Minutes for December 10, 1964

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 _____

Gov. Mills _____

Gov. Robertson _____

Gov. Balderston _____

Gov. Shepardson _____

Gov. Mitchell _____

Gov. Daane _____

Minutes of the Board of Governors of the Federal Reserve System on Thursday, December 10, 1964. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman 1/
Mr. Balderston, Vice Chairman
Mr. Mills
Mr. Robertson
Mr. Shepardson
Mr. Mitchell
Mr. Daane

Mr. Sherman, Secretary
Mr. Broida, Assistant Secretary
Mr. Young, Adviser to the Board and Director, Division of International Finance
Mr. Molony, Assistant to the Board
Mr. Cardon, Legislative Counsel
Mr. Fauver, Assistant to the Board
Mr. Hackley, General Counsel
Mr. Brill, Director, Division of Research and Statistics
Mr. Solomon, Director, Division of Examinations
Mr. Kakalec, Controller
Mr. Holland, Associate Director, Division of Research and Statistics
Mr. Sammons, Adviser, Division of International Finance
Mr. Irvine, Associate Adviser, Division of International Finance
Mr. Kiley, Assistant Director, Division of Bank Operations
Mr. Leavitt, Assistant Director, Division of Examinations
Mr. Smith, Assistant Director, Division of Examinations
Mr. Sprecher, Assistant Director, Division of Personnel Administration
Mr. Bass, Assistant Controller
Mrs. Semia, Technical Assistant, Office of the Secretary
Miss Hart, Senior Attorney, Legal Division
Mr. Via, Senior Attorney, Legal Division
Mr. Egertson, Supervisory Review Examiner, Division of Examinations

1/ Joined meeting at point indicated in minutes.

Mr. McClintock, Supervisory Review Examiner,
Division of Examinations
Miss McShane, Assistant Review Examiner,
Division of Examinations

Colombian gold loan (Item No. 1). At the meeting on December 2, 1964, Mr. Young reported on negotiations that were under way in connection with a request by Banco de la Republica (Colombia) for a loan on gold of $30 million for a period of 180 days. His report was preliminary; additional information was to be obtained before the matter would be submitted to the Board for decision.

There had now been distributed a memorandum from Mr. Sammons dated December 8, 1964, stating that the Federal Reserve Bank of New York had authorized, subject to approval by the Board of Governors, a $30 million loan for three months rather than for 180 days. It was anticipated that a renewal for three months might be requested, in which event the subject would again be reviewed. Banco de la Republica based its request on the need to avoid lowering the level of Colombia's gross international reserves, which would be detrimental to efforts to maintain exchange stability. The immediate need for the loan had arisen from delays in the disbursement of a $45 million balance-of-payments loan by the Agency for International Development that had been authorized in June 1964. The delay was occasioned by the Agency's efforts to get the Colombian Government to meet certain conditions, to which the Colombians had been slow in responding.

However, it appeared that this delay was not the sole reason for Colombia's current difficulties; other contributing circumstances, which were set out in the memorandum, related to export volume, exchange rates, and expectations that the Colombian peso would be devalued. Attached to the memorandum was a draft of telegram to the Federal Reserve Bank of New York that would grant the Board's approval of a loan on the terms described in the Reserve Bank's telegram of December 7, 1964.

At the Board's request Mr. Irvine commented on the circumstances underlying the loan request. The delay in disbursing the proceeds of the loan to Colombia by the Agency for International Development arose because the Colombian exchange rate was under heavy pressure, and the country was resisting suggestions that its currency be devalued. Colombia would probably lose a considerable amount of foreign exchange until the exchange rate was corrected but claimed that devaluation involved too much political risk. It was understood that the State Department felt that in another month or so Colombia would be more favorably disposed toward devaluation.

Mr. Young added that the recommendation of the Division of International Finance was that the Board approve the requested loan on gold.

