

FEDERAL HOUSING FINANCE BOARD

OPEN BOARD MEETING

8:02 a.m.

Wednesday, March 6, 2002

Board Room  
1777 F Street, N.W.  
Washington, D.C.

## MEMBERS PRESENT:

John T. Korsmo, Chairman  
J. Timothy O'Neill  
Franz S. Leichter  
John C. Weicher  
Allan I. Mendelowitz

## PARTICIPATING STAFF:

Elaine L. Baker  
James L. Bothwell  
Arnold Intrater

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

CHAIRMAN KORSMO: It is the appointed hour so I will call the meeting to order, please. Thank you all for being here this morning. Our sole business is to consider appointment of public interest and community interest directors to the Boards of the Federal Home Loan Banks.

This sign that says "Live Microphone" is a little intimidating.

Oh, I'm sorry. We don't have Director Leichter yet.

MR. WEICHER: He was going up in the elevator as we were going up about quarter to.

CHAIRMAN KORSMO: Well, now that I've called the meeting to order, let's take a two-minute recess.

MR. MENDELOWITZ: I'll second that.

CHAIRMAN KORSMO: Let's see if we can find him.  
Thank you.

[Recess.]

CHAIRMAN KORSMO: Franz, I apologize. I hadn't looked over there and I called the meeting to order without you present, so we took a two-minute recess. I'm sorry I didn't look up in time.

DIRECTOR LEICHTER: Good morning.

CHAIRMAN KORSMO: Now that we're back and all are present and accounted for, let me say once again thank you all for being here this morning. Our sole business is to consider appointment of public interest and community interest directors to the Boards of the 12 Federal Home Loan Banks.

This meeting was scheduled under the Government in the Sunshine Act for the earliest opportunity following the request I received from Director Leichter to consider this item in an open meeting. I believe conducting this business before the regular March 13 session is necessary to safeguard the reputations and dignity of the candidates because, frankly, their names have been leaking out of this building at a rapid pace.

As you're aware, at 10 a.m. we have a previously scheduled briefing for directors. I anticipate we will have sufficient time to finish this agenda and still keep to the 10:00 schedule.

I now call on our managing director Jim Bothwell to introduce and describe the agenda item. Jim?

MR. BOTHWELL: Thank you and good morning, Mr. Chairman and good morning to you, Director O'Neill, Director Leichter, Director Weicher, and Director Mendelowitz.

Mr. Chairman, as you already noted, there's only one item on this morning's agenda--the appointment of public interest directors for the 12 Federal Home Loan Banks. As you

are aware, Mr. Chairman, the Federal Home Loan Bank Act requires the Finance Board to appoint a certain number of directors for each Federal Home Loan Bank to represent the public interest. The Bank Act further requires that at least two of each Bank's appointed directors be chosen from organizations with more than a two-year history of representing consumer or community interests on banking services, credit needs, housing or financial consumer protections.

The resolution that is before the Board today appoints 36 individuals as Bank directors. Twenty-eight of these individuals would receive three-year terms and eight would receive two-year terms. The shorter two-year terms are necessary to achieve the staggering director terms as required by the Gramm-Leach-Bliley Act.

CHAIRMAN KORSMO: Excuse me, Jim. When we're done, is this the last time we do it this way? Or maybe Arnie knows that. Or will there be two-year terms again next year?

MR. INTRATER: It is my understanding that this is the last run and then--

CHAIRMAN KORSMO: So from here on out everybody will have a three-year term?

MR. INTRATER: The normal three-year statutory terms that are staggered.

CHAIRMAN KORSMO: So this is the last staggering

in. This is the last time we will stagger into this process.  
Good. Thank you.

MR. BOTHWELL: Those individuals that meet the community interest requirements of the Bank Act are so designated in the resolution.

The 36 appointments include one newly created appointed directorship at the Federal Home Loan Bank of Dallas. This additional directorship, which is for a three-year term, would increase the number of appointed directors at the Dallas Bank from seven to eight and is in full compliance with the Bank Act and our implementing regulations.

All of these 36 appointments, Mr. Chairman, are subject to the standard review by the Finance Board of each individual's appointed director eligibility certification form and will only become effective upon staff confirmation of director eligibility. Thank you, Mr. Chairman.

CHAIRMAN KORSMO: Thank you, Jim.

The resolution we will consider today is identical to the slate circulated to each of you on February 25 with one exception. I regret to report that Mr. Louis R. Roth of Iowa passed away last Tuesday. The resolution before you replaces Mr. Roth with Ms. Darlys J. Baum of South Dakota.

Full resumes and biographical sketches of these candidates were provided to each director last week, so I trust that we are all familiar with their qualifications.

Before we begin let me provide my thanks to Director Leichter for insisting on an open meeting to consider these public interest director appointments to the Banks. Without examining the practice anew, I frankly had simply adopted the customary practice of past Boards, including Director Leichter's first public interest director votes during the last presidential administration, which was to vote by paper ballots away from public view.

It was Director Leichter, however, who asked for this open meeting, thereby affording me the opportunity to reexamine the procedure and I've concluded that an open meeting is the proper forum for this work.

I also want to commend Director Mendelowitz, who subsequently joined Director Leichter in requesting this meeting. Director Mendelowitz, everyone should know, has interrupted his vacation to be here today, to not only talk the talk but also to walk the walk in this matter and I want him to know I appreciate his dedication and his commitment to the work of this Board.

In a moment I will ask for a motion to present the slate of candidates which is, I believe, on balance and taken as a whole, the best qualified slate ever considered by the Finance Board. It is diverse in terms of ethnicity, gender, and geography, and it is bipartisan. There are banking regulators on

this list, there are homebuilders and there are clergy. There are lawyers, there are public interest consultants, there are legislators, there's a college president and there's a former governor. I'm proud of the achievements of the people on this slate and their breadth of experience and I know each and every one of them will be proud to carry out his or her full responsibility as a director.

The Board of directors of each Federal Home Loan Bank is responsible by law for the safety and soundness of that Bank. It is charged with giving meaning to the term "cooperation" throughout the System. These are important, serious jobs. That is why I took pains to ensure the quality of this slate and that is why we should employ the sunshine of public scrutiny to assure that our appointments in future years are at least as accomplished as this group.

There were almost 150 applicants to the 36 available director spots this year. The applicants--I should say most of the applicants and nominees--in some cases people were nominated by various groups--were almost without exception well qualified to serve as members of these Boards. I know we all understand that there are thousands, perhaps tens of thousands of superbly qualified Americans who could fill these jobs and there are a lot of factors, of course, that go into considering these appointments, not least of which is an attempt, as I mentioned,

to bring some ethnic, some gender and particularly some geographic balance to the slate.

But to govern is to choose. And as difficult as it is to choose among all the applicants, the superb field of applicants we had before us this year, a decision had to be made. Directors may disagree with the politics of a candidate on the slate or a director may have alternative candidates he feels are equally qualified. Each of you certainly has the right to propose candidates from your party or from interest groups you favor. But the choices will be made here in an open, accountable vote and by an open, accountable vote of the members of the Board.

So long as I am Chairman of this Board, the appointment of highly qualified public interest directors will never be the subject of horse-trading or inappropriate compromise. These are serious jobs with serious statutory responsibilities and I believe it is our job to make the decision in a serious manner.

To guarantee fairness to each Director and to each candidate, in a moment Director O'Neill will offer a motion to adopt the slate subject to individual votes on each name. I will support that motion because I believe such a procedure maximizes accountability and openness. I know there are a couple of Directors, perhaps each Director, who wishes to make a statement before we vote on the candidates and I think that is certainly

appropriate and in order. But before we do that let's have the motion on the floor so we have a topic to discuss.

