

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Tuesday, December 29, 1953. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Szymczak, Acting Chairman
Mr. Evans
Mr. Vardaman
Mr. Mills
Mr. Robertson

Mr. Sherman, Assistant Secretary
Mr. Kenyon, Assistant Secretary
Mr. Thurston, Assistant to the Board
Mr. Leonard, Director, Division of
Bank Operations
Mr. Vest, General Counsel

Reference was made to a letter dated December 17, 1953, from Mr. Young, President of the Federal Reserve Bank of Chicago, prepared as the result of discussion at a meeting of the Bank's board of directors the previous day and suggesting (1) that negotiations be entered into with the United States Fidelity and Guaranty Company looking toward the purchase of that company's property which adjoins the Federal Reserve Bank building, (2) that consideration be given to the taking of leases, with option to purchase, or options on two other properties located in the same block to facilitate negotiations with the United States Fidelity and Guaranty Company, and (3) that, in addition to the possible purchase of the United States Fidelity and Guaranty Company property, consideration be given to the purchase of the other two properties for the use of the Reserve Bank. The proposal of the Chicago Bank, which would be in lieu of an earlier proposal to add four floors to the present head

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office building, contemplated the construction on the property owned by the United States Fidelity and Guaranty Company of a building which would be of the same height as the present head office building and integrated therewith. President Young requested that the Board grant the Reserve Bank full permission to explore the matter thoroughly, with authority to act as needed.

There was a general discussion of the Chicago building program and the various alternatives which might be followed, during which reference was made particularly to the exchange of views at the meeting of the Board on December 7, 1953, with Chairman Coleman and other representatives of the Reserve Bank. It was noted that President Young's letter of December 17 contained no indication as to whether the directors of the Reserve Bank had considered the question of establishing facilities or additional branches within the Seventh Federal Reserve District to reduce the volume of operations at the head office and the view was expressed that a study of that question should be undertaken before any final decision was made with respect to a building program at the head office.

Following a discussion of the response that might be made to President Young's letter, during which Governor Vardaman and Mr. Thurston withdrew from the meeting, it was suggested that a reply be drafted for further consideration by the Board. It was also suggested that in the meantime Governor Szymczak should talk with Chairman Coleman by telephone

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to ascertain what discussion of the building program took place at the directors' meeting on December 16 and, particularly, whether the directors had given consideration to the establishment of additional branches or facilities.

These suggestions were approved unanimously.

Mr. Leonard referred to the discussions at the meetings on November 6 and 27, 1953, and stated that if the Board so desired, the Division of Bank Operations was prepared to begin within the near future surveys of the several Federal Reserve districts to explore the need for changes in Reserve Bank and branch territories, including the need for additional branches. He said it was contemplated that the first survey would be of the area comprising the Seventh Federal Reserve District.

It was agreed that the surveys described by Mr. Leonard should be undertaken by the Division of Bank Operations.

The meeting then adjourned. During the day the following additional actions were taken by the Board with all of the members except Chairman Martin present:

Minutes of actions taken by the Board of Governors of the Federal Reserve System on December 28, 1953, were approved unanimously.

Telegram to Mr. Powell, President, Federal Reserve Bank of Minneapolis, reading as follows:

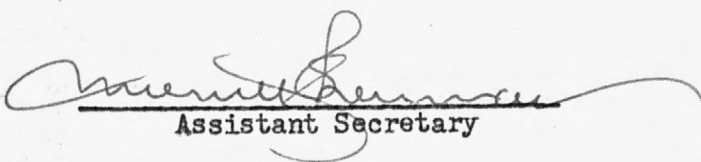
Reurtel December 24, Board approves setting up a valuation reserve of \$6,240 against industrial loan to

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Clear Lake Creamery and Produce, Clear Lake, South Dakota, subject to action by your directors or executive committee affirming action of discount committee on December 23.

Approved unanimously.


Assistant Secretary