Governor Mills stated that he would approve, although he thought the Board had departed substantially, and not in a good

direction, from the principles it had laid down to judge justification for gold loans. On the other hand, it would be difficult to deny Colombia's application in view of the facts that the loan would be fully secured, that the Agency for International Development, the Export-Import Bank, or other agencies of the Government had repeatedly sustained the faltering steps of various foreign countries, and that Colombia had been given reason to expect that it would be given assistance directly from the Treasury in some form or other. He did not believe it was possible to apply sound credit principles in considering gold loan requests under such circumstances; instead, it was necessary to place reliance on the protection afforded by the deposit of gold.

The other members of the Board also indicated that they would approve.

Governor Mitchell remarked that he did not believe it was the function of the System to put pressure of the type described on the Colombians when they asked for a loan secured by gold. He understood why they did not wish to sell their gold and, in his opinion, the Department of State and other agencies should not depend on the System for a "tiding over" operation such as this.

The telegram to the Federal Reserve Bank of New York was approved unanimously. A copy is attached as Item No. 1.

Philippine gold loan (Item No. 2). There had been distributed a memorandum dated December 8, 1964, in which Mr. Young recommended that the Board approve a request from Central Bank of the Philippines for a loan on gold of $15 million for three months. The Bank stated that the loan was needed because of urgent foreign exchange commitments arising from heavy seasonal demands and from current speculation against the Philippine peso. The memorandum and an attached memorandum from the Federal Reserve Bank of New York contained analyses of various circumstances bearing on the request. Also attached was a draft of telegram to the Federal Reserve Bank of New York that would grant the Board's approval.

During the discussion that followed summary comments by Mr. Sammons, Governor Mills asked if it was known why the Philippine authorities chose to borrow on gold rather than to use their privilege of drawing from the International Monetary Fund. Mr. Irvine replied that the explanation might lie in the fact that a Fund drawing would be public knowledge, whereas a gold loan would be a confidential transaction.

The telegram to the New York Reserve Bank was approved unanimously. A copy is attached as Item No. 2.

Travel regulations (Item No. 3). There had been distributed a memorandum dated December 9, 1964, from the Office of the Controller recommending that the Board's travel regulations be amended to provide

that, when for personal reasons a privately-owned automobile is used for official travel, the mileage allowance be calculated by comparison with the cost of (1) air travel and (2) railroad travel, in that order. The memorandum discussed the reasons for the recommendation, the principal of which was that air travel facilities had continued to expand while rail facilities had decreased in recent years to the point where, in increasing instances, they were either lacking or did not meet the reasonable needs of the traveler. The present terms of the regulations, which called for comparison only with the cost of railroad travel, therefore presented both practical and administrative difficulties.

After explanatory comments by Messrs. Kakalec and Bass, and questions by members of the Board to which the staff responded, the recommendation was approved unanimously. A copy of the memorandum, in which the specific terms of the amendment are set out, is attached as Item No. 3.

Messrs. Kakalec, Sammons, Irvine, Kiley, Smith, and Bass then withdrew from the meeting.

Application of Wells Fargo Bank. There had been distributed a memorandum dated December 7, 1964, and other pertinent papers relating to the application of Wells Fargo Bank, San Francisco, California, to merge with Bank of Amador County, Jackson, California. The Division recommended approval.

At the Board's request, Mr. Egertson summarized the principal considerations involved, after which the members of the Board stated their positions.

Governor Mills said that he would approve for the reasons given by the Division in support of its recommendation. He knew the area of Jackson well and believed that the public stood to benefit from having available an aggressive and effective bank in addition to offices of Bank of America National Trust and Savings Association.