I will also suggest that we make those statements prior to beginning the process of voting on each of the individual candidates in case there are some alternatives which any Director may want to propose, and I'll mention a little more about that procedure before we start on the process of voting on the individual nominees.

But with that, Director O'Neill, you're recognized for the purpose of a motion.

DIRECTOR O'NEILL: Thank you, Mr. Chairman. Before making the motion I just have to second your view that I think this is the most competent and diverse slate. I guess I shouldn't say that I'm the oldest person here but I am the one with the most seasoning on the Board. Soon it'll be my seventh year anniversary of being on the Board and in those seven years I think that this is both the most competent and diverse of any slates, and I'll just give you one example just quickly.

In Chicago, that has two states in that district, of the three directors, two of them are the state regulators for financial institutions and one of those is a Hispanic woman. That's just a sense of why I am so pleased with the slate that's before us.

But now for my motion. Mr. Chairman, I move that we adopt the resolution concerning public interest directors that

appears in our Board Book for this March 6 meeting, subject to a separate vote on each of the 36 persons that we're considering approving as public interest directors in the order they appear in the resolution.

CHAIRMAN KORSMO: Thank you, Director O'Neill.

A motion has been made to adopt the resolution concerning public interest directors that appears in our March 6 Board Books. That resolution is now on the floor for our consideration.

I recognize your request for a separate vote on each individual as a motion to divide the question. Under Robert's Rules of Order, which guide the proceedings of this Board, that motion is proper and is not debatable.

After we take the vote on that motion, however, then I will recognize any director who wishes to make an additional statement.

So in that case, all in favor--

MR. LEICHTER: Just to be clear on the parliamentary procedure, we're voting now solely on the motion to divide the question?

CHAIRMAN KORSMO: Yes, sir, correct.

MR. LEICHTER: Okay, we're not voting on the resolution.

CHAIRMAN KORSMO: No, that is correct. That is correct. It's solely on the vote to divide the question so that we will vote on each of the candidates individually.

All in favor of the procedure to vote separately on each individual name in succession will signify by saying aye as the Secretary calls your name. Madam Secretary, please call the role.

MS. BAKER: Chairman, on the motion before the Board?

CHAIRMAN KORSMO: Aye.

MS. BAKER: Director Leichter?

DIRECTOR LEICHTER: Aye.

MS. BAKER: Director Mendelowitz?

DIRECTOR MENDELOWITZ: Aye.

MS. BAKER: Director O'Neill?

DIRECTOR O'NEILL: Aye.

MS. BAKER: Director Weicher.

DIRECTOR WEICHER: Aye.

CHAIRMAN KORSMO: I believe the ayes have it.

thank you.

At this point the motion is on the floor. We will, as I mentioned, vote on the individual directors' names. Before that, however, it is my understanding that some other Directors may wish to make an opening statement. Is there anyone who wishes to do so? Director Leichter.

MR. LEICHTER: Mr. Chairman, we'll have a chance to go a little further on some of the issues that I want to raise as we take up the names of the individual directors.

I, too, am pleased that we're having an open meeting and I'm pleased that my putting this down for an open meeting has generated so much support and enthusiasm. And I think there is a way of doing this and I think doing it in a public manner I think is a step forward but I think none of us ought to be under any illusion as to what is happening here and in any way think that this has been an open, democratic process and that we've had the sort of deliberation and consultation by members of the Board which I think is required, considering the importance of the action we're going to take.

Mr. Chairman, I want to make it very clear that I'm not making a criticism of you or any other member of the Board. I've enjoyed working with you. I appreciate your good faith. But I am disturbed at the process that we've had here. And if you have a flawed process, very often the results are flawed. And unfortunately and again I make it clear this is not a criticism of you, but we've had a flawed process because we have not had input by the members of this Board of Directors. We've not been able to fulfill our statutory duty of managing the business of the Board by having a chance to deliberate, to discuss who these directors are.

I think to come to a meeting and say look, isn't it wonderful we're having a nice open meeting when the names have not been circulated and there's not been a chance of discussing the names in a manner which would afford the Board in a

deliberative manner, reaching a consensus on who should be on the Board, to say now we have a wonderful open process, Mr. Chairman, unfortunately I think is belied by the facts.

I just want to briefly refer to some of the timetable here so that there's a better understanding what it is that I have found disturbing. The list was not circulated on February 25, Mr. Chairman. The list, as I understand it, the official slate, first came in the possession of maybe some of the staff on Monday, February 25. I at that time asked to see it and I was denied.

The first that I and, I believe, any other director other than you saw this list was at around noon on Tuesday, February 26 when it was attached to a notational vote. At that time no resumes were provided. There was a brief biographical sketch of who these people were. I think it's fair to say that maybe except for you, Mr. Chairman, that the other directors had not seen the list, were unfamiliar if not with all, with most of the names on that list.

I saw you that day. I tried to generate discussion on the list because I thought it was important, not to have horse-trading, Mr. Chairman, but to be sure that we get people on this Board that carry out the important function and duty of governance. Public interest directors have a very significant role to play in safety and soundness and seeing that the public interest is represented on the Boards and I think that

requires that we be fully familiar with who these nominees are and that we have a chance to see whether, in fact, there exists in this list the sort of ability to provide the governance.

I am very concerned that governance is being diluted by this list. I'm not familiar with the individuals since the first I saw there was a slate was sometime last week. I'm not saying these are not qualified individuals but I do regret very much that there are exceptionally qualified individuals who served on the Board, both Democrats and Republicans, who, if we're going to have the continuity and stability that is needed on the Boards of these Banks, should have been reappointed. I think that failure to do so, to my mind, is a very serious omission and for that reason, as we go through the list, Mr. Chairman, I will offer an amendment and at that time discuss some of the other issues.

CHAIRMAN KORSMO: Thank you, Director Leichter.

Are there any other directors who wish to make an opening statement? Director Mendelowitz.

MR. MENDELOWITZ: Thank you, Mr. Chairman.

I, too, am very saddened by the circumstances that brought us here today. This meeting of the Board of Directors of the Federal Housing Finance Board is being held to consider the selection of public interest directors for the Boards of directors of the 12 Federal Home Loan Banks. This meeting is being held because the process used to select the

slate of nominees presented to the Finance Board today is deeply flawed. The issue I have today is the process, not the politics, of developing the list.

The statute that created the Federal Housing Finance Board vests in the Board the Directors the awesome responsibility of appointing the public interest directors of the Federal Home Loan Banks. I call this responsibility awesome because good corporate governance is the first line of defense in assuring that the Federal Home Loan Banks are managed in a safe and sound manner and that they fulfill their statutory mission. This is especially true given recent events.

The Enron collapse was enabled because all of the system safeguards that are designed to ensure that business dealings are arms-length and capital markets have accurate financial data on which to make investment decisions failed. The auditors failed. The market analysts failed. The rating agencies failed. And the Board of directors of Enron failed in their corporate governance responsibilities.

As we now know, after Enron, everything has changed. And among those changes is the widespread recognition of the critical role of Boards of directors in corporate governance. A member of a Board of directors is not an honorific position and no member of a Board of directors can ever take his or her responsibilities lightly. No responsible director can go along just to get along. Every responsible director must

exercise his or her responsibilities so that when that director's term of service is over he or she can exit with the knowledge that each has done everything possible to fulfill his or her responsibilities with diligence and courage.

It is my understanding that since the creation of the Federal Housing Finance Board choosing public interest directors for the Home Loan Banks has been a cooperative process among all members of the FHLB Board of Directors. To the best of my knowledge, in the past every sitting member of the Board of Directors had substantive input into building the slate of nominees.

