

DECISION MEMORANDUM OF THE BOARD OF DIRECTORS ACTING  
WITHOUT A QUORUM

Date: April 25, 1995  
No.: 95-DM-29

ISSUE: Approve a 1994 Incentive Compensation Program award for the Managing Director of the Office of Finance.

FACTORS CONSIDERED:

The Finance Board retains oversight and approval authority over all Office of Finance operations (12 U.S.C., Sec. 941.3(a) and 941.9(b)(6)).

In November 1991, the Finance Board approved the FHLBank Presidents' Compensation Plan, which includes the Managing Director, Office of Finance (OF) as a Plan participant. 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 Plan participants 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 of Adjusted Net Income (ANI), and 2) an individual FHLBank and OF Plan component. On July 28, 1994, the Finance Board approved the OF 1994 ICP.

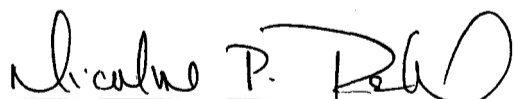
The OF Plan component of the ICP award recommendation has been approved by the OF board of directors.

The System-wide target for ANI was calculated by Finance Board staff based on actual performance results for 1994 and an award amount of 7.63 percent of annual base salary is included in the total 1994 ICP award recommended.

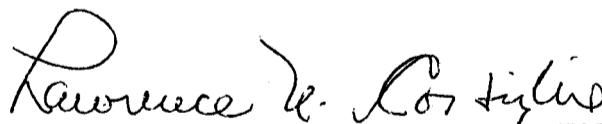
The OF Plan component has been reviewed and calculated in accordance with the approved ICP by Finance Board staff and where ICP award amounts were calculated inconsistent with the approved ICP, appropriate corrections were made.

DECISION:

Approve a 1994 OF ICP award for the Managing Director of the Office of Finance, not to exceed \$64,315.



Nicolas P. Retsinas



Lawrence U. Costiglio