

Minutes for December 7, 1960

To: Members of the Board

From: Office of the Secretary

Attached is a copy of the minutes of the Board of Governors of the Federal Reserve System on the above date.

It is not proposed to include a statement with respect to any of the entries in this set of minutes in the record of policy actions required to be maintained pursuant to section 10 of the Federal Reserve Act.

Should you have any question with regard to the minutes, it will be appreciated if you will advise the Secretary's Office. Otherwise, please initial below. If you were present at the meeting, your initials will indicate approval of the minutes. If you were not present, your initials will indicate only that you have seen the minutes.

Chm. Martin

me  
MS

Gov. Szymczak

\_\_\_\_\_

Gov. Mills

\_\_\_\_\_

Gov. Robertson

R  
\_\_\_\_\_

Gov. Balderston

ccs  
\_\_\_\_\_

Gov. Shepardson

SPS  
\_\_\_\_\_

Gov. King

mk  
\_\_\_\_\_

Minutes of the Board of Governors of the Federal Reserve System on  
 Wednesday, December 7, 1960. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman  
 Mr. Balderston, Vice Chairman 1/  
 Mr. Szymczak  
 Mr. Mills  
 Mr. Robertson  
 Mr. Shepardson  
 Mr. King

Mr. Sherman, Secretary  
 Mr. Kenyon, Assistant Secretary  
 Mr. Thomas, Adviser to the Board  
 Mr. Young, Adviser to the Board  
 Mr. Fauver, Assistant to the Board  
 Mr. Hackley, General Counsel  
 Mr. Noyes, Director, Division of  
 Research and Statistics  
 Mr. Farrell, Director, Division of Bank  
 Operations  
 Mr. Solomon, Director, Division of  
 Examinations  
 Mr. Hooff, Assistant General Counsel  
 Mr. Dembitz, Associate Adviser, Division  
 of Research and Statistics  
 Mr. Conkling, Assistant Director, Division  
 of Bank Operations  
 Mr. Nelson, Assistant Director, Division of  
 Examinations  
 Mr. Collier, Chief, Current Series Section,  
 Division of Bank Operations

Classification of cities for reserve purposes. After introductory  
 comments in which he indicated that the purpose of scheduling this subject  
 for discussion today was to permit a further expression of views in the  
 light of previous discussions by the Board and comments received from the  
 Federal Reserve Banks in reply to the Board's letter of August 23, 1960,  
 Chairman Martin turned to Governor Balderston, who said it was his present

1/ Withdrew from meeting at point indicated in minutes.

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view that the basic criterion for classifying cities as reserve cities should be total demand deposits and interbank balances. This represented a modification of the view he had expressed earlier, but he had been influenced by the thinking of the Board's staff and the Reserve Bank Presidents.

Continuing, Governor Balderston expressed the opinion that any member bank with a branch in a reserve city should be classified as a reserve city bank unless given permission to carry reduced reserves on the basis of a formula that he would suggest later. All Federal Reserve Bank branch cities would continue to be classified as reserve cities, even though all of the member banks therein might be granted permission to carry reduced reserves. Also, although he was not certain on this point, it appeared to him that the aggregate deposits of a branch banking system should be attributed to a single location, which location would be the bank's head office city except if the bank had an office in a Federal Reserve Bank or branch city. The purpose of this suggestion was to avoid classifying as reserve cities certain cities containing the head offices of large branch banking systems that were represented by branches in Federal Reserve Bank or branch cities.

After discussion of several questions with respect to attributing deposits of branch banking systems, Governor Balderston said that he was interested in keeping the number of additional reserve cities to a minimum and that he also would want to discourage a bank with a number of

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branches from shifting its head office in such manner as to affect the reserve classification of particular cities.