Governor Robertson stated that he would disapprove. He thought the remarks of the Department of Justice with respect to concentration and the elimination of the smaller institution were not to be controverted. (The Department had stated that ". . . it will add to and intensify the already overly concentrated California banking market. In addition, because it will obliterate another independent bank, it will reduce the possibility of eventual deconcentration. On the basis of the above, it is our opinion that the proposed acquisition would have substantially adverse competitive effects.") Governor Robertson regarded the proposal as simply an inching up on the elimination of independent banks in California, and he did not believe that the claimed benefits resulted in sufficient offset. If additional competition was needed for the Amador County offices of Bank of America, Wells Fargo could go into the

area with a de novo branch. Nor did he consider the claimed benefit of providing Bank of Amador County with needed management succession a valid reason for the merger. To give weight to such a situation would encourage small institutions to fail to develop adequate management continuity. Also, the premium being offered signified to him a desire by Wells Fargo to get into the area faster than it could by a de novo branch.

Governor Shepardson indicated that he would approve on the basis advanced by the Division. As to the concentration of banking resources in California, the Division's memorandum mentioned that the number of new banks established in the State in recent years had to some extent reversed the concentration of offices of the large branch systems. This suggested that where there had been interest in and need for an independent bank, one had been established.

Governor Mitchell said that he would approve. He did not see that there would be a definitely adverse effect on the public interest, and the proposed merger reflected Wells Fargo's corporate policy. Not that he was anxious to see banks grow by merger: he thought that in general they should achieve their size through growth and de novo branches. Also, he did not like the weight the Division had given to the management factor as a reason for this merger, and he felt that the premium being paid was significant.

For the bank to command that price, and for Wells Fargo to be willing to pay it, indicated that both buyer and seller realized that the bank had a potential. Strong affirmative arguments for approval had not been presented. An important consideration was how the public interest would be affected. The record did show that the bank was not performing as effectively as its competitor, and on balance he would approve the application because he felt the public would benefit.

Governor Daane stated that he would approve for the reasons cited by the Division. He felt that the public interest would be served, rather than that the case was neutral in this respect. He also felt that there was some validity in the management argument -- that there was some doubt as to the ability of an institution such as Bank of Amador County to obtain competent management succession. While he would not weight the management factor so heavily as to let it be the deciding argument, he believed it had at least some relevance.

Chairman Martin joined the meeting at this point, and Governor Balderston reviewed for him the status of the matter, after which both Governor Balderston and Chairman Martin indicated that they would approve for the reasons cited in the Division's memorandum and on the grounds that banking services in the area would be bettered by the merger.

The application of Wells Fargo Bank to merge with Bank of Amador County was thereupon approved, Governor Robertson dissenting. It was understood that the Legal Division would prepare for the Board's consideration a draft of order and statement reflecting this decision, and that a statement reflecting Governor Robertson's dissent also would be prepared.

Messrs. Solomon, Leavitt, Via, Egertson, and McClintock, and Misses Hart and McShane then withdrew from the meeting.

Policy record: Federal Open Market Committee. There had been distributed a memorandum dated November 20, 1964, from Mr. Broida, to which were attached drafts of entries for the record of policy actions of the Federal Open Market Committee covering meetings held on January 7 and 28, February 11, March 3 and 24, April 14, May 5 and 26, June 17, and July 7 and 28, 1964. The entries had been revised to take account of the comments received from Committee members and staff following distribution of preliminary draft entries. The suggestions for changes had been primarily of an editorial nature, and no question of importance had been raised with respect to the content of any of the entries. Thus the entries were in form for authorization, if the Board was so disposed, for inclusion in the Board's Annual Report for 1964. It had not been customary to submit revised drafts of the Open Market Committee's policy record to the Reserve Bank Presidents for additional comments. However, if the

entries were in a form agreeable to the Board, Mr. Broida suggested the desirability of transmitting copies to the Reserve Bank Presidents for their information, with a note indicating that the Board had authorized inclusion of the entries in its Annual Report.

There had also been distributed a memorandum dated November 24, 1964, from Mr. Broida, submitting drafts of entries for the record of policy actions of the Federal Open Market Committee covering meetings held on August 18 and September 8 and 29, 1964. These entries, like the ones that had accompanied his memorandum of November 20, were in form for authorization by the Board for inclusion in its Annual Report for 1964.

