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.
Minutes of the Board of Governors of the Federal Reserve System

on Wednesday, June 29, 1966. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman
          Mr. Mitchell
          Mr. Daane
          Mr. Maisel
          Mr. Brimmer

          Mr. Sherman, Secretary
          Mr. Young, Senior Adviser to the Board and
          Director, Division of International Finance
          Mr. Holland, Adviser to the Board
          Mr. Hackley, General Counsel
          Mr. Farrell, Director, Division of Bank Operations
          Mr. Solomon, Director, Division of Examinations
          Mr. Byrne, Director, Division of Data Processing
          Mr. Sammons, Associate Director, Division of
          International Finance
          Miss Wolcott, Technical Assistant, Office of
          the Secretary
          Mr. Morgan, Staff Assistant, Board Members' Offices
          Messrs. Egertson and Poundstone of the Division of
          Examinations
          Messrs. Hart and Wood of the Division of Personnel
          Administration

Approved items. The following items were approved unanimously
after consideration of background information that had been made avail-
able to the Board. Copies are attached under the respective numbers
indicated.

Letter to The Miners' State Bank of Iron River,
Iron River, Michigan, waiving the requirement
of six months' notice of withdrawal from member-
ship in the Federal Reserve System.

Letter to The Bank of Crane, Crane, Missouri,
waiving the requirement of six months' notice
of withdrawal from membership in the Federal
Reserve System.

/ Withdrawed from meeting at point indicated in minutes.
Check collection system. At a joint meeting of the Board and the Presidents of the Federal Reserve Banks on May 10, 1966, there had been a general discussion of the role the Federal Reserve System should play in the development of an efficient domestic money settlement machinery, using automated procedures. There had now been distributed a proposed position paper for use within the Federal Reserve that was intended to clarify commitments for improvements in the money payments mechanism. There had also been distributed a draft of press release, based on the position paper. It was proposed that the paper would serve within the System as a statement of the purposes, objectives, and posture to be assumed by the Federal Reserve in the evolution of the payments mechanism, and provide general guidelines to System individuals and committees at work on various aspects of this subject. It was not intended that it be made available outside the System. The paper would list reasons why the System should assume a role as an active participant in reshaping the payments mechanism and conclude by affirming that the Federal Reserve accepted its central responsibilities and was prepared to provide the resources necessary for achieving this objective.

Governor Mitchell observed that the distributed material was an outgrowth of the May 10 meeting with the Presidents. The position paper
had been prepared and approved by the Presidents, and the draft of press statement had been prepared by a Committee of the Conference of Presidents in the light of discussion at their June 27 meeting. He had met with that Committee and helped draft the press statement. If acceptable to the Board, the position paper would become a document for guidance within the System. He felt that the paper covered the major issues accurately and that it was a satisfactory document. It reflected the judgment of all the Presidents. The draft press statement, after some further editing and clearance with the Presidents, as well as the Board, would be issued by the Board and all Reserve Banks at some early date to be agreed upon.

Governor Brimmer raised a question as to the urgency for action on the material today. It had only been distributed this morning, and he would prefer to have more opportunity to study the situation before voting on a position paper with long-term implications or approving a press statement that would commit the Federal Reserve System to significant changes in the existing check collection system.

Governor Mitchell replied that the position paper was brought up for preliminary consideration this morning so that he, having worked with the Presidents' Conference Committee on the subject, might express his views since he would be on vacation for the next few weeks. Although he had no objection to the paper being held over for further study, he hoped that some action to clarify System views and to announce to member
banks certain plans would be taken in the near future. This was the first step of several in the direction of defining the System's role in the development of an efficient settlement machinery, he said, and to delay adoption of the paper would delay the over-all project. He added that certain related recommendations had evolved from the June 27 meeting of the Presidents' Conference and would be presented to the Board in the near future. One proposal, which had an element of controversy, was establishment of regional clearing bureaus, with the System assuming, if necessary, some part of the costs involved. Another proposal was that the Reserve Banks inform member banks by letter that as of a specified date about a year hence the System would handle all checks not bearing appropriate routing symbol-transit numbers in magnetic ink as noncash items.

