investments that comport with the standards the OCC has adopted in its published precedents.

Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA) (5 U.S.C. 601–612) does not apply to a rulemaking where a general notice of proposed rulemaking is not required. 5 U.S.C. 603 and 604. As noted previously, the OCC has determined that it is not necessary to publish a notice of proposed rulemaking for this final rule. Accordingly, the RFA's requirements relating to an initial and final regulatory flexibility analysis are not applicable. In any event, however, since this final rule merely adds one additional element to the notice that the rule permits a national bank to file, this final rule does not have a significant economic impact on a substantial number of small entities.

Executive Order 12866

The Comptroller of the Currency has determined that this final rule is not a significant regulatory action for purposes of Executive Order 12866.

Unfunded Mandates Reform Act of 1995

The Unfunded Mandates Reform Act of 1995, Public Law 104–4, 109 Stat. 48 (UMA), applies only when an agency is required to issue a general notice of proposed rulemaking or a final rule for which the agency published a general notice of proposed rulemaking (2 U.S.C. 1532). As noted previously, the OCC has determined, for good cause, that notice and comment is unnecessary. Accordingly, the UMA does not require a budgetary impact analysis.

Nevertheless, the OCC has determined that this final rule will not result in expenditures by State, local, and tribal governments, or by the private sector, of $100 million or more in any one year. Accordingly, the OCC has not prepared a budgetary impact statement or specifically addressed the regulatory activities considered.

List of Subjects in 12 CFR Part 5

Administrative practice and procedure, National banks, Reporting and recordkeeping requirements, Securities.

Authority and Issuance

For the reasons set forth in the preamble, the OCC amends chapter I of title 12 of the Code of Federal Regulations as follows:

PART 5—RULES, POLICIES, AND PROCEDURES FOR CORPORATE ACTIVITIES

1. The authority citation for part 5 continues to read as follows:

Authority: 12 U.S.C. 1 *et seq.*, 93a; and section 5136A of the Revised Statutes, (12 U.S.C. 24a).

2. Section 5.36 is amended by:

A. Redesignating paragraph (e)(7) as (e)(8);

B. Removing ''and'' from the end of paragraph (e)(6); and

C. Adding a new paragraph (e)(7) to read as follows:

§ 5.36 Other equity investments.

* * * * *

(e) * * *

(7) Certify that the bank's loss exposure is limited, as a legal and accounting matter, and the bank does not have open-ended liability for the obligations of the enterprise; and

* * * * *

Dated: June 27, 2000

John D. Hawke, Jr.,

Comptroller of the Currency.

[FR Doc. 00–17008 Filed 7–5–00; 8:45 am]

BILLING CODE 4810–33–P

FEDERAL HOUSING FINANCE BOARD

12 CFR Part 915

[No. 2000–31]

RIN 3069–AB00

Election of Federal Home Loan Bank Directors

AGENCY: Federal Housing Finance Board.

ACTION: Final rule.

SUMMARY: The Federal Housing Finance Board (Finance Board) is amending its regulations to address the status of the 1999 and 2000 elections of directors at each Federal Home Loan Bank (Bank), and to provide standards regarding the manner in which the Banks must stagger their boards. The final rule also addresses the consequences to an incumbent director whose directorship is eliminated or is redesignated as representing Bank members located in a different state before the end of his or her term.

EFFECTIVE DATE: The final rule is effective on August 7, 2000.

FOR FURTHER INFORMATION CONTACT: Neil R. Crowley, Deputy General Counsel, (202) 408–2990, Federal Housing Finance Board, 1777 F Street, N.W., Washington, D.C. 20006.

SUPPLEMENTARY INFORMATION:

I. Background

On February 23, 2000, the Finance Board approved a proposed rule to implement provisions of the Gramm-Leach-Bliley Act, Public Law 106–102, 133 Stat. 1338, 1453 (Nov. 12, 1999) (GLB Act) regarding the term of office of Bank directors. 65 FR 17458 (April 3, 2000). The GLB Act amended Section 7(d) of the Federal Home Loan Bank Act (Bank Act) to establish uniform three-year terms for the appointed and elected directors of the Banks and required that the terms of those directors first elected or appointed after enactment of the GLB Act be adjusted as necessary to stagger the board of each Bank into three classes of approximately equal size. 12 U.S.C. 1427(d), *as amended*. Under prior law the appointed directors had served for four-year terms and the elected directors had served for two-year terms. Because the GLB Act amendments took effect upon enactment, they had the effect of extending the terms of all incumbent elected directors by one year. As a result of the extension of the terms of office by the GLB Act, on January 1, 2000, when the two-year terms of the elected directors otherwise would have expired, there were no open elected directorships at any of the Banks. During 1999, each Bank had conducted elections in which the members voted to elect approximately one-half of the elected directors of the Bank, but the candidates elected could not assume office on January 1, 2000 as a consequence of the GLB Act amendments. In previously addressing the effect of the GLB Act on the terms of Bank directorships, the Finance Board expressed its intent to authorize the board of directors of each Bank to decide whether to conduct new elections in 2000 or to adopt the tabulation of votes cast in the 1999 elections for use in the 2000 elections.[1] The Finance Board indicated that it would establish the criteria by which the board of each Bank could make that decision, which was one issue that the Finance Board had addressed in the proposed rulemaking. The proposed rule also addressed the manner in which the terms of the directors assuming office after November 12, 1999 were to be adjusted in order to achieve the one-third staggering required by the GLB Act. The final rule addresses both of those issues, substantially as proposed.

[1] Finance Board Resolution No. 99–65 (Dec. 14, 1999).

II. The Proposed Rule

The GLB Act imposed the staggering requirement without amending existing law, under which the elected directorships of the Banks are allocated among the states based in part on the amount of Bank stock required to be held by the members located in each state as of the end of the prior year, and in part on the number of directorships designated to each state in 1960. Under the existing provisions, it is possible for an elected directorship to be redesignated mid-term to represent the members located in another state. It is also possible that the annual designation of directorships might reduce the number of elected directorships allocated to a particular state, thus causing a directorship to disappear altogether. The proposed rule included provisions intended to maintain a staggered board notwithstanding the possibility that over time one or more directorships might be eliminated. The proposed rule also addressed the consequences to an incumbent director if, in mid-term, his or her seat were eliminated or redesignated to represent members located in another state.

The proposed rule described in detail the provisions of Section 7(b) and (c) of the Bank Act relating to the designation of directorships among the states within each Bank district and the possible scenarios in which an elected directorship may, from time to time, be redesignated to another state or eliminated altogether, as a result of shifts in the stock ownership of the members in the respective states. The proposed rule also described the manner in which the Finance Board may create additional elected or appointed directorships in certain Bank districts and how those ''discretionary'' directorships may be eliminated. Because of the possibility that certain elected and appointed directorships may be eliminated or, in the case of elected directorships, redesignated to other states, the proposed rule described in some detail the resulting difficulties in establishing a staggered board of directors and maintaining that staggering in future years as the composition of the board may change. Rather than repeat that entire discussion here, the Finance Board is incorporating into this rule by reference the preamble discussion of the background of the proposed rule and of the state-based directorships.

III. Public Comments

The Finance Board received nine comment letters on matters addressed by the proposed rule. Five Banks submitted comment letters, as did two state banking trade associations, one member, and one trade association for community banking institutions. Most of the comments letters were supportive of the proposed rule, though each of the Banks requested that the final rule include certain revisions or clarifications, as noted below.

