

FEDERAL HOUSING FINANCE BOARD

BOARD OF DIRECTORS MEETING

OPEN SESSION

Washington, D.C.

Wednesday, October 10, 2007

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 BRIAN MONTGOMERY, Director

5 GEOFFREY BACINO, Director

6 ALICIA R. CASTANEDA, Director

7 ALLAN I. MENDELOWITZ, Director

8 SHELIA WILLIS, Secretary

9 Also Present

10 DARIS MEEKS

11 J.P. GREEN

12 BILL GLAVIN

13 TOM DOOLITTLE

14 CHRIS BOSLAND

15 JONATHAN LINDLEY

16 NEIL R. CROWLEY

17 STEPHEN CROSS

18 DUANE CREEL

19 ANTHONY CORNYN

20 PATRICIA L. SWEENEY

21 CHRISTIE SCIACCIA

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

2 (10:07 a.m.)

3 CHAIRMAN ROSENFELD: Good morning,  
4 everyone. I call this meeting of the Board of  
5 Directors of the Federal Housing Finance Board to  
6 order.

7 Today, we will have an open session followed  
8 immediately by a closed session where the Board  
9 will receive updates of examination supervisory  
10 findings.

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

19 Director Bacino.

20 DIRECTOR BACINO: Mr. Chairman, I move  
21 to close the portion of today's meeting in which  
22 we will receive updates of examination supervisory

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1 findings and further we determine that the record  
2 and transcript of this closed portion the meeting  
3 be kept confidential.

4 CHAIRMAN ROSENFELD: Thank you for the  
5 motion. Is there a discussion on the motion, any  
6 discussion? Do I have a second?

7 DIRECTOR CASTANEDA: Second.

8 CHAIRMAN ROSENFELD: Director Castaneda,  
9 thank you. The secretary will please call the  
10 roll on the motion.

11 SECRETARY WILLIS: On the item before  
12 the Board, Director Bacino, how do you vote?

13 DIRECTOR BACINO: Yes.

14 SECRETARY WILLIS: Director Castaneda?

15 DIRECTOR CASTANEDA: Yes.

16 SECRETARY WILLIS: Director Mendelowitz?

17 DIRECTOR MENDELOWITZ: Yes.

18 SECRETARY WILLIS: Director Montgomery?

19 DIRECTOR MONTGOMERY: Yes.

20 SECRETARY WILLIS: Chairman Rosenfeld?

21 CHAIRMAN ROSENFELD: Yes. The motion is  
22 carried, and the subsequent portion of our meeting

1 will be closed and this transcript will remain  
2 closed and confidential. Thank you.

3 Now let us turn to the public portion of  
4 today's meeting. We will consider the appointment  
5 of two Federal Home Loan Bank presidents to serve  
6 on the Financing Corporation, FICO, Directorate  
7 for term of office starting November 10th, 2007.

8 I see Pat Sweeney will be making the  
9 presentation.

10 MS. SWEENEY: The agenda item at hand  
11 for Board action is the appointment of two Federal  
12 Home Loan Bank presidents to serve on the  
13 Financing Corporation, that is, FICO, for term of  
14 office starting November 10th, 2007. The FICO  
15 Directorate is composed of three members: The  
16 Managing Director of the Office of Finance and two  
17 members who are selected by the Finance Board from  
18 among the bank presidents.

19 The term of office for the two directors  
20 currently serving on FICO, the Chairperson, John  
21 R. Price, and the Director, Andrew J. Jetter,  
22 this term expires on November 9th, 2007.

1                   As provided in your Board package, we  
2                   are recommending the appointment of Des Moines  
3                   Bank President, Richard S. Swanson and Atlanta  
4                   Bank President, Richard A. Dorfman to succeed  
5                   these appointments.

6                   A little bit of background on FICO: It's  
7                   a mixed ownership, tax-exempt government  
8                   corporation chartered by the former Federal Home  
9                   Loan Bank Board pursuant to the FSLC  
10                  Recapitalization Act of 1987. The purpose of the  
11                  FICO is to function as a financing vehicle for the  
12                  FSLC Resolution Fund.

13                  The FICO is subject to the general  
14                  oversight and direction of the Finance Board. The  
15                  operations of FICO are under the management of the  
16                  three member board designated as the FICO  
17                  Directorate.

18                  A primary function of FICO is to service  
19                  debt on bonds that were issued resulting from the  
20                  savings and loan bailout. No additional bonds  
21                  have been issued since 1989. Effective December  
22                  12th, 1991, as provided by the Resolution Trust

1 Corporation Refinancing, Restructuring and  
2 Improvement Act, the FICO's ability to issue new  
3 debt was terminated.

4 Outstanding FICO bonds, which are  
5 30-year, noncallable bonds with a principal amount  
6 of approximately \$8.1 billion, mature in 2017  
7 through 2019. The annual interest payment on the  
8 bonds is approximately \$793 million. FICO has  
9 assessment authority to collect funds from  
10 FDIC-insured institutions. FDIC acts as the  
11 collection agency for the FICO.

12 Each bank president is appointed for a 1 year  
13 term, and no bank president may be appointed for  
14 an additional term until each of the other bank  
15 presidents have served. Since 1987, we have gone  
16 through three rotation cycles, and now we are  
17 currently in the fourth cycle. The proposed  
18 sequence for the balance of this fourth cycle is  
19 included in the background memo in your Board  
20 package.

21 The guiding priority in composing the  
22 sequence is to avoid overlapping appointments with

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1 the Resolution Funding Corporation Directorate,  
2 REFCORP, and the Office of Finance Board of  
3 Directors whenever it is possible. This  
4 recommendation is made in compliance with the  
5 statutory requirement once again that no bank  
6 president be appointed to an additional term until  
7 all bank presidents have served.

8 I'll take any questions.

9 CHAIRMAN ROSENFELD: Any comment? If  
10 there's nothing else, I would accept a motion to  
11 adopt a resolution appointing Richard Swanson and  
12 Richard Dorfman to the FICO Directorate.

13 DIRECTOR BACINO: So moved.

14 CHAIRMAN ROSENFELD: Is there a second?

15 DIRECTOR CASTANEDA: Second.

16 CHAIRMAN ROSENFELD: Thank you. The  
17 secretary will please call the role.

18 SECRETARY WILLIS: On the item before  
19 the Board of Directors, Director Bacino, how do  
20 you vote?

21 DIRECTOR BACINO: Yes.

22 SECRETARY WILLIS: Director Castaneda?

1 DIRECTOR CASTANEDA: Yes.  
2 SECRETARY WILLIS: Director Mendelowitz?  
3 DIRECTOR MENDELOWITZ: Yes.  
4 SECRETARY WILLIS: Director Montgomery?  
5 DIRECTOR MONTGOMERY: Yes.  
6 SECRETARY WILLIS: Chairman Rosenfeld?  
7 CHAIRMAN ROSENFELD: Yes. The motion is  
8 adopted. This ends the open session of the  
9 meeting. We will reconvene in two minutes.

10 (Whereupon, at 10:12 a.m., the  
11 PROCEEDINGS were adjourned.)

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