Following discussion of both the substantive content and the procedure for clearing and distributing the proposed press release, it was understood that further consideration would be given to the position paper and to the press announcement at an early meeting of the Board. One suggestion was that a substitute be found for the term "payments mechanism" because of possible confusion with the application of that term to the balance of international payments.

Mr. Bakke, Assistant Secretary, entered the meeting during the foregoing discussion.

Contract with Stanford Research Institute. During the foregoing discussion, reference was made to a proposal by the Conference of
Presidents to engage Stanford Research Institute to perform research in the check payments mechanism area under a six-month contract at a cost not to exceed $40,000. This proposal embodied one of the steps contemplated in the over-all payments mechanism package.

It was agreed that Chairman Wayne of the Conference of Presidents be advised by letter that the Board would interpose no objection to the negotiation of the proposed contract.

Messrs. Byrne, Sammons, Morgan, Egertson, and Poundstone withdrew from the meeting at this point.

Salary guidelines for Reserve Bank officers (Item No. 4). There had been distributed a memorandum dated June 28, 1966, from the Board's Committee on Organization, Compensation, and Building Plans regarding salary guidelines for Reserve Bank officers. Current guidelines for officers other than Presidents and First Vice Presidents called for an annual review of officer salaries embodying careful selectivity and limitation of increases, based strictly on merit, to not more than 40 percent of the officer staff at each Reserve Bank (exclusive of promotional increases and increases to officers whose salaries were below the minimum of designated grades).

The memorandum stated the recommendation of the Committee that the guidelines be reestablished for the year 1967 with no exclusions other than promotions and increases from below minimum of the lowest range. Attached to the memorandum was a draft of letter to the Chairmen and Presidents of all Federal Reserve Banks reflecting this recommendation.
During remarks in supplementation of the distributed material, Mr. Hart referred to the Board's policy that not more than 40 per cent of the official staff of a Reserve Bank receive meritorious salary increases in any one year, except for certain specified exclusions. He suggested that the Board might wish to consider increasing the 40 per cent limitation to 50 per cent, noting that such a change would affect only 45 positions throughout the System and that it would remove a source of some irritation at the Reserve Banks. At the same time, he recommended dispensing with the practice of excluding from the base for calculating the allowable percentage those officers whose salary was below the minimum of specified ranges for their position since there were only three such cases in the System.

Governor Daane stated that he did not feel the 40 per cent rule should be relaxed at this time, and Governor Mitchell (Chairman of the Committee on Organization, Compensation, and Building Plans) expressed the same view, noting that the other two members of the Board's Committee (Governors Maisel and Brimmer) were newly assigned and should have an opportunity to become familiar with the background of the present policy before fundamental changes were considered.

Following discussion, unanimous approval was given to a letter to the Chairmen and Presidents of all Reserve Banks in the form attached as Item No. 4.

Reserve Bank salary structures (Items 5-7). There had been distributed a memorandum dated June 9, 1966, with which the Division of
Personnel Administration submitted, and recommended approval of, a request by the Federal Reserve Bank of New York for increases in the clerical employees' salary structures at the head office and Buffalo Branch averaging 7.5 per cent; an increase in the special maximum for professional level positions (Grade 16 only) from $19,500 to $21,500; increases averaging 7.0 per cent in the single salary structure applicable to non-clerical employees at both the head office and the Buffalo Branch; and upward adjustments in the special salary range for the medical director and the establishment of a special range for full-time physicians at the head office; all proposals to be effective July 7, 1966.

The memorandum further stated that the Bank contemplated salary adjustments related to the new structure of 3 per cent to all employees. A draft of letter that would grant the Board's approval was attached to the memorandum.

There had also been distributed a memorandum dated June 15, 1966, from the Division of Personnel Administration relating to a request from the Federal Reserve Bank of Chicago for approval of increases of 7 per cent in Grades 1 through 16 in the salary structure applicable to employees of the Detroit Branch. Approval was recommended by the Division, and a draft of letter reflecting that recommendation was attached to the memorandum.