Governor Balderston went on to say that his current preference would be to place in the reserve city category any city (1) having a Federal Reserve Bank or branch, or (2) having one or two banks with aggregate demand deposits of \$350 million or more, or (3) having banks with total interbank deposits, calculated on a daily average basis, that would cause the city to be classified as a reserve city under the existing rule which was established in 1947. It appeared that the application of such criteria would result in adding six cities to the list of reserve cities, with Jackson, Mississippi, a borderline case.

Turning to criteria for granting permission to individual banks in reserve cities to carry reduced reserves, Governor Balderston said he would be willing to adopt a staff suggestion which contemplated that any bank with total demand deposits of less than \$100 million and interbank deposits of less than \$10 million would be eligible for consideration. This contemplated that the Board would take into consideration the character of the bank's business, as indicated by factors such as the rate of deposit turnover and competitive relationships.

Governor Balderston suggested that a rule such as he had in mind for the classification of cities could be stated alternatively in terms of defining as a reserve city any city whose banks, excluding those with

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demand deposits under \$100 million, had aggregate demand deposits of \$350 million or more.

There ensued discussion of questions raised by some of the assumptions underlying various facets of a plan such as Governor Balderston had presented, following which Mr. Thomas submitted for consideration alternative rules for the classification of reserve cities which would be cast in terms of the deposits of all member banks in a city and yet would produce the same results as a formula cast in terms of deposits of the one or two largest banks in a city. The alternatives suggested by Mr. Thomas were as follows:

Alternative A:

Any city in which:

1. There is a Federal Reserve Bank or branch.
2. All banks have gross deposits (demand and time) equal to  $1/3$  of one per cent or more of the national total of such deposits in all member banks. (A little less than \$600 million in July 1959)
3. All banks have balances due to banks equal to  $1/3$  of one per cent or more of the national total of such deposits in all member banks. (About \$43 million in July 1959)

Alternative B:

Any city in which:

1. There is a Federal Reserve Bank or branch.
2. All banks have total demand deposits equal to  $1/3$  of one per cent or more of the national total of such deposits in all member banks. (Over \$400 million in July 1959)

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3. All banks have balances due to banks equal to  $\frac{1}{3}$  of one per cent or more of the national total of such deposits in all member banks.  
(About \$43 million in July 1959)

In this connection, Mr. Thomas distributed a paper showing the effects of the alternative rules from the standpoint of nonreserve cities that would become reserve cities and present reserve cities that would become nonreserve cities. He also distributed copies of a list of non-reserve cities that would be near the borderline in terms of gross deposits, total demand deposits, and interbank deposits.

After discussion of the results of applying the alternative rules suggested by Mr. Thomas, Governor Balderston indicated that, as he understood alternative B, it would be agreeable to him. He assumed that the adoption of such a rule would contemplate a triennial review, as under the present rule, and this was verified by Mr. Thomas.

Mr. Thomas then described the effect of inclusion of a qualification based on interbank balances as one of the parts of the proposal. He also noted that the problem of exempting individual banks from the reserve city classification probably would involve difficulties no matter what rule might be adopted, for there would always be a question where to draw the line.

Governor Balderston commented that whatever rule might be adopted, he would favor giving banks in new reserve cities adequate time to make adjustments, and Mr. Thomas suggested that one year might be appropriate.

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For example, if the Board were to announce adoption of a rule in the near future, it might indicate that the rule would become effective in early 1962.

In reply to a question by Governor Robertson, Mr. Thomas stated reasons why his alternative rules were based on deposits of member banks rather than all banks, including the fact that otherwise the Board would have to try to obtain daily average figures from nonmember banks, a procedure concerning which he had reservations.

There ensued discussion of this question in terms of the effect upon the classification of cities at times in the future under various circumstances that might occur, during the course of which Governor Balderston withdrew from the meeting.

Governor Mills stated that he was impressed by the formula suggested by Mr. Thomas and that he would prefer alternative A. His only question was whether it was really necessary to give consideration to interbank deposits, for the size of a bank is generally related to its interbank deposits. He felt that a formula along the lines proposed by Mr. Thomas would be completely understandable. If such a formula should be adopted, it was his offhand opinion that the Board probably could proceed rather leisurely in determining how to declassify banks within cities of such overall size as to qualify as reserve cities.

