



Minutes of the Board of Governors of the Federal Reserve System on Thursday, June 11, 1970. The Board met in the Board Room at 9:30 a.m.

PRESENT: Mr. Burns, Chairman  
 Mr. Robertson, Vice Chairman  
 Mr. Mitchell  
 Mr. Maisel  
 Mr. Sherrill

Mr. Holland, Secretary  
 Mr. Kenyon, Deputy Secretary  
 Mr. Molony, Assistant to the Board  
 Mr. Cardon, Assistant to the Board  
 Mr. Coyne, Special Assistant to the Board  
 Mr. Hexter, General Counsel  
 Mr. Solomon, Director, Division of Supervision and Regulation  
 Mr. Johnson, Director, Division of Personnel Administration  
 Mr. O'Connell, Deputy General Counsel  
 Mr. Gramley, Associate Director, Division of Research and Statistics  
 Mr. Norwood, Adviser, Division of International Finance  
 Mr. Leavitt, Deputy Director, Division of Supervision and Regulation  
 Mr. Hart, Assistant Director, Division of Personnel Administration  
 Miss Wolcott, Technical Assistant, Office of the Secretary  
 Mr. Plotkin of the Legal Division  
 Miss Stockwell and Mr. Stoffels of the Division of Research and Statistics

Discount rates. The establishment without change by the Federal Reserve Banks of New York, Philadelphia, and San Francisco on June 4, 1970, of the rates on discounts and advances in their existing schedules was approved unanimously, with the understanding that appropriate advice would be sent to those Banks.

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Stock market and margin credit developments. Mr. Stoffels reviewed recent stock market and margin credit developments, basing his comments on a memorandum dated June 9, 1970, from the Capital Markets Section, a copy of which has been placed in the Board's files.

Investor protection. In a memorandum dated June 10, 1970, the Division of Research and Statistics discussed a draft bill, on which comments had been requested today, to amend the Securities Exchange Act of 1934 so as to provide greater protection for customers of registered brokers and dealers and members of national securities exchanges. Attached to the memorandum was a proposed letter to the Bureau of the Budget expressing support for the creation of a Security Investor Protection Corporation, recommending further changes in and additions to the draft bill, and commenting on various provisions as to which there were unresolved differences between the Government and the brokerage industry. Among the observations with respect to the latter was the view that the exposure of public funds in providing protection to investors, in the form of a \$1 billion standby line of credit with the Treasury, made imperative the vesting of additional surveillance, oversight, and rule-making power in the Securities and Exchange Commission.

Chairman Burns outlined the stages through which work on the proposed legislation had progressed, along with the more controversial issues that had been debated, and said that the present draft bill

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represented an effort to combine some of the better features of the several legislative proposals that had been put forward. An inter-agency meeting, in which he would participate, was to be held later this morning, and he would like to have the benefit of the thinking of the Board.

The initial phase of the ensuing discussion dealt with differences between the operational scheme of the proposed new corporation and the manner in which operations of the Federal Deposit Insurance Corporation were conducted. Reasons for those differences were given, including the fact that the legislation was considered urgent, the brokerage industry had available an inspection force, and it would take time to bring together a parallel inspection force. The legislation would, however, authorize the establishment of additional standards for inspections and for examiners. It was noted, also, that in the course of time the legislation could be modified in the light of developments. For those and other reasons, it was not believed that the FDIC could be used as a precise model in the short run, or that the setup of SPIC would necessarily constitute a precedent such as to bring about pressure for remodeling the FDIC.

There followed a discussion of technical aspects of brokerage industry operations as related to the protective features of the proposed legislation, after which Governor Robertson expressed the view that it would be difficult for the Board to reach an intelligent

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judgment on the issues involved and take a position within the prescribed time limit. He suggested, therefore, that the Chairman proceed on the basis of his own analysis. After consideration of Governor Robertson's suggestion, it was agreed that no letter would be sent to the Budget Bureau. However, Chairman Burns stated that an exchange of views would be helpful to him, particularly on some of the major issues.