Preliminary consideration had been given to the proposed changes in the salary structure at the Federal Reserve Bank of New York at the
meeting on June 17, and the proposal was further discussed at the meeting on June 20, at which time question was raised whether the 3 per cent across-the-board wage increase that the New York Bank planned to make if the revised salary structure was approved would conform to the Presidential guideposts for noninflationary wage increases, as set forth in the Economic Report of the President in January 1962 and restated in each of the reports for succeeding years. The guideposts provided that wage increases, including fringe benefits, satisfied the noninflationary criterion if they averaged no more than the general rate of productivity rise in the private economy, calculated by the Council of Economic Advisers at 3.2 per cent per annum over the long term. It had been agreed at the June 20 meeting that action on the proposed changes in the salary structure would be deferred pending preparation of a guideline statement on System salary administration policies in the light of the Presidential guideposts.

There had now been distributed a memorandum dated June 29, from the Division of Personnel Administration, relating to the salary administration plan for employees currently followed by the Federal Reserve Banks. The principles of this plan, instituted in 1947, and developed by representatives of the twelve Federal Reserve Banks and the Board of Governors with nationally recognized personnel consultants, were: (1) to provide a means for administration of salaries paid to employees of the Federal Reserve Banks and branches; (2) to provide for flexibility
in administration; (3) to leave operating details to local management; (4) to promote harmony and understanding between management and employees by the payment of fair and equitable salaries; and (5) to obtain proper control of salary expenses. The Division recommended that the Board indicate its reaffirmation of current policies with respect to salary administration, including that of paying competitive salaries, and remind the Banks that the aims and purposes of the Presidential guideposts should be considered carefully in the administration of their salary programs. A draft of letter to the Federal Reserve Banks setting forth these principles was also distributed.

In this connection, Governor Maisel had caused to be distributed an alternate draft of letter to the Federal Reserve Banks that would set forth the principle of strict adherence to both the intent and spirit of the Presidential guideposts. Governor Maisel's draft would further state that each Bank should carefully evaluate any proposed change in its wage structure, any across-the-board wage increases, and any variation in the size and number of merit increases, to make certain that actual wage rates were not being increased by more than 3.2 per cent per annum.

Governor Brimmer said that he felt the approach recommended in both drafts of letter warranted further study. The proposal of Governor Maisel represented an innovation for the entire System, and he (Governor Brimmer) was not prepared to adopt such a change in the System's posture.
without further study and analysis. In this connection, he said that it would be helpful to have the Divisions of Research and Statistics and Personnel Administration collaborate in preparing an analysis of implications of the wage-price guideposts for the Board as well as for the Banks.

Governor Daane said his basic position was that there had already been erosion in the quality and caliber of Reserve Bank professional personnel. Strict adherence to the Presidential guideposts rather than reliance on the current System policy of keeping salaries competitive with community levels would represent a step backward.

Governor Brimmer said that he agreed with this view; while he was reluctant to see a departure from the guideposts, he was even more reluctant to adopt a policy that would penalize System employees. While the matter obviously called for further study, he would be inclined to favor approving the proposals of the New York and Chicago Reserve Banks at this time.

Governor Maisel observed that for two or three years the Government, in making salary recommendations, had been careful to stay within the guideposts. In view of the Federal Reserve's role in the fight against inflation, it seemed to him imperative that the System adopt a posture of restraint and, if anything, lag the economy in wage escalation. Thus, he felt it essential that a general statement defining the relationship of Reserve Bank salary structures to the Presidential guideposts be formulated and closely followed.
Governor Mitchell said that he had not had an opportunity to study the material distributed this morning, although he had considerable sympathy with the approach Governor Maisel was suggesting. He did not object to the proposed salary structure for New York, but he did object to their intent to give an across-the-board increase of 3 percent immediately and then to follow that by giving further increases under the new salary structure to nearly all employees throughout the coming year.

Governor Mitchell then withdrew from the meeting.

Governor Daane said that he would be prepared to approve the letter that had been prepared by the Division of Personnel Administration regarding salary administration at all Reserve Banks, which he interpreted as reaffirming the procedure followed for some years but as cautioning the Banks to study the Administration guideposts in connection with any salary structure adjustments.

Governor Maisel commented that the Board had taken a position of fighting inflation and that he thought it should give strong support to the wage guideposts. In his opinion, the letter prepared by the Personnel Division did not do that.