By unanimous vote, the Board authorized publication in its Annual Report of the entries submitted by Mr. Broida covering policy actions of the Federal Open Market Committee at its meetings from January 7 through September 29, 1964.

At this point all of the members of the staff except Mr. Sherman withdrew from the meeting.

Succession at Atlanta Bank (Item No. 4). Chairman Martin stated that he had had a further telephone conversation with Chairman Tarver of the Atlanta Bank regarding the selection of a possible successor to Mr. Bryan as President when he retired at the beginning of 1966. Chairman Tarver reported that Mr. Kimbrel had expressed a willingness to get rid of the bank stock that had been

discussed during the session on the afternoon of December 4 and that the directors of the Bank felt that this would enable them to proceed with an arrangement under which Mr. Kimbrel would become Senior Vice President of the Atlanta Bank about the middle of 1965, but no later than September of that year, with the understanding that if he and the Bank were satisfied he would be made President in 1968. The latter was clearly tentative, Chairman Tarver had reported, since there was no binding assurance proposed for Mr. Kimbrel at this time.

Chairman Martin went on to say that one reason Mr. Tarver had called him was that they wanted to make certain that the Board would have no objection to appointing Mr. Patterson as President to succeed Mr. Bryan when the latter retired at the beginning of 1966. This was an essential part of their plan, which had been fully discussed with those concerned. All were in agreement that this would make an appropriate transition. However, Mr. Tarver and the other directors had been somewhat disturbed by remarks made at the meeting with the members of the Board on the afternoon of December 4 expressing doubt as to whether Mr. Patterson should serve as President between the time of Mr. Bryan's retirement and Mr. Patterson's attainment of age 65 in May 1968.

Governor Robertson stated that he was not happy with the arrangement proposed and that he felt the Atlanta Bank might have

done a better job in arranging for succession to the presidency at that Bank. However, he did not feel so strongly that he would disapprove the arrangement. He wished to have it made clear, however, that in going along at this time the Board was not committed to approving Mr. Kimbrel as President at a later date in the event developments did not seem to warrant such approval.

Chairman Martin stated that this point had been fully covered and that he agreed the record of the Board's position should be made very clear on this point.

Governor Daane stated that he felt this was an important point and that the Board's position should be on record. At the present time he felt Mr. Kimbrel had good potential, and he was convinced that Mr. Kimbrel would work at the job conscientiously. He might go far beyond the expectations of some. On balance, Governor Daane said, he would go along with approval of the arrangement proposed by the Atlanta Bank's directors.

Governor Shepardson said that this might not be the happiest solution to the Atlanta Bank's problem, but he would be in favor of approving the arrangement on the conditions recited by Chairman Martin and with the understanding that the directors and Mr. Kimbrel knew that the Board was not committing itself to automatic approval of Mr. Kimbrel as President at some later date.

Governor Daane then raised a question as to whether it was necessary to require that Mr. Kimbrel dispose of the Fort Valley bank stock that he owned at this juncture or whether there might be some leeway given for such disposition.

Chairman Martin responded that he felt this was a good point and that the Board should not cause Mr. Kimbrel to dump the stock at any specific time. Since the latter apparently had indicated that he was willing to dispose of the stock, it might be sufficient to provide that he should dispose of it before assuming the presidency.

Governor Robertson said that he would have some doubts about giving this much leeway. He felt that before Mr. Kimbrel assumed his duties as Senior Vice President he should be able to dispose of the bank stock that he owned in some satisfactory manner. For his part he would consider this quite desirable.

Governor Mills indicated that he would have the same view as Governor Robertson, particularly since Mr. Kimbrel had agreed that he would dispose of the stock.

Chairman Martin stated that he would discuss this further with Chairman Tarver and would advise him that the Board was prepared to go along with the arrangements, including the appointment of Mr. Patterson as President to succeed Mr. Bryan early in 1966, and with the further understanding that Mr. Patterson would retire

upon attainment of age 65 in May of 1968. There was unanimous agreement with the procedure outlined by Chairman Martin.

