

DECISION MEMORANDUM OF THE FEDERAL HOUSING FINANCE BOARD
ACTING WITHOUT A QUORUM

Date: January 11, 1995

No.: 95-DM-02

ISSUE: Approval of an interim Office of Finance (OF) 1995 operating expense, capital expenditure, and security processing fee budget limited to the first quarter 1995.

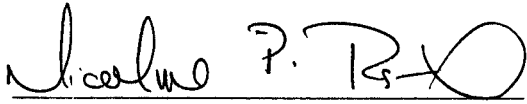
FACTORS CONSIDERED:

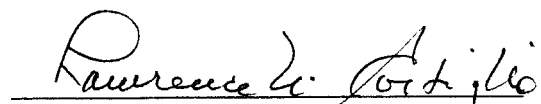
Section 94 1.11(c) of the Federal Housing Finance Board (Housing Finance Board) Regulations requires that the Housing Finance Board approve OF's operating budget.

The OF Task Force has reviewed OF's 1995 Business Plan and recommends that the OF board submit a revised plan in February 1995. As the business plan is the basis upon which the budget is developed, a revised 1995 Budget is required. In order for OF to continue to operate until a final Business Plan and Budget for 1995 are approved, an interim budget is recommended for approval. The interim budget will provide sufficient funds to operate for the first quarter of 1995.

DECISION: To approve an interim budget for the first quarter of 1995 of \$1.5 million for operating expenses, \$345,000 for capital expenditures, and \$547,000 for security processing fees for OF as presented in Table 1 subject to the following condition that OF must operate in a "business as usual" environment, i.e., no "new" initiatives may be undertaken.

To direct the OF to submit for approval by February 28, 1995, a revised full year 1995 budget, taking into consideration the Report by the OF Oversight Task Force on the OF 1995 Budget dated December 30, 1994.


Nicolas P. Retsinas


Lawrence U. Costiglio

OFFICE OF FINANCE OVERSIGHT TASK FORCE REPORT ON
THE OFFICE OF FINANCE 1995 BUDGET
December 30, 1994

Detailed explanations should justify:

- 0 the need for 6.5 new positions in 1995 including the specific levels of debt issuance volume increases that would require additional staff. The justification should include a detailed explanation of why, despite OF's significant investment in automation of the debt issuance system over the past two years, a 17 percent increase in staff is necessary in 1995.
- 0 higher than local market base salary increases for OF staff in 1995.
- 0 the increase in incentive payout in 1995 for directors and managers.
- 0 the estimates for anticipated specific overseas and domestic meetings included in investor relations expenses for 1995.
- 0 the estimates for anticipated overseas and domestic trips included in travel expenses for 1995.