Governor Brimmer again commented that he was reluctant to make a major innovation in salary administration for the Reserve Banks without considerable further study. He wondered whether, without issuing a general letter to all Reserve Banks on the subject, it might be possible to
approve the New York and Chicago requests for revised salary structures, and then to proceed with a careful study of the salary administration plan and the impact of the wage guideposts.

Chairman Martin said that he thought this was a good suggestion; the requests of the New York and Chicago Banks had been at the Board for some weeks and New York, which wished to make the new salary structures effective at the beginning of July, was facing a deadline because of actions being taken by the commercial banks in that city. It was difficult from the standpoint of the Board's relations with the Reserve Banks to delay action longer on a matter of this sort.

Governor Daane indicated that he would approve this procedure, and Governor Maisel stated that he still felt that no Reserve Bank's salary structure should be adjusted until there had been due deliberation regarding its relationship to the guideposts. However, if the Board felt that it should act now to approve the New York proposal, he would simply dissent from that action. He had no difficulty with the Detroit proposal, and he would approve the new specific salary range maximum of $21,500 for Grade 16 at New York.

Thereupon, approval was given to (1) a letter to the Federal Reserve Bank of New York in the form of attached Item No. 5 approving new salary structures as proposed by that Bank; and (2) a letter to the Chicago Reserve Bank in the form of attached Item No. 6 approving a new salary structure for the Detroit Branch. Governor Maisel dissented from the action with respect to the New York Bank for the reasons indicated.
In connection with the foregoing actions, it was understood that the Divisions of Personnel Administration and Research and Statistics would collaborate in a study of the validity of the guideposts in a wage-price pressure period and their actual impact on the Reserve Bank type of salary structures.

Mr. Hart then drew attention to the suggestion in the Personnel Division's June 9 memorandum that, if the Board approved the New York Bank's request for a special maximum of $21,500 for Grade 16, it also approve the same maximum for any other Federal Reserve Bank, upon request, since all of them had some professional level positions involving national market competition.

The Board agreed that the same maximum rate should be allowed to the other Reserve Banks. Accordingly, a letter was subsequently sent to the Federal Reserve Banks other than New York in the form attached as Item No. 7, with the understanding that upon receipt of requests for the new special maximum of $21,500 from any of the Banks, the Secretary was authorized to enter in the minutes a letter advising that the Board approved such a rate.

Officer salaries at Buffalo Branch (Item No. 8). Unanimous approval was given to a letter to the Federal Reserve Bank of New York in the form of attached Item No. 8 approving salaries for certain officers at the Buffalo Branch. (This matter had been considered at the meeting on June 22 and had been discussed by the Board with Messrs. Hayes and Treiber when they were in Washington on June 28, 1966.)
Legal basis for action on reserve requirements and promissory notes. On June 27, 1966, the Board had acted to increase the reserve requirements on time deposits other than savings accounts. Since that date, several inquiries had been received concerning the Board's legal authority to provide one level of required reserves for savings deposits and another level for other types of time deposits.

Mr. Hackley stated that he was preparing a memorandum elaborating upon the views in support of such authority that he had presented orally to the Board prior to the June 27 action.

Chairman Martin reported that he had also received inquiries as to legal authority for the Board's related action in bringing certain promissory notes within the definition of "deposits" for purposes of Regulations D (Reserves of Member Banks) and Q (Payment of Interest on Deposits), and Mr. Hackley indicated that he would also cover this point in his memorandum.

Secretary's Note: A memorandum dated June 30, 1966, was later distributed to the Board for its information.

The meeting then adjourned.

Secretary's Notes: At its meeting on June 3, 1966, the Board approved acceptance of the Treasury Department's offer of $275,000 for the Board's IBM 1410 electronic computer system, conditional upon the Treasury's obtaining approval for the reprogramming of funds for this purpose by June 30, 1966. Advice having been received that the Treasury had obtained the necessary approval, the letter of which a copy is attached as Item No. 9 was sent to the Commissioner of the Public Debt on June 28, 1966.
Acting in the absence of Governor Shepardson, Governor Mitchell approved on behalf of the Board on June 28, 1966, the following items:

Letter to the Federal Reserve Bank of New York (copy attached as Item No. 10) approving the appointment of Charles S. Strickler, Jr., as examiner.

