

No. : 97-75

Date: December 1, 1997

FEDERAL HOUSING FINANCE BOARD

Establishment of Base Salary Caps
For the Federal Home Loan Bank Presidents For 1998

WHEREAS, section 12(a) of the Federal Home Loan Bank Act (Bank Act) provides that each Federal Home Loan Bank (Bank) may fix the compensation of its employees, subject to approval of the Federal Housing Finance Board (Finance Board), see 12 U.S.C. § 1432(a); and

WHEREAS, on January 2, 1997, the Finance Board published a final rule amending its existing regulation governing the compensation of Bank employees (Compensation regulation), see 61 FR 2 (Jan. 2, 1997)(to be codified at 12 CFR 932.41); and

WHEREAS, section 932.41(b)(1)(i) of the Compensation regulation requires the Finance Board annually by November 30 to determine and publish caps on the base salary paid to each of the 12 Bank Presidents for the subsequent calendar year, see 12 C.F.R. § 932.41(b)(1)(i); and

WHEREAS, section 932.41(b)(1)(ii) of the Compensation regulation provides that the base salary cap for each Bank shall be based on the average base salary of a Chief Executive Officer (CEO) of a subsidiary financial institution in the Bank's primary metropolitan statistical area (PMSA) with an asset size comparable to that of the Bank, as of June of the prior year, reduced by five percent and rounded to the nearest \$5,000, see id. § 932.41(b)(1)(ii); and

WHEREAS, in seeking to establish the base salary caps for the Bank Presidents for 1998 in accordance with the regulation, the Finance Board staff has found regional salary data for CEO comparator positions of subsidiary financial institutions with comparable asset size to be very limited, and in one case unavailable, and that, therefore, there is not a reliable methodology to establish base salary caps for the Bank Presidents based on regional data; and

WHEREAS, salary survey data based on nationwide comparisons of CEO salaries at subsidiary financial institutions comparable in asset size to the Banks are available; and

WHEREAS, section 902.6 of the Finance Board's regulations provides that the Finance Board reserves the right, in its discretion and in connection with a particular transaction, to waive any provision, restriction, or requirement of its regulations, or any required submission of information, not otherwise required by law, if such waiver is not inconsistent with the law and does not adversely affect any substantial existing rights, upon a determination by the Finance Board that application of the provision, restriction, or requirement would adversely affect achievement of the purposes of the Bank Act, or upon a showing of good cause, see id. § 902.6; and

WHEREAS, the PMSA geographic limitation in section 932.41(b)(1)(ii) of the Compensation regulation is a regulatory requirement established by the Finance Board but not required by the Bank Act or other law; and

WHEREAS, the Finance Board has obtained updated salary survey data based on nationwide comparisons of CEO positions at subsidiary financial institutions comparable in asset size to the Banks; and

WHEREAS, waiver of the PMSA geographic limitation in section 932.41(b)(1)(ii) of the Compensation regulation and the use of national data in lieu thereof is not otherwise inconsistent with law and would not adversely affect substantial existing rights of any party;

NOW, THEREFORE, BE IT RESOLVED, the Finance Board, for good cause, hereby waives the PMSA geographic limitation in section 932.41 (b)(1)(ii) of the Compensation regulation for purposes establishing the Bank Presidents' base salary caps for 1998; and

FURTHER RESOLVED, that the Finance Board hereby establishes the base salary caps for the Bank Presidents for 1998 which are set forth in Attachment 1.

By the Board of Directors of the
Federal Housing Finance Board


Bruce A. Morrison, Chairman

Attachment

ATTACHMENT 1

FEDERAL HOME LOAN BANK PRESIDENTS
1998 BASE SALARY CAPS

FHLBANK	1998 BASE SALARY CAP
BOSTON	\$315,000
NEW YORK	\$315,000
PITTSBURGH	\$315,000
ATLANTA	\$315,000
CINCINNATI	\$315,000
INDIANAPOLIS	\$315,000
CHICAGO	\$315,000
DES MOINES	\$315,000
DALLAS	\$315,000
TOPEKA	\$265,000
SAN FRANCISCO	\$345,000
SEATTLE	\$315,000