For the first time this year at least two of the five sitting members of the Federal Housing Finance Board Board of Directors have had no substantive input into building the slate of nominees. The first time I saw the names on the slate of nominees was a week ago, last Tuesday, on February 26, 2002. On that day I was given a notational vote package with the names of the 36 nominees and the request that I vote and return the package to the Finance Board Secretariat within 48 hours, a day short of the normal period for a notational vote. For each of the nominees I was given a four-line biography. There was no substantive information about the candidate's background. There was no discussion of the skills that each nominee would bring to strengthen corporate governance of the Federal Home Loan Banks.

Simply put, the information did not provide a basis on which to make a decision on the suitability of any of the nominees.

Let me say at this point that I believe many on this list may be qualified. However, I feel that I could make suggestions on how to strengthen the list. And at the end of the day, that is why we're here--to make substantive contributions in order to ensure the safety and soundness of the Federal Home Loan Bank System.

Again my issue has to do with this process and how this process has been handled and to point out that some of us were not allowed to contribute meaningfully to the work of the Board.

I intend to vote against this slate of nominees for the positions of public interest directors for the Home Loan Banks because the process by which it developed is so badly flawed that I cannot in good conscience vote for it. I would hope that in the future changes to this process will respond to the concerns raised today and I look forward to working with all of my colleagues as we go forward.

Lastly, I want to thank my good friend Director Leichter for his leadership on this matter and I think now we all understand the wisdom of the good citizens of New York City, who sent him to Albany to represent them for three decades.

Mr. Chairman, thank you and I really mean that last comment very seriously by virtue of the fact that all of us

think that coming to an open meeting is good. You echoed that sentiment and you expressed it very articulately and I think all of the members of this Board concur.

MR. LEICHTER: There may be some votes to send me back to Albany.

CHAIRMAN KORSMO: Thank you, Director Mendelowitz.

Are there any other directors who wish to make an opening statement? Director Weicher?

MR. WEICHER: Thank you. Just very briefly, I, too, think it's appropriate to hold an open meeting here. This is an extremely important issue. I certainly share Director Mendelowitz's view that corporate governance is essential. We are responsible for 12 large financial institutions. We, all of us, have some experience with a time when the institutions of the housing finance System were not well governed and there were problems that kept many of us busy for quite some time as we sorted them out.

I share that concern. It doesn't lead me to the same conclusion that it leads Director Mendelowitz with respect to the slate of nominees before us today. I'm happy to vote for this slate individually and collectively. There are some people on this slate who I know personally well and believe they are well qualified, others who I know by reputation, and I think we have a very distinguished group of people here.

I also share your view that there are many other qualified people who could serve on these Boards. I'm reminded, as the parent of two children who have recently been through the college application process and having seen it from the other side in my academic days, there's a point at which deciding who the very best applicants are from the pool that you have is a very difficult choice and you make your best judgment and you know that there are other people who you could have chosen who would do just about as well.

I think that's perfectly true. I think we do the best job that we can in choosing the directors and we recognize that there are other people who might very well serve.

I'm also reminded in the same context, given the time of year, that in five days the NCAA selection committee will have to decide who the last of the at-large teams are and they will undoubtedly have some questions about who gets the last slot in the field.

That's our job. That is what we are here to do. I'm certainly prepared to do it going forward this morning and I think we should move expeditiously.

CHAIRMAN KORSMO: Thank you, Dr. Weicher.

DIRECTOR O'Neill?

DIRECTOR O'NEILL: Some people refer to me as the institutional memory of the Finance Board and I think through the lens of history, this meeting will be pointed out as one that

really did move in a position direction because I do think that all of these directors should be done by an open meeting.

So I applaud you, Mr. Chairman, for making this an open process.

CHAIRMAN KORSMO: Thank you, sir. And to make reference back to Dr. Weicher's comment, I have the opportunity to serve on this Board with two distinguished graduates of the Harvard Law School, which overlooked the important qualifications that were included in my application.

DIRECTOR WEICHER: That's Harvard for you.

CHAIRMAN KORSMO: I'm hoping they won't make the same mistake with my son.

We will now proceed to consider each individual named in the resolution separately in succession. I'm understanding based on the comments that were made earlier that there may be some alternatives proposed. I would suggest that when the name of someone for whom an alternate is going to be suggested, please make that known. I will recognize you to propose the alternative.

With that, the first name for our consideration is Brian P. Golden for a three-year term on the Board of the Federal Home Loan Bank of Boston. Brian P. Golden.

DIRECTOR LEICHTER: Mr. Chairman?

CHAIRMAN KORSMO: Director Leichter.

DIRECTOR LEICHTER: I'd like to make a motion to substitute Brian P. Golden by Nicholas P. Retsinas. I make that motion and if I can be heard on it?

CHAIRMAN KORSMO: Nick Retsinas has been proposed as an alternative. I guess it would be in the nature of an amended motion. The chair recognizes Director Leichter.

DIRECTOR LEICHTER: Thank you. We had some discussion of the process and now I'd like to indicate and show why I think that this process unfortunately has not allowed us to put forth the strongest slate to deal with governance of the Federal Home Loan Banks.

Let me just, returning for a moment to the process, I appreciated what Commissioner Weicher said and Director O'Neill but what we had in the past is a way in which you could probe and discuss and, through consultation, assess the competence of the nominees and the balance that you were trying to achieve. That, unfortunately, is not the case.

So I think that as you find, as these college applications are considered, John, there is discussion before decisions are made. Here the decision has been made. The decision was made when that list was generated. It was put in a nice box, a ribbon tied around it and we were told to vote. That is not an open process and no open meeting can cover the flaw of this lack of deliberation.

And I take very seriously, as I know everybody here does, the responsibility as members of the Board of Directors and I just feel that I'm not fulfilling my responsibility by making a yay-nay vote on 36 names that are handed to me, whether it's done openly as we're doing today or as it was initially attempted, by a notational vote.

But the point is that we need the best people for the Board and we also need continuity and stability on these Boards. Now Nicholas P. Retsinas, Nick, as we all know him, is probably among the handful of the most knowledgeable housing people in this country. I'm happy to say that another one of those handful is sitting right opposite me, Commissioner John Weicher.

To have somebody of the experience and the knowledge of Nick Retsinas serving on the Board is an enormous advantage to the Home Loan Bank System and specifically for the Boston Board on which he served.

Now I don't know Brian Golden but I see he was a legislator, a state legislator, and I'd be the last one ever to say anything negative about a state legislator. I'm sure he's a good fellow.

DIRECTOR WEICHER: He's a Democratic state legislator.

DIRECTOR LEICHTER: Yes, I see he did some work

for you. Yes, I see what he did last year. But that's not the point. The point is that as good a person as Assembly Member Golden may be, we're losing the services of a Nick Retsinas. That, I think, is most unfortunate. I think it's also unfortunate that we're losing this continuity.

It's important to have people on the Boards who have been there, who's done it, who understand it, who know it.

Now of the 36 nominees that you're proposing, 35 of them have never served as public interest directors. Two of them, as I see, have served as industry directors and I may make some comments on that later on. But this is not the time nor these the institutions for learning experience. We should continue able people and, as the Chairman knows and I think others around this table, I've been urging the reappointment of both Democrats and Republicans--certainly with me it's not a partisan issue--who have served well on the Board.

Just me just very briefly state some of Nick Retsinas's qualifications. I think they're probably well known but at least for the record, Nick was appointed director of Harvard University's Joint Center for Housing Studies in 1998; he served as Assistant Secretary for Housing, Federal Housing Commissioner at the United States Department of Housing and Urban Development. He served as a director of the Office of Thrift Supervision, has served on the Board of the Federal Deposit

Insurance Corporation, the Federal Housing Finance Board, and the Neighborhood Reinvestment Corporation.