With regard to control of the proposed corporation, it was noted that under the bill, as presently drafted, the board of directors would represent both the industry and the public, with the majority of the directors drawn from the industry. Chairman Burns said that his first choice would have been a public body, but that he could accept a mixed board of directors if the public representatives were in the majority.

Questions were raised with respect to protection of the public interest during any periods when it might be necessary for SPIC to draw upon Government funds. One possibility noted was that at such times control might reside in the public sector, with a reversion to industry control in other circumstances. However, the Chairman observed that substantial difficulties might be involved in any scheme under which control would be passed back and forth depending on the circumstances.

At the conclusion of the discussion of this issue, other Board members joined Chairman Burns in the view that, if it was not feasible

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to establish SPIC as a public body, the public members of the board of directors should at least be in the majority.

There followed discussion of the question whether SPIC should be authorized to assess individual firms according to variations in the risk of conduct of their respective businesses. It was noted that time and skill would be required to work out the complex problems involved, and for that reason Chairman Burns expressed the view that because of the immediate problem it might be advisable to establish a uniform rate for the first several months. It was further noted that newer firms probably would be assigned higher assessment rates, which led to the comment that that could be another reason why SPIC should be under public control, since the assessment rate would be a means of restricting entry into the industry. It was pointed out that there had been for some time pressures for the FDIC to establish differential rates, but that those pressures had to date been resisted.

Chairman Burns then summarized his understanding of the sense of the Board as follows: the objectives of the proposed legislation were desirable; the new corporation should be a public body, or at least the public directors should be in the majority; and the differential rate proposal was a cause for some concern, but no concrete alternative was at hand. No objections were indicated to the Chairman's summary.

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It was understood that members of the Board would transmit to the Chairman any additional thoughts they might have on further reflection. Waccamaw Corporation. Drafts of an order and statement had been distributed reflecting the Board's approval on June 4, 1970, of the application of The Waccamaw Corporation, Whiteville, North Carolina, to become a bank holding company through the acquisition of shares of the successor by merger to American Bank and Trust Company, Monroe, North Carolina, which would be in addition to those of one bank already held.

The issuance of the order and statement was authorized. Copies of the documents, as issued, are attached under Item No. 1.

S. 3699. In a memorandum dated June 10, 1970, the Division of Research and Statistics summarized the provisions of S. 3699, a bill to clarify and extend the authority of the Small Business Administration. Attached to the memorandum was a draft report to the Chairman of the Subcommittee on Small Business of the Senate Banking and Currency Committee.

Several editorial changes were agreed upon, as well as one of a more substantive nature suggested by Governor Maisel.

Unanimous approval was then given to a letter in the form attached as Item No. 2.

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Several members of the staff who had been present withdrew at this point and Mr. Sherman, Consultant to the Board, entered. St. Louis salary structure. Unanimous approval was given to a letter to the Federal Reserve Bank of St. Louis approving revised salary structures applicable to employees of the head office and branches. A copy is attached as Item No. 3.

Supplemental retirement allowance agreements. In a memorandum dated June 1, 1970, the Division of Personnel Administration discussed a request from the Federal Reserve Bank of Atlanta for approval of a supplemental retirement allowance agreement entered into by the Bank with President Kimbrel. The agreement was in form similar to the agreements now in effect with other Presidents, and the Division recommended approval.

The agreement was approved unanimously. A copy of the letter sent to the Chairman of the Atlanta Bank is attached as Item No. 4.

In the same memorandum the Division recommended that in the case of agreements entered into with any Reserve Bank President who assumed office after June 1, 1970, the formula for computing the guaranteed minimum retirement allowance be revised. Instead of being based on 40 per cent of the President's final annual salary, it would be based on 40 per cent of his final average salary (defined to mean the person's average annual salary for the five consecutive years of creditable service rendered prior to his retirement date during which

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his salary was highest), less 50 per cent of his primary Federal Old Age Insurance Benefits, such reduction to be prorated if the President had less than 30 years of creditable service.

In comments relating to the recommendation, Governor Maisel traced the history of the supplemental retirement allowance agreements and noted reasons why they had been approved not only for incoming Presidents who would have short service but for other Presidents when it appeared that 40 per cent of final salary would produce a retirement allowance larger than the retirement benefit accruing from their years of service. He also noted that in the opinion of counsel it would not be feasible to attempt to renegotiate existing contracts.