Letter to the Federal Reserve Bank of Cleveland (copy attached as Item No. 11) approving the appointment of Edward M. George as assistant examiner.

Memorandum from the Division of Research and Statistics dated June 24, 1966, recommending the reestablishment of an economist position in the Business Conditions Section.

Memoranda recommending the following actions relating to the Board's staff:

**Salary increases, effective July 3, 1966**

Christine de Fontenay, Digital Computer Programmer (Trainee), Division of Research and Statistics, from $5,181 to $5,702 per annum, with a change in title to Digital Computer Programmer.

Robert Lacey, Statistical Clerk, Division of Research and Statistics, from $3,814 to $4,149 per annum.

Mabel Virginia Smith, Statistical Assistant, Division of Research and Statistics, from $5,181 to $6,269 per annum, with a change in title to Research Assistant.

Abner Thompson, Pressman-Photographer (Trainee), Division of Administrative Services, from $6,074 to $6,261 per annum, with a change in title to Pressman-Photographer.

Secretary
Board of Directors,
The Miners' State Bank of
Iron River,
Iron River, Michigan.

Gentlemen:

The Federal Reserve Bank of Minneapolis has forwarded to the Board of Governors Executive Vice President Kreski's letters dated June 13, 1966, and June 16, 1966, signifying your intention to withdraw from membership in the Federal Reserve System and requesting waiver of the six months' notice of such withdrawal, together with the accompanying resolution dated May 11, 1966.

The Board of Governors waives the requirement of six months' notice of withdrawal. Under the provisions of Section 208.10(c) of the Board's Regulation H, your institution may accomplish termination of its membership at any time within eight months from the date that notice of intention to withdraw from membership was given.

It is requested that the certificate of membership be returned to the Federal Reserve Bank of Minneapolis.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
Assistant Secretary.
Board of Directors,
The Bank of Crane,
Crane, Missouri.

Gentlemen:

The Federal Reserve Bank of St. Louis has forwarded to the Board of Governors a letter dated June 16, 1966, signed by President Stone, together with the accompanying resolution dated June 14, 1966, signifying your intention to withdraw from membership in the Federal Reserve System and requesting waiver of the six months' notice of such withdrawal.

The Board of Governors waives the requirement of six months' notice of withdrawal. Under the provisions of Section 208.10(c) of the Board's Regulation H, your institution may accomplish termination of its membership at any time within eight months from the date that notice of intention to withdraw from membership was given. Upon surrender to the Federal Reserve Bank of St. Louis of the Federal Reserve stock issued to your institution, such stock will be cancelled and appropriate refund will be made thereon.

It is requested that the certificate of membership be returned to the Federal Reserve Bank of St. Louis.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
Assistant Secretary.
First National City Overseas
Investment Corporation,
399 Park Avenue,
New York, New York. 10022

Gentlemen:

As requested in your letter of June 14, 1966, the Board of Governors extends to July 9, 1967, the time within which your Corporation may invest in the stock of Financiera Comercial, S.A., Mexico, D.F., Mexico, at a cost of approximately US$400,000.

The foregoing extension has been given with the understanding that the combined foreign loans and investments of First National City Overseas Investment Corporation, First National City Bank, and International Banking Corporation, including the investment in the Mexican financiera, will not exceed the guidelines established under the voluntary foreign credit restraint effort now in effect and that due consideration is being given to the priorities contained therein.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
Assistant Secretary.
Dear Sir:

In recent years, the Board of Governors has established general guidelines for use by the Board of Directors at the Federal Reserve Banks in requesting approval for proposed changes in officers' salaries.

From the viewpoint of the Board, the guidelines have had a constructive effect on salary administration throughout the System and have materially assisted the Board in its responsibility for approving officer compensation. The Board believes that the guidelines have assisted the Banks by focusing their attention on the need to plan and schedule merit and promotional advances over a reasonable period of time. The Banks have tended to be more selective in granting adjustments as the quality and quantity of existing and potential officer resources have come under review.

