

DECISION MEMORANDUM OF THE FINANCE BOARD  
ACTING WITHOUT A QUORUM

Date: October 27, 1994  
No. 94-DM-44

ISSUE: On behalf of the Federal Home Loan Bank (FHLBank) Presidents' Finance Committee, the Bank Presidents' Conference, and the Office of Finance Board of Directors (OF Board), Alex Pollock has requested that the Federal Housing Finance Board (Finance Board) approve a \$200 billion increase in the OF Board's annual debt issuance authority, from \$500 billion to \$700 billion.

FACTORS CONSIDERED:

- 0 Finance Board resolution dated December 15, 1993, approving the OF Board's formal plan of FHLBank System financing requirements for the year 1994, including an aggregate amount of debt issuance authority equal to \$500 billion through December 31, 1994.
- 0 Unanticipated short-term funding demand by FHLBank members causing a significant shortfall in average FHLBank deposit levels and increasing the FHLBanks' need for short-term discount note funding.
- 0 The impact on the FHLBank earnings, liquidity and risk profile resulting from the need for the System to ration short-term discount note funding and rely on alternative funding arrangements.
- 0 The difficult task of accurately predicting funding requirements on an aggregated basis over a one-year time horizon, making the annual debt issuance limit little more than an approximation of actual funding needs.

DECISION: The Finance Board hereby approves a \$200 billion increase in the OF Board's annual debt issuance authorization, from \$500 billion to \$700 billion, through December 31, 1994.

  
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Nicolas P. Retsinas

  
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Lawrence U. Costiglio