

Federal Reserve Notes

FEDERAL RESERVE BANK OF SAN FRANCISCO • January 1982

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NINE NEW DIRECTORS NAMED FOR S.F. FED

The Federal Reserve has named nine new directors for the four branch offices of the Federal Reserve Bank of San Francisco, including new chairmen at Los Angeles and Seattle. Each office has seven directors with staggered terms—four named by the Reserve Bank, and three (including the chairman) named by the Fed's Board of Governors.

Appointed to head the Federal Reserve's largest nationwide branch office at Los Angeles was Bruce M. Schwaegler, president of Bullock's-Bullocks Wilshire. He replaces Harvey A. Proctor, board chairman of Southern California Gas Company, who served on the Los Angeles Fed Board for seven years. An Iowa native and graduate of Iowa State and Duke universities and the Harvard Business School, Schwaegler is active in professional and civic organizations. He is chairman of the Los Angeles chapter of the American Red Cross, president of the Central City Association, vice president of the Los Angeles Area Chamber of Commerce and director of the California Retailers Association and Southern California Building Funds.

Seattle's new Fed chairman is John W. Ellis, president and chief executive officer of the Puget Sound Power & Light Company of Bellevue. Born in Seattle, Ellis heads an investor-owned electric utility serving 530,000 customers. He succeeds lumber executive George H. Weyerhaeuser, who has been named a director of the Fed's San

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SAN FRANCISCO RESERVE BANK BROADENS SCOPE OF OPERATIONS IN 1981

The Federal Reserve Bank of San Francisco operated in a new competitive environment during 1981, largely in response to the passage of the Depository Institutions Deregulation and Monetary Control Act of 1980 (MCA). Under this legislation, Congress promoted greater equity and improved monetary control by applying Federal Reserve reserve requirements to all depository institutions with transaction (check-type) accounts or nonpersonal time deposits. In addition, Congress promoted greater efficiency in financial markets by providing access to Federal Reserve services, at explicit prices, for those institutions now subject to reserve requirements.

Implementation of MCA

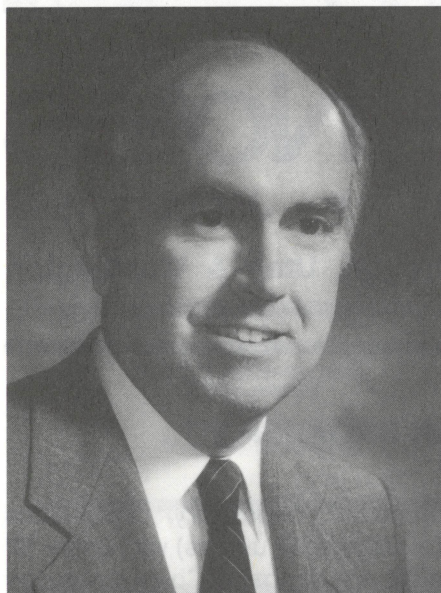
As a result of the enactment of MCA, the Reserve Bank's data-collection workload expanded significantly. Previously, the Bank collected deposit data on a weekly basis from only 147 member banks, but in November 1980 it implemented weekly reporting requirements for 996 institutions (primarily those with \$15 million or more in total deposits), and in January 1981, implemented quarterly reporting requirements for 783 smaller institutions (primarily those with \$2 million to \$15 million in deposits). Of the total, about 350 institutions currently are maintaining reserve accounts directly with the Reserve Bank. Several times during the year, the Fed's Board of Governors deferred reporting and reserve-maintenance requirements for non-

member depository institutions (mostly credit unions) with under \$2 million in deposits. Congress is now giving consideration to a permanent exemption for these smaller institutions.

