

EDDIE ALDRETE

P.O. DRAWER 47526 • SAN ANTONIO, TEXAS 78205

June 15, 2016

The Honorable Cesar Blanco
State Representative
Texas Capitol
P.O. Box 2910
Austin, TX 78768

Dear Rep. Blanco,

I am in receipt of your letter addressed to the IBC Board of Directors regarding our CEO & Chairman, Mr. Dennis Nixon.

First, your opening paragraph references Mr. Nixon's unwavering support for "Donald Trump's bigotry." Mr. Nixon never has, and never will support bigotry. He does, however, support, as he has done in the past, the Presumptive Republican nominee for president. In this particular case, it happens to be Donald Trump.

Second, since you addressed your letter to the IBC Board of Directors, please know that Mr. Nixon's support of Donald Trump was a personal choice, for many of the reasons outlined in his letter, which has been made public. For the record, IBC Bank has not, does not and will not make political endorsements.

Regarding the border wall, you will not find a stronger opponent of the border wall on Texas soil. For years, Mr. Nixon led the fight against the Bush Administration when they proposed and supported the Secure Fence Act of 2006. He was one of the founders of the Association of South Texas Communities which later transformed into

the Alliance for Security & Trade (AST). You should know this, because as the chief of staff to Congressmen Ciro Rodriguez and Pete Gallego, you were on the receiving end of the advocacy efforts of the border mayors. The same border mayors that were led by Mr. Nixon on regular trips to Washington. In fact, Mr. Nixon had the courage to stand up to Congressman Reyes (Democrat) and Congressman Henry Bonilla (Republican) to tell them they were both wrong on demanding more Border Patrol agents on the southern border. It was Mr. Nixon's belief then, as it is now, that Congress has it backward. It makes no sense to demand more agents, until they fix the broken immigration system first. Especially with so many retiring baby boomers, for every agent you hire, you lose one to retirement.

Additionally, in 2008, Mr. Nixon facilitated the introduction of Dr. Julieta Garcia, then-President of the University of Texas at Brownsville, to Congressman Bennie Thompson (D-Mississippi),



then Chairman of the House Committee on Homeland Security. The original plan for the border fence in Brownsville would have gone down the middle of the UTB campus. Mr. Nixon strongly opposed that border fence plan. The meeting with Garcia and Thompson took place in Laredo, Texas on IBC Bank property. As a result of that meeting, Chairman Thompson invited President Garcia to testify before his committee. The Chairman also scheduled Homeland Security Secretary Michael Chertoff to testify immediately following President Garcia. As a result of their meeting, facilitated by Mr. Nixon, and their subsequent testimony, Secretary Chertoff wound up re-routing the border fence around the campus and not through the campus. You see Rep. Blanco, leadership isn't defined by what you say, but by what you do. Mr. Nixon showed true leadership in achieving an objective, but he sought no glory, recognition, nor appreciation for his accomplishment.



On the issue of access to capital, you are speaking our language. We preach that regularly, as that is at the heart of what we do. As a regional community bank, we operate under a decentralized system - where our local banks have local directors that live, work and raise families in their respective communities. By the way, many of them are Hispanic. That means loan decisions are made locally, by real people who are a part of the fabric of the communities we serve. That's what community banking is all about. You see, banking has always been part math, part art. The math comes from the balance sheets, the profit and loss statements, the collateral and more. The art of lending comes from knowing your customer, their character and integrity. Discretion is at the heart of lending. More specifically, when your customer's math falls just below your threshold, but they are someone you know and trust, have been a longtime customer, are upstanding members of the community, you can use your discretion to make that loan. Unfortunately, Democrats in Congress have legislated and regulated away discretion in lending. The Dodd-Frank Act was passed by Democrat Senator Chris Dodd and Democrat Representative Barney Frank. That Act and the subsequent regulations that have followed have made lending much more difficult, if not impossible. So the growing "Hispanic-owned companies" you referenced, are finding it harder to get loans. In other words, the very people Democrats were aiming to help, are in a much more difficult lending environment. Mr. Nixon has made his positions on this topic quite clear. Even the author of Dodd-Frank, Rep. Barney Frank has admitted that the law went too far and had unintended consequences, but despite that admission, Democrats in Congress refuse to amend the law and meanwhile, small businesses continue to suffer, and many consumers no longer have access to bank loans.

Mr. Nixon has been recognized repeatedly for his work to support and protect the border and to advance the well-being of every community IBC serves for over four decades. Under his leadership, the bank's charity and commitment of human resources is unmatched. What is disappointing is your public condemnation of Mr. Nixon without so much as a phone call to understand his reason for supporting the Republican nominee who was selected by the people with the largest vote in the history of the Republican Party. So, one can only assume, you are solely viewing this through a political lens.

In closing, you said you would “not stand quietly.” That’s good to hear, because neither will Dennis Nixon. He wasn’t quiet when he stood up to Gov. Perry, Gov. Abbott, Lt. Governor Dewhurst, Lt. Gov. Patrick, Railroad Commissioner Barry Smitherman and many other members of the Republican Party when he felt they were wrong, misinformed, or misguided on a policy, especially when it came to border security. Donald Trump is no different and will receive no special treatment. That’s because Mr. Nixon does believe Mr. Trump is misinformed on border security and immigration reform. But unlike others who stand quietly, Dennis Nixon will make his voice heard, but he will do it from a position of strength.

Over the last 30 years, there has been a steady decline in new business formation, while the rate of business closures has remained fairly constant. More recently, business deaths have outpaced business births. This impacts the many Hispanic entrepreneurs you mentioned as well as other small businesses across the state and nation. Mr. Nixon has not been silent on this issue, and we hope you and the Border Caucus won’t either.

Your candidate, Hillary Clinton, supports the continuation of Dodd-Frank, which has put us on the path of losing a community bank every day. Additionally, she supports the continuation of the Consumer Financial Protection Bureau – an agency which has an uncontrolled budget, unlimited powers, and it answers to no one. Unlike any other federal agency in the government, the CFPB has absolutely no accountability whatsoever. If you do not, in fact, plan to stand quietly, then I might recommend you follow Dennis Nixon’s lead, and stand up to your own party and your party’s nominee. Tell them they are wrong, and they need to pass regulatory relief so that small businesses can get the access to capital you seem to care so much about. And while you’re at it, tell them to reign in the CFPB and allow banks to do what they do best, lend to their customers. We’ll all be better off for it, and clearly, the Hispanic Community will be better off doing business with a community bank.

Sincerely,

A handwritten signature in black ink that reads "Eddie Aldrete". The signature is written in a cursive, flowing style.

Eddie Aldrete
Senior Vice President