The member, and one Bank, suggested that the staggering provisions of the final rule not require that certain directorships be assigned one-year terms, as one year is too short a period to be productive for the director or for the Bank. The Finance Board appreciates the concern about a one-year term, but is not changing that aspect of the rule. In establishing the matrices for the Banks, which implement the staggering of the boards required by the GLB Act, the Finance Board was guided by the provisions of the GLB Act that require terms to be adjusted only as necessary to achieve a board that consists of three approximately equal classes. In order to avoid the possibility of any directors having a one-year term, the Finance Board could increase to two years the terms of the 21 directorships throughout the Bank System that otherwise would receive a one-year term under the final rule. In order to achieve the appropriately staggered board, however, the Finance Board likely would have to decrease to two years the terms of up to 21 directorships that otherwise would have a three-year term under the final rule. The Finance Board believes that if it can obtain the same staggering result by adjusting the terms of 21 directorships as it can by adjusting up to 42 directorships, then it is more consistent with the GLB Act to adjust the fewest number of terms necessary, even if some are for one-year. Thus, the final rule retains one-year terms as the initial term for some of the directorships at most of the Banks. Moreover, although the final rule requires 21 directorships System-wide be assigned a one-year term, 14 of those directorships are ''non-guaranteed'' directorships, which means that neither the director nor the Bank would be assured that the person holding that directorship would be able to serve for more than one year even if the Finance Board were to assign the directorship a two-year term. As noted below, any individuals that are assigned a one-year term will not be considered to have served a ''full term'' for that year, and thus could seek office for as many as three additional three-year terms, which the Finance Board believes offers some offsetting benefit to both the individual and the Bank.

One Bank asked that the Finance Board clarify whether a one-year term would constitute a ''full term'' for purposes of the term limits provision in Section 7(d) of the Bank Act, which applies to any person who ''has been elected to each of three consecutive full terms as an elective director.'' The current regulations do not address what constitutes a ''full term''. The Finance Board believes that a ''full term'' for these purposes is a three-year term, as authorized by the GLB Act, and that any shorter term that has been adjusted in order to comply with the GLB Act should not count as one of the ''three full consecutive terms'' for purposes of Section 7(d). To address the concern raised by this comment, the Finance Board has included in the final rule an amendment to § 915.7(c) stating expressly that for purposes of the statutory term limits a term of office that is adjusted as a result of the GLB Act does not constitute a ''full term''.

Two of the Banks requested that the final rule include a ''safe harbor'' provision that would allow the interested elected directors to participate in board decisions as to which directorships are to be assigned reduced terms. The final rule includes such a safe harbor provision, which will apply to both the assignment of reduced terms and the possible ratification of the 1999 election results.

One state trade association opposed the rule, apparently because it believes that a Bank would be able to declare elected a nominee who had received fewer votes in the 1999 election than would have been required to be elected, had the results not been rendered moot by the GLB Act. The only way in which the nominee who received the most votes in the 1999 election could not be seated, should the board of the Bank opt to ratify the 1999 election results, would be if that person were no longer eligible to serve as a Bank director, such as through death or by no longer being an officer or director of a member. The treatment under the proposed rule of a candidate for a Bank directorship who becomes ineligible during the course of the election process was consistent with past practice. In the past, if a person were ineligible to serve as a Bank director the Finance Board has not allowed that person to be included on the ballot or to be included in the tabulation of votes. If an individual nominee became ineligible prior to the distribution of the ballots, it had been the practice of the Finance Board to exclude that person from the ballots distributed to the members in that state.

If a nominee became ineligible after the distribution of the ballots but before the close of the election, it had been the practice of the Finance Board to notify the members of the loss of eligibility, distribute a revised ballot to any members who already had cast votes for the ineligible nominee (thus allowing them to vote for an eligible nominee), and, in the case of members that declined to submit a revised ballot, void any votes cast for the ineligible nominee.

The final rule does not alter that practice. The Finance Board believes that the Banks have no authority under the Bank Act to seat an individual that is not eligible to serve as a Bank director. Indeed, the Bank Act expressly states that if an elected director were to cease to be eligible to be a Bank director the office would immediately become vacant and the individual could no longer serve as a Bank director. 12 U.S.C. 1427(f)(3). Moreover, the current regulations expressly preclude a Bank from placing the name of an ineligible person on the ballot. 12 CFR 915.7(a). The final rule clarifies this issue by adding to § 915.7(a) a provision that a Bank shall not declare elected any nominee it has reason to know is ineligible to serve, nor seat a director-elect that it has reason to know is ineligible to serve. Thus, if a loss of eligibility were to occur before an election of directors had closed, the ineligible candidate could not be declared elected. Instead, the Bank should declare elected the eligible nominee who received the most votes. If the loss of eligibility were to occur after the election had closed, *i.e.,* after the Bank had declared elected the nominees with the most votes, then the Finance Board believes that the situation would be the same as if a sitting director had lost his or her eligibility. In that case, the seat would become vacant, in accordance with Section 7(f)(3) of the Bank Act, and the board of the Bank would be required to fill the vacancy by selecting a person who was eligible to serve. Although the GLB Act has created a unique situation with regard to the 1999 election of directors, causing an extended delay between the voting and the declaration of the directors-elect, the Finance Board sees no benefit in establishing a rule that would require the Banks to set aside an election any time that the person receiving the most votes dies or otherwise loses his or her eligibility to serve. Instead, the Finance Board believes that the most appropriate means of addressing a loss of eligibility that occurs before the election closes is for the Bank to declare elected, from among those nominees who remain eligible to serve, the person or persons receiving the most votes, which is consistent with the past practice of the Finance Board and with the provisions of existing law and regulation.

The trade association for community banks contended that the Finance Board has the legal authority to allocate elected directorships based on the type of charters held by members of each Bank, and that the Finance Board could authorize the use of outstanding advances as the basis for allocating directorships. Neither of those methods of allocating directorships was addressed by the proposed rule, and neither method is expressly authorized by the Bank Act. As this comment letter noted, however, the Finance Board will have to address the allocation of directorships in the rules implementing the capital provisions of the GLB Act. In fact, the Finance Board recently has approved a proposed capital rule that would grant the Banks substantial latitude in establishing a voting structure under the new capital regime, which, if adopted as proposed, would be broad enough to accommodate the allocation methods suggested by this commenter. That matter, however, is more appropriately addressed as part of the capital rule and has not been included in this rule.

The commenter also objected to the proposed method for staggering the directorships to comply with the GLB Act as unnecessarily complicated and too difficult for the Banks and the members to implement, though it did not offer alternatives or suggestions for simplifying the methodology. The Finance Board believes that the rule is as straightforward as is possible, given the language of the statute. Although the rule is rather detailed, it is not unduly complicated. To the extent that the proposed rule might be considered complicated, it is only because the Congress was persuaded by this very commenter to add an additional level of complexity to an already multi-layered statutory scheme. Moreover, the member and Bank commenters raised no similar objections. Indeed the only member to address the complexity of the rule characterized it as a reasonable approach, given the complex statutory constraints under which the Banks must conduct the elections. Similarly, the only Bank to address the issue stated that any complexity results from the approach to staggering the terms of the directorships mandated by the GLB Act, and that the proposed rule provided a fair and equitable method for dealing with a difficult situation. The other state trade association raised similar comments, but on this issue, the Finance Board is inclined to accord greater weight to the view of those entities, *i.e.,* the Banks and the members, that are most knowledgeable about the process of electing Bank directors and who will have to implement the provisions.

Two of the Banks raised a number of specific questions on issues such as eligibility, the assignment of guaranteed and non-guaranteed seats, the assignment of non-guaranteed directorships in subsequent years, and the assignment of directorships between a non-guaranteed directorship with a three-year term and a guaranteed directorship with a two-year term. Those issues are addressed below in the discussion of the specific provisions of the final rule.