After further discussion, the recommended change in the terms of future contracts was approved unanimously. A copy of the letter sent to the Chairmen of all Federal Reserve Banks is attached as Item No. 5.

Appointment of consultant. Unanimous approval was given to the recommendation of the Division of Research and Statistics that Professor Leo Grebler of the University of California at Los Angeles be appointed as a consultant, with compensation at the rate of \$110 per day, and that a separate contract be entered into with Professor Grebler for a study of the markets for housing and housing finance, at an estimated cost of \$15,365. The Board also approved, for these purposes, an overexpenditure of \$17,665 in the pertinent account or accounts of the Division's 1970 budget.

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V-loan activity. Mr. Cardon stated that a request had been received from the House Banking and Currency Committee for certain information with respect to V-loan activity over the past five years for use in connection with forthcoming hearings on extension of the Defense Production Act.

Mr. Cardon was authorized to furnish the desired information.

Mr. Sanders, Assistant General Counsel, joined the meeting at this point.

Subordinated notes. In a memorandum dated June 2, 1970, Governor Robertson had summarized discussion by the Interagency Coordinating Committee on Bank Regulation of the Board's outstanding proposal that would narrow the category of member bank subordinated notes exempt from reserve requirements and interest rate controls. The Committee had recommended that the pending proposal be modified in several respects. One of the more important modifications would raise from five years (as in the pending proposal) to seven years the minimum maturity of a nondeposit subordinated note. The longer maturity requirement reflected mainly the view of the Committee that funds obtained by means of an obligation of shorter maturity generally were not "true" capital funds. It also reflected an effort to mitigate the concern of the Federal Home Loan Bank Board that elimination of the minimum amount feature (another modification proposed by the Committee) might result in flows of funds away from savings and loan associations

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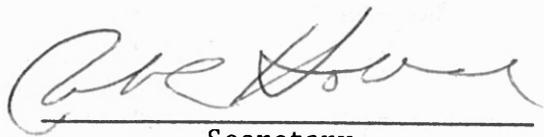
into banks. The bank agency representatives believed that the longer maturity requirement would obviate any need for a minimum amount requirement. Also, whereas the pending proposal contained no requirement that the issuance of a subordinated note must in every case be approved by the bank's supervisor if the note was to be classified as a non-deposit borrowing, under the modification proposed by the Committee the issuance of a nondeposit subordinated note must be approved by the Comptroller of the Currency in the case of a national bank and by the Board in the case of a State member bank. (Governor Robertson had informed the Committee that the Board probably would delegate its authority to approve the issuance of such notes to the Federal Reserve Banks.)

Governor Robertson reviewed at this meeting the main changes in the pending proposal that had been suggested by the Committee and said it would be his recommendation that the Board accept the modifications. If the Board did so, the Federal Deposit Insurance Corporation would issue a notice of proposed rule making to incorporate into its regulation corresponding to Regulation Q the "promissory note" section of Regulation Q, including the changes relating to subordinated notes, while the Home Loan Bank Board would be expected to develop an appropriate action to apply the agreed-upon rules regarding subordinated notes issued by banks to those issued by savings and loan associations.

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In the discussion that followed, Chairman Burns explained why he would prefer not to remove the minimum amount requirement entirely. Governor Mitchell expressed reservations regarding the need for the seven-year minimum maturity requirement, and other members of the Board presented tentative views. It was understood that the subject would be considered in more detail at another Board meeting.

The meeting then adjourned.

  
 Secretary

for approval of action to acquire a bank holding company through the acquisition of voting shares of the corporation by merger to American Bank and Trust Company, Monroe, North Carolina.

BOARD APPROVING RESOLUTIONS  
 A BANK HOLDING COMPANY

These resolutions were before the Board of Governors, pursuant to Section 3(a)(1) of the Bank Holding Company Act of 1956 (12 U.S.C. 1842(a)(1)) and Section 225.3(a) of Federal Reserve Regulation Z (12 CFR 225.3(a)), an application by The Wachovia Corporation, Charlotte, North Carolina, for the acquisition of voting shares of American Bank and Trust Company, Monroe, North Carolina. A copy of the application and supporting documents is being furnished to the Board of Governors of the Federal Reserve System, Washington, D.C., for their review and comment.