Mr. Thomas commented on the number of cities of fairly substantial size that would be kept in the reserve city classification only if interbank

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deposits were a part of the formula, following which Governor Robertson expressed the view that the Board should be careful in establishing criteria to be sure that it was classifying cities and not banks. For this reason, he liked the approach of Mr. Thomas better than previous approaches. He also felt that in establishing a rule the Board should think solely in terms of demand deposits. With respect to exempting individual banks from the classification of reserve city banks, it seemed to him that the criteria ought to be divided into two parts. First, there would be a rule that would exempt banks up to a certain size automatically; then there would be a size area within which the Board would make a decision in its discretion in each individual case. In doing so, it would consider, among other things, competitive factors in the city where the applicant bank was located.

Governor Robertson then expressed the view that the principal factor in deciding what standards to use should be the matter of equity among banks. In checking quickly through some of the material that had been compiled by the staff at an earlier date, and subject to his making a more thorough review, he came out in his thinking to a dividing line for the classification of cities somewhere around \$300-\$350 million of total demand deposits rather than the \$400 million figure suggested by alternative B. A higher dividing line, he felt, might reflect a pre-conceived notion that the Board should do as little as possible in the way of reclassifying cities. He thought that the Board should do whatever



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was equitable rather than, in effect, pick out a few cities and set up a formula which would make them reserve cities. In summary, he felt that the current proposal was a good starting point for going back and reviewing all of the material that had previously been submitted to the Board.

Governor Shepardson said that he could go along well with alternative B. He recalled that in earlier discussions of the subject he had favored the use of demand deposits rather than total deposits, and he continued to feel that this was the better approach. He also felt that a good purpose was served by including a provision based on interbank deposits under either alternative; if there was any rationale in dividing reserve cities and nonreserve cities, this was one of the factors. In his opinion, a dividing line of \$400 million of demand deposits was about right, and he thought there was considerable merit in the argument that the shifting of cities from one classification to the other should be minimized. As he looked at the cities below \$400 million, he was inclined to question whether any of them should be classified as reserve cities.

Governor King recalled that in earlier discussions of the subject he had expressed a preference for the use of demand deposits. He had not been firm on that point, but at present he felt more definitely that demand deposits should be used. A formula such as suggested by Mr. Thomas appealed to him from the standpoint that it was based on a relationship of the deposits in a particular city to total demand deposits in all member

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banks and therefore was more flexible than a formula which established a particular dollar figure of deposits as a dividing line. On the matter of equity, he thought there was no way to develop a completely satisfactory solution; the problem was so complex that it was extremely difficult to arrive at any solution that would come close to providing equity for everyone. He also noted, with approval, that the proposal of Mr. Thomas would not bring into the reserve city classification at this time cities located in depressed areas. Furthermore, banks in certain borderline cities might be able to adjust their operations, if they so desired, to avoid having the city fall in the reserve city classification under a provision based on interbank deposits. For the various reasons that he had stated he would subscribe to alternative B, which he thought constituted a reasonable approach.

Governor Szymczak said that he would be inclined to accept a proposal such as presented by Mr. Thomas and that he would lean toward alternative B, although he did not think the choice was of vital importance and he could go along with alternative A. Time deposits were becoming money faster and faster, he suggested, and if the Board adopted alternative B originally it might change to alternative A at some later time. He felt that the essential problem was one of education. Therefore, he would suggest that the Board send a proposal such as presented by Mr. Thomas to the Federal Reserve Banks for comment, and after receiving such comments publish the proposal in the Federal Register to solicit views.

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Then, if the Board agreed on a rule, it could make an announcement in terms that the rule would become effective in 1962.

