



No.: **1999-53**

Date: **November 1, 1999**

FEDERAL HOUSING FINANCE BOARD

Waiver of the Compensation Regulation to Allow Amendment of the
Incentive Compensation Plan of the President of the Federal Home Loan Bank of Des Moines

WHEREAS, section 12(a) of the Federal Home Loan Bank Act (12 U.S.C.A. § 1432(a) (West Supp. 1999)) authorizes a Federal Home Loan Bank (FHLBank) to select, employ and fix the compensation of such officers, employees, attorneys and agents as shall be necessary for the transaction of its business, subject to the approval of the Federal Housing Finance Board (Finance Board);

WHEREAS, the Finance Board regulations at 12 C.F.R. part 932 (Compensation Regulation) authorize an FHLBank to establish an incentive payment program for its employees (12 C.F.R. § 932.19(c)(1));

WHEREAS, pursuant to section 932.19(c)(2)(iii) of the Compensation Regulation, any incentive payment made to a FHLBank president shall be based solely upon the extent to which a FHLBank achieves the performance targets established by the board of directors;

WHEREAS, pursuant to section 932.19(c)(2)(iv) of the Compensation Regulation, by January 31 of each year, the board of directors of each FHLBank that intends to make any incentive payment to its president for such year shall adopt a resolution establishing the performance measures and targets upon which such incentive payment will be based;

WHEREAS, on September 28, 1999, the board of directors of the FHLBank of Des Moines adopted a resolution appointing Patrick J. Conway as president, subject to approval of the Finance Board;

WHEREAS, Mr. Conway served as executive vice president of the FHLBank of San Francisco prior to his appointment as acting president of the FHLBank of Des Moines effective April 28, 1999;

WHEREAS, Mr. Conway will be ineligible under the FHLBank of San Francisco's incentive compensation plan to receive incentive compensation for any part of 1999 from the FHLBank of San Francisco because he did not work at the FHLBank of San Francisco for the entire plan year;

WHEREAS, in its September 28, 1999 resolution, the board of directors of the FHLBank of Des Moines determined to amend the president's incentive compensation plan goals related to net income and operating efficiency and to pay the president's 1999 incentive compensation for the full year, without pro-ration;

WHEREAS, the Compensation Regulation is silent with respect to the issue of the pro-ration of incentive compensation payments;

WHEREAS, by letter dated October 6, 1999, the FHLBank of Des Moines has requested a waiver of the compensation regulation to allow the board of directors to amend the president's incentive compensation plan after the January 31 deadline to increase the performance levels that the president must meet for the net income and operating efficiency goals;

WHEREAS, the Finance Board regulations at 12 C.F.R. § 903.2 authorize the Finance Board to waive any provision, restriction or requirement of its regulations, 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 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;

WHEREAS, Finance Board staff believes good cause exists to waive the provisions of section 932.19(c)(2)(iv) of the Compensation Regulation to authorize the FHLBank of Des Moines to amend the president's 1999 incentive compensation plan goals for net income and operating efficiency in connection with the appointment of the new president; and

WHEREAS, Finance Board staff believes good cause exists to approve payment of the president's incentive compensation for the full year, without pro-ration, based upon Mr. Conway's service as acting president and as president of the FHLBank of Des Moines for eight months of 1999.

NOW, THEREFORE, IT IS RESOLVED that the Board of Directors of the Finance Board finds good cause to waive and hereby waives the provisions of section 932.19(c)(2)(iv) of the Finance Board's Compensation Regulation to allow the FHLBank of Des Moines to amend the president's 1999 incentive compensation plan goals for net income and operating efficiency.

IT IS FURTHER RESOLVED that the Board of Directors of the Finance Board hereby approves the payment by the FHLBank of Des Moines of incentive compensation to its president for the full year, without pro-ration.

By the Board of Directors
of the Federal Housing Finance Board

/s/ Bruce A. Morrison

Bruce A. Morrison,
Chairman