He's received the Meritorious Service Award from Secretary Robert Rubin in 1997 and he received the Excellent Public Service Award from the Rental Housing Association in 1998 and the Housing Leadership Award from the National Low Income Housing Coalition in the year 2001.

Because I served in the legislature many years and I learned how to count votes, it's not hard to count five votes and I think we all know what the votes are here. I'm not going to put you, my fellow colleagues, through the work of having to go through a number of names. I just want to say, though, that similar to Nick Retsinas, there are other people that we've urged be reappointed, again I want to mention both Democrats and Republicans, people who presently serve on the Board and have had distinguished careers and by their excellent service on the Boards should be reappointed because of the significance of governance I just mentioned--Governor James F. Florio, Robert M. Greene with the New York Federal Bank, J. Roger Blunt of the Pittsburgh Bank, Robert Nielsen of the San Francisco Bank, James Irwin of the Seattle Bank. I think there are others who presently serve and others who applied to serve who I think could have given us a stronger slate, a slate that would make me more confident that the governance of these Banks would be in good hands.

Unfortunately, that's not the case but I think that it's important that we at least have the chance to present somebody of the qualification of Nick Retsinas.

I'm going to ask for a vote and Mr. Chairman, I want to say again I appreciate that while we have disagreements, that we set out a procedure which has allowed us, both you and people who have your views, to express what your opinions are and for Director Mendelowitz and me to set forth what our views are and doing this in a way that at least allows for this expression of opinion.

So I'm going to move the addition of Nick Retsinas to the list in the place of Assemblyman Golden.

CHAIRMAN KORSMO: Nicholas P. Retsinas has been offered as an amendment to the motion to approve Brian P. Golden. Is there any further discussion of the amendment?

Director Mendelowitz?

DIRECTOR MENDELOWITZ: Thank you, Mr. Chairman. I join Director Leichter in expressing my appreciation to you for the openness and the opportunity of participating in these deliberations today.

I support Director Leichter's amendment for the reasons that he articulated. I, too, believe that the issue today is process by which the candidates are selected, not the political ideology or affiliation of individual candidates.

And the contrast of the nominee put forward by Director Leichter, Mr. Nicholas Retsinas, head of the Joint Housing Center at Harvard University, I think really makes our case very powerfully.

When Secretary Weicher discussed the selection process and drew the analogy to university admissions, I really warmed to his discussion. We both have an academic background. I have to say he's far more distinguished than I ever was but we both have an academic background; we both know the workings of universities and we both understand very well the process by which the myriad candidates for admissions to a university are selected and the process is fairly simple. Committees are formed and those committees typically consist of faculty, Representatives of dean's offices and even sometimes students and alumni.

Secondly, the committees establish criteria by which various applicants will be ranked and sorted so that the best candidates can be chosen. Those criteria typically consist of things like SAT scores, class rankings, extracurricular activities, geographical distribution, cultural and ethnic diversity. And when the committee then comes forward with its list of best candidates for admission, it is the result of very, very difficult deliberation between the members of the admissions committee and a comparison of the applicants relative to the criteria.

Because we did not have this process here, because we did not have the criteria, because we did not have the deliberations, we just don't have a basis for comparing the suitability of these candidates.

I have to say I learned today for the first time that there were 150 nominees. I did not know until this morning that these 36 candidates were selected from a pool of 150 nominees. I have no idea who those 150 nominees are and I have no way of knowing relatively speaking whether we do have the best candidates.

But I have to say that I join in my colleague's support for Nicholas Retsinas simply because it helps me make my point that this is not about partisan politics; this is about process and competence. My colleague is proposing that we substitute one Democratically affiliated nominee who has extensive expertise and experience in the housing field and in the finance field with respect to housing finance for another candidate who may have special qualifications that I'm not aware of but who does not appear to have any substantive experience with respect to housing or finance.

So Mr. Chairman, I heartily endorse Director Leichter's nomination of Nicholas Retsinas and his substitution for Mr. Golden on the slate of nominees as a director of the Home Loan Bank of Boston.

CHAIRMAN KORSMO: Is there any other discussion on the motion?

Hearing none, the Secretary will call the roll.

MS. BAKER: On the motion, Chairman, how do you vote?

CHAIRMAN KORSMO: No.

MS. BAKER: Director Leichter?

DIRECTOR LEICHTER: Yes.

MS. BAKER: Director Mendelowitz?

DIRECTOR MENDELOWITZ: Yes.

MS. BAKER: Director O'Neill?

DIRECTOR O'NEILL: No.

MS. BAKER: Director Weicher.

DIRECTOR WEICHER: No.

CHAIRMAN KORSMO: The question is on the motion approving Brian P. Golden to serve a three-year term on the Boston Bank Board. Is there any further discussion on that motion?

Hearing none, the Secretary will call the roll.

MS. BAKER: On the motion, Chairman, how do you vote?

CHAIRMAN KORSMO: Aye.

MS. BAKER: Director Leichter?

DIRECTOR LEICHTER: No.

MS. BAKER: Director Mendelowitz?

DIRECTOR MENDELOWITZ: No.

MS. BAKER: Director O'Neill?

DIRECTOR O'NEILL: Aye.

MS. BAKER: Director Weicher?

DIRECTOR WEICHER: Aye.

CHAIRMAN KORSMO: Brian Golden has been appointed.

The second name for our consideration is Jay F. Malcynsky to serve a three-year term on the Board of the Federal Home Loan Bank of Boston. Are there any other nominations or amendments?

Is there any discussion?

Hearing none, the question is on the approval of Jay F. Malcynsky to serve a three-year term on the Board of the Bank of Boston. The Secretary will call the roll.

MS. BAKER: On the motion, Chairman Korsmo, how do you vote?

CHAIRMAN KORSMO: Aye.

MS. BAKER: Director Leichter?

DIRECTOR LEICHTER: No.

MS. BAKER: Director Mendelowitz?

DIRECTOR MENDELOWITZ: No.

MS. BAKER: Director O'Neill?

DIRECTOR O'NEILL: Aye.

MS. BAKER: Director Weicher?

DIRECTOR WEICHER: Aye.

CHAIRMAN KORSMO: Mr. Malcynsky has been appointed.

The next name for our consideration is the name of Alexander Dante Hurt to serve a three-year term on the Board of the Federal Home Loan Bank of Boston. Is there any amendment to be proposed on that motion?

If not, I will ask the Secretary to call the roll on the nomination of Alexander Dante Hurt.

MS. BAKER: On the motion, Chairman, how do you vote?

CHAIRMAN KORSMO: Aye.

MS. BAKER: Director Weicher?

DIRECTOR WEICHER: Aye. You changed the order.

DIRECTOR LEICHTER: To see if you were awake.

DIRECTOR WEICHER: Part of the problem is the similarity between our names.

DIRECTOR LEICHTER: I'm happy to let Secretary Weicher vote first.

DIRECTOR WEICHER: I will vote aye.

MS. BAKER: Director Leichter?

DIRECTOR LEICHTER: No.

MS. BAKER: Director Mendelowitz?

DIRECTOR MENDELOWITZ: No.

MS. BAKER: Director O'Neill?

DIRECTOR O'NEILL: Aye.

CHAIRMAN KORSMO: Mr. Hurt has been appointed.

The next name for our consideration is the name of Elias Behar-Ybarra to serve a three-year term on the Board of the Federal Home Loan Bank of New York. Is there any other motion to be considered?

Seeing none, the question is on the appointment of Mr. Behar-Ybarra. The Secretary will please call the roll.