IV. Description of the Final Rule

A. The 2000 Election

Before a Bank may decide whether to conduct new elections or to ratify the 1999 election results, it must determine which states within its district are to be assigned directorships with reduced terms, as required to implement the staggering provisions of the GLB Act and this rule. In order to create the third class of directorships required by the GLB Act, certain directorships must be assigned shortened terms in connection with the next two elections. Because the number of states within each Bank district varies, in some instances the adjusted terms will be assigned among directorships representing the same state, but for certain Banks the adjusted terms will have to be assigned among directorships representing different states. For certain Banks, the number of states within the district and the distribution of seats among the states are such that those Banks will not need to assign reduced terms to particular states. Where the board of directors of a Bank is required to choose among several different states in assigning the shortened term, the final rule requires that the board make that determination before considering how to proceed with the 2000 election of directors.

For example, the Atlanta Bank has one class of four elected directorships with terms commencing on January 1, 2001, in which each directorship represents a different state. It also has a second class of five elected directorships with terms commencing on January 1, 2002, in which four of the directorships represent different states. For each class, the board of the Atlanta Bank must assign to one state a term of less than three years, and the final rule requires the board to make that assignment for both classes before determining how to conduct the 2000 election. The Finance Board believes that requiring the Banks to make this determination at the outset is most appropriate, as it will allow individuals running for the directorship from the affected states to know beforehand which directorships will be for less than a full three-year term.

After a Bank has made any necessary assignments of adjusted terms among the states, it must determine the manner in which to elect the directors whose terms are to commence on January 1, 2001. The rule generally allows the board of directors of each Bank either: (i) To conduct new elections during the year 2000 for all states in which an elected directorship is to commence on that date; or (ii) to adopt the results of the 1999 elections for all states that qualify under this rule, and to conduct new elections only in any state for which the rule requires a new election to be held. In either case, the designation of directorships conducted by the Finance Board in 2000 is to control. The Finance Board has completed the 2000 designation of directorships for each Bank, pursuant to § 915.3(b), which is nearly identical to the designation of directorships conducted in 1999, and has provided that information to the Banks. In each case, the Finance Board designated 114 elected directors throughout the Bank System.[2]

In only two states, Oklahoma and Nebraska, does the number of directorships designated in 2000 differ from the number designated to those states in 1999. In 1999, Oklahoma and Nebraska had three and two elected directorships, respectively, designated as representing the members located in those states. In 2000, the designations were reversed, with Oklahoma and Nebraska having two and three elected directorships, respectively. In effect, the constituency of the non-guaranteed stock directorship that formerly had been designated to Oklahoma ''migrated'' to Nebraska over the past year, as a consequence of an increase in the relative amount of Bank stock held by members located in Nebraska. As a result, the incumbent Oklahoma director holding the non-guaranteed directorship will become ineligible to hold that seat once the designation to Nebraska takes effect, on January 1, 2001. Because both non-guaranteed directorships for the Topeka Bank are in the class of directors with terms expiring on December 31, 2001, the 2000 elections cannot be used to determine which of the two Oklahoma directors in that class is to become ineligible at the end of the year. The issue of how to assign a non-guaranteed directorship between directors from the same state in the absence of an election was not directly addressed by the proposed rule. The final rule includes an amendment to § 915.3(e) that requires the board of the Bank to use the most recent election to determine which of the two incumbent Oklahoma directors with terms expiring on December 31, 2001 is to be assigned to the non-guaranteed directorship that is to be affected by the redesignation. Because neither of the non-guaranteed directorships for the Topeka Bank is up for election in 2000, the change in the designation from Oklahoma to Nebraska will have no effect on the 2000 elections in either state. Similarly, in Connecticut the composition of the one non-guaranteed directorship has changed in the 2000 designation (*i.e.,* from a stock seat to a discretionary seat) but the total allocated to the state remains the same, and thus there is no effect on the 2000 elections for Connecticut even though both of the two Connecticut seats are open in the 2000 election. The Finance Board intends to provide each Bank with additional guidance (such as through a regulatory interpretation) about how the designation of directorships will be applied at each Bank in conjunction with adjustment of the terms to be required by this rule.

Although the final rule generally vests the decision regarding the method of electing directors with the board of directors of each Bank, it requires the Banks to conduct new elections in one case. If the 2000 designation of directorships were to result in a state being allocated a number of directorships with terms commencing on January 1, 2001, that is greater than the number of nominees from that state in the 1999 election who remain eligible to serve as a Bank director, the Bank must conduct an election in that state for all directorships with terms commencing on that date. As described above, the 2000 designation of directorships is, for purposes of the 2000 election, unchanged from the 1999 designation of directorships, and thus the 2000 designation alone cannot trigger the requirement for a new election in any state. It remains possible, however, that the number of nominees from the 1999 election who remain eligible to serve as a Bank director for a particular state may have decreased since the enactment of the GLB Act to below the number of directorships designated to that state that are to be filled this year, which would require the Bank to hold a new election for that state. If a new election is required, the Bank must do so only for the affected state; the rule does not require the Bank to conduct a new election in any other states.

Even if the rule does not require a Bank to conduct a new election for a particular state, it grants to the board of directors of the Bank the discretion to do so. If the board were to determine that the Bank should conduct new elections in 2000, the Bank must conduct elections for every state for which a directorship is to commence on January 1, 2001, in accordance with the 2000 designation of directorships. If the board of directors of a Bank were to require new elections, the Bank would follow the normal procedures for conducting an election, in accordance with Part 915 of the Finance Board regulations, and the 1999 election results would be given no effect.

If a Bank is not required to conduct new elections and its board of directors does not opt to do so, the rule allows the board to adopt the votes cast by the members in 1999 as the basis for electing the directors who are to commence their terms on January 1, 2001. The rule requires that the use of the 1999 elections results be consistent with the 2000 designation of directorships and that there be sufficient eligible nominees remaining from the 1999 elections available to fill the designated seats. The board of each Bank is required to confirm, on a state-by-state basis, that the use of the 1999 election results is permissible, *i.e.,* that this rule does not require that a new election be held for a particular state, and that the nominees remain eligible to serve as Bank directors. As a practical matter, because the 2000 designation of directorships is unchanged from 1999, as applied to the 2000 election, the board of directors of each Bank may ratify the results of the 1999 election, subject only to confirming the eligibility of the directors-elect (or other nominees) to serve.

If the board of directors ratifies the 1999 election results, it must notify the Finance Board, the directors-elect, and each member in the affected state. The notice also must indicate which, if any, terms have been adjusted in order to achieve the staggering required by the GLB Act. This requirement applies to any directorship with a reduced term. Any such term adjustments must comply with § 915.17 of the proposed rule, described below, which addresses staggering the board of directors.

[2] Finance Board Resolutons No. 2000–21 (May 17 2000); No. 99–35 (June 2, 1999).

