rules on brokered deposits. These innovative sources of funding are essential in helping our small businesses and the community banks they trust to keep up in today's financial landscape. These changes would be detrimental to our industry at a time when recovery after the COVID-19 pandemic is still tenuous.

Here at Hospitality Minnesota, our membership spans hotels, resorts and of course, restaurants. Our restaurant members are creative entrepreneurs, first generation restaurant owners, BIPOC operators investing back in their neighborhoods, and owners of small, family-run establishments, to name a few. The hospitality industry provides good-paying careers and are the heartbeat of our local economies, but to start and grow those businesses, many operators rely on community banks for financing. Opening and running a restaurant requires significant capital upfront, whether it is for equipment, real estate, or construction, and community banks have been critical partners in helping these businesses get off the ground. However, restaurants are often seen as higher-risk ventures by banks because so many operate on tight margins, making it crucial for community banks to have access to diverse funding sources to provide the stable and accessible loans that restaurants need.

The hospitality industry in Minnesota is still recuperating from the severe financial impacts of the COVID-19 pandemic. Many restaurants are just beginning to regain their footing and need all the support they can get from their community banks. If the FDIC moves ahead to restrict access to modern and diversified channels of funding, it could result in fewer loan options and higher interest rates, making it even harder for operators to open a new restaurant, expand or stay afloat.

Restaurants are integral members of our communities and bring vibrancy and good-paying jobs to our neighborhoods. Because of this, we at Hospitality Minnesota urge the FDIC to reconsider these proposed changes. Our community banks must have access to the leading financial solutions that allow them to continue supporting our small businesses, like restaurants, which play a vital role in our local economies.

Thank you for your consideration.



Sincerely,

Angie Whitcomb  
President & CEO  
Hospitality Minnesota