MS. BAKER: On the motion, Chairman, how do you vote?

CHAIRMAN KORSMO: I vote aye.

MS. BAKER: Director Leichter?

DIRECTOR LEICHTER: No.

MS. BAKER: Director Mendelowitz?

DIRECTOR MENDELOWITZ: No.

MS. BAKER: Director O'Neill?

DIRECTOR O'NEILL: Aye.

MS. BAKER: Director Weicher?

DIRECTOR WEICHER: Aye.

CHAIRMAN KORSMO: Mr. Behar-Ybarra has been appointed.

The next name to be considered is the name of Michael M. Horn to serve a three-year term on the Board of the Federal Home Loan Bank of New York. Is there a substitute to be offered?

Seeing none, the question is on Michael M. Horn.

The Secretary will please call the roll.

MS. BAKER: Chairman Korsmo?

CHAIRMAN KORSMO: Aye.

MS. BAKER: Director Leichter?

DIRECTOR LEICHTER: No.

MS. BAKER: Director Mendelowitz?

DIRECTOR MENDELOWITZ: No.

MS. BAKER: Director O'Neill?

DIRECTOR O'NEILL: Aye.

MS. BAKER: Director Weicher?

DIRECTOR WEICHER: Aye.

CHAIRMAN KORSMO: Mr. Horn has been appointed.

The next name for our consideration is the name of K. Scott Baker to serve a three-year term on the Board of the Federal Home Loan Bank of Pittsburgh. Is there an alternative to be suggested?

Seeing none, the question is on the appointment of K. Scott Baker. The Secretary will please call the roll.

MS. BAKER: Chairman Korsmo?

CHAIRMAN KORSMO: Aye.

MS. BAKER: Director Leichter?

DIRECTOR LEICHTER: No.

MS. BAKER: Director Mendelowitz?

DIRECTOR MENDELOWITZ: No.

MS. BAKER: Director O'Neill?

DIRECTOR O'NEILL: Aye.

MS. BAKER: Director Weicher?

DIRECTOR WEICHER: Aye.

CHAIRMAN KORSMO: Mr. Baker has been appointed.

The next name for consideration is the name of Luis Antonio Cortes, Jr. to serve a three-year term on the Board of the Federal Home Loan Bank of Pittsburgh. Are there any amendments to be offered?

Seeing none, the question is on Mr. Cortes. The Secretary will please call the roll.

MS. BAKER: Chairman Korsmo?

CHAIRMAN KORSMO: Aye.

MS. BAKER: Director Leichter?

DIRECTOR LEICHTER: No.

MS. BAKER: Director Mendelowitz?

DIRECTOR MENDELOWITZ: No.

MS. BAKER: Director O'Neill?

DIRECTOR O'NEILL: Aye.

MS. BAKER: Director Weicher?

DIRECTOR WEICHER: Aye.

CHAIRMAN KORSMO: Mr. Cortes has been appointed.

The next name for our consideration is the name of Charles M. Asensio to serve a three-year term on the Board of the

Federal Home Loan Bank of Atlanta. Are there any substitutes to be proposed?

Seeing none, the question is on Mr. Asensio. The Secretary will please call the roll.

MS. BAKER: Chairman Korsmo?

CHAIRMAN KORSMO: Aye.

MS. BAKER: Director Leichter?

DIRECTOR LEICHTER: No.

MS. BAKER: Director Mendelowitz?

DIRECTOR MENDELOWITZ: No.

MS. BAKER: Director O'Neill?

DIRECTOR O'NEILL: Aye.

MS. BAKER: Director Weicher?

DIRECTOR WEICHER: Aye.

CHAIRMAN KORSMO: Mr. Asensio has been appointed.

The next name for our consideration is the name of Robert F. Dozier, Jr. to serve a three-year term on the Federal Home Loan Bank of Atlanta Board. There are any substitutions or amendments to be proposed?

Seeing none, the question is on the appointment of Mr. Dozier. The Secretary will please call the roll.

MS. BAKER: Chairman Korsmo?

CHAIRMAN KORSMO: Aye.

MS. BAKER: Director Leichter?

DIRECTOR LEICHTER: No.

MS. BAKER: Director Mendelowitz?

DIRECTOR MENDELOWITZ: No.

MS. BAKER: Director O'Neill?

DIRECTOR O'NEILL: Aye.

MS. BAKER: Director Weicher?

DIRECTOR WEICHER: Aye.

CHAIRMAN KORSMO: Mr. Dozier has been appointed.

The next name for our consideration is the name of Ellen R. Sauerbrey to serve a three-year term on the Board of the Federal Home Loan Bank of Atlanta.

Oh, I should have mentioned along with these motions--excuse me, if you will accommodate me backing up--I should have been mentioning as part of the motion which ones are the community interest directors. I hope without objection we can recognize for the minutes that Mr. Hurt is a community interest director in Boston, Mr. Horn is a community interest director in New York, Mr. Cortes is a community interest director in Pittsburgh, Ms. Sauerbrey is a community interest director nominee for the Board in Atlanta. So that will be part of the motion.

Are there any substitutes or alternatives to be offered?

DIRECTOR MENDELOWITZ: No, I accept without objection.

CHAIRMAN KORSMO: Thank you.

Is there any objection?

Seeing none, Dr. Mendelowitz has affirmatively asserted that he does not object.

The question will be on the appointment of Ellen R. Sauerbrey. The Secretary will please call the roll.

MS. BAKER: Chairman Korsmo?

CHAIRMAN KORSMO: Aye.

MS. BAKER: Director Leichter?

DIRECTOR LEICHTER: No.

MS. BAKER: Director Mendelowitz?

DIRECTOR MENDELOWITZ: No.

MS. BAKER: Director O'Neill?

DIRECTOR O'NEILL: Aye.

MS. BAKER: Director Weicher?

DIRECTOR WEICHER: Aye.

CHAIRMAN KORSMO: Ms. Sauerbrey has been appointed.

The next name for consideration is the name of Robert T. Bennett to serve a three-year term as a member of the Board of Directors of the Federal Home Loan Bank of Cincinnati. Are there any alternatives to be proposed?

Seeing none, the question is on the appointment of Robert T. Bennett. The Secretary will please call the roll.

MS. BAKER: Chairman Korsmo?

CHAIRMAN KORSMO: Aye.

MS. BAKER: Director Leichter?

DIRECTOR LEICHTER: No.

MS. BAKER: Director Mendelowitz?

DIRECTOR MENDELOWITZ: No.

MS. BAKER: Director O'Neill?

DIRECTOR O'NEILL: Aye.

MS. BAKER: Director Weicher?

DIRECTOR WEICHER: Aye.

CHAIRMAN KORSMO: Mr. Bennett has been appointed.

The next name to be considered is Charles J. Ruma to serve a three-year term on the Board of to Federal Home Loan Bank of Cincinnati. Are there any alternatives to be proposed?

Seeing none, the question is on the appointment of Mr. Ruma. The Secretary will please call the roll.

MS. BAKER: Chairman Korsmo?

CHAIRMAN KORSMO: Aye.

MS. BAKER: Director Leichter?

DIRECTOR LEICHTER: No.

MS. BAKER: Director Mendelowitz?

DIRECTOR MENDELOWITZ: No.

MS. BAKER: Director O'Neill?

DIRECTOR O'NEILL: Aye.

MS. BAKER: Director Weicher?

DIRECTOR WEICHER: Aye.

CHAIRMAN KORSMO: Mr. Ruma has been approved for appointment.

The next name to be considered is the name of David L. Porteous to serve a three-year term on the Board of the Federal Home Loan Bank of Indianapolis. Are there any alternatives to be suggested?