Item No. 1  
6/11/70

UNITED STATES OF AMERICA  
BEFORE THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON, D. C.

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In the Matter of the Application of

THE WACCAMAW CORPORATION,  
Whiteville, North Carolina,

for approval of action to become a bank  
holding company through the acquisition  
of voting shares of the successor by  
merger to American Bank and Trust Company,  
Monroe, North Carolina.

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ORDER APPROVING ACTION TO BECOME  
A BANK HOLDING COMPANY

There has come before the Board of Governors, pursuant to section 3(a)(1) of the Bank Holding Company Act of 1956 (12 U.S.C. 1842(a)(1)) and section 222.3(a) of Federal Reserve Regulation Y (12 CFR 222.3(a)), an application by The Waccamaw Corporation, Whiteville, North Carolina, for the Board's prior approval of action whereby Applicant would become a bank holding company through the acquisition of 100 per cent of the voting shares of the successor by merger to American Bank and Trust Company, Monroe, North Carolina. Applicant presently owns all but directors' qualifying shares of Waccamaw Bank and Trust Company, Whiteville, North Carolina.

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As required by section 3(b) of the Act, the Board gave written notice of receipt of the application to the Commissioner of Banks of the State of North Carolina and requested his views and recommendation. The Commissioner recommended approval of the application.

Notice of receipt of the application was published in the Federal Register on April 11, 1970 (35 Federal Register 6024, as corrected by 35 Federal Register 6161, April 15, 1970), which provided an opportunity for interested persons to submit comments and views with respect to the proposed transaction. A copy of the application was forwarded to the United States Department of Justice for its consideration. The time for filing comments and views has expired and all those received have been considered by the Board.

IT IS HEREBY ORDERED, for the reasons set forth in the Board's Statement of this date, that said application be and hereby is approved, provided that the action so approved shall not be consummated (a) before the thirtieth calendar day following the date of this Order or (b) later than three months after the date of this Order, unless such period is extended for good cause by the Board, or by the Federal Reserve Bank of Richmond pursuant to delegated authority.

By order of the Board of Governors, June 11, 1970.

Voting for this action: Vice Chairman Robertson and  
Governors Mitchell, Daane, Maisel, and Sherrill.

Absent and not voting: Chairman Burns and Governor Brimmer.

(Signed) Kenneth A. Kenyon

(SEAL)

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Kenneth A. Kenyon,  
Deputy Secretary.

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

APPLICATION BY  
THE WACCAMAW CORPORATION, WHITEVILLE, NORTH CAROLINA,  
TO BECOME A BANK HOLDING COMPANY

STATEMENT

The Waccamaw Corporation, Whiteville, North Carolina ("Applicant"), has filed with the Board, pursuant to section 3(a)(1) of the Bank Holding Company Act of 1956, an application for approval of action to become a bank holding company through the acquisition of all of the voting shares of a new State bank which it proposes to merge with American Bank and Trust Company, Monroe, North Carolina ("Bank"). The new State bank has no significance except as a means of acquiring all of Bank's shares; the proposal is therefore treated herein as a proposal to acquire 100 per cent of the voting shares of Bank. Applicant presently owns all but directors' qualifying shares of Waccamaw Bank and Trust Company, Whiteville, North Carolina.

Views and recommendation of supervisory authority. - As required by section 3(b) of the Act, the Board gave written notice of receipt of the application to the Commissioner of Banks of the State of North Carolina and requested his views and recommendation. The Commissioner recommended approval of the proposed transaction.

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Statutory considerations. - Section 3(c) of the Act provides that the Board shall not approve an acquisition that would result in a monopoly or would be in furtherance of any combination or conspiracy to monopolize or to attempt to monopolize the business of banking in any part of the United States. Nor may the Board approve a proposed acquisition, the effect of which, in any section of the country, may be substantially to lessen competition, or to tend to create a monopoly, or which in any other manner would be in restraint of trade, unless the Board finds that the anticompetitive effects of the proposed transaction are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the communities to be served. In each case, the Board is required to take into consideration the financial and managerial resources and future prospects of the bank holding company and the banks concerned, and the convenience and needs of the communities to be served.