In the light of this experience, the Board has reestablished guidelines for the year 1967 as follows:

1. **Annual Review.** Except for increases incident to promotions, requests for approval of salary changes should be made at the time of the annual review; at other times, only under unanticipated circumstances.

2. **Basis of Increase and Rate of Progression.** Increases should not be automatic; in frequency and amount they should reflect relative merit and competitive conditions.
3. **Selectivity.** To maintain selectivity, and subject to exceptions below, the Board will not ordinarily approve in any given year, increases for more than 40 per cent of the officer staff at each Reserve Bank. The merit basis for increases should not be avoided by automatic increases in larger amounts at two or three year intervals.

4. **Exceptions.**

a. Increases to officers whose salaries are below the minimum of Group D (Groups D and E at New York) are excluded from the 40 per cent limitation. In determining the 40 per cent, the officers in these grades who have been given below-minimum increases will not be included in either the numerator (number of officers' salaries increased) or the denominator (total number of officers).

b. Promotional increases are excluded from the 40 per cent calculation. To be eligible, a promotion must include a concurrent change in the level of responsibilities and, ordinarily, in the title of the individual.

Salaries of officers proposed for the year beginning January 1, 1967, should be submitted to the Board of Governors not later than November 15, 1966. The Board's Committee on Organization, Compensation, and Building Plans (comprised of Governor Mitchell as Committee Chairman, and Governors Maisel and Brimmer) believes that, as in the past, it would be mutually helpful if the Committee could receive from each President a preliminary list of contemplated salaries before the Bank submits its proposals formally to the Board for action. The Committee will be available to discuss this preliminary and informal list with the President of each Reserve Bank prior to November 15. A meeting can be arranged for a date when they are in Washington.

The Committee would also like to be advised, at the time of the discussion of officer salaries, of plans your Bank may have for building projects of a major nature during the next five years.

This letter is being sent to the Chairman and the President of each Federal Reserve Bank.

Very truly yours,

Merritt Sherman
Secretary.

**TO THE CHAIRMEN AND PRESIDENTS OF ALL FEDERAL RESERVE BANKS.**
CONFIDENTIAL (FR)

Mr. William F. Treiber,
First Vice President,
Federal Reserve Bank of New York,
New York, New York. 10045

Dear Mr. Treiber:

As requested in your letter of June 3, the Board of Governors approves, effective July 7, 1966, the following minimum and maximum salaries for clerical and other structures applicable to employees at the Head Office and Buffalo Branch:

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<th>Head Office Maximum</th>
<th>Buffalo Branch Minimum</th>
<th>Buffalo Branch Maximum</th>
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The Board also approved your request for a special Grade 16 maximum of $21,500 at the Head Office, where required to recruit and retain employees of the desired quality in professional level positions.
Mr. William F. Treiber

NON-Clerical

Head Office and Buffalo

<table>
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<tr>
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Medical Director and Physicians

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<tr>
<th></th>
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Salaries should be paid to employees within the limits specified for the grades in which their respective positions are classified. All employees whose salaries are below the minimums of their grades as a result of these structure increases should be brought to appropriate ranges by October 7, 1966.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.
June 29, 1966

Mr. Charles J. Scanlon, President,
Federal Reserve Bank of Chicago,
Chicago, Illinois. 60690

Dear Mr. Scanlon:

As requested in your letter of June 2, the Board of Governors approves the following minimum and maximum salaries for the respective grades of the employees' salary structure at the Detroit Branch of the Federal Reserve Bank of Chicago, effective immediately.