Seeing none, the question is on the appointment of Mr. Porteous. The Secretary will please call the roll.

MS. BAKER: Chairman Korsmo?

CHAIRMAN KORSMO: Aye.

MS. BAKER: Director Leichter?

DIRECTOR LEICHTER: No.

MS. BAKER: Director Mendelowitz?

DIRECTOR MENDELOWITZ: No.

MS. BAKER: Director O'Neill?

DIRECTOR O'NEILL: Aye.

MS. BAKER: Director Weicher?

DIRECTOR WEICHER: Aye.

CHAIRMAN KORSMO: Mr. Porteous has been approved for appointment.

The next name to be considered is that of Robert Shumake to serve a three-year term on the Federal Home Loan Bank of Indianapolis. Are there any alternatives to be proposed?

Seeing none, the question is on Mr. Shumake's appointment. The Secretary will please call the roll.

MS. BAKER: Chairman Korsmo?

CHAIRMAN KORSMO: Aye.

MS. BAKER: Director Leichter?

DIRECTOR LEICHTER: No.

MS. BAKER: Director Mendelowitz?

DIRECTOR MENDELOWITZ: No.

MS. BAKER: Director O'Neill?

DIRECTOR O'NEILL: Aye.

MS. BAKER: Director Weicher?

DIRECTOR WEICHER: Aye.

CHAIRMAN KORSMO: Mr. Shumake has been appointed.

The next name to be considered is the name of Richard W. Graber to serve a three-year term on the Board of the Federal Home Loan Bank of Chicago.

DIRECTOR MENDELOWITZ: Mr. Chairman, thank you. I was going to ask for that clarification.

CHAIRMAN KORSMO: Are there any alternatives to proposed?

Seeing none, the question is on the appointment of Mr. Graber. The Secretary will please call the roll.

MS. BAKER: Chairman Korsmo

CHAIRMAN KORSMO: While it pains me to vote for a Graber, I will indeed vote for Mr. Graber. Aye.

MS. BAKER: Director Leichter?

MR. LEICHTER: No.

MS. BAKER: Director Mendelowitz?

MR. MENDELOWITZ: No.

MS. BAKER: Director O'Neill?

MR. O'NEILL: Aye.

MS. BAKER: Director Weicher?

MR. WEICHER: Aye.

CHAIRMAN KORSMO: Mr. Graber has been approved for appointment.

The next name to be considered is that of Sarah D. Vega to serve a three-year term as a community interest director of the Federal Home Loan Bank of Chicago. Are there any other nominations?

Seeing none, the question is on the appointment of Ms. Vega. The Secretary will please call the roll.

MS. BAKER: Chairman Korsmo?

CHAIRMAN KORSMO: Aye.

MS. BAKER: Director Leichter?

MR. LEICHTER: No.

MS. BAKER: Director Mendelowitz?

MR. MENDELOWITZ: No.

MS. BAKER: Director O'Neill?

MR. O'NEILL: Aye.

MS. BAKER: Director Weicher?

MR. WEICHER: Aye.

CHAIRMAN KORSMO: Ms. Vega has been approved for appointment.

The next name to be considered is that of Ms. Daryls J. Baum to serve a three-year term as a director of the Federal Home Loan Bank of Des Moines. Are there any other nominees?

MR. MENDELOWITZ: No, but Mr. Chairman, this candidate is from North Dakota and--

CHAIRMAN KORSMO: South Dakota.

MR. MENDELOWITZ: Pardon me, South Dakota.

CHAIRMAN KORSMO: As different as night and day.

MR. MENDELOWITZ: I was just going to ask, given the candidate's from a Dakota, you may want to just take a moment to say--

CHAIRMAN KORSMO: I'll take a deep breath before I vote for a South Dakotan, as well.

The question is on the nomination of Ms. Baum. The Secretary will please take the roll.

MS. BAKER: Chairman Korsmo?

CHAIRMAN KORSMO: Aye.

MS. BAKER: Director Leichter?

MR. LEICHTER: No.

MS. BAKER: Director Mendelowitz?

MR. MENDELOWITZ: No.

MS. BAKER: Director O'Neill?

MR. O'NEILL: Aye.

MS. BAKER: Director Weicher?

MR. WEICHER: Aye.

CHAIRMAN KORSMO: Ms. Baum has been approved for appointment.

The next name for consideration is that of Thomas E. Woods to serve a three-year term as a community interest director on the Board of the Federal Home Loan Bank of Des Moines. Are there any other nominations?

Seeing none, the question is on the appointment of Mr. Woods. The Secretary will please call the roll.

MS. BAKER: Chairman Korsmo?

CHAIRMAN KORSMO: Aye.

MS. BAKER: Director Leichter?

MR. LEICHTER: No.

MS. BAKER: Director Mendelowitz?

MR. MENDELOWITZ: No.

MS. BAKER: Director O'Neill?

MR. O'NEILL: Aye.

MS. BAKER: Director Weicher?

MR. WEICHER: Aye.

CHAIRMAN KORSMO: Mr. Woods has been appointed.

The next name to be considered is that of Wendy Grassley Speckerman. Are there any other nominations?

Seeing none, the question is on the appointment of Wendy Grassley Speckerman to serve a three-year term on the Board of the Federal Home Loan Bank of Des Moines. The Secretary will please call the roll.

MS. BAKER: Chairman Korsmo?

CHAIRMAN KORSMO: Aye.

MS. BAKER: Director Leichter?

MR. LEICHTER: No.

MS. BAKER: Director Mendelowitz?

MR. MENDELOWITZ: No.

MS. BAKER: Director O'Neill?

MR. O'NEILL: Aye.

MS. BAKER: Director Weicher?

MR. WEICHER: Aye.

CHAIRMAN KORSMO: Ms. Speckerman has been appointed.

The next name is that of Stephen Guy French to serve a three-year term on the Board of the Federal Home Loan Bank of Dallas. Are there any other nominations?

Seeing none, the question is on the appointment of Stephen Guy French. The Secretary will please call the roll.

MS. BAKER: Chairman Korsmo?

CHAIRMAN KORSMO: Aye.

MS. BAKER: Director Leichter?

MR. LEICHTER: No.

MS. BAKER: Director Mendelowitz?

MR. MENDELOWITZ: No.

MS. BAKER: Director O'Neill?

MR. O'NEILL: Aye.

MS. BAKER: Director Weicher?

MR. WEICHER: Aye.

CHAIRMAN KORSMO: Mr. French has been appointed.

The next name for consideration is that of Patricia Brister to serve a three-year term as a community interest director on the Board of the Federal Home Loan Bank of Dallas. Are there any other nominations?

Seeing none, the question is on the appointment of Ms. Brister. The Secretary will please call the roll.

MS. BAKER: Chairman Korsmo?

CHAIRMAN KORSMO: Aye.

MS. BAKER: Director Leichter?

MR. LEICHTER: No.

MS. BAKER: Director Mendelowitz?

MR. MENDELOWITZ: No.

MS. BAKER: Director O'Neill?

MR. O'NEILL: Aye.

MS. BAKER: Director Weicher?

MR. WEICHER: Aye.

CHAIRMAN KORSMO: Ms. Brister is appointed.

The next name for consideration is that of Mr. Dan Witt to serve a three-year term as a director of the Federal Home Loan Bank of Topeka. Are there any other nominations?

Seeing none, the question is on the appointment of Mr. Witt. The Secretary will please call the roll.

MS. BAKER: Chairman Korsmo?

CHAIRMAN KORSMO: Aye.

MS. BAKER: Director Leichter?

MR. LEICHTER: No.

