

No: 96-68
Date: October 8, 1996

FEDERAL HOUSING FINANCE BOARD

Adoption of 1997 Salary Ranges and Merit Increase Guidelines
for the FHLBank Presidents' Compensation Plan

WHEREAS, the Federal Housing Finance Board (Finance Board) has the authority to approve the annual compensation of Federal Home Loan Bank (FHLBank) Presidents (12 U.S.C. Section 1432) and the Finance Board has oversight and approval authority over all Office of Finance operations (12 C.F.R. Section 941.3(a) and 941.9(b)(6)); and

WHEREAS, the Finance Board approved the FHLBank Presidents' Compensation Plan (Plan) on November 9, 1991 (#91-565), which established a method of determining compensation for FHLBank Presidents and the Managing Director of the Office of Finance; and

WHEREAS, on an annual basis, the Finance Board determines base salary ranges and merit increase guidelines, in accordance with the Plan, based on changes that have occurred within the FHLBanks and the financial industry from year to- year for use by the FHLBank boards of directors in recommending annual base salary merit increases for their respective FHLBank Presidents for Finance Board approval; and

WHEREAS, the information by which 1997 base salary ranges and merit increase guidelines were determined, was provided to the Finance Board by the Wyatt Company, an international compensation consulting firm, pursuant to contract; and

WHEREAS, on August 16, 1996, the Finance Board published for public comment a proposed rule entitled Selection and Compensation of FHLBank Employees; Selection of the Director of the Office of Finance and Compensation of the Employees of the Office of Finance (August 16 proposed rule), which, among other things, specifically solicits comments relative to future determinations of base salary ranges for FHLBank Presidents and the Managing Director of the Office of Finance. (See Fed. Reg. 42570 (Aug. 16,1996))

NOW THEREFORE BE RESOLVED, effective January 1,1997, the FHLBank Presidents' Compensation Plan shall include two salary ranges, "A" and "B" and the minimum, midpoint and maximum of Salary Range "A" shall be \$240,000, \$305,000 and \$385,000, respectively, and the minimum, midpoint and maximum of Salary Range "B" shall be \$205,000, \$255,000 and \$325,000, respectively; and

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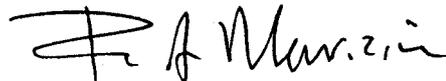
FURTHER RESOLVED, that the FHLBank of San Francisco shall be assigned to Salary Range "A", and the FHLBanks of Atlanta, New York, Dallas, Pittsburgh, Seattle, Des Moines, Boston, Cincinnati, Chicago, Indianapolis, Topeka and the Office of Finance shall be assigned to Salary Range "B"; and

FURTHER RESOLVED, that 1997 merit increase guidelines for FHLBank Presidents and the Managing Director of the Office of Finance are as follows:

- a. 4.2% "benchmark" or average merit increase,
- b. 8.4% maximum merit increase,
- c. recommended merit increases in excess of the benchmark should be clearly justified in writing, and
- d. merit increase shall be limited to salary range maximum for each salary range;
and

FURTHER RESOLVED, the Finance Board reserves the right to modify the terms of this resolution, in light of any action the Finance Board may take in finalizing the August 16 proposed rule, provided that no such modification shall work to the detriment of the FHLBank Presidents or the Managing Director of the Office of Finance in 1997.

By the Federal Housing Finance Board



Bruce A. Morrison
Chairman