B. Staggering the Terms of Office

The GLB Act imposed what appears to be a straightforward requirement that the board of directors of each Bank be staggered into three approximately equal classes, i.e., it requires a ''class-based'' directorship structure for the Banks. Implementing that requirement, however, is not quite so straightforward because the GLB Act also retained the provisions of current law that require a ''state-based'' directorship structure. To some degree, a ''class-based'' structure and a ''state-based'' structure are in conflict. For example, the Banks cannot have and maintain a pure ''class-based'' staggered directorship structure if other provisions of the Bank Act allow for the possibility that a certain number of directorships may disappear from a given class as a result of shifting stock ownership or at the discretion of the Finance Board. Similarly, the Banks cannot maintain a viable ''state-based'' directorship structure if the creation, elimination, and redesignation of directorships that are necessary consequences of a system that assigns directorships based on relative stock ownership among the states are constrained by other provisions of the Bank Act that require the maintenance of a strict class structure. The final rule attempts to strike a balance between the two directorship structures by focusing on each Bank's core of ''guaranteed'' directorships, *i.e.,* those that are allocated to a particular state by statute, and ensuring that they remain staggered even if a certain number of the ''non-guaranteed'' directorships are eliminated in the future. The Finance Board recently has approved a proposed capital rule under which the Banks would be authorized to establish different directorship and voting structures as part of the capital structure plans required by the GLB Act. That proposal describes the conflict between certain provisions of Section 7 of the Bank Act, regarding Bank directorships, and certain provisions of Section 6 of the Bank Act, regarding capital, and how the Finance Board has proposed to reconcile those conflicts. The manner in which those conflicts are reconciled will be addressed exclusively in the final rule on the capital structure of the Banks, which the GLB Act requires to be adopted no later than November 12, 2000. The provisions of this final elections rule, as they relate to the directorship structure of the Banks, should not be viewed as indicating how the Finance Board ultimately will reconcile the above provisions in the final capital rule.

Guaranteed Directorships. Section 7 of the Bank Act guarantees that the members in each state are to be allocated a certain minimum number of Bank directorships. For most states, the Bank Act guarantees each state one directorship. Under a grandfather provision, however, 20 states are guaranteed a minimum number of seats that ranges from two to six directorships. *See* 12 U.S.C. 1427(c); 12 CFR 915.15. Those directorships cannot be eliminated as a result of shifting stock ownership among the members, nor can they be redesignated as representing members in another state. The final rule defines a core group of directorships that must be allocated to each state as ''guaranteed directorships.'' Ten of the Banks have eight guaranteed directorships each; the other Banks, New York and San Francisco, have nine and five guaranteed directorships, respectively.

Non-guaranteed directorships. The Bank Act also contemplates that certain states may be allocated directorships beyond the minimum number guaranteed by the Bank Act. The additional directorships result either from the amount of Bank stock held by the members located in a particular state or from the Finance Board's exercise of its authority to create discretionary directorships pursuant to Section 7(a) of the Bank Act. Those seats are not permanently allocated to a particular state and may be redesignated from year to year as representing members in another state; they also may be eliminated entirely. Most of the Banks have such directorships allocated to one or more states within their districts, which the final rule defines as ''non-guaranteed directorships.'' The final rule also defines two distinct sub-groups of non-guaranteed directorships: (1) ''discretionary directorships,'' *i.e.,* an elected or appointed directorship created by the Finance Board pursuant to Section 7(a) in districts with five or more states; and (2) ''stock directorships,'' *i.e.,* an elected directorship allocated to a state based on the amount of Bank stock held by the members located in that state, in addition to the minimum number of guaranteed directorships allocated to that state.

Staggering Process. The GLB Act requires that the board of each Bank be staggered into three approximately equal classes. Based on that directive, the rule first divides the guaranteed directorships at each Bank into three groups that are as nearly equal as possible. For each of the ten Banks that has eight guaranteed directorships, the result is three classes of two directors, three directors, and three directors, respectively. For the New York Bank, with nine guaranteed directorships, the result is three classes of three directors; for the San Francisco Bank, with five guaranteed directorships, there are three classes of one, two, and two directors, respectively. Accordingly, for eleven of the Banks the maximum number of guaranteed directorships that may be grouped into a single ''class,'' *i.e.,* a group of directorships with terms expiring on the same date, is three; for the San Francisco Bank, the maximum number is two.

The Finance Board considered attempting to establish a staggering methodology that could apply to the entire board of both appointed and elected directors, rather than the proposed method that focuses on the guaranteed directorships. No commenters suggested any alternative methodology for accomplishing the staggering required by the GLB Act. Because of the differences between the two types of directors, *i.e.,* the different manner of selection, the different interests represented, and the state-based restrictions that apply only to the elected directors, the Finance Board determined that the better approach is to build the staggered board on the foundation of guaranteed directorships, with non-guaranteed directorships and appointed directorships being assigned adjusted terms, as necessary to result in the approximate one-third staggering required by the GLB Act.

With regard to both the non-guaranteed and the appointed directorships, the terms are to be adjusted only as necessary to achieve the appropriately staggered board. For those appointed directorships with terms expiring on the enactment of the GLB Act or on December 31, 1999, the Finance Board has adjusted the terms of the successor directorships, *i.e.,* the first post-GLB Act appointments, only as necessary to ensure that no more than one third of a class of appointed directorships will expire at the same time. For the remaining appointed directorships that will expire at the end of each of the next two years, *i.e.,* the remainder of the first post-GLB Act appointments, the Finance Board intends to adjust the terms of the successor directorships only to the extent necessary to group the appointed directorships at each Bank into three approximately equal classes. Seven of the Banks have six appointed directorships each, and the Finance Board intends ultimately that each of those Banks will have three classes of two appointed directorships each. With regard to the other five Banks (three of which have eight appointed directorships and two of which have seven), the Finance Board intends to adjust the terms of those additional appointed directorships as necessary to cause the entire board to be appropriately staggered.

Based initially on the maximum number of guaranteed directorships that may be included in a single class, the Finance Board has created a matrix for each Bank that indicates how the existing classes of elected directorships will be divided in order to create three classes of directorships of approximately equal size. The final rule requires the board of directors of each Bank to adjust the terms of directorships that commence on January 1, 2001 and January 1, 2002 in accordance with the matrix for that Bank, as described below. Each matrix groups the directorships based on their current status, *i.e.,* one group whose terms will commence on January 1, 2001, and a second group whose terms will commence on January 1, 2002. Within those two groups, the matrices indicate the states to which each directorship will be designated, the length of the term assigned to each directorship (commencing on January 1, 2001 or January 1, 2002, respectively), and whether the seat is ''non-guaranteed,'' *i.e.,* either a discretionary directorship or a stock directorship. The matrices are based on the designation of directorships conducted in 2000, which is the most recent designation available. The Finance Board also intends to provide updated matrices next year, in conjunction with the then-current designation of directorships.

With regard to the directorships commencing on January 1, 2001, each matrix assigns, or requires the board of directors of the Bank to assign, a three-year term to three of the guaranteed directorships (two directorships, in the case of San Francisco), which is the maximum number of guaranteed directorships allowed for any one class of directors. Each of the remaining guaranteed directorships with terms commencing on January 1, 2001 is assigned a two-year term; those directorships will establish, at least in part, the third class of directorships required by the GLB Act. The matrix applies the same methodology to the class of guaranteed directorships with terms commencing on January 1, 2002, except that the shortened terms will be for one year, rather than for two years. The Finance Board believes that assigning the three-year terms to the maximum number of guaranteed directorships possible in any one class is consistent with the GLB Act, which authorizes the adjustment of the term of a directorship only as necessary to achieve the required one-third staggering of the board.

For example, the Pittsburgh Bank has four guaranteed directorships with terms commencing on January 1, 2001. The matrix indicates that three of those seats—the maximum number of guaranteed directorships in any one class—have a full three-year term and the one remaining directorship has a two-year term. The Pittsburgh Bank has four other guaranteed directorship with terms commencing on January 1, 2002. Again, the matrix indicates that three of those seats—the maximum number of guaranteed directorships per class—receive a full three-year term, with the fourth directorship receiving a one year term. As a result, the Bank will achieve the required ''2–3–3'' staggering of its guaranteed directorships by adjusting the terms of only two of the eight guaranteed directorships. Thus, the Bank will have one class of two directorships with terms expiring on December 31, 2002, one class of three directorships with terms expiring on December 31, 2003, and one class of three directorships with terms expiring on December 31, 2004. Though not indicated on the matrix, the Finance Board will adjust the terms of the appointed directorships for the Pittsburgh Bank as necessary to create three classes of two directors each, which will result in the entire board being grouped into classes of ''4–5–5'', which is the closest to the one-third staggering that can be achieved with a fourteen director board.

