

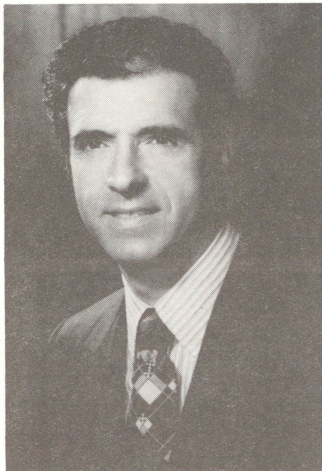
Federal Reserve Notes

FEDERAL RESERVE BANK OF SAN FRANCISCO

DECEMBER 1978

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JAN 5 1979



J. F. Alibrandi



C. C. Maier



R. A. Young



M. T. Stamper

ALIBRANDI AND MAIER HEAD BANK'S BOARD

The Federal Reserve Board of Governors last month reappointed Joseph F. Alibrandi and Cornell C. Maier as Chairman and Deputy Chairman of the Board of Directors of the Federal Reserve Bank of San Francisco. The one-year terms are effective January 1, 1979. The Board of Governors also reappointed Alibrandi as a director; his term had expired, while Maier's current term as director expires in 1980.

Alibrandi is president and chief executive officer of Los Angeles-based Whittaker Corporation. He received his bachelor of science degree in mechanical engineering from the Massachusetts Institute of Technology, and currently serves on MIT's Corporation Development Committee and the Sloan School of Management Visiting Committee.

Alibrandi is chairman of the Business Advisory Council at the University of California at Los Angeles, as well as a

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MEMBER BANKS ELECT YOUNG & STAMPER

Federal Reserve member banks in the San Francisco District elected Robert A. Young, and re-elected Malcolm T. Stamper, to the Board of Directors of the Federal Reserve Bank of San Francisco. Young was elected as a Class A Director, representing District member banks, and Stamper was elected as a Class B Director, representing nonfinancial interests in the District.

Young is chairman of the board and president of Northwest National Bank in Vancouver, Washington. A graduate of the University of Iowa, he joined Northwest National in his present position in 1966.

Young is currently chairman of the Policy Governing Council of Robert Morris Associates, and is a past national president of that organization. He also served as a director of the Washington Bankers Association, and was a member of the Commercial Loan Executive Committee of the American Bankers Association and the Comptroller of the Currency Advisory Council. He has received a num-

ber of special service awards from the Washington Bankers Association and Robert Morris Associates, and was the national winner of the Freedom Foundation Award in 1972.

Stamper is president of the Boeing Company. He attended the University of Richmond and Georgia Institute of Technology, where he earned a degree in electrical engineering. Later he attended the University of Michigan Law School.

Stamper joined Boeing as Manager of Electronics Operations, and was elected president in 1972. He is currently a director of the Boeing Company and the Nordstrom Company, as well as a trustee of the Seattle Art Museum. He is a past regional chairman and member of the Board of Directors of the National Alliance of Businessmen. Stamper has also served as chairman of the Board of Directors of this Bank's Seattle office, as well as director of the Washington State Savings Bond Committee and Washington State Boy Scouts of America Development Fund and as trustee for the Seattle Repertory Theatre. 🏛️

SUMMARY OF KEY FED DEVELOPMENTS

BOOK-ENTRY TREASURY BILLS

All new Treasury bills offered for sale after this month will be available only in book-entry form—that is, with computerized entries rather than actual paper securities. The last of the Treasury bills offered in physical form—\$100,000 bills—will be available only in the new form after December 31. By eliminating millions of pieces of paper and utilizing computer processing, the system reduces cost, enhances security, and improves operating efficiency. Over the past two years, processing of all T-bills have been converted to book-entry, except for securities of \$100,000 denomination issued to investors who were legally required to hold securities in physical form. The Treasury Department established a grace period to provide an opportunity for appropriate changes in any Federal, state, municipal or local laws or regulations that precluded holding or pledging book-entry securities. For further information, contact the Fiscal Department at any Federal Reserve office.

NOTICE FOR EXECUTIVE LOANS

The Board of Governors recently adopted an amendment to Regulation O (Loans to Executive Officers of Member Banks) specifying that a member bank's executive officer could not become indebted to the bank under a credit card, check credit or similar plan offering terms more favorable than those available to the general public. The amendment required immediate compliance—which however, could conflict with notice requirements under Truth in Lending and state laws in such states as Utah. To comply with notice requirements, a bank should give 15 days written notice of any change in loan terms. Technically, this would represent nonconformity with Regulation O, but banks will be considered to be in compliance as soon as they notify affected executive officers. For further information, contact the Reserve Bank's Law Department (415) 544-2254 or 544-2256.