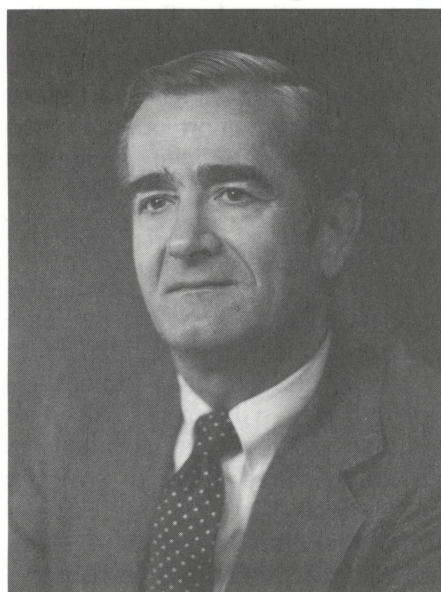
A number of operating departments began implementing open access and pricing for financial services on a phased-in basis during 1981. Implementation of pricing began for wire-transfer and net settlement services in January, for check and automated clearinghouse services in August, for securities handling in October, and for cash-transportation services in January 1982. Over the long run, revenues derived from providing these financial services are expected to cover all Federal Reserve costs in providing them, including an amount to reflect private-sector costs (such as taxes and capital costs) not incurred by the Federal Reserve.

In early 1980, the Reserve Bank established an MCA Policy Committee with responsibility for supervising implementation of the new legislation. The committee then organized a Pricing and Access Project Team with the responsibility of coordinating implementation of the Act's provisions on a district-wide basis. In June 1981, the Bank organized a new Financial Services Department for offering and pricing the various financial services provided by the Reserve Bank to financial institutions. The new department is responsible for price administration, customer relations,

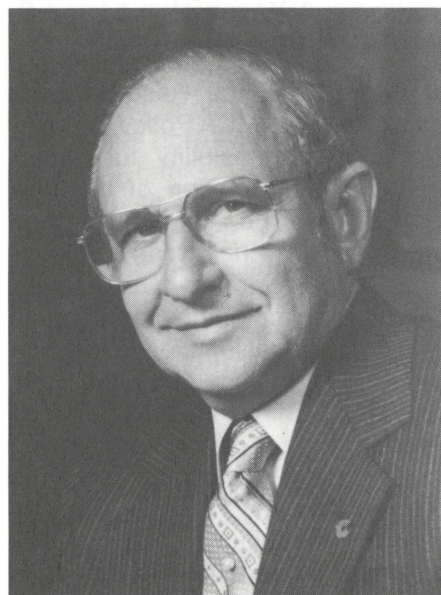
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Bruce Schwaegler



John Ellis



Robert Dockson

NEW DIRECTORS NAMED

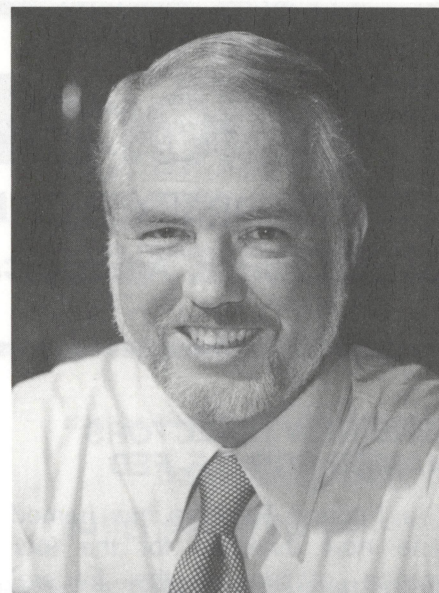
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Francisco head office. A law graduate of the University of Washington, Ellis serves as director of the Seattle Chamber of Commerce, United Way of King County, Overlake Hospital, the Northwest Energy Services Company, Puget Sound Power & Light and SAFECO Corporation.

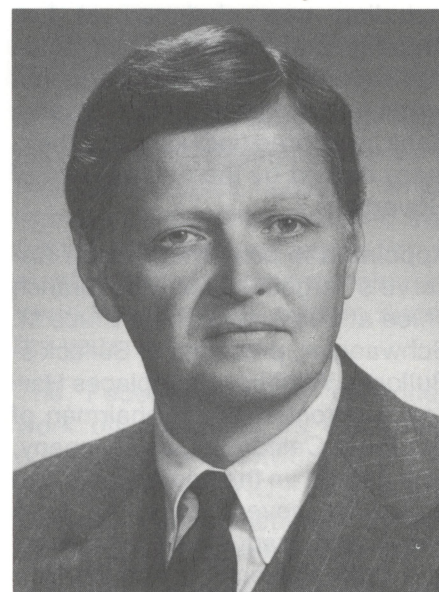
The other new directors are: Robert R. Dockson, chairman and chief executive officer, California Federal Savings & Loan Association, and William L. Tooley, Managing Partner, Tooley & Company Investment Builders (Los Angeles); John N. Nordstrom, co-chairman of the board, Nordstrom, Inc., and G. Robert Truex Jr., chairman, Rainier Bancorporation (Seattle); Carolyn S. Chambers, executive vice president/treasurer, Liberty Communications, Inc., and John A. Elorriaga, chairman and chief executive officer, United States National Bank of Oregon (Portland); and Lela M. Ence, executive director, University of Utah Alumni Association (Salt Lake City).