Governor Mills commented that he would like to mention an additional factor which led him to prefer alternative A. This was that when it came to declassifying individual banks, there might be instances where a bank would have a very substantial amount of time deposits. It would not seem logical to him to classify a bank as a country bank if it had, for example, \$150 million of gross deposits but only \$40 million of demand deposits. Such a bank would seem to deserve a reserve city classification because it would have a responsibility in the way of maintaining liquidity that extended to its time deposits as well as its demand deposits. Accordingly, he was inclined to believe that the Board could arrive at a procedure for declassification of individual banks that would be more simple and understandable in the eyes of member banks if it adopted alternative A for the classification of reserve cities.

During further discussion of his formula, Mr. Thomas brought out that the figure of one-third of one per cent of the national total of deposits of all member banks was not arrived at carelessly. Many factors had been taken into consideration, and this criterion was judged to be reasonable.

In reply to a question concerning the point that had been raised by Governor Mills, Mr. Thomas suggested that the Board could use its judgment as to what factors it wished to take into consideration in

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declassifying individual banks. He did not feel that it would be inconsistent, even if alternative B were adopted, to take into consideration the total deposits of an individual bank, along with various other factors that the Board might wish to consider but which could hardly be included in a formula.

In response to another question, Mr. Thomas said that the effect of adoption of either of his alternatives in terms of total reserves would be small.

Chairman Martin said that his general thinking was along the lines of alternative B. While he did not feel that the use of demand deposits was vital, he thought it was the better approach.

There followed additional comments with respect to procedure, during which it was pointed out that comments by banks and others might be more meaningful if any published proposal dealt with standards for the declassification of individual banks as well as the classification of reserve cities. In this connection, reference was made to the standards for the declassification of individual banks that had been referred to earlier by Governors Balderston and Robertson.

Mr. Hackley expressed the view that it would not necessarily be inconsistent to have standards for the classification of cities based on demand deposits and standards for the declassification of individual banks which took total deposits into consideration. He suggested the possibility

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of including in Regulation D, Reserves of Member Banks, a provision permitting automatic declassification of individual banks with demand deposits of less than a certain amount and total deposits of less than a certain amount, along with a provision that other applications would be considered on a case-by-case basis in the light of factors such as competitive relationships, the size of the bank, and the character of its business. He considered it desirable that provisions relating to the classification of cities and the declassification of individual banks both be incorporated in Regulation D.

Governor Robertson then suggested that the staff be requested to submit a package which the Board could consider at its meeting on Friday, December 9. Then, if the Board should reach agreement on a proposal, the Presidents of the Federal Reserve Banks could be asked to submit their views by December 19, after which the Board could, if it so desired, publish a proposal in the Federal Register, consider the comments received shortly after the turn of the year, and announce standards for the classification of cities, to become effective in early 1962, along with standards for the declassification of individual banks.

In further discussion, it was understood that the adoption of standards for the classification of cities would contemplate a triennial review, as under the present rule.

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Question was raised whether comments received from the Reserve Banks were likely to be substantially different from those received in response to the Board's letter of August 23, 1960, but it was agreed that even though there might not be any substantial change, the procedure of affording the Reserve Banks an opportunity to comment would be desirable.

Question also was raised, in the light of the suggestion of one Reserve Bank, whether the standards for declassifying individual banks should remain unpublished and serve simply as a general guide for internal purposes. On this point Mr. Hackley urged that something be included in Regulation D regarding standards for declassification of individual banks. He pointed out that the 1959 Act of Congress did not change the law regarding the classification of cities (as to which there had been no standards in the law). As to declassification of individual banks, however, the Act contemplated that by regulation, or through consideration on a case-by-case basis, the Board would recognize the character of a bank's business. The testimony concerning this legislation seemed to contemplate that the Board would develop certain criteria, and Mr. Hackley felt that the Board could avoid getting itself in a box if Regulation D provided for automatic declassification in clear cases and then provided for consideration of cases of a borderline nature in accordance with certain general criteria set forth in the Regulation.

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Expressions by members of the Board indicated agreement with the point of view expressed by Mr. Hackley.