> Secretary's Note: Subsequently, following Chairman Martin's telephone advice to Chairman Tarver, there was received from him a letter dated December 11, 1964, informing the Board of the action of the directors of the Atlanta Bank with regard to executive succession at that Bank. A copy of the Board's December 21, 1964, acknowledgment of that letter is attached as Item No. 4.

Continuation of consultant appointment. The Board approved the continuation of the appointment of J. Herbert Furth as Consultant for the calendar year beginning January 1, 1965, with compensation at the same per diem rate that is presently being paid to him. In taking this action it was understood that, as a Consultant, Mr. Furth would also receive compensation for holidays, for annual leave actually used, and for sick leave actually needed, as though he were serving on a regular appointment as a member of the Board's staff.

Mr. Sherman then withdrew from the meeting and the Board went into executive session.

Salaries of Board officers. Following the meeting the Secretary was informed that during the executive session the Board approved, effective January 1, 1965, the payment of salaries to officers of the Board at the annual rates shown opposite their names in the following list:

Name and Title	Annual Salary
Board Members' Offices	
Ralph A. Young, Adviser to the Board	$27,500
Guy E. Noyes, Adviser to the Board	26,000
Charles Molony, Assistant to the Board	23,500
Robert L. Cardon, Legislative Counsel	22,500
Clarke L. Fauver, Assistant to the Board	19,500
Office of the Secretary	
Merritt Sherman, Secretary	26,000
Kenneth A. Kenyon, Assistant Secretary	21,000
Arthur L. Broida, Assistant Secretary	20,000
Karl E. Bakke, Assistant Secretary	19,000
Elizabeth L. Carmichael, Assistant Secretary	15,000
Legal Division	
Howard H. Hackley, General Counsel	26,000
David B. Hexter, Assistant General Counsel	23,000
Thomas J. O'Connell, Assistant General Counsel	22,500
Jerome W. Shay, Assistant General Counsel	19,500
Wilson L. Hooff, Assistant General Counsel	18,000
Division of Research and Statistics	
Daniel H. Brill, Director	25,000
Albert R. Koch, Associate Director	24,500
Robert C. Holland, Associate Director	24,500
J. Charles Partee, Adviser	23,500
Frank R. Garfield, Adviser	22,000
Robert Solomon, Adviser 1/	22,000
Kenneth B. Williams, Adviser	21,500
Lewis N. Dembitz, Associate Adviser	20,000
Division of International Finance	
Arthur B. Hersey, Adviser	22,000
Robert L. Sammons, Adviser	22,000
Samuel I. Katz, Adviser 1/	21,000
Ralph C. Wood, Associate Adviser	20,000
Reed J. Irvine, Associate Adviser	20,000
John E. Reynolds, Associate Adviser	19,500

1/ Promotion to Adviser from Associate Adviser effective January 1, 1965.

Name and Title	Annual Salary
Division of Examinations	
Frederic Solomon, Director	$25,000
Glenn M. Goodman, Assistant Director	19,500
Brenton C. Leavitt, Assistant Director	20,000
James C. Smith, Assistant Director	19,000
Lloyd M. Schaeffer, Chief Federal Reserve Examiner	18,500
Andrew N. Thompson, Assistant Director	19,000
Division of Bank Operations	
John R. Farrell, Director	24,000
Gerald M. Conkling, Assistant Director	18,750
M. B. Daniels, Assistant Director	18,500
John N. Kiley, Assistant Director	18,500
Division of Personnel Administration	
Edwin J. Johnson, Director	22,500
H. F. Sprecher, Jr., Assistant Director	18,250
Division of Administrative Services	
Joseph E. Kelleher, Director	19,500
Harry E. Kern, Assistant Director	15,000
Office of the Controller	
John Kakalec, Controller	16,000
Sampson H. Bass, Assistant Controller	15,000
Office of Defense Planning	
Innis D. Harris, Coordinator	21,000
Division of Data Processing	
Maurice H. Schwartz, Director	23,000
Lee W. Langham, Assistant Director	16,500

In taking the foregoing action with respect to officer salaries, the Board also approved an increase in the Board's budget

for 1965 in an amount corresponding to the total of the salary increases involved.