All of the new directors' terms are for three years, except for Tooley and Ellis, who are completing unexpired terms of other directors.

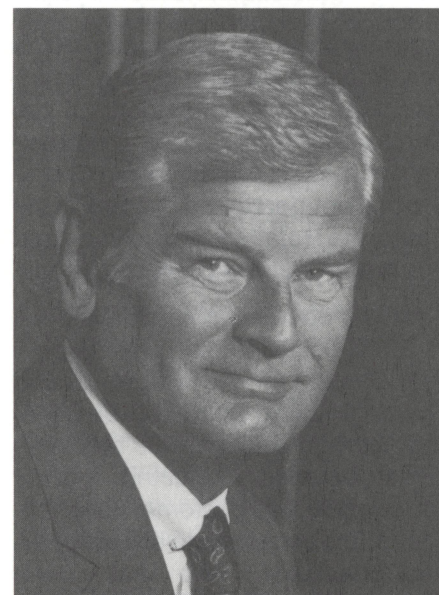
Dockson directs operations of America's largest federally chartered savings-and-loan association. The Los Angeles-based financial institution has assets in excess of \$6 billion and operates more than 100 offices throughout California. A native of Illinois, Dockson becomes the first representative of a thrift institution to serve on a Fed board in this district. Active in numerous business, civic and academic affairs, he served as chairman of the finance committee of the Los Angeles Bicentennial Committee last year and was a member of the Consumer Advisory Council of the Federal Reserve Board. He also has served on the legislative committee of the U.S. League of Savings Associations.



William Tooley



John Nordstrom



G. Robert Truex, Jr.

Tooley, a graduate of Stanford and Harvard universities, is an investment builder. His firm develops office buildings and industrial properties and currently manages approximately 2.5 million square feet of office space. A Phi Beta Kappa graduate of Stanford, Tooley is a trustee of Loyola Marymount University and serves as director of the Central City Association in Los Angeles, the National Realty Committee and the California Business Properties Association.

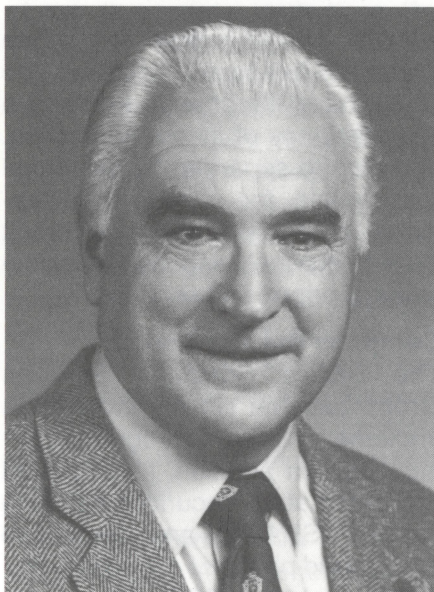
An accounting graduate of the University of Washington, Nordstrom is a Seattle native. Nordstrom, Inc. is involved in retail apparel and accessories for the entire family. Nordstrom serves as a director of the Puget Sound Power & Light Company and is a trustee of the Puget Sound Mutual Savings Bank.

Truex joined Rainier in 1973 from Bank of America, San Francisco, where he served for nearly eight years as executive vice president. Prior to that, he was a senior vice president at Irving Trust Company in New York. Truex is a director and executive committee member of National Airlines and a director of Virginia Mason Hospital and the Private Export Funding Corporation of New York. He also serves as a regent of Seattle University and a trustee of the Seattle Chamber of Commerce.

Ms. Chambers has been associated with Liberty Communications since 1960 and is currently serving as a director of the California Community Television Association and Oregon Cable Association. Also, she is president of McKenzie River Motors and vice president of R.A. Chambers and Associates. A native of Portland, she graduated from the University of Oregon with a bachelor of arts degree in business. Currently, Ms. Chambers serves on the board of trustees and executive committee of the University of Oregon Foundation. She also serves on the Alton Baker Park Committee and the Advisory Committee for the Eugene Hearing and Speech Center, and is a director of the Sacred



Carolyn Chambers



John Elorriaga



Lela Ence

Heart Medical Foundation Board and the Eugene Arts Foundation.