UNIFORM COUNTRY-RISK PROCEDURE

The three Federal bank-regulatory agencies have adopted a uniform examination procedure for evaluating "country risk" factors involved in U.S. banks' international-lending activities. Country risk refers to factors within a nation that influence the timely repayment of debts to foreign lenders. Under the new system, examiners segregate country-risk factors from other lending-risk factors, dealing with them in a separate section of their examination reports. Commercial-credit risks for international loans will continue to be assessed on an individual loan basis, according to traditional standards of credit analysis. The new procedure emphasizes diversification of exposure as the primary method of moderating country risk in international portfolios. For further information, contact the Reserve Bank's Supervision, Regulation and Credit Department (415) 544-2266.

FOREIGN BANKING

The Board of Governors has amended Regulation K (Foreign Banking and Financing) pursuant to the recently-enacted International Banking Act. The Board removed the 10-percent minimum reserve requirement that had applied to the domestic deposits of Edge Act Corporations. (Edge Corporations are U.S. corporations established under the Federal Reserve Act to engage in foreign banking and finance.) With this recent change, they now become subject to the same reserve requirements on domestic deposits as member banks. In addition, the International Banking Act removed the limitations in the Edge Act which had prohibited foreign ownership of Edge Corporations and which required all directors to be U.S. citizens.

In a separate statement, the Board announced a coordinated effort by the Treasury Department and Federal banking authorities to implement other aspects of the International Banking Act, including the establishment of a uniform system of Federal examination for U.S. offices of foreign banks. The Board is now preparing regulations covering reserve and interest-rate requirements for branches and agencies of foreign banks. Other matters being addressed include the licensing of Federal branches and agencies, deposit insurance for foreign-bank branches, registration of foreign banks with the Federal Reserve, and registration of representative offices with the Treasury Department. For further information, call the Reserve Bank's Bank and Community Relations Department (415) 544-2352.

RESERVE-REQUIREMENT CHANGE

The Reserve Bank has mailed member banks a Supplement to Regulation D (Reserves of Member Banks), dealing with the 2-percent supplemental reserve requirement imposed primarily on time deposits of \$100,000 or more. This supplemental requirement, one of the dollar-supporting moves taken by the Federal Reserve and the Treasury last month, is designed to encourage member banks to decrease their reliance on domestic borrowing as a source of funds and to increase borrowing in the Eurodollar market. The rule went into effect on deposits outstanding beginning November 2, with reserves required to be maintained on these deposits on November 16. Along with the Supplement, the Reserve Bank sent all member banks a revised Regulation D pamphlet, as amended July 6, 1978, to replace an outdated 1972 pamphlet. For further information, contact the Reserve Bank's Accounting Department at (415) 544-2403.

REGULATORS ANNOUNCE CRA EXAM PROCEDURES

The major financial regulatory agencies last month announced uniform examination procedures to help financial institutions comply with the new Community Reinvestment Act (CRA). The Act, which went into effect November 6, requires the Federal Reserve System, the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank System to assess the marketing and lending records of financial institutions when evaluating applications for charters, deposit insurance, branches or mergers with other institutions.

Congress passed the Act as a means of encouraging financial institutions to meet the needs of their communities, including low- and moderate-income neighborhoods, consistent with safe and sound lending practices. CRA implementing regulations require each financial institution to delineate its community through the use of maps, to designate the types of credit it offers within that community, and to keep public files of comments received on its performance in meeting community credit needs.

The new examination procedures state that examiners normally should request only required bank records and other existing information, "since Congress did not intend to impose significant new reporting or record-keeping requirements on financial institutions." However, the guidelines said that "the scope of the review must always be sufficient for an adequate assessment."

The procedures also state that the examiners should adjust the CRA procedures "on a case-by-case basis to accommodate institutions that vary in size, expertise and locale. Community credit needs will often differ with the specific characteristics of each local community, and institutions may serve these local credit needs in a variety of ways. For example, the agencies would view favorably "housing-related extensions, participation in community-development

PORTLAND BRANCH TAPS THE SUN

The Reserve Bank's Portland Branch has installed a solar-heating unit that promises a significant reduction in the consumption of energy for water heating. According to Vice President Angelo Carella, officer in charge of the Portland Branch, the energy demand for that purpose dropped 10 percent in September, the first month of operation.

The project developed out of a recommendation by the Reserve Bank's task force on energy conservation, which is part of a government-wide effort to reduce energy usage.

"The Task Force felt that if solar heating could be used successfully in Portland with its less than ideal weather conditions, then other offices also would be able to convert from conventional heat to successful solar-heating installations," Carella said. "We determined that solar heating would be most useful in connection with cafeteria operations. This accounts for about 75 percent of the total hot water used in the building."