The meeting then adjourned.

Secretary's Notes: Pursuant to the understanding at the meeting on November 18, 1964, a letter was sent today to the Chairman of each Federal Reserve Bank, with copies to the President and General Auditor of each Reserve Bank, advising that the regular biennial Conference of General Auditors would be held in the Board's offices on April 21-23, 1965. The letter noted that the holding of the conference had been cleared with the Chairman of the Chairmen's Conference.

Governor Shepardson today approved on behalf of the Board memoranda recommending the following actions relating to the Board's staff:

Appointments

Susan D. Chapman as Personnel Clerk, Division of Personnel Administration, with basic annual salary at the rate of $4,140, effective the date of entrance upon duty.

Barbara Ann Ford as Stenographer, Division of Personnel Administration, with basic annual salary at the rate of $4,480, effective the date of entrance upon duty.

Salary increases, effective December 20, 1964

Joyce A. Matile, Stenographer, Legal Division, from $4,005 to $4,480 per annum.

Brenda D. Boyd, Clerk-Typist, Division of Administrative Services, from $3,680 to $4,005 per annum.

Mary Ann Rose, Mailing List Clerk and Flexowriter Operator, Division of Administrative Services, from $3,680 to $4,005 per annum.

Governor Shepardson today noted on behalf of the Board a memorandum from the Division of Administrative Services advising that application for disability retirement had been filed by John H. Hunley, Messenger in that Division, effective at the close of business December 10, 1964.

Secretary

Item No. 1
12/10/64

TELEGRAM
LEASED WIRE SERVICE

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

December 10, 1964

SANFORD - NEW YORK

Board approves granting loan or loans on gold up to a total of $30 million by the Federal Reserve Bank of New York to the Banco de la Republica (Colombia) on the terms described in your wire of December 7.

(Signed) Merritt Sherman

SHERMAN

Item No. 2
12/10/64

TELEGRAM
LEASED WIRE SERVICE

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

December 10, 1964.

SANFORD - NEW YORK

Board approves granting loan or loans on gold up to a total of $15 million by the Federal Reserve Bank of New York to the Central Bank of the Philippines on the terms described in your wire of December 8.

(Signed) Merritt Sherman

SHERMAN

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

4293

Item No. 3
12/10/64

Office Correspondence

Date December 9, 1964

To Board of Governors

Subject: Travel Regulations revision

From Office of the Controller

Recommendation

It is recommended that Section D 1 e of the Board's Travel Regulations be amended effective January 1, 1965, to read as follows:

"When authorized to use a privately owned automobile in official travel within the continental United States, the traveler may be allowed mileage at a rate not to exceed 12¢ per mile, plus parking fees, ferry fares, and bridge, road, and tunnel tolls: Provided, That when travel by privately owned automobile is not necessary but is for personal reasons of the traveler, the following rules will apply for persons referred to in Sections B and C:

(1) Payment on the mileage basis at not to exceed 12¢ per mile shall not exceed allowable transportation costs, for all persons officially traveling in the same automobile, for travel by airplane accommodations of the class allowable for such persons under these regulations;

(2) If such transportation is not available, the comparison shall not exceed allowable transportation costs for travel by railroad;

(3) The related per diem shall be adjusted to the time schedule of the carrier used for making the cost comparison;

(4) Notwithstanding the provisions of subparagraph (1) of this paragraph, the traveler may make the comparison with allowable transportation costs for travel by railroad when the distance traveled is less than 300 miles;

(5) Provided, That members of the field staff of the Division of Examinations, because of their continuous travel status, shall be allowed an adjusted mileage rate (not to exceed 12¢) comparable to allowable transportation costs for travel by railroad as determined periodically by the Office of the Controller and approved by the designated Board Member."