MS. BAKER: Director Mendelowitz?

MR. MENDELOWITZ: No.

MS. BAKER: Director O'Neill?

MR. O'NEILL: Aye.

MS. BAKER: Director Weicher?

MR. WEICHER: Aye.

CHAIRMAN KORSMO: Mr. Witt will be appointed.

The next name for consideration is that of Mr. J. Michael Davis to serve a three-year term as a community interest director on the Federal Home Loan Bank of Topeka. Are there any other nominations?

Seeing none, the question is on the appointment of Mr. Davis. The Secretary will please call the roll.

MS. BAKER: Chairman Korsmo?

CHAIRMAN KORSMO: Aye.

MS. BAKER: Director Leichter?

MR. LEICHTER: No.

MS. BAKER: Director Mendelowitz?

MR. MENDELOWITZ: No.

MS. BAKER: Director O'Neill?

MR. O'NEILL: Aye.

MS. BAKER: Director Weicher?

MR. WEICHER: Aye.

CHAIRMAN KORSMO: Mr. Davis is appointed.

The next name for consideration is that of Mr. Charles R. Rinehart to serve a three-year term on the Board of the Federal Home Loan Bank of San Francisco. Are there any other nominations?

Seeing none, the question is on--

MR. LEICHTER: I do have a comment, if I may at this time, Mr. Chairman.

CHAIRMAN KORSMO: Yes, sir.

MR. MENDELOWITZ: Director Leichter, I can't hear you. Can you speak up a little louder, please?

MR. LEICHTER: Yes. I have a comment both on Charles Rinehart and the same applies to David T.C. Wright, who's being proposed also for the Federal Home Loan Bank of San Francisco. I notice both of them have previously served as industry representatives. I just want to say I think that

as a matter of policy it's a mistake that somebody who was an industry director now will serve as a public interest director. I think that's really contrary to the spirit of the statute. You have on these Boards at least eight industry representatives and now to appoint somebody from the industry to the Board by clothing that person as a public interest director I think is a mistake.

I also just want to raise a question because I think, as we all know, the statute provides that public interest directors may not have any financial interest or own any stock in any financial institution and I think both these individuals ought to be made aware, if they have not already, since it's very likely, being retired bank employees, that they have a pension fund or in some other fashion have an interest in the Banks, they certainly have time to divest themselves of that interest before they take their position, but I think it's an issue that ought to be raised unless this is something that's already been cleared with these people.

As I said initially, we should not be appointed industry representatives to the Board as public interest directors.

CHAIRMAN KORSMO: Thank you, Director Leichter. All of the appointees, of course, will be subject to the standard review by the finance Board of each individual's appointed director eligibility certification form and will only become

effective upon confirmation of those director's eligibility as Managing Director Bothwell cited earlier.

So you're absolutely right. These directors, as is true of any director, will have to go through that process before the appointment becomes effective.

Is there any other discussion of the nomination of Mr. Rinehart?

Hearing none, the question is on the nomination of Charles R. Rinehart. The Secretary will please call the roll.

MS. BAKER: Chairman Korsmo?

CHAIRMAN KORSMO: Aye.

MS. BAKER: Director Leichter?

MR. LEICHTER: No.

MS. BAKER: Director Mendelowitz?

MR. MENDELOWITZ: No.

MS. BAKER: Director O'Neill?

MR. O'NEILL: Aye.

MS. BAKER: Director Weicher?

MR. WEICHER: Aye.

CHAIRMAN KORSMO: Mr. Rinehart has been approved for appointment.

The next name to be presented is that of David T.C. Wright to serve a three-year term as a director of the Federal Home Loan Bank of San Francisco. Are there any other nominations?

Seeing none, the question is on the appointment of Mr. Wright. The Secretary will please call the roll.

MS. BAKER: Chairman Korsmo?

CHAIRMAN KORSMO: Aye.

MS. BAKER: Director Leichter?

MR. LEICHTER: No.

MS. BAKER: Director Mendelowitz?

MR. MENDELOWITZ: No.

MS. BAKER: Director O'Neill?

MR. O'NEILL: Aye.

MS. BAKER: Director Weicher?

MR. WEICHER: Aye.

CHAIRMAN KORSMO: Mr. Wright has been approved for appointment.

The next name to be considered is that of Randal S. Yoshida to serve a three-year term as a director of the Federal Home Loan Bank of Seattle.

Are there any other names to be considered?

Seeing none, the question is on the appointment of Mr. Yoshida. The Secretary will please call the roll.

MS. BAKER: Chairman Korsmo?

CHAIRMAN KORSMO: Aye.

MS. BAKER: Director Leichter?

MR. LEICHTER: No.

MS. BAKER: Director Mendelowitz?

MR. MENDELOWITZ: No.

MS. BAKER: Director O'Neill?

MR. O'NEILL: Aye.

MS. BAKER: Director Weicher?

MR. WEICHER: Aye.

CHAIRMAN KORSMO: Mr. Yoshida has been approved for appointment.

The next name to be considered is that of Vicki Varela to serve a three-year term on the Board of the Federal Home Loan Bank in Seattle. Are there any other nominations?

Seeing none, the question is on the appointment of Ms. Varela. The Secretary will please call the roll.

MS. BAKER: Chairman Korsmo?

CHAIRMAN KORSMO: Aye.

MS. BAKER: Director Leichter?

MR. LEICHTER: No.

MS. BAKER: Director Mendelowitz?

MR. MENDELOWITZ: No.

MS. BAKER: Director O'Neill?

MR. O'NEILL: Aye.

MS. BAKER: Director Weicher?

MR. WEICHER: Aye.

CHAIRMAN KORSMO: Ms. Varela has been approved for appointment.

The next name to be considered is that of Michael

P. Radway to serve a three-year term as a community interest director on the Board of the Federal Home Loan Bank of Seattle. Are there any other nominations?

Yes, sir?

MR. LEICHTER: Not another nomination. I just want to be heard on this particular nomination.

I'm delighted to see Michael P. Radway's name on this list because he is definitely the sort of individual that should continue service on the Board. That's the point that Mr. Mendelowitz and I try to make and have vainly been seeking to have considered or have this point of having somebody who has served effectively on the Board be reappointed. So I'm glad Michael is on there. I think most highly of him. He's provided great service, not only to the Seattle Board but to the whole System in his role at one time of being president of the Council of Federal Home Loan Banks.

I'm going to vote against him, on this particular vote, just because of the point that I've made, that we're not voting against any of these individuals as such but we're voting against the process that has brought these individuals before us in this form at this time.

CHAIRMAN KORSMO: Is there any other discussion of the appointment of Mr. Radway? Dr. Mendelowitz?

MR. MENDELOWITZ: Thank you, Mr. Chairman. I also

know Mike and think very highly of him but, as I've tried to state as clearly as I could, my issue today is not the individual qualifications of any of the candidates but the process, so I join Director Leichter in voting no on this issue.

CHAIRMAN KORSMO: Is there any other discussion of the appointment of Mr. Radway?

Seeing none, the question is on the appointment of Michael P. Radway. The Secretary will please call the roll.

MS. BAKER: Chairman Korsmo?

CHAIRMAN KORSMO: Aye.

MS. BAKER: Director Leichter?

MR. LEICHTER: No.

MS. BAKER: Director Mendelowitz?

MR. MENDELOWITZ: No.

MS. BAKER: Director O'Neill?

MR. O'NEILL: Aye.

MS. BAKER: Director Weicher?

MR. WEICHER: Aye.

CHAIRMAN KORSMO: Mr. Radway has been approved for appointment.

The next name to be considered is that of Richard S. Mroz to serve a two-year term as a director of the Federal Home Loan Bank of New York. Are there any other names to be considered?