It was then agreed to proceed along the lines that had been suggested by Governor Robertson, and the staff was requested to submit pertinent material that the Board could consider on Friday, December 9.

Items circulated or distributed to the Board. The following items, which had been circulated or distributed to the Board and copies of which are attached to these minutes under the respective item numbers indicated, were approved unanimously:

	<u>Item No.</u>
Letter to The Hanover Bank, New York, New York, approving an extension of time to establish a branch at 350 Park Avenue.	1
Letter to The Commercial National Bank of Pensacola, Pensacola, Florida, approving its application for a specific fiduciary power.	2
Letter to Ida County State Bank, Ida Grove, Iowa, approving an extension of time to terminate membership in the Federal Reserve System.	3
Letter to Farmers and Merchants Bank, Huron, South Dakota, approving the establishment of a branch at Hitchcock.	4
Letter to Minatare State Bank, Minatare, Nebraska, approving its application for membership in the Federal Reserve System, with no objection interposed to a proposal to move the bank to Gering, Nebraska.	5
Letter to the Presidents of all Federal Reserve Banks advising of approval of a revised Loss Sharing Agreement, to be effective when executed counterparts have been received from all of the Reserve Banks.	6

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Item No.

Telegram to the Federal Reserve Agent at the Federal Reserve Bank of Boston authorizing issuance to Bay-state Corporation, Boston, Massachusetts, of a general voting permit entitling it to vote its stock of Manufacturers National Bank of North Attleborough, North Attleboro, Massachusetts.

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With respect to the application of Minatare State Bank (Item No. 5), Governor Robertson commented that earlier the Comptroller of the Currency had refused to permit the applicant bank, then a national bank, to move from Minatare to Gering, Nebraska. Subsequently, after the bank had converted to a State bank, the State authorities approved such a proposal. At one point there was some feeling on the part of the Federal Reserve Bank of Kansas City that the current application should be declined because of the history of the case. However, Governor Robertson felt that approval of the membership application was appropriate.

The meeting then adjourned.

Secretary\*s Notes: Pursuant to recommendations contained in memoranda from appropriate individuals concerned, Governor Shepardson approved on behalf of the Board on December 6, 1960, the following items relating to the Board\*s staff:

Transfer

Cora Lee Hatch, from the position of Senior Records Clerk in the Office of the Secretary to the position of Legal File Clerk in the Legal Division, with no change in her basic annual salary at the rate of \$5,335, effective December 11, 1960.



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Salary increases, effective December 11, 1960

## Division of Administrative Services:

Eva M. Brown, Baker, from \$4,340 to \$4,445 per annum.  
 Pearl Jones, Cook, from \$4,340 to \$4,445 per annum.  
 Winnie L. Tull, Junior Supervisor, Cafeteria, from  
 \$4,340 to \$4,445 per annum.

Pursuant to recommendations contained in memoranda from appropriate individuals concerned, Governor Shepardson today approved on behalf of the Board increases in the basic annual salaries of the following persons on the Board's staff in the amounts indicated, effective December 11, 1960:

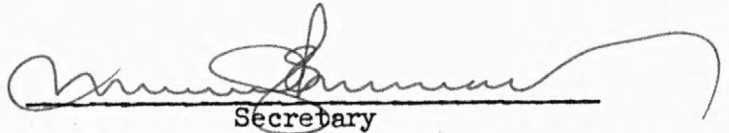
<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>	
		<u>From</u>	<u>To</u>
<u>Office of the Secretary</u>			
Mary Jane Heiss, Administrative Assistant		\$ 5,325	\$ 5,520
<u>Research and Statistics</u>			
Ramsay Wood, Senior Economist		13,730	14,055
<u>International Finance</u>			
Harriet D. Berger, Secretary		4,345	4,510
<u>Bank Operations</u>			
Mary Malinchock, Statistical Clerk		5,005	5,170
P. D. Ring, Technical Assistant		8,860	9,215
John D. Smith, Technical Assistant		8,860	9,215
<u>Examinations</u>			
Att W. Hammons, Jr., Assistant Federal Reserve Examiner		7,095	7,260

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Salary increases, effective December 11, 1960 (continued)

<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>	
		<u>From</u>	<u>To</u>
<u>Office of the Controller</u>			
Eunice M. Boyd, Secretary		\$5,490	\$5,655
<u>Administrative Services</u>			
Paul L. Tedrow, Guard		3,605	3,710



Secretary

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON 25, D. C.