Competitive effect of the proposed transaction. - Applicant is presently a one-bank holding company and upon consummation of the proposal would become the first registered bank holding company in North Carolina. It acquired its lead bank, Waccamaw Bank and Trust Company, Whiteville, North Carolina ("Waccamaw Bank"), <sup>1/</sup> (deposits \$81 million),

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<sup>1/</sup> All banking data are as of June 30, 1969, except for county deposit data, which are as of June 30, 1968.

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in January 1970 and its acquisition of Bank (deposits \$48 million) would give it control of 2.1 per cent of total State deposits, resulting in its ranking ninth among banking organizations in the State. Although concentration of commercial bank deposits in North Carolina is high, the bulk of this concentration is held by the five largest banks, which control nearly 69 per cent of deposits. Waccamaw Bank presently ranks tenth among the State's banking organizations, with 1.3 per cent of deposits. Consummation of the proposal would thus not result in a significant increase in deposit concentration.

The nearest offices of Waccamaw Bank and Bank are 71 miles apart and neither bank derives significant business from any county served by the other. Waccamaw Bank has offices in eight counties and it competes principally with banks that are much larger in total deposit size or hold a more commanding market position.

Bank has offices in only three counties. In one it shares the county market almost equally with another bank; in the second it is one of the smallest of 14 banks with offices in the county; and in the third, its home county, it holds 65 per cent of the county market, which it shares with two banks controlling 29 and six per cent of the county market.

Under North Carolina law Statewide branching is permitted. However, in view of the distance separating Bank and Waccamaw Bank and the relatively small size of the two banks, the possibility that potential competition might develop between them is not believed to carry serious adverse weight in considering the application. As has been noted, no significant existing competition would be eliminated by consummation of the proposal.

On the basis of the foregoing, the Board concludes that consummation of the proposal would not result in a monopoly or be in furtherance of any combination, conspiracy, or attempt to monopolize the business of banking in any part of the United States and would not restrain trade, substantially lessen competition, or tend to create a monopoly in any section of the country.

Financial and managerial resources and future prospects. - The overall financial and managerial resources and future prospects of Bank and Waccamaw Bank, and, therefore, of Applicant, are generally satisfactory. It is probable that Applicant can more readily raise additional capital, if needed, and would be better able to recruit and retain experienced middle management than either of the subsidiaries could in the absence of affiliation with Applicant.

Considerations relating to the banking factors thus lend weight for approval of the application.

Convenience and needs-of the communities involved. - The banking needs of the communities to be served are fairly well provided for by existing institutions. Considerations relating to the convenience and needs of these communities are consistent with approval of the application.

Summary and conclusion. - On the basis of all the relevant facts contained in the record, and in the light of the factors set forth in section 3(c) of the Act, it is the Board's judgment that the proposed transaction would be in the public interest and that the application should be approved.

June 11, 1970.



CHAIRMAN OF THE BOARD OF GOVERNORS  
FEDERAL RESERVE SYSTEM  
WASHINGTON, D. C. 20551

Item No. 2  
6/11/70

June 11, 1970

The Honorable Thomas J. McIntyre,  
Chairman,  
Subcommittee on Small Business,  
Committee on Banking and Currency,  
United States Senate,  
Washington, D. C. 20510

Dear Mr. Chairman:

The Board of Governors has only a few comments on S.3699, the "Small Business Amendments of 1970."

In general, the Board supports efforts to make small business concerns better able to compete for credit from private sources. Thus, it favors Title I, section 101, subsection (1) of the bill, which extends the classes of lenders, with whom the Small Business Administration may cooperate in making loans to small business concerns, to include persons or organizations not normally engaged in lending activity; and subsection (3), which authorizes SBA to make limited interest subsidy grants to small businesses.

