

FEDERAL HOUSING FINANCE BOARD

BOARD OF DIRECTORS MEETING

OPEN SESSION

Washington, D.C.

Wednesday, March 12, 2008

ANDERSON COURT REPORTING
706 Duke Street, Suite 100
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190

1 PARTICIPANTS:

2 Board Members

3 RONALD A. ROSENFELD, Chairman

4 ROY A. BERNARDI, Director

5 GEOFFREY BACINO, Director

6 ALICIA R. CASTANEDA, Director

7 ALLAN I. MENDELOWITZ, Director

8 SHELIA WILLIS, Secretary

9 Also Present

10 PAT SWEENEY

11 STEPHEN M. CROSS

12 NEIL R. CROWLEY

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1 P R O C E E D I N G S

2 (10:00 a.m.)

3 CHAIRMAN ROSENFELD: Good morning,
4 everyone. I call this meeting of the Federal
5 Housing Finance Board to order. Today we will
6 have an open session followed immediately by a
7 closed session, where the Board will receive
8 updates of examination and supervisory findings.

9 We now need to vote to approve closing
10 the latter portion of today's meeting as required
11 by the Sunshine Act and Finance Board regulations.
12 And since the closed portion of today's meeting
13 will contain sensitive and confidential bank
14 examination information, I would ask for a motion
15 to seal the transcript of the portion of the
16 meeting. Director Bacino?

17 DIRECTOR BACINO: Mr. Chairman, I move
18 to close the portion of today's meeting at which
19 we will receive updates of examination and
20 supervisory findings, and further, that we
21 determine that the record and transcript of this
22 portion of the meeting be kept confidential.

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1 CHAIRMAN ROSENFELD: Thank you for the
2 motion. Is there any discussion of the motion?
3 Do I have a second?

4 DIRECTOR CASTANEDA: Second.

5 CHAIRMAN ROSENFELD: Thank you, Director
6 Castaneda. First of all, let me welcome Deputy
7 Secretary Bernardi to our deliberations today, and
8 I appreciate your taking time to help us.

9 DIRECTOR BERNARDI: Happy to be here.

10 CHAIRMAN ROSENFELD: Will the secretary
11 please call the roll on the motion.

12 MS. WILLIS: On the item before the
13 Board, Director Bacino, how do you vote?

14 DIRECTOR BACINO: Yes.

15 MS. WILLIS: Director Castaneda?

16 DIRECTOR CASTANEDA: Yes.

17 MS. WILLIS: Director Mendelowitz?

18 DIRECTOR MENDELOWITZ: Yes.

19 MS. WILLIS: Director Bernardi?

20 DIRECTOR BERNARDI: Yes.

21 MS. WILLIS: Chairman Rosenfeld?

22 CHAIRMAN ROSENFELD: Yes; the motion is

1 carried, and the subsequent portion of our meeting
2 will be close, and the transcript will remain
3 closed and confidential. Thank you. Let us now
4 turn to the public portion of today's meeting. We
5 will be considering an appointment to the Board of
6 Directors of the Office of Finance. Who will be
7 making the presentation?

8 MS. SWEENEY: I will, Pat Sweeney.

9 CHAIRMAN ROSENFELD: Okay, Pat, thank
10 you.

11 MS. SWEENEY: Good morning. The action
12 before the Board is to recommend Dean Schultz,
13 Federal Home Loan Bank President from San
14 Francisco, for appointment to the Office of
15 Finance Board of Directors. The Office of Finance
16 is a joint office of the Federal Home Loan Banks,
17 principally charged with issuing and serving the
18 Federal Home Loan Bank's consolidated obligations
19 and issuing disclosures associated with the
20 offering and sale of those consolidated
21 obligations.

22 By regulation, the Board of Directors of

1 the Office of Finance consists of two Federal Home
2 Loan Bank presidents and a private citizen who
3 serves as the Chair. Also by regulation, these
4 individuals are appointed to a staggered three
5 year term by the Finance Board.

6 The appointments by regulation also,
7 appointments to fill a vacant, unexpired term,
8 shall be only for the remainder of a vacant,
9 unexpired term. And a member of the Board is
10 authorized to continue to serve until the Finance
11 Board appoints a successor.

12 Beyond these rules, the Finance Board
13 has no additional rules or guidelines concerning
14 the selection or reappointment of a Federal Home
15 Loan Bank president to serve on the Board.
16 Currently, the Board consists of Charles Bowsher,
17 who is the private citizen member and Chairman of
18 the Board. He was appointed in April of 2007.
19 Dallas Bank President, Terry Smith, is the Vice
20 Chairman of the Board. He was reappointed for a
21 second three year term in January, 2006.

22 The third member of the Board is

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1 Cincinnati Bank President, David Hehman, whose term
2 of office on the Board expires at the end of this
3 month. And this is the position now we're now
4 filling.

5 The resolution before the Finance Board
6 proposes the appointment of San Francisco Bank
7 President, Dean Schultz, to succeed Mr. Hehman on
8 the Office of Finance Board of Directors for the
9 following reasons; Mr. Schultz has a long standing
10 interest in the business of the Office of Finance
11 Board of Directors. While Mr. Schultz has not
12 previously served on the Board, he regularly
13 attends the Board meetings.

14 Mr. Schultz is likely the most
15 conversant bank president on securities disclosure
16 issues. For these reasons, staff is recommending
17 the appointment of Dean Schultz as the president
18 -- Federal Home Loan Bank President member of the
19 Office of Finance Board of Directors for a term of
20 three years, expiring on March 31, 2011. This
21 concludes my presentation. Are there any
22 questions on the proposed resolution?

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1 DIRECTOR BACINO: Yes.

2 MS. WILLIS: Director Castaneda?

3 DIRECTOR CASTANEDA: Yes.

4 MS. WILLIS: Director Mendelowitz?

5 DIRECTOR MENDELOWITZ: Yes.

6 MS. WILLIS: Director Bernardi?

7 DIRECTOR BERNARDI: Yes.

8 MS. WILLIS: Chairman Rosenfeld?

9 CHAIRMAN ROSENFELD: Yes; the motion is
10 adopted. This ends the open session of the
11 meeting. We will reconvene in approximately five
12 minutes.

13 (Whereupon, at 10:05 a.m., the
14 PROCEEDINGS were adjourned.)

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