Item No. 1  
12/7/60

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

December 7, 1960

Board of Directors,  
The Hanover Bank,  
New York, New York.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of New York, the Board of Governors of the Federal Reserve System extends to December 17, 1961, the time within which The Hanover Bank, New York, New York, may establish a branch at 350 Park Avenue, New York, New York.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,  
Assistant Secretary.

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON 25, D. C.

Item No. 2  
12/7/60



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

December 7, 1960

Board of Directors,  
The Commercial National Bank  
of Pensacola,  
Pensacola, Florida.

Gentlemen:

The Board of Governors of the Federal Reserve System has given consideration to your application for a specific fiduciary power and grants The Commercial National Bank of Pensacola authority to act, when not in contravention of State or local law, as trustee for City of Pensacola, Florida, deposits relating to General Operating Monies, Sinking Funds, Excise and Utility Tax and Revenue Bonds. The exercise of such rights shall be subject to the provisions of Section 11(k) of the Federal Reserve Act and Regulation F of the Board of Governors of the Federal Reserve System.

A certificate covering such authorization is enclosed.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.

Enclosure

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON

December 7, 1960

Pursuant to authority vested in the Board of Governors of the Federal Reserve System by the Act of Congress approved December 23, 1913, known as the Federal Reserve Act, as amended,

THE COMMERCIAL NATIONAL BANK OF PENSACOLA,  
Pensacola, Florida,

has been granted the right to act, when not in contravention of State or local law, as

Trustee for City of Pensacola, Florida, deposits relating to General Operating Monies, Sinking Funds, Excise and Utility Tax and Revenue Bonds.

The exercise of such right shall be subject to regulations prescribed by the Board of Governors of the Federal Reserve System.

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

(SEAL)

By (Signed) Elizabeth L. Carmichael  
Assistant Secretary

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON 25, D. C.

Item No. 3  
12/7/60

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

December 7, 1960



Board of Directors,  
Ida County State Bank,  
Ida Grove, Iowa.

Gentlemen:

In accordance with your request submitted through the Federal Reserve Bank of Chicago, the Board of Governors of the Federal Reserve System extends until June 8, 1961, the time within which your institution may accomplish termination of membership in the Federal Reserve System.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,  
Assistant Secretary.

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON 25, D. C.

Item No. 4  
12/7/60

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

December 7, 1960



Board of Directors,  
Farmers and Merchants Bank,  
Huron, South Dakota.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Minneapolis, the Board of Governors of the Federal Reserve System approves the establishment of a branch at Hitchcock, South Dakota, by Farmers and Merchants Bank, provided the branch is established within six months from the date of this letter.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,  
Assistant Secretary.

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON 25, D. C.

Item No. 5  
12/7/60

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

December 7, 1960

Board of Directors,  
Minatare State Bank,  
Minatare, Nebraska.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the application of Minatare State Bank, Minatare, Nebraska, for stock in the Federal Reserve Bank of Kansas City, subject to the numbered conditions hereinafter set forth:

1. Such bank at all times shall conduct its business and exercise its powers with due regard to the safety of its depositors, and, except with the permission of the Board of Governors of the Federal Reserve System, such bank shall not cause or permit any change to be made in the general character of its business or in the scope of the corporate powers exercised by it at the time of admission to membership.
2. The net capital and surplus funds of such bank shall be adequate in relation to the character and condition of its assets and to its deposit liabilities and other corporate responsibilities.