Discussion

Under the present paragraph 1 e (quoted below for convenient reference) when use of an automobile is solely for personal reasons of the traveler, persons referred to in Sections B and C of the regulations are required to compare mileage allowance with cost of travel by railroad, claiming reimbursement for the lesser of the two amounts.

Air travel facilities continue to expand while rail facilities have decreased in recent years to the point where, in increasing instances, such facilities are either lacking or do not meet the reasonable needs of the traveler. In the circumstances, rail facilities at some points either are not always available or do not offer reasonable schedules for comparison of travel costs. Accordingly, alternatives for making comparisons of cost of travel by automobile should be available; hence the reason for broadening the base to include (1) air travel and (2) railroad travel, in that order.

In addition, because of the continuous travel status of the field staff of the Division of Examinations and the fact that several of the examiners use, for personal reasons, their privately owned automobiles for official travel, much time is taken up, not only by the examiners in making the comparisons with common carrier costs, but also by employees of the Controller's Office in making an audit review of their expense vouchers. Accordingly, both the Division of Examinations and this Office feel that a worthwhile change can be made by establishing a reduced mileage rate allowance for the field staff based on a per mile (highway miles) average of railroad transportation costs of an examiner following out an annual examination schedule for the head offices of the Federal Reserve Banks, leaving Washington, D. C., and returning thereto for summer vacation and Christmas leave. The average rate based on a recent determination of transportation costs by railroad, amounts to 7.5¢ per mile. The adjusted mileage rate, of course, would eliminate the detailed comparisons the examiners now make and the net result would be substantially the same. The rate would be reviewed periodically (at least once a year) by the Controller's Office and, if the comparative railroad costs have changed sufficiently to warrant a change, up or down, in the average rate per mile as previously computed, an appropriate recommendation would be submitted to the Board Member in charge of administration.

"e. When authorized to use a privately owned automobile in official travel, the traveler may be allowed mileage at a rate not to exceed 12¢ per mile, plus parking fees, ferry fares, and bridge, road and tunnel tolls. When such mode of transportation is not necessary but is for the personal convenience of the traveler, reimbursement for cost of travel by automobile, within the foregoing limitation, shall, for persons referred to in Sections B and C, not exceed allowable costs for travel by railroad for all persons officially traveling in the same vehicle."

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 4
12/10/64

OFFICE OF THE VICE CHAIRMAN

December 21, 1964.

Mr. Jack Tarver, Chairman,
Federal Reserve Bank of Atlanta,
Atlanta, Georgia. 30303

Dear Jack:

Thank you for your letter of December 11, 1964, informing the Board of the action of the Board of Directors of the Atlanta Bank with regard to executive succession.

The Board has approved the general program that you outline, namely, to promote First Vice President Harold T. Patterson to the presidency of the Atlanta Bank upon President Bryan's announced retirement January 1, 1966, such appointment to be effective until Mr. Patterson reaches the retirement age of 65; and to offer immediately to M. Monroe Kimbrel the post of Senior Vice President, with the understanding that he will report for work no later than September 1, 1965. The Board notes the understanding that Mr. Kimbrel shall be given several months in which to dispose entirely of his present holdings of bank stocks, as well as the understanding that Mr. Kimbrel will be named First Vice President upon Mr. Patterson's elevation to the presidency.

It is also noted that the present thought and purpose of your Board in bringing Mr. Kimbrel into the Atlanta Bank is that he will be in line to succeed Mr. Patterson upon the latter's retirement May 15, 1968. As Chairman Martin informed you by telephone, the Board concurs in these arrangements and understandings, recognizing that neither your Bank nor the Board can definitely make a commitment at this time on a matter more than three years in the future.

Sincerely yours,

(Signed) Canby

C. Canby Balderston,
Vice Chairman.