The matrix for the Pittsburgh Bank also illustrates the different methods by which a directorship is to be assigned a shortened term, one of which is based on the votes cast by the members and the other of which is based on the number of states with directorships at issue. In the case of the four directorships commencing on January 1, 2001, each directorship is designated as representing the members located in Pennsylvania. In such a case, *i.e.,* where a reduced term must be assigned to one of several directorships from the same state, the rule requires that the assignment be based on the number of votes each director-elect receives in the most recent election. Thus, in the class of directorships commencing on January 1, 2001, the director-elect from Pennsylvania who receives the fourth most votes (using either the results of the 1999 election or the results of a new election, as determined by the board of directors) will be assigned the two-year term. The same methodology generally will apply whenever the Bank must make a choice between two or more directorships from the same state, whether the issue is which seat is to receive a reduced term or which seat is to be designated as a ''non-guaranteed'' directorship. The one exception, noted below, is where the matrix assigns a guaranteed directorship a shorter term than it assigns to a non-guaranteed directorship, which occurs only with regard to New York state. In that case, the final rule provides that the candidate receiving the greater number of votes is assigned to the guaranteed seat and the candidate with the lesser number of votes is assigned the non-guaranteed seat.

In certain cases, it also is possible for directors to be elected without a vote, such as where the number of nominees from a state is equal to or less than the number of directorships to be filled from that state. In that case, a short term or a non-guaranteed directorship could not be assigned on the basis of the number of votes received. This occurred in the 1999 election for directors representing members in Indiana, three of whom were declared elected without a vote. In that case, one of the three directorships must be assigned a 2-year term, but the proposed rule did not address how the assignment should be made in such a case. The final rule addresses that issue by providing that if a shortened term must be assigned among directors who have been elected without a vote, the board of the Bank must assign the terms on the basis of the most recent election.

The final rule also includes a conforming amendment to § 915.8(b), the provision authorizing directors to be elected without a vote, to allow such elections to occur only if the term and the status, *i.e.,* whether the directorships are guaranteed or non-guaranteed, are all the same. Thus, if there are three directorships from the same state at issue in an election and there are only three nominees for those directorships, but one directorship is non-guaranteed or is for a reduced term, the Bank still must hold an election to determine how those directorships are to be assigned. One Bank questioned how the proposed rule would apply if the matrix were to assign to a particular state in the same year one guaranteed directorship with a two-year term and one non-guaranteed directorship with a three year term, suggesting that it was not clear from the proposed rule how a Bank would allocate such directorships. The final rule addresses this question in § 915.17(b)(2) by providing that if a matrix assigns a guaranteed directorship a shorter term than it assigns to a non-guaranteed directorship for the same state in the same year, the Bank shall assign the guaranteed directorship to the candidate receiving the most votes in the election. Because it is possible for a non-guaranteed directorship to be eliminated after one year (or to be redesignated to another state, which for the incumbent would have the same effect as being eliminated), the Finance Board believes that a guaranteed directorship, even if for an initial reduced term, is the more valued directorship and thus should be awarded to the candidate receiving the greater number of votes in the election.

Another Bank raised a question concerning the assignment of individual directors from the same state to the two seats that are allocated to the state, where there is one guaranteed directorship and one non-guaranteed discretionary directorship. In that case, the matrix for that Bank would allow the board of the Bank to assign each directorship from that state to an identical term or to different terms. The Bank was uncertain whether the Finance Board or the board of directors of the Bank would decide which of the two directorships would be guaranteed. The intent of the Finance Board is that the board of the Bank must make that determination in accordance with the matrix for that Bank. Thus, if the board of the Bank places the two directorships into the same class, *i.e.,* it assigns them to the same term, in the first election for that state the Bank would assign the guaranteed directorship to the candidate receiving the most votes, and the non-guaranteed seat to the candidate receiving the second most votes. In each subsequent election, (and assuming that the non-guaranteed directorship, which in this case is a discretionary directorship, remained designated to that state) the candidate receiving the most votes in that election would be assigned to the guaranteed directorship and the candidate receiving the second most votes would be assigned to the non-guaranteed seat. Thus, it would be possible in future elections that the individual receiving the most votes in one election would receive the second most votes in the next election, in which case the individual would switch from the guaranteed directorship to the non-guaranteed directorship for that state. The reference in the rule that a non-guaranteed directorship is to retain that designation for as long as it remains in existence refers only to the directorship itself, and not necessarily to the individual who holds the non-guaranteed directorship at any particular time. If, however, the Bank were to assign different terms to each of those two directorships at the outset, then there would be no issue because the guaranteed directorship and the non-guaranteed directorship would be filled in different years, and any persons running for either directorship would know whether it was guaranteed or non-guaranteed.

The same commenter raised three procedural questions concerning the treatment of those two directorships (*i.e.,* one guaranteed and one non-guaranteed, and both with the same initial term) in subsequent elections. In that case, for each election the Bank would inform its members in that state that two seats are open, that one is guaranteed and the other is non-guaranteed, and that the eligible candidate receiving the most votes will be awarded the guaranteed seat. In the event that no candidates were to be nominated for either seat in a subsequent election, the directorships would become vacant as of the end of the calendar year and the board of directors would select two eligible individuals to fill those vacancies in accordance with the existing provisions for filling vacant elected directorships. See 12 CFR 915.8(b). In doing so, the board of the Bank would designate one individual to fill the guaranteed directorship and one individual to fill the non-guaranteed directorship. In the event that only one person were nominated from that state, that person would fill the guaranteed directorship and the board of the Bank would select another person under the vacancy provisions to fill the non-guaranteed directorship.

With regard to the directorships at the Pittsburgh Bank that have terms commencing on January 1, 2002, the methodology differs somewhat from that used for the prior class. In this case, three of the four guaranteed directorships at issue are from different states: West Virginia, Delaware, and Pennsylvania (which has two guaranteed directorships in this class). Here, again, no more than three of the guaranteed directorships may be assigned a full three-year term, and one must receive a reduced term, which in this case will be for one year. Where the number of states is the same as the number of full-term directorships available, as is the case here, the matrix assigns one full term to each state. The matrices reflect a determination by the Finance Board that to the extent possible each state should be treated equally in the assignment of three-year terms. For that reason, the matrix does not allow both Pennsylvania directorships to receive a full term, as that could not occur unless one of the remaining states—Delaware or West Virginia—were to receive the one-year term. With regard to the two Pennsylvania directorships in this class, the board of directors of the Bank must assign the three-year term to the director-elect from Pennsylvania who receives the highest number of votes, with the one-year term going to the director-elect with the second most votes.

For certain other Banks, the methods used for the Pittsburgh Bank will not work because the number of states with guaranteed directorships is greater than the number of three-year terms available. In that case, the rule requires the board of directors of the Bank to assign the full three-year terms and the reduced terms among the guaranteed directorships from the different states; *i.e.,* the three full three-year terms are to be allocated among four or five states. Where several states are involved, each directorship has a different constituency and thus the number of votes received by each candidate cannot be used to rank them. Also, because the number of states with guaranteed directorships is greater than the number of three-year terms available, not all of the states can be treated equally, as was the case with the Pittsburgh Bank. Where equal treatment for all states is not possible, the Finance Board believes that it is most appropriate, as well as consistent with the GLB Act, for the board of directors of each Bank to make the determination as to which states are assigned the reduced term. The matrices reflect that provision, noting that the board of the Bank is required to select one (and in some cases, two) states to receive a reduced term. (As noted earlier, the boards must make this decision before determining the effect to be given to the 1999 election results.)

