

Upon call of the Governor, a special meeting of the Federal Reserve Board was held in the office of the Governor on Friday, November 4, 1927 at 2:50 p.m.

PRESENT: Governor Young
 Mr. Platt
 Mr. Hamlin
 Mr. James
 Mr. Cunningham
 Mr. Eddy, Secretary

PRESENT ALSO:

Mr. McClelland, Asst. Secretary
 Governor Talley) Federal Reserve
 Chairman Walsh) Bank of Dallas

Messrs. Talley and Walsh presented to the Board plans and specifications approved by the Building Committee of the Federal Reserve Bank of Dallas, for a two-story and basement building to be erected for the San Antonio Branch on the building site purchased by the bank under authority granted by the Board on April 18, 1927. They stated that bids have not yet been requested, but that in their opinion the building can be erected and equipped including vault, within the \$175,000 limit approved by the Board on April 18th, although they may possibly find it necessary to request the Board to exclude from that figure the cost of certain minor equipment and furnishings.

They stated that the plans and specifications were drawn by their local architect after an inspection of the Houston and El Paso Branches and at the head office and that they follow closely the arrangements of the existing buildings. With regard to the vault, it was stated that the construction will consist of twenty-six inches of masonry and steel, and that it is not the intention of the bank to install a vault lining, as a lining is believed unnecessary from a protective standpoint with the wall construction proposed and is not required in order to secure the same

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insurance rate as is granted on the vaults of the other buildings owned by the bank.

After discussion, Mr. James moved that the plans and specifications, as submitted, be approved by the Board and that the directors of the Federal Reserve Bank of Dallas be authorized to proceed with the securing of bids, final bids to be submitted to the Board for its approval.

Messrs. Talley and Walsh then withdrew from the room and Mr. James' motion was put to a vote and carried.

Messrs. Walsh and Talley then reentered the meeting and the Board discussed with them informally the action taken by the directors of the Federal Reserve Bank of Dallas at their meeting on October 7th, in voting that it shall be the policy of the Dallas bank to encourage accepting member banks in the Eleventh District to adopt the practice of selling their bills in the open market, rather than offering them to the Federal Reserve Bank of Dallas either directly or through another bank in the District, and in voting that it shall be the general policy in the Dallas bank when purchasing acceptances to give preference, when practicable, to early maturing bills.

The Governor reiterated the Board's opinion, which was transmitted in writing to Chairman Walsh, that the matter is one for determination by the directors of that bank, and that the Board believed that it would be unwise for the Dallas bank to make too abrupt a change in its policy.

Governor Talley advised the Board that the adoption of the policy referred to by the Dallas bank was believed necessary at this time in order to enable them to deal with one particular member bank which through an affiliated non-member trust company was selling its bills to the Federal Reserve Bank of Dallas under repurchase agreement without an effort to sell them in the market. He stated that the Federal Reserve bank was being careful to take no action

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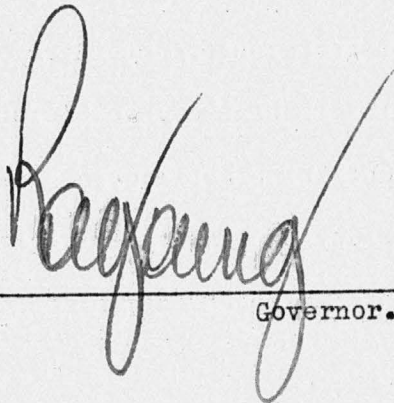
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that might interfere with the crop movement now under way in the Eleventh District, and that the general application of the policy would be handled in a careful and deliberate manner.

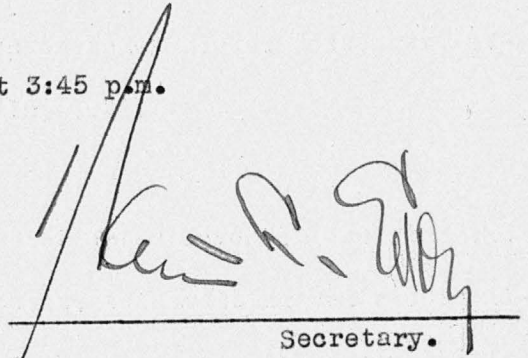
The Governor then announced that Chairman Newton and Deputy Governor Day of the Federal Reserve Bank of San Francisco, have requested an opportunity to appear before the Board next Wednesday, November 9th at 10:00 o'clock a.m.

He also stated that in view of the discussions which the Board has had with the Conferences of Governors and Federal Reserve Agents regarding the new regulations which have not as yet been acted upon by the Board, he would make the regulations in question special order of business for the meeting to be held on Monday, November 14th.

The meeting adjourned at 3:45 p.m.



Governor.



Secretary.

Approved: