



1-888-553-4648, 1550 Audubon Rd, Chaska, MN 55318

February 5, 2014

Federal Deposit Insurance Corporation
Via email to: comments@fdic.gov

RE: Comments on the proposed interagency standards for assessing diversity policies and practices

To whom it may concern:

KleinBank is a \$1.6 billion family owned community bank in Minnesota with nineteen branches and 400 employees. Our service area is primarily the western suburbs of Minneapolis and the areas surrounding Montevideo and Madison in western Minnesota. Our customers and business partners come from all walks of life and represent a diverse ethnic, racial, socio-economic and educational profile.

KleinBank, as many other community banks, have a long history of serving our local communities in a fair and inclusive manner. Our commitment to these principles is unwavering and is the basis of our 100+ year history. Our CRA Assessment Area includes 442 census tracts in twelve counties including 81 in Moderate Income tracts and 3 in Low Income Tracts. CRA and fair lending requirements have made all banks, including ours, more sensitive to issues involving diversity and inclusion, not just in our employment practices but also in how we view our customers.

KleinBank appreciates the fact that the regulatory agencies recognize the standards ultimately developed will not be a part of the examination or supervision process. To do otherwise would not only be contrary to the statute, but impose unnecessary costs which will ultimately be borne by our customers. Flexibility is the key to the ultimate success of encouraging diversity and inclusion. A "one-size-fits-all" approach makes no sense given the diverse nature of banks and the communities they serve. Any requirement for diverse applicant pools must necessarily be tailored to a specific bank's location and the communities in which it operates.

KleinBank subscribes to a policy of equal opportunity. It is KleinBank's policy to ensure equal opportunity in all of its employment policies and practices and to prohibit discrimination in all aspects of the Bank's operations. It is the policy of the Bank to comply with all applicable equal employment opportunity laws and regulations. Employees and applicants for employment will not be discriminated against on the basis of age, race, creed, color, national origin, religion, ancestry, gender, physical or mental disability, marital status, status with regard to public assistance, genetic information, sexual orientation, or military status in any employment decisions, including but not limited to recruitment, hiring, compensation, training and career development, promotion, upgrading, demotion, downgrading, transfer, layoff, termination, and all other terms and conditions of employment except as provided by law. All employment-related decisions are based solely on relevant criteria, including training, experience, and suitability.

We are proud to be led by a shareholder family that includes three women and we are guided by a Board of Directors that includes two women. KleinBank files the Employee Information Report EEO-1

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which should be enough to determine the appropriate standard for our bank. This report from July 2013 reported that 2% of our workforce is Hispanic females, 2% are minority males, 3% are minority females and 71% are white females. These totals reflect our ongoing commitment to employing women and minorities for diversity and inclusion.

The EEO-1 Form and others like it were never designed or intended to apply to smaller community banks. Given the nature of our community and service area, it should be a relatively simple effort to measure our bank's diversity accomplishments. There is no need for an expanded, scientific analysis based on "metrics." Self-assessment is sufficient and appropriate for banks like ours; any mandate as such is in violation of the statute.

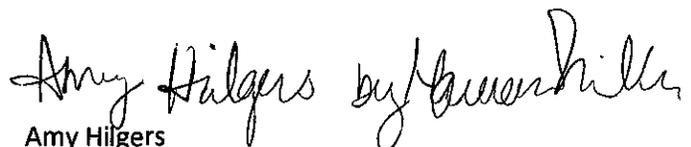
We partner with vendors that align with our Core Values of integrity, excellence, innovation and that strengthen our communities; we strive to do business with our neighbors. There are many benefits and risks to working with third-party providers. Just a few of these benefits include higher quality products and services to be delivered to customers, better security of customer and bank information, and greater efficiency and productivity. The risks are many and not taken lightly by the bank. Adding more requirements on selecting a partner may result in not being able to select the "best" partner.

According to information from the U.S. Census Bureau, Minnesota reported a 0.8% population growth with 20% of that growth from international immigration from July 2012 to July 2013. The U.S. Census Bureau's 2007 Survey of Business Owners reported over 31,000 businesses owned in Minnesota by minority persons. We aim to work with these businesses as customers and partners along with other partners, including national vendors. It's one thing to impose diversity standards and parameters on small community banks that are using their own funds to purchase supplies and services from their trade areas. It's entirely another thing to force these same standards on small community banks with respect to which entity they choose to do business with, not to mention that it's well beyond what is authorized by statute.

We respectfully ask that you carefully consider the unreasonable impact of this proposal on community banks and the customers and communities that we serve.

Sincerely,


W. Douglas Hile
President/CEO


Amy Hilgers
VP/Risk Manager