For example, the Atlanta Bank has four guaranteed directorships with terms commencing on January 1, 2001, representing the members in the District of Columbia, Alabama, Virginia, and South Carolina, respectively. Only three of those seats may receive a full three-year term; the remaining directorship must receive a two-year term in order to comply with the staggering requirement. In this case, the matrix indicates that the board of the Atlanta Bank must decide which of those four directorships is to be assigned a two-year term. The rule provides that the manner in which the board of directors assigns the reduced term to a particular state is entirely within its discretion, so long as the method is reasonable and is used consistently. Thus, the rule allows the board to adopt some objective basis for making the determination or to assign the terms randomly, such as through a lottery among the affected states.

The Finance Board recognizes that certain directors may have an interest in which state's directorship is to be assigned a reduced term and requested comment on whether it should require such determinations to be made only by the disinterested directors, or whether it should include a ''safe harbor'' provision in the final rule that would allow an interested director, *i.e.,* a director whose directorship may be at risk of being assigned a reduced term, to participate in the decision without being deemed to violate the conflict of interest regulations or the conflict policies of the Bank. The only commenters to address that issue endorsed the concept of a safe harbor provision and the Finance Board has included one in the final rule, which applies to both the decision on ratification of the 1999 election results and the assignment of reduced terms among the states.

For some Banks none of the above scenarios will apply because the guaranteed directorships will consist in part of directorships representing different states and in part of multiple directorships from the same state; *i.e.,* there are two or more states with guaranteed directorships at issue, and one or more of those states has more than one directorship open. For example, the Boston Bank has five guaranteed directorships with terms commencing on January 1, 2001: two are designated to Massachusetts, and one each is designated to Connecticut, Rhode Island, and Maine. There also is one non-guaranteed directorship open, which is a discretionary seat allocated to Connecticut. Because there are three three-year terms to be allocated among four states, the board of directors of the Bank first must determine which one of the four states is to receive the two-year term, as described above with regard to the Atlanta Bank. After doing so, the board then would make any necessary distinctions between directorships from the same state on the basis of the votes received, as in the case of the Pittsburgh Bank. Thus, assuming that the board had assigned one of the three-year terms to one of the two Massachusetts directorships, the board would assign the Massachusetts director-elect who received the most votes (either in the 1999 election or in elections conducted in 2000, as determined by the board of the Bank) to the three-year term. The other guaranteed directorship from Massachusetts would be assigned to the director-elect who received the second highest number of votes. Similarly, the matrix indicates that one of the Connecticut directorships is to be a ''non-guaranteed'' discretionary directorship, while the other is to be a ''guaranteed'' directorship. The rule requires the board of the Boston Bank to assign the non-guaranteed directorship to the Connecticut director-elect who receives the second highest number of votes in the election; the Connecticut director-elect who receives the most votes is to be assigned to the ''guaranteed'' directorship.

With regard to the non-guaranteed directorships, the rule also provides that once a directorship is designated as non-guaranteed it retains that status in all subsequent elections unless it is eliminated by the Finance Board (in the case of a discretionary directorship) or as a consequence of a shift in the relative amounts of Bank stock held by members in different states. If, in connection with a subsequent annual designation of directorships, a directorship allocated to a particular state were to be eliminated or redesignated as representing the members in another state, the non-guaranteed directorship from that state would be eliminated or redesignated. As noted above, the ''non-guaranteed'' designation runs to the directorship itself and not to the individual director, and in any state in which both a guaranteed and non-guaranteed directorship are to be filled in the same election, the guaranteed directorship will be awarded to the candidate receiving the most votes. The final rule provides expressly that in all elections subsequent to 2001 the non-guaranteed directorships are to be assigned based on the number of votes received, with the directors receiving the fewest number of votes receiving the non-guaranteed directorships.

With regard to the non-guaranteed directorships, the matrices have assigned terms to those directorships in a manner that is consistent with the one-third staggering requirement of the GLB Act, as noted previously. For example, the two non-guaranteed directorships at the Boston Bank have been assigned a two- and one-year term, respectively, which both places them into the same class of directors and results in a ''4–3–3'' class structure, which is consistent with the GLB Act. In the event that one or both of those directorships were to be eliminated, the elected directorships would be grouped either into a ''3–3–3'' class structure or the ''2–3–3'' structure of the guaranteed directorships, thus maintaining the one-third staggering of the board.

Eligibility of Directors. The rule also amends provisions regarding the eligibility of directors to remain in office if the directorship to which they have been elected is redesignated as representing members in another state or is eliminated. As noted above, it is possible that shifting stock ownership among the members in different states could cause the designation of a directorship to change during the course of an incumbent's term of office, or for the seat to disappear. The rule provides that an elected director becomes ineligible to remain in office if the directorship is designated to another state during that director's term of office, or if the directorship is eliminated, and that the loss of eligibility takes effect on December 31 of the year in which the directorship is redesignated or eliminated. In the case of an eliminated directorship, the directorship simply disappears at the end of the year, and there is no seat for the incumbent director to fill. In the case of the redesignation of a directorship to another state, the directorship continues after the end of the year, but it becomes vacant as of December 31st (because the incumbent no longer is an officer or director of a member represented by the directorship) and the board of directors of the Bank fills the vacancy for the remainder of the unexpired term, in accordance with Section 7(f) of the Bank Act, with an officer or director of a member located in the newly-designated state. The rule makes a similar change to the provisions regarding appointed directors, providing that any appointed directorship that has been created in conjunction with the creation of additional elected directorships (in accordance with Section 7(a) of the Bank Act) is to terminate on December 31 of the year in which the associated elected directorship is terminated.

Certain commenters raised questions about the loss of eligibility of a person who otherwise would have been elected to the board of a Bank in the 1999 elections. One Bank asked how it should deal with a situation in which the nominee receiving the most votes in the 1999 election is now ineligible to serve, but the nominee receiving the second most votes in that election remains eligible. Another Bank asked a similar question, about how it should deal with the loss of eligibility by a director-elect that occurs after the Bank has declared the results of the 1999 election. As noted previously, the Finance Board believes that a person must be eligible to serve as a Bank director at several points in the election process, such as when nominated, when elected, and when commencing service on the board of the Bank. If a person ceases to be eligible to serve after being nominated but before the ballots are distributed, the Finance Board expects that the Bank would exclude that person from the ballot. If the loss of eligibility were to occur after the ballots were distributed but before the Bank had tabulated the results of the election, the Finance Board expects that the Bank would not declare that person to have been elected, even if that person received the most votes, but should instead declare elected the eligible nominee who received the most votes. If, after the Bank had declared elected those eligible nominees with the most votes, a director-elect were to become ineligible to serve, the Finance Board believes that the director-elect could not be seated as a member of the Bank's board, which would create a vacancy on the board as of the next January 1st, and that the board would fill the vacancy in accordance with Section 7(f) of the Bank Act. The final rule includes a provision providing that a Bank shall not declare elected a nominee that it has reason to know is ineligible to serve, nor shall it seat a director-elect that it has reason to know is ineligible to serve.