<table>
<thead>
<tr>
<th>Grade</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$3,090</td>
<td>$4,190</td>
</tr>
<tr>
<td>2</td>
<td>3,370</td>
<td>4,550</td>
</tr>
<tr>
<td>3</td>
<td>3,640</td>
<td>4,920</td>
</tr>
<tr>
<td>4</td>
<td>4,050</td>
<td>5,470</td>
</tr>
<tr>
<td>5</td>
<td>4,510</td>
<td>6,100</td>
</tr>
<tr>
<td>6</td>
<td>4,960</td>
<td>6,700</td>
</tr>
<tr>
<td>7</td>
<td>5,410</td>
<td>7,330</td>
</tr>
<tr>
<td>8</td>
<td>6,000</td>
<td>8,120</td>
</tr>
<tr>
<td>9</td>
<td>6,600</td>
<td>8,920</td>
</tr>
<tr>
<td>10</td>
<td>7,140</td>
<td>9,660</td>
</tr>
<tr>
<td>11</td>
<td>7,780</td>
<td>10,520</td>
</tr>
<tr>
<td>12</td>
<td>8,420</td>
<td>11,390</td>
</tr>
<tr>
<td>13</td>
<td>9,190</td>
<td>12,430</td>
</tr>
<tr>
<td>14</td>
<td>10,000</td>
<td>13,540</td>
</tr>
<tr>
<td>15</td>
<td>11,050</td>
<td>14,950</td>
</tr>
<tr>
<td>16</td>
<td>12,190</td>
<td>16,490</td>
</tr>
</tbody>
</table>

The Board approves the payment of salary to employees within the limits specified for the grades in which their respective positions are classified. Employees whose salaries are below the minimums of their grades as a result of the structure increase should be brought within appropriate ranges as soon as practicable and not later than three months after the effective date.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.
CONFIDENTIAL (FR)

Dear Sir:

Because of the difficulty experienced by the Reserve Banks in recruiting and retaining employees of the desired quality in professional level positions, the Board is prepared to approve a special maximum of $21,500 for grade 16 of the employees salary structure. Should your Board of Directors wish to use this special maximum, the Board of Governors will give prompt consideration to a request for its approval.

Very truly yours,

Merritt Sherman,
Secretary.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS EXCEPT NEW YORK
Mr. William F. Treiber,
First Vice President,
Federal Reserve Bank of New York,
New York, New York. 10045

Dear Mr. Treiber:

The Board of Governors has approved the payment of salary to the two officers of the Federal Reserve Bank of New York, assigned to the Buffalo Branch, listed below for the period October 1 through December 31, 1966, at the following rates, which are those fixed by your Board of Directors as reported in your letter of June 6:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Annual Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angus A. MacInnes, Jr.</td>
<td>Vice President</td>
<td>$30,000</td>
</tr>
<tr>
<td>John T. Keane</td>
<td>Assistant Vice President and Cashier</td>
<td>20,000</td>
</tr>
</tbody>
</table>

The Board has noted that Insley B. Smith, Vice President in charge of the Buffalo Branch, will continue to be the officer in charge until September 30, after which time he will be on vacation leave until his retirement November 1.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.
Mr. Donald M. Merritt,
Commissioner,
Bureau of the Public Debt,
Department of the Treasury,
Washington, D. C. 20220

Dear Mr. Merritt:

This will acknowledge receipt of your Purchase Order PD-CN-629, dated June 22, 1966, for the procurement of the Board's IBM Model 1410 computer system, as described in the Board's letter of May 17, 1966. Mr. Kelleher has been informed by Mr. Heffelfinger that the necessary approval for reprogramming of funds has been obtained for the purchase of the equipment. The Board's letter of acceptance of June 3 was made conditional upon the approval of funds. Therefore, the condition of the Board's letter of acceptance has been met.

The release date of the equipment is not yet known. However, you will be advised not later than November 15, 1966, as to when the equipment will be available.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.
June 28, 1966

Mr. Fred W. Piderit, Jr., Vice President,
Federal Reserve Bank of New York,
New York, New York. 10045

Dear Mr. Piderit:

In accordance with the request contained in Mr. Bilby’s letter of June 23, 1966, the Board approves the appointment of Charles S. Strickler, Jr., at present an assistant examiner, as an examiner for the Federal Reserve Bank of New York. Please advise the salary rate and the effective date of the appointment.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.
Mr. Harry Huning, Vice President,
Federal Reserve Bank of Cleveland,
Cleveland, Ohio. 44101

Dear Mr. Huning:

In accordance with the request contained in your letter of June 22, 1966, the Board approves the appointment of Edward M. George as an assistant examiner for the Federal Reserve Bank of Cleveland. Please advise the effective date of the appointment.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.