



Federal Housing Finance Board

DECISION MEMORANDUM OF THE BOARD OF DIRECTORS ACTING
WITHOUT A QUORUM

Date: March 29, 1995
No.: 95-DM-12

ISSUE: Approve 1994 Incentive Compensation Program awards for 11 FHLBank Presidents.

FACTORS CONSIDERED:

The Finance Board, pursuant to 12 U.S.C. Section 1432, has the authority to approve compensation for FHLBank Presidents.

In November 1991, the Finance Board approved the FHLBank Presidents' Compensation Plan. The Plan is comprised of two parts, 1) a base pay program, and 2) an incentive compensation program (ICP).

In December 1992, the Finance Board approved an amendment to the ICP, which established the method by which ICP awards are to be determined for FHLBank Presidents each Plan Year. Since no changes were made to the ICP since then, the 1994 ICP remains consistent with the 1993 ICP.

The ICP consists of two components: 1) a System-wide component, and 2) an individual FHLBank Plan component.

On May 18, 1994, FHLBank Chairs were provided with the 1994 Finance Board approved targets for System-wide adjusted net income (ANI) and individual FHLBank Plan targets of market presence, profitability and community investment program (CIP) activity.

On January 16, 1995, the FHLBank Presidents were provided with 1994 ICP worksheets in an effort to expedite the timeframe for Finance Board approval of the 1994 ICP awards. The Banks completed the individual FHLBank Plan components and submitted the worksheets, along with their district board resolutions recommending individual FHLBank Plan ICP award amounts to the Finance Board.

Each individual FHLBank Plan ICP award recommendation has been approved by each respective district board of directors.

Individual FHLBank Plan ICP award recommendations for market presence, profitability and CIP activity were reviewed by Finance Board staff using 1994 actual performance results provided by the FHLBanks.

The System-wide target for ANI was calculated by Finance Board staff based on actual performance results for 1994.

Total 1994 ICP awards (System-wide component and individual FHLBank Plan component) were reviewed for compliance with the Finance Board approved ICP based on actual performance results for 1994.

All eleven participating FHLBanks exceeded the 1994 System-wide component of adjusted net income.

Where Finance Board staff review of the individual FHLBank Plan ICP award agreed with the ICP award recommended by a district board of directors, Finance Board staff recommendations are consistent with district board recommendations.

Where Finance Board staff review of the individual FHLBank Plan ICP award differed from the ICP award recommended by a district board as a result of rounding during the calculation process, Finance Board staff has determined that the discrepancy is not material and therefore, Finance Board staff calculations have been used to determine the recommendation.

Where Finance Board staff review of the individual FHLBank Plan ICP award differed from the ICP award recommended by a district board as a result of inconsistency in either the calculation or information used, Finance Board staff has determined that the discrepancy is material and therefore, recommends the Finance Board staff recommendation.

Approval of the 1994 ICP awards recommended by Finance Board staff, attached to and made a part of this Decision Memorandum, would be consistent with the approved ICP for 1994.

DECISIONS

Approve 1994 ICP awards for the following FHLBank Presidents in the amounts indicted below:

1. FHLBank of Boston
FHLBank President: Michael A. Jessee
ICP Award Not to Exceed: \$67,368
2. FHLBank of New York
FHLBank President: Alfred A. DelliBovi
ICP Award Not to Exceed: \$65,887
3. FHLBank of Pittsburgh
FHLBank President: James D. Roy
ICP Award Not to Exceed: \$71,580
4. FHLBank of Atlanta
FHLBank President: Robert E. Showfety
ICP Award Not to Exceed: \$80,441
5. FHLBank of Cincinnati
FHLBank President: Charles L. Thiemann
ICP Award Not to Exceed: \$81,414
6. FHLBank of Indianapolis
FHLBank President: Martin L Heger
ICP Award Not to Exceed: \$54,028
7. FHLBank of Chicago
FHLBank President: Alex J. Pollock
ICP Award Not to Exceed: \$66,979
8. FHLBank of Des Moines
FHLBank President: Thurman C. Connell
ICP Award Not to Exceed: \$51,340
9. FHLBank of Topeka
FHLBank President: Frank A. Lowman
ICP Award Not to Exceed: \$51,734
10. FHLBank of San Francisco
FHLBank President: Dean M. Schultz
ICP Award Not to Exceed: \$86,087

11. FHLBank of Seattle
FHLBank President:
ICP Award Not to Exceed:

James R. Faulstich
\$68,795


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