In January 1980, Elorriaga was selected by *Financial World* magazine as one of the three top banking CEOs of the year. The Oregon native also has received awards from the University of Oregon and University of Portland for "selfless community service." A business graduate of the University of Oregon, he earned a master's degree in business from the University of Pittsburgh and attended the Pacific Coast Banking School. He is a member of the International Monetary Conference, Association of Reserve City Bankers and the American Bankers Association. Among other civic functions, he serves as chairman of St. Vincent Hospital and Medical Center, on the advisory council of Boise State University's School of Business, and on the Board of Commissioners of the Port of Portland.

Mrs. Ence has been active in civic and business organizations in Salt Lake City for several years. She was named executive director of the Utah Alumni Association in 1970. A native of Salt Lake City, she is a director of Union Bank and serves on the Chamber of Commerce's Free Enterprise Committee and Women's Council. In addition, she is vice president of the Cottonwood Hospital Foundation and Intermountain Health Care Association. Mrs. Ence also is affiliated with the Utah Advertising Federation and the Council for the Advancement and Support of Education.

In other actions, publisher Wendell J. Ashton of Salt Lake City was re-appointed for another three-year term and designated to continue as board chairman at that branch. At Portland, John C. Hampton, chairman and president of Willamina Lumber Company, was designated to continue as chairman for 1982. 🏛️

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BANK OPERATIONS

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and the planning and development of additional Fed services. In addition, the Bank in 1981 established an MCA Advisory Group, consisting of twelve senior executives from all types of depository institutions, to provide a two-way channel between the Bank and the financial community regarding implementation of MCA programs and policies. This group met six times during the year with Bank officials.

Activity at the discount window increased sharply during 1981, largely as a result of the Monetary Control Act. Under MCA, all depository institutions having reservable transaction accounts or nonpersonal time deposits are entitled to the same borrowing privileges as member banks. Nearly 250 non-member institutions established relationships with the Twelfth District's discount window during the year, and 39 of those institutions (along with 65 member banks) exercised their borrowing privileges. While most of the borrowers used the discount window for short-term purposes, 15 member and non-member institutions borrowed to meet their seasonal or other longer-term liquidity needs.

In September, the Reserve Bank centralized the District's discount-

window administration at its San Francisco headquarters office. The Bank made the change to improve the efficiency of its credit function, and also to separate the personnel responsible for approving extensions of Federal Reserve credit from personnel responsible for the sales of priced Fed services.


Computer Developments

The Bank's Computer Services Group became closely involved in implementing MCA programs during 1981. In addition, it completed an automated securities-handling system (SHARE) and completed the second phase of a financial-statistics system (MIPE). The group also continued to work on an automated-billing system to accommodate the pricing of securities and cash transportation, and developed an automated management-reporting system to assist the Financial Services Department in analyzing prices, services, and product performance.

Culminating three years of cooperative developmental efforts, the Reserve Bank successfully implemented the SHARE securities-handling automation system at all five District offices. In addition, the Bank assisted the Kansas City, St. Louis, and Dallas Reserve Banks with their implementations of the system. The SHARE project, with San Francisco as the lead bank,

represents a major cooperative effort involving software development.

In another major effort, the Bank successfully implemented the MIPE financial-statistics system, which represents a highly advanced statistical data-reporting application. A number of current reports were converted to the MIPE system during the year.

The Federal Reserve continued work on upgrading its electronic-communications network in a project known as FRCS-80 (Federal Reserve Communications System for the '80s). The new system will be a general-purpose data-communications network, satisfying the Federal Reserve's internal-communications requirement for providing services to the financial community, the Treasury, and other government agencies. The system will improve the reliability and capacity of the Federal Reserve's communications operation, reduce the total cost of communications through a more efficient use of circuits, and increase the security of data moving within the Federal Reserve System. The computer power of FRCS-80 will be distributed among Federal Reserve offices, instead of revolving around a computerized hub as does the current Fed Wire. 

(Additional news on 1981 operations will appear in the next issue.)

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