However, the Board feels that subsection (2) of section 101 may not adequately protect the interests of small business borrowers. Under this subsection, the Small Business Administration may, when authorized in appropriation acts, extend guarantees on loans which it has not approved in advance. In such cases, the lender makes the loan approval decision, in conformity with criteria to be specified in SBA regulations, and SBA may adopt measures to insure compliance with the criteria. The Board recognizes the desirability of streamlining the negotiation and approval process, especially

The Honorable Thomas J. McIntyre

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for lenders with years of experience in making loans guaranteed by SBA, but it doubts whether the provisions of this subsection insure that a new lender, especially a person or organization not normally engaged in lending activity, will be adequately informed of the criteria at the time it approves a loan for SBA guarantee.

If SBA is unable to guarantee a loan because the criteria have not been fully understood, the lender may call the loan. With a view to minimizing the number of such cases, the Board suggests that subsection (2) of section 101 be revised to provide that the requirement for advance approval of loans be waived only for lenders specifically authorized by SBA to make loan approval decisions. Thus, a lender who wished to make loans under this subsection would first make application to SBA for designation as an authorized lender, and approval of the application would rest on SBA's determination that the lender did in fact understand the criteria governing loans guaranteed by SBA.

The only provision of the bill which relates particularly to the Board's area of concern is section 203 of Title II. This section permits a bank to acquire securities issued by a minority enterprise small business investment company (MESBIC), without regard to the 50 per cent ownership limitation of section 302 of the Small Business Investment Act of 1958, so long as the bank's total interest in SBICs does not exceed 5 per cent of its capital and surplus. The Board does not consider it objectionable for a bank to own all of the stock of an SBIC, and hence we have no objection to such bank ownership of a MESBIC.

Sincerely yours,

(Signed) Arthur F. Burns

Arthur F. Burns.

## BOARD OF GOVERNORS

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OF THE

## FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 3

6/11/70

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

June 11, 1970

CONFIDENTIAL (FR)

Mr. Darryl Francis, President,  
Federal Reserve Bank of St. Louis,  
St. Louis, Missouri. 63166

Dear Mr. Francis:

As requested in your letter of May 14, 1970, the Board of Governors has approved the following minimum and maximum salaries for the respective grades of the employees' salary structures at the Federal Reserve Bank of St. Louis and Branches, effective July 1, 1970:

Grade	St. Louis		Louisville		Memphis		Little Rock	
	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.
1	\$ 3,360	\$ 4,560	\$ 3,360	\$ 4,260	\$ 3,360	\$ 4,260	\$ 3,360	\$ 4,260
2	3,600	4,860	3,360	4,560	3,360	4,560	3,360	4,380
3	3,900	5,280	3,720	5,040	3,720	5,040	3,540	4,800
4	4,200	5,700	4,080	5,520	4,020	5,400	3,780	5,100
5	4,620	6,240	4,560	6,180	4,380	5,940	4,200	5,700
6	5,040	6,780	5,040	6,780	4,800	6,480	4,620	6,240
7	5,580	7,560	5,580	7,560	5,280	7,140	5,100	6,900
8	6,180	8,340	6,180	8,340	5,760	7,800	5,640	7,620
9	6,900	9,300	6,780	9,180	6,360	8,580	6,180	8,340
10	7,680	10,380	7,500	10,140	6,960	9,420	6,840	9,240
11	8,640	11,640	8,220	11,100	7,680	10,380	7,620	10,260
12	9,540	12,900	9,120	12,300	8,700	11,760	8,460	11,400
13	10,560	14,280	10,140	13,680	9,660	13,020	9,360	12,660
14	11,820	15,960	11,220	15,120	10,680	14,400	10,440	14,100
15	13,140	17,760	12,420	16,740	11,820	15,960	11,640	15,720
16	14,640	19,740	13,740	18,540	13,080	17,640	12,900	17,400

Mr. Darryl Francis

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The Board approves the payment of salaries to employees within the limits specified for the grades in which their respective positions are classified. All employees whose salaries are below the minimums of their grades as a result of these structure increases should be brought within appropriate ranges within 90 days after the effective date of the new structures.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,  
Deputy Secretary.