In connection with the foregoing conditions of membership, particular attention is called to the provisions of the Board's Regulation H, regarding membership of State banking institutions in the Federal Reserve System, with especial reference to Section 7 thereof. A copy of the regulation is enclosed.

If at any time a change in or amendment to the bank's charter is made, the bank should advise the Federal Reserve Bank, furnishing copies of any documents involved, in order that it may be determined whether such change affects in any way the bank's status as a member of the Federal Reserve System. In this connection it is noted that the bank plans to move from Minatare to Gering, Nebraska. The Board of Governors interposes no objection to such change in location.



Minatare State Bank

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Acceptance of the conditions of membership contained in this letter should be evidenced by a resolution adopted by the board of directors and spread upon its minutes, and a certified copy of such resolution should be filed with the Federal Reserve Bank. Arrangements will thereupon be made to accept payment for an appropriate amount of Federal Reserve Bank stock, to accept the deposit of the required reserve balance, and to issue the appropriate amount of Federal Reserve Bank stock to the bank.

The time within which admission to membership in the Federal Reserve System in the manner described may be accomplished is limited to 30 days from the date of this letter, unless the bank applies to the Board and obtains an extension of time. When the Board is advised that all of the requirements have been complied with and that the appropriate amount of Federal Reserve Bank stock has been issued to the bank, the Board will forward to the bank a formal certificate of membership in the Federal Reserve System.

The Board of Governors sincerely hopes that you will find membership in the System beneficial and your relations with the Reserve Bank pleasant. The officers of the Federal Reserve Bank will be glad to assist you in establishing your relationships with the Federal Reserve System and at any time to discuss with representatives of your bank means for making the services of the System most useful to you.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.

Enclosure

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON 25, D. C.

Item No. 6  
12/7/60

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD



December 7, 1960.

Dear Sir:

Enclosed are two copies of the Loss Sharing Agreement revised, as proposed by the Conference of Presidents, which proposal was approved by the Board of Governors, to provide (1) that each loss of a Reserve Bank up to \$100,000 be absorbed without distribution, and (2) that all distributable losses be shared on a surplus relationship basis, as provided in Section 6(B).

The revised Loss Sharing Agreement also contains the amendments to Section 7 thereof made by the separately printed Amendment, effective September 13, 1960.

The Board of Governors has approved the Agreement as revised. After the enclosed copies of the revised Agreement have been executed by your Bank, one of the duly executed counterpart originals should be forwarded to the Board. When executed counterparts have been received from all Federal Reserve Banks, the Board will notify your Bank by telegram, and as provided in Section 17 the revised Agreement will become effective as of the date of such notice.

Very truly yours,

Merritt Sherman,  
Secretary.

Enclosures 2

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS

T E L E G R A M  
LEASED WIRE SERVICEItem No. 7  
12/7/60BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON

December 7, 1960

SPRAGUE - BOSTON

KEBJE

- A. Baystate Corporation, Boston, Massachusetts.
- B. Manufacturers National Bank of North Attleborough,  
North Attleboro, Massachusetts.
- C. Prior to the issuance of permit authorized herein,  
applicant shall execute and deliver to you in duplicate  
an agreement in form accompanying Board's letter S-964  
(F.R.L.S. #7190).

(Signed) Elizabeth L. Carmichael  
CARMICHAEL

Definition of KEBJE

The Board authorizes the issuance of a general voting permit, under the provisions of section 5144 of the Revised Statutes of the United States, to the holding company affiliate named below after the letter "A", entitling such organization to vote the stock which it owns or controls of the bank(s) named below after the letter "B" at all meetings of shareholders of such bank(s), subject to the condition(s) stated below after the letter "C". The period within which a permit may be issued pursuant to this authorization is limited to thirty days from the date of this telegram unless an extension of time is granted by the Board. Please proceed in accordance with the instructions contained in the Board's letter of March 10, 1947, (S-964).