Conforming Amendments. The proposed rule included a number of conforming amendments to other provisions of the regulations to remove references that no longer are accurate in light of the GLB Act and to be consistent with the other elements of the proposed rule. One such amendment addressed the term ''bona fide resident'' of a Bank district, as used in the definitions included at 12 CFR 915.1. The GLB Act amended Section 7(a) of the Bank Act to provide that a director of a Bank must be either a bona fide resident of the Bank district or an officer or director of a member located in the district. Previously, that provision had simply required that a Bank director be, among other things, a bona fide resident of the district. The proposed rule would have revised the definition of ''bona fide resident of a Bank district'' to include an officer or director of a member located in that Bank district. As a technical matter, the Bank Act establishes these as alternatives, *i.e.,* an elected Bank director must be either an officer or director of a member located in the Bank district or must be a bona fide resident of the district. As such, the proposed rule should not have treated the ''officer or director'' requirement as though it were a subset of the term ''bona fide resident.'' The final rule corrects this provision by eliminating from the definition of ''bona fide resident'' the reference to an individual being an ''officer or director of a member'' located within that district. The final rule retains the existing provisions of the term ''bona fide resident'' as applied to appointed directors. Thus, an appointed director will continue to be considered a bona fide resident of the district if he or she maintains a principal residence within the district or owns or leases a residence in his or her own name within the district and also is employed within the district. The statutory change made by the GLB Act with regard to elected directors is more expansive than the prior regulatory definition of bona fide resident as applied to elected directors. Thus, the final rule removes from the definition of bona fide resident the provision allowing an elected director to qualify by owning or leasing a residence (other than a principal residence) within the district so long as he or she was an officer or director of a member in a state within the district. Because the terms ''officer'' and ''director'' of a member are well understood, the Finance Board is not including a separate definition of those terms in the final rule. The final rule includes a conforming amendment to § 915.7, which clarifies that an elected director need not be a bona fide resident of the district if he or she is an officer or director of a member located in the district, which reflects the amendments made by the GLB Act. In the event that questions may arise about whether a particular individual is either an officer or director of a member, the Finance Board anticipates that such matters could be addressed on a case by case basis, such as through staff interpretations.

V. Regulatory Flexibility Act

The final rule applies only to the Finance Board and to the Federal Home Loan Banks, which do not come within the meaning of small entities as defined in the Regulatory Flexibility Act (RFA). *See* 5 U.S.C. 601(6). Thus, in accordance with section 605(b) of the RFA, 5 U.S.C. 605(b), the Finance Board hereby certifies that the final rule will not have a significant impact on a substantial number of small entities.

VI. Paperwork Reduction Act

The final rule does not contain any collections of information pursuant to the Paperwork Reduction Act of 1995. *See* 33 U.S.C. *et seq.* Therefore, the Finance Board has not submitted any information to the Office of Management and Budget for review.

List of Subjects in 12 CFR Part 915

Banks, banking, Conflict of interests, Elections, Ethical conduct, Federal home loan banks, Financial disclosure, Reporting and recordkeeping requirements.

Accordingly, the Federal Housing Finance Board hereby amends title 12, chapter IX, part 915 of the Code of Federal Regulations, as follows:

PART 915—DIRECTORS, OFFICERS, AND EMPLOYEES OF THE BANKS

1. The authority citation for part 915 continues to read as follows:

Authority: 12 U.S.C. 1422a(a)(3), 1422b(a), 1426, 1427, and 1432.

2. Amend § 915.1 by removing the paragraph (2) of the definition of ''bona fide resident of a Bank district'' and redesignating paragraph (3) as paragraph (2), and by adding in alphabetical order definitions of ''discretionary directorship'', ''guaranteed directorship'', ''non-guaranteed directorship'', and ''stock directorship'' to read as follows:

§ 915.1 Definitions.

* * * * *

Discretionary directorship means an elective or appointive directorship created by the Finance Board pursuant to Section 7(a) of the Act for districts that include five or more states.

Guaranteed directorship means an elective directorship that is required by Section 7(b) of the Act and § 915.15 to be designated as representing Bank members that are located in a particular state.

Non-guaranteed directorship means an elective directorship that is either a discretionary directorship or a stock directorship.

* * * * *

Stock directorship means an elective directorship that is designated by the Finance Board as representing the members located in a particular state based on the amount of Bank stock held by the members in that state, and which is in excess of the number of guaranteed directorships allocated to that state.

* * * * *

3. Amend § 915.3 by:

a. Revising the fourth sentence of paragraph (a);

b. Adding two new sentences at the end of paragraph (b)(5);

c. Revising the second sentence in paragraph (c); and

d. Revising paragraph (e) to read as follows:

§ 915.3 Director elections.

(a) * * * The term of office of each elective director shall be three years, except as adjusted pursuant to Section 7(d) of the Act and § 915.17 of this chapter to achieve a staggered board, and shall commence on January 1 of the calendar year immediately following the year in which the election is held. * * *

(b) * * *

(5) * * * The annual designation of directorships shall indicate the number of discretionary directorships, if any, to be authorized for the succeeding year. If the Finance Board eliminates an existing discretionary directorship, or designates such a directorship to another state, the term of any appointive or elective director affected by that action shall terminate after the close of business on the immediately following December 31.

(c) * * * If the annual designation of elective directorships results in an existing stock directorship being redesignated as representing members in a different state, the notice also shall state that the directorship must be filled by an officer or director of a member located in the newly designated state as of January 1 of the immediately following year, regardless of whether the term for the incumbent director would have expired by that date.

* * * * *

(e) *2000 designation.* For any stock directorship with a term ending December 31, 2001 that is redesignated from one state to another state by the 2000 designation of directorships, the board of directors of the Bank shall determine which incumbent director from the former state shall become ineligible to serve as a result of the redesignation on the basis of the most recent election.

4. Amend § 915.7 by:

a. Adding a new sentence at the end of paragraph (a);

b. Removing paragraph (b)(2);

c. Revising paragraph (b)(3) and redesignating it as paragraph (b)(2);

d. Adding a new paragraph (c)(4); and

e. Adding a new paragraph (d), to read as follows:

§ 915.7 Eligibility requirements for elective directors.

(a) *Eligibility verification.* * * * A Bank shall not declare elected a nominee that it has reason to know is ineligible to serve, nor shall it seat a director-elect that it has reason to know is ineligible to serve.

(b) *Eligibility requirements.* * * *

(2) A bona fide resident of the Bank district or an officer or director of a member that is located in the voting state to be represented by the elective directorship, that was a member of the Bank as of the record date, and that meets all minimum capital requirements established by its appropriate federal regulator or appropriate state regulator.

(c) *Restrictions.* * * *

(4) For purposes of applying the term limit provision of Section 7(d) of the Act, a term of office that has been adjusted to a period of less than three years in accordance with § 915.17(a)(2) shall not be deemed to be a full term.

(d) *Loss of eligibility.* (1) An elective director shall become ineligible to remain in office if, during his or her term of office, the stock directorship to which he or she has been elected is eliminated or is redesignated by the Finance Board as representing members located in another state, in accordance with § 915.3(b). The incumbent director shall become ineligible after the close of business on December 31 of the year in which the directorship is redesignated or eliminated.

(2) In the case of a redesignation to another state, the stock directorship shall become vacant after the close of business on December 31 of the year in which the directorship is redesignated and the resulting vacancy shall be filled by the board of directors of the Bank for the remainder of the unexpired term with a person who is an officer or director of a member located in the newly designated state, pursuant to Section 7(f) of the Bank Act.

5. Amend § 915.8, by revising the first sentence of paragraph (b) to read as follows:

§ 915.8 Election process.

* * * * *

(b) *Lack of nominees.* If, for any voting state, all directorships to be filled in an election are the same with regard to their respective terms and status as guaranteed or non-guaranteed directorships, and the number of nominees from that state is equal to or less than the number of such directorships, the Bank shall notify the members in the affected voting state in writing (in lieu of providing a ballot) that the directorships are to be filled without an election due to a lack of nominees. * * *

* * * * *

6. Amend § 915.10, by revising paragraph (b), to read as follows:

§ 915.10 Selection of appointive directors.

* * * * *

(b) *Term of office.* The term of office of each appointive directorship shall be three years, except as adjusted pursuant to Section 7(d) of the Act to achieve a staggered board, and shall commence on January 1. In appointing directors for the terms commencing on January 1, 2001 and 2002, respectively, the Finance Board shall adjust the terms of any appointive directorships as necessary to achieve the one-third staggering of the board of directors required by Section 7(d) of the Act, in accordance with the requirements of this Part and the applicable matrix from the Appendix to this Part. In the case of a discretionary appointive directorship that is terminated pursuant to § 915.3(b)(5), the term of office of the directorship shall end after the close of business on December 31 of that year.

7. Add new § 915.16 to read as follows:

§ 915.16 1999 and 2000 Election of Directors.

(a) *In general.* The annual designation of Bank directorships conducted by the Finance Board in 2000 pursuant to § 915.3(b) shall control with respect to the number of elective directorships to be allocated to each state with terms commencing on January 1, 2001.

(b) *Conduct of 2000 elections.* After assigning any adjusted terms that may be required by § 915.17(a)(3), the board of directors of each Bank shall determine either:

(1) To conduct new elections for every state in the district for which an elective directorship is to commence on January 1, 2001, or

(2) To conduct new elections only in those states for which this section requires a new election to be held and, for all other states within the district, to use the results of the 1999 elections for the purpose of electing directors whose terms are to commence on January 1, 2001.

(c) *1999 election results.* If the number of nominees from any state for the 1999 election of directors who remain eligible to serve as a Bank director equals or exceeds the number of directorships designated to that state with terms commencing on January 1, 2001, the board of directors of the Bank may declare elected the nominee receiving the most votes in the 1999 election and, if more than one directorship is to be filled for that state, shall also declare elected each successive nominee receiving the next greatest number of votes, until all directorships designated for that state are filled. Before declaring elected any such nominee, the board of directors of the Bank shall confirm that the nominee is eligible to serve as a director from that state.

(d) *2000 elections.* If the number of directorships designated to any state with terms commencing on January 1, 2001, exceeds the number of nominees from that state in the 1999 election who remain eligible to serve as a Bank director, then the board of directors of the Bank shall conduct a new election for that state for all of the directorships with terms commencing on January 1, 2001.

(e) *Report of election*. If the board of directors of a Bank adopts the 1999 election results for any state, it shall provide written notice of its decision to the Finance Board, the directors-elect, and to each member in the affected state. The notice shall indicate the date on which the term of office of each director-elect shall expire, and shall indicate which terms have been adjusted in order to stagger the board of directors as required by Section 7(d) of the Bank Act. Any such adjustments shall be made in compliance with § 915.17. Such notice shall be deemed to constitute the report of election for the 2000 election required by § 915.8(e).

(f) *Safe harbor*. In determining whether to ratify the 1999 election results or to hold new elections in 2000, an individual director that would be affected by the decision of the board shall not be deemed to have violated any regulation or Bank policy pertaining to conflicts of interest solely by virtue of having participated in the deliberations or by having voted on the matter.

8. Add new § 915.17 to read as follows:

§ 915.17 Staggered directorships in the 2000 and 2001 elections.

(a) *In general*. (1) In conjunction with the annual designations of directorships for elected directors with terms commencing on January 1, 2001 and January 1, 2002, the Finance Board shall, in addition to allocating directorships among the states, indicate the term of each elective directorship and which directorships are to be designated as non-guaranteed directorships. A non-guaranteed directorship shall retain that designation in all subsequent elections, unless the directorship is eliminated by the Finance Board pursuant to Section 7(a) of the Bank Act or as a consequence of a change in the amount of Bank stock held by members located in that state. In such subsequent elections, any non-guaranteed directorships shall be assigned on the basis of votes received, with the directors-elect who received the fewest votes being assigned the non-guaranteed directorships.

(2) The board of directors of each Bank shall adjust the terms of any directorships that are to commence on January 1, 2001 or January 1, 2002, in accordance with this section and the matrix for that Bank set forth in the appendix to this part, and shall inform the Finance Board which directorships have been assigned adjusted terms.

(3) Where the matrix for a Bank indicates that two or more guaranteed directorships are to be filled by persons elected from different states in the same year, and which are to have different terms, the board of directors of the Bank shall assign the shorter terms among the states on any reasonable basis, as determined by Bank's board, provided that:

(i) It uses the same methodology in making all such adjustments; and

(ii) It assigns the terms to the respective states before determining whether to adopt the 1999 election results, in accordance with § 915.16(b).

(b) *Adjustment of terms*. (1) Where the matrix for a Bank indicates that two or more guaranteed directorships are to be filled from the same state in the same year, but which are to have different terms, the board of directors of the Bank shall assign the terms among the eligible nominees who have received a sufficient number of votes to be elected, such that the nominees receiving the greater number of votes are assigned the longer terms and those nominees receiving the lesser number of votes are assigned the shorter terms. If the directors from any state have been declared elected without a vote, in accordance with § 915.8(b) because the number of nominees from that state was less than or equal to the number of directorships to be filled, then the board of directors of Bank shall assign the terms on the basis of the most recent election.

(2) In the elections occurring in 2000 and 2001, if the matrix for any Bank indicates that both guaranteed and non-guaranteed directorships are to be filled from the same state in the same year, the board of directors shall assign directorships among the eligible nominees who have received a sufficient number of votes to be elected, such that the nominees receiving the greatest number of votes are assigned the guaranteed directorships and those nominees receiving the fewest votes are assigned the non-guaranteed directorships. In the event that the matrix for a Bank assigns a guaranteed directorship for a particular state a shorter term than it assigns to a non-guaranteed directorship for the same state for that year, the board of directors shall assign the guaranteed directorship to the nominee receiving the greatest number of votes.

(c) *Safe harbor*. In determining which directorships shall be assigned a reduced term, an individual director that could be affected by the decision of the board shall not be deemed to have violated any regulation or Bank policy pertaining to conflicts of interest solely by virtue of having participated in the deliberations or by having voted on the matter.

(d) *Other adjustments*. The board of directors of the Bank may not adjust the term of any director other than as provided in this section.

9. Add a new appendix A to part 915 to read as follows:

Appendix A to Part 915 [Added]

Appendix A to Part 915—Staggering For FHLBank Boards of Directors

TABLE 1

Boston FHLBank (10 seats: 8 guaranteed by statute and 2 not guaranteed)	Term	Non-guaranteed seats	Guaranteed staggering: 2–3–3 Total staggering: 4–3–3
6 Seats to be filled in 2000 Election:			
	*Board must allocate 1 Seat to a 2-year term.		
Mass. Seat	3/2 Years*.		
Conn. Seat	3/2 Years*.		
Maine Seat	3/2 Years*.		
R. I. Seat	3/2 Years*.		
Mass. Seat	2 Years.		
Conn. Seat	2 Years	Not Guaranteed (Discretionary Seat).	

TABLE 1—Continued

Boston FHLBank (10 seats: 8 guaranteed by statute and 2 not guaranteed)	Term	Non-guaranteed seats	Guaranteed staggering: 2–3–3 Total staggering: 4–3–3
4 Seats to be filled in 2001 Election:			
Mass. Seat	3 Years.		