Mr. Darryl Francis,  
Federal Reserve Bank of Atlanta,  
Atlanta, Georgia 30303

Dear Mr. Francis:

The Board of Governors of the Federal Reserve System has approved the salary structure for the Board of Governors, the Board of Directors of the Federal Reserve Bank of Atlanta, and the Board of Directors of the Federal Reserve Bank of Chicago. The Board of Governors has also approved the salary structure for the Board of Directors of the Federal Reserve Bank of Boston, the Board of Directors of the Federal Reserve Bank of Cleveland, the Board of Directors of the Federal Reserve Bank of Dallas, the Board of Directors of the Federal Reserve Bank of Denver, the Board of Directors of the Federal Reserve Bank of Kansas City, the Board of Directors of the Federal Reserve Bank of Minneapolis, the Board of Directors of the Federal Reserve Bank of New York, the Board of Directors of the Federal Reserve Bank of Philadelphia, the Board of Directors of the Federal Reserve Bank of Portland, the Board of Directors of the Federal Reserve Bank of Richmond, the Board of Directors of the Federal Reserve Bank of San Francisco, and the Board of Directors of the Federal Reserve Bank of St. Louis.

The Board of Governors of the Federal Reserve System has also approved the salary structure for the Board of Directors of the Federal Reserve Bank of Atlanta, the Board of Directors of the Federal Reserve Bank of Chicago, the Board of Directors of the Federal Reserve Bank of Boston, the Board of Directors of the Federal Reserve Bank of Cleveland, the Board of Directors of the Federal Reserve Bank of Dallas, the Board of Directors of the Federal Reserve Bank of Denver, the Board of Directors of the Federal Reserve Bank of Kansas City, the Board of Directors of the Federal Reserve Bank of Minneapolis, the Board of Directors of the Federal Reserve Bank of New York, the Board of Directors of the Federal Reserve Bank of Philadelphia, the Board of Directors of the Federal Reserve Bank of Portland, the Board of Directors of the Federal Reserve Bank of Richmond, the Board of Directors of the Federal Reserve Bank of San Francisco, and the Board of Directors of the Federal Reserve Bank of St. Louis.

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,  
Deputy Secretary.

Enclosure



BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON, D. C. 20551

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Item No. 4  
6/11/70

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

June 11, 1970

CONFIDENTIAL (FR)

Mr. Edwin I. Hatch,  
Chairman of the Board,  
Federal Reserve Bank of Atlanta,  
Atlanta, Georgia. 30303

Dear Mr. Hatch:

The Board of Governors has approved the contract as entered into between the Federal Reserve Bank of Atlanta and President Kimbrel with the understanding that the words "regular retirement allowance" as used in the Agreement refer to the Normal Retirement Pension as described in Section 5 of the Rules and Regulations of the Retirement Plan for Employees of the Federal Reserve System, as amended effective January 1, 1970.

Indicative of the Board's approval, I, as Secretary of the Board of Governors, have affixed my signature to the Agreement. One executed copy has been retained for the Board's files; the remaining three are enclosed with this letter.

Very truly yours,

(Signed) Robert C. Holland

Robert C. Holland,  
Secretary.

Enclosures.

For and in consideration of the mutual promises of each party hereto, this Agreement is entered into between MONROE KIMBREL and the FEDERAL RESERVE BANK OF ATLANTA, Atlanta, Georgia.

Subject to all of the applicable provisions of law, MONROE KIMBREL agrees to serve as an officer of the said FEDERAL RESERVE BANK as long as such service shall be mutually agreeable to the parties hereto.

For and on account of such service, said FEDERAL RESERVE BANK shall pay said MONROE KIMBREL as follows:

- (1) Said FEDERAL RESERVE BANK shall pay to said MONROE KIMBREL a salary at the rate of \$45,000 per annum during the period ending December 31, 1969, and thereafter during his service as an officer of said FEDERAL RESERVE BANK and prior to his retirement his salary shall be as determined from time to time in accordance with applicable provisions of law;
- (2) If, having attained the age of 65, said MONROE KIMBREL shall retire with not less than 10 years of service creditable under the Retirement System of the Federal Reserve Banks, and if he is President of said FEDERAL RESERVE BANK at the time of his retirement, said FEDERAL RESERVE BANK shall pay to said MONROE KIMBREL after such retirement and during the

remainder of his lifetime an amount per annum which, together with his regular retirement allowance under the Retirement System of the Federal Reserve Banks (without regard to optional benefits or conversion, or additional voluntary contributions), will aggregate a sum equal to 40 per cent of the annual salary being paid to him at the time of his retirement; and

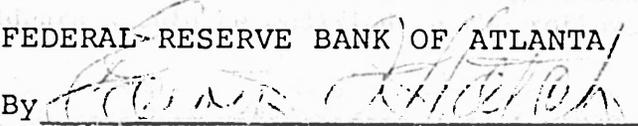
(3) If, without having attained the age of 65, said MONROE KIMBREL shall retire with not less than 10 years of service creditable under the Retirement System of the Federal Reserve Banks, and if he is President of said FEDERAL RESERVE BANK at the time of his retirement, the aggregate sum equal to 40 per cent of salary referred to in the preceding paragraph (2) shall be reduced by the application of the then current table of pension reduction factors of the Bank Plan of the Retirement System of the Federal Reserve Banks, and the portion of the aggregate that is payable by said FEDERAL RESERVE BANK shall be the difference between the dollar amount represented by such lesser percentage of salary and the regular retirement allowance payable at the attained age by said Retirement System.

This Agreement does not obligate the said MONROE KIMBREL to remain as an officer of the said FEDERAL RESERVE BANK, and does not constitute an Agreement by the said FEDERAL RESERVE BANK or the Board of Governors of the Federal Reserve System

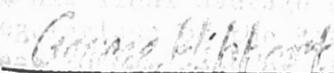
that he will continue in such capacity; it does not obligate the said FEDERAL RESERVE BANK to appoint, reappoint, or continue him as an officer, nor does it obligate the Board of Governors of the Federal Reserve System to approve his appointment or re-appointment or his compensation.

Witness our hands and seals this 11th day of June, 1969, executing this agreement in quadruplicate originals.

  
MONROE KIMBREL

FEDERAL RESERVE BANK OF ATLANTA  
By   
Chairman of the Board of Directors

Attest:

  
Secretary

The above Agreement has been approved by the Board of Governors of the Federal Reserve System and in witness thereof, the seal of the said Board is attached and its Secretary has affixed his signature. Dated at Washington, D. C., this 11th day of June, 1970.

  
Secretary

June 11, 1970.  
(Date)

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON, D. C. 20551

Item No. 5  
6/11/70

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

June 11, 1970.

CONFIDENTIAL (FR)

Dear Sir:

In light of the recent changes in the benefits of the Retirement Plan for employees and officers of the Federal Reserve System, the Board of Governors has reviewed the practice of guaranteeing minimum retirement incomes to Presidents of Federal Reserve Banks through the use of Supplemental Retirement Allowance Agreements and has concluded that such agreements made hereafter with future Bank Presidents should be modified in the following manner:

Starting with any President who assumes office after June 1, 1970, the guaranteed minimum retirement allowance should be based on 40 per cent of his final average salary (as defined in Section 2.15 of the Rules and Regulations of the Retirement System, as amended effective January 1, 1970), less 50 per cent of his primary Federal Old Age Insurance Benefits--such reduction to be prorated if the President has less than 30 years of creditable service.

Current Presidents of the Federal Reserve Banks who are not now covered by a Supplemental Retirement Allowance Agreement with the Board of Directors of their Banks may, at the discretion of the Board of Directors, be offered such an Agreement under the current practice, i.e., 40 per cent of final salary being paid to him at the time of his retirement.

All other conditions of the Agreements would remain unchanged.

The Board of Governors believes that with the stated changes, these Agreements will continue to provide an incentive for the recruitment of short-service Presidents.

A copy of this letter is being mailed to the President of your Bank.

Very truly yours,



Robert C. Holland,  
Secretary.

ALL CHAIRMEN OF THE BOARD OF DIRECTORS OF THE FEDERAL RESERVE BANKS