



No.: 2000-17
Date: March 23, 2000

FEDERAL HOUSING FINANCE BOARD

Adoption of 2000 Appointment and Compensation for the Managing Director of the Office of Finance

WHEREAS, the Federal Housing Finance Board (Finance Board) has oversight authority for all Office of Finance (OF) operations (12 C.F.R. § 941.3(a)); and

WHEREAS, the regulations of the Finance Board require the OF board of directors to select and employ the Managing Director of the OF (Managing Director) under an annual employment contract, subject to the approval of the Finance Board (12 C.F.R. § 941.9(b)(6)); and

WHEREAS, on December 21, 1998, the Board of Directors of the Finance Board (Board of Directors) determined that it would be appropriate to subject the compensation paid to the Managing Director to the same limits applicable to the FHLBank Presidents as were then in effect, as revised to reflect differences in their respective responsibilities, *See* Resolution Number 98-64, dated December 21, 1998); and

WHEREAS, in accordance with section 932.19(b)(1)(i) (1999), Finance Board staff, using previously established methodology, determined the base salary caps that would have been proposed for each of the 12 FHLBank Presidents for the year 2000; and

WHEREAS, section 932.19(c)(2)(i)(1999), established that the maximum incentive payment to a Bank president may not exceed the difference between that president's annual base salary approved by the FHLBank and 125 percent of the annual base salary cap, as published by the Finance Board (12 C.F.R. § 932.19(c)(2)(i)-(vi)(1999)); and

WHEREAS, the OF board of directors has recommended and approved a base salary of \$375,000 for the Managing Director (which amount is equal to the year 2000 salary cap determined by the Finance Board staff for 11 of the 12 FHLBank Presidents under the now-rescinded provisions of section 932.19 of the Finance Board's compensation regulation), and incentive compensation not to exceed 40 percent of the approved base salary;

NOW, THEREFORE, IT IS RESOLVED that the Board of Directors hereby approves nunc pro tunc the appointment of the Managing Director for the period January 1 through December 31, 2000, at a base salary cap not to exceed \$375,000, and subject to a cap on total earned compensation, including earned incentive compensation, not to exceed \$468,750, which is 125 percent of the approved base salary;

IT IS FURTHER RESOLVED that if the OF board of directors decides to provide incentive compensation to the Managing Director for 2000, the OF board of directors shall, prior to April 1, 2000, by resolution, establish reasonable numerical performance measures and targets related to the achievement of goals, which goals are to be established by the OF board of directors, in its discretion; in no case shall the maximum incentive compensation opportunity for 2000 exceed the difference between the Managing Director's annual base salary cap for 2000 as approved herein by the Finance Board's board of directors and 125 percent of such Managing Director's annual approved base salary cap for 2000; any incentive payment made to the Managing Director for 2000 shall be based solely upon the extent to which the OF achieves the performance targets established by the OF board of directors;

IT IS FURTHER RESOLVED that if the 1999 compensation for the Managing Director includes any incentive compensation, then prior to April 7, 2000, the OF board of directors shall adopt and submit to the Finance Board a resolution showing the results of the Managing Director's achievement of the OF performance measures and the amount of the 1999 incentive payment made to the Managing Director;

IT IS FURTHER RESOLVED that the OF board of directors shall not make any incentive payment to the Managing Director if the most recent examination of the OF by the Finance Board has identified an unsafe or unsound practice or condition with regard to the OF; if the Finance Board subsequently resolves the examination finding of an unsafe or unsound practice or condition in favor of the OF, then the OF may pay to the Managing Director any incentive payment he or she otherwise would be entitled to receive;

IT IS FURTHER RESOLVED that if, prior to December 31, 2000, the Finance Board has adopted a final rule authorizing the issuance of joint debt by the Federal Home Loan Banks under section 11(a) of the Federal Home Loan Bank Act through the Office of Finance, then the base salary cap and the earned incentive compensation cap for the Managing Director for the period January 1 through December 31, 2000 approved herein shall be lifted, and the OF board of directors shall be authorized in its discretion and consistent with applicable regulations, to set new compensation for the Managing Director for the period, retroactive to January 1, 2000;

IT IS FURTHER RESOLVED that this resolution supercedes Chairman's order No. 99-OR-10 (December 29, 1999), as it relates to the appointment and compensation of the OF Managing Director for 2000.

By the Board of Directors of the
Federal Housing Finance Board

/s/ Bruce A. Morrison

Bruce A. Morrison,
Chairman