Seeing none, the question is on the appointment of Mr. Mroz. The Secretary will please call the roll.

MS. BAKER: Chairman Korsmo?

CHAIRMAN KORSMO: Aye.

MS. BAKER: Director Leichter?

MR. LEICHTER: No.

MS. BAKER: Director Mendelowitz?

MR. MENDELOWITZ: No.

MS. BAKER: Director O'Neill?

MR. O'NEILL: Aye.

MS. BAKER: Director Weicher?

MR. WEICHER: Aye.

CHAIRMAN KORSMO: Mr. Rose--Mr. Mroz, excuse me--tough for a Norwegian to say--has been approved for appointment.

The next name to be considered is that of Governor Cecil H. Underwood to serve a three-year term as a community interest director on the Board of the Federal Home Loan Bank of Pittsburgh. Excuse me--two-year term. I misspoke. Two-year term as a community interest director on the Board of the Federal Home Loan Bank of Pittsburgh. Are there any other names to be considered?

Seeing none, the question is on the appointment of Governor Underwood. The Secretary will please call the roll.

MS. BAKER: Chairman Korsmo?

CHAIRMAN KORSMO: Aye.

MS. BAKER: Director Leichter?

MR. LEICHTER: No.

MS. BAKER: Director Mendelowitz?

MR. MENDELOWITZ: No.

MS. BAKER: Director O'Neill?

MR. O'NEILL: Aye.

MS. BAKER: Director Weicher?

MR. WEICHER: Aye.

CHAIRMAN KORSMO: Governor Underwood has been approved for appointment.

The next name to be considered is that of Stephen B. Smith to serve a two-year term as a community interest director on the Board of the Federal Home Loan Bank of Cincinnati. Are there any other nominations?

Hearing none, the question is on the appointment of Mr. Smith. The Secretary will please call the roll.

MS. BAKER: Chairman Korsmo?

CHAIRMAN KORSMO: Aye.

MS. BAKER: Director Leichter?

MR. LEICHTER: No.

MS. BAKER: Director Mendelowitz?

MR. MENDELOWITZ: No.

MS. BAKER: Director O'Neill?

MR. O'NEILL: Aye.

MS. BAKER: Director Weicher?

MR. WEICHER: Aye.

CHAIRMAN KORSMO: Mr. Smith has been approved for appointment.

The next name to be considered is that of Valde Garcia to serve a two-year term as a member of the Board of the Federal Home Loan Bank of Indianapolis. Are there any other nominations?

Seeing one, the question is on the appointment of Valde Garcia. The Secretary will please call the roll.

MS. BAKER: Chairman Korsmo?

CHAIRMAN KORSMO: Aye.

MS. BAKER: Director Leichter?

MR. LEICHTER: No.

MS. BAKER: Director Mendelowitz?

MR. MENDELOWITZ: No.

MS. BAKER: Director O'Neill?

MR. O'NEILL: Aye.

MS. BAKER: Director Weicher?

MR. WEICHER: Aye.

CHAIRMAN KORSMO: Valde Garcia has been approved for appointment.

The next name to be considered is that of Terry W. Grosenheider to serve a two-year term as a director of the

Federal Home Loan Bank of Chicago. Are there any other names to be considered?

Seeing none, the question is on the appointment of Terry W. Grosenheider. The Secretary will please call the roll.

MS. BAKER: Chairman Korsmo?

CHAIRMAN KORSMO: Aye.

MS. BAKER: Director Leichter?

MR. LEICHTER: No.

MS. BAKER: Director Mendelowitz?

MR. MENDELOWITZ: No.

MS. BAKER: Director O'Neill?

MR. O'NEILL: Aye.

MS. BAKER: Director Weicher?

MR. WEICHER: Aye.

CHAIRMAN KORSMO: Terry W. Grosenheider has been approved for appointment.

The next name to be considered is that of Joe Robson to serve a two-year term as a director of the Federal Home Loan Bank of Topeka. Are there any other names to be considered?

I don't think so. I will call the question, then, on the question of appointment of Mr. Robson. The Secretary will please call the roll.

MS. BAKER: Chairman Korsmo?

CHAIRMAN KORSMO: Aye.

MS. BAKER: Director Leichter?

MR. LEICHTER: No.

MS. BAKER: Director Mendelowitz?

MR. MENDELOWITZ: No.

MS. BAKER: Director O'Neill?

MR. O'NEILL: Aye.

MS. BAKER: Director Weicher?

MR. WEICHER: Aye.

CHAIRMAN KORSMO: Mr. Robson has been approved for appointment.

The next name to be considered is that of Charlene Gonzales Zettel to serve a two-year term as a community interest director on the Board of the Federal Home Loan Bank of San Francisco. Are there any other nominations?

Seeing none, the question is on the appointment of Charlene Gonzales Zettel. The Secretary will please call the roll.

MS. BAKER: Chairman Korsmo?

CHAIRMAN KORSMO: Aye.

MS. BAKER: Director Leichter?

MR. LEICHTER: No.

MS. BAKER: Director Mendelowitz?

MR. MENDELOWITZ: No.

MS. BAKER: Director O'Neill?

MR. O'NEILL: Aye.

MS. BAKER: Director Weicher?

MR. WEICHER: Aye.

CHAIRMAN KORSMO: Charlene Gonzales Zettel has been approved for appointment.

Our last appointment is the new directorship created on the Board of the Federal Home Loan Bank of Dallas. The name for appointment to serve a three-year term on that Board is that of Willard Jackson, Jr., the name of Willard Jackson, Jr. to serve a three-year term as a director of the Federal Home Loan Bank of Dallas. Are there any other nominations?

Seeing none, the question is on the appointment of Mr. Jackson. The Secretary will please call the roll.

MS. BAKER: Chairman Korsmo?

CHAIRMAN KORSMO: Aye.

MS. BAKER: Director Leichter?

MR. LEICHTER: No.

MS. BAKER: Director Mendelowitz?

MR. MENDELOWITZ: No.

MS. BAKER: Director O'Neill?

MR. O'NEILL: Aye.

MS. BAKER: Director Weicher?

MR. WEICHER: Aye.

CHAIRMAN KORSMO: Mr. Jackson has been approved for appointment.

Having completed the process of approving each nominee by a separate vote, is there any further discussion on the parent resolution and the slate of candidates before us?

Hearing none, I will call the question on the larger resolution. The Secretary will please call the roll.

MS. BAKER: Chairman Korsmo?

CHAIRMAN KORSMO: Aye.

MS. BAKER: Director Leichter?

MR. LEICHTER: No.

MS. BAKER: Director Mendelowitz?

MR. MENDELOWITZ: No.

MS. BAKER: Director O'Neill?

MR. O'NEILL: Aye.

MS. BAKER: Director Weicher?

MR. WEICHER: Aye.

CHAIRMAN KORSMO: The resolution has been approved. The staff will inform those who have been recommended for appointment of that fact and provide them with the necessary forms to complete the process. Once the staff is satisfied that the appointees are qualified and have made whatever personal arrangements are necessary to serve on the Board, these 36 people will become members of the 12 Boards of Directors of the Federal Home Loan Banks.

So the Directors are aware of it, we're

tentatively planning a training session for the new directors sometime at the end of April or early May. Frankly, as I know all of you are aware, I share the concern of other directors that all of these appointees understand the very serious nature of their roles and the important part they play in managing the very large businesses that are the Federal Home Loan Banks and the Federal Home Loan Bank System.

With that, there being no other business before the Board, this meeting is adjourned. Thank you all.

[Whereupon, at 9:15 a.m., the meeting was adjourned.]