Portland's Building Department, under the direction of Jack Halley, Building Manager, designed the system, and Building Engineer Bob Lasher, was responsible for its installation. It consists of 10 solar panels totaling 180 square feet of collector surface. The collector system is connected to

programs, and small-business financing, including loans to small farms," in assessing how well an institution meets community-credit needs.

The guidelines stress that examiners "should maintain a balanced perspective in conducting a CRA examination. The examiner cannot normally conclude on the basis of any one factor that an institution is or is not helping to meet the credit needs of its local community... The procedures are designed to ensure that information from both the institution and the community are objectively reviewed and evaluated." ❧

a storage tank with a 200-gallon capacity.

A circulating pump moves the water from the storage tank through the collector panels at a rate of three gallons per minute. Then a mixing valve disperses the heated water into the building's hot-water system at the temperature needed for the cafeteria.

ALIBRANDI & MAIER

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director of UCLA's International Student Center. He is a member of the Board of Councilors of the School of Business Administration at the University of Southern California. Recently he assumed the chairmanship of the Los Angeles chapter of the French-American Chamber of Commerce.

Maier is president and chief executive officer of Kaiser Aluminum and Chemical Corporation. He graduated from the University of California with a bachelor of arts degree in electrical engineering.

Maier is a director and chairman of the Aluminum Association, the trade organization for that industry. He is a member of the national Business Roundtable and a director of the California Chamber of Commerce. Maier is also a director of the International Primary Aluminum Institute, the Bay Area Council, and the Oakland Council for Economic Development.

Alibrandi and Maier head a nine-person Reserve Bank board. In addition to the newly elected Young and Stamper, the board includes Frederick G. Larkin, Jr., Chairman of the Board and CEO of Security Pacific National Bank; Ole R. Mettler, President and Board Chairman of Farmers and Merchants Bank of Central California; Dorothy Wright Nelson, Dean and Professor of Law at the University of Southern California Law Center; Clair L. Peck, Chairman of the Board of C. L. Peck Contractor (Los Angeles); and H. R. Vaughan, Chairman, President and CEO of Knudsen Corporation (Los Angeles). ❧

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WELCOME TO THE DISTRICT—North Park Bank ...Utah Firstbank

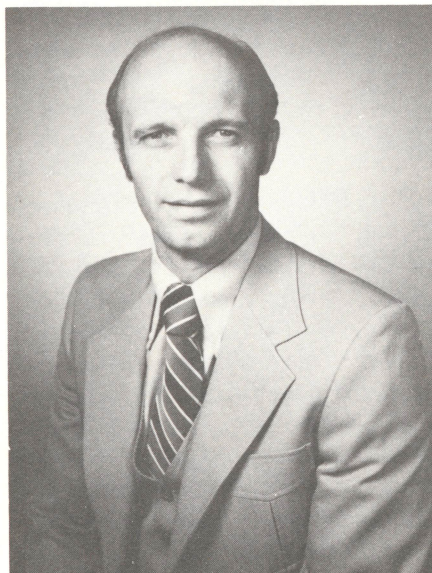
Two banks in the Salt Lake City area became member institutions of the Federal Reserve Bank of San Francisco in recent months. The two are North Park Bank of Commerce of Logan, Utah, and Utah Firstbank of Salt Lake City.

North Park Bank, incorporated in 1975, serves an area of Utah noted for its dairy industry. Heading the management team is President Mardell Nielsen, and the Chairman of the Board is Robert E. Skabelund. According to Nielsen, North Park joined the System "because of the many services which the Federal Reserve can offer a small bank."

Utah Firstbank also stressed Fed services as a reason for choosing membership status. The bank opened for business this fall as a state-chartered member bank. Harold E. Turley is President of Utah Firstbank, while Richmond D. Paul is Chairman of the Board. Paul is also President and Chairman of First Bancorporation, the holding company which owns the bank. 🐜



M. Nielsen



H. E. Turley

Federal Reserve Bank of San Francisco

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NEW CONSUMER CREDIT FILM

A new film that illustrates the rights of individuals under Federal consumer-credit laws and regulations can now be borrowed by commercial banks and other groups. Entitled *To Your Credit*, the 15-minute, 16mm color film was produced by the Federal Reserve Bank of Philadelphia. The film highlights the consumer protections afforded by the Truth in Lending, Equal Credit Opportunity, Fair Credit Billing, and Fair Credit Reporting Laws. Difficulties commonly encountered by consumers in the credit field are portrayed in a series of vignettes simulating real-life situations. Banks may find the film useful for training courses, especially in the field of consumer affairs. For further information, contact the Public Information Section at the Reserve Bank's San Francisco office—(415) 544-2184—or call the Bank and Public Relations Department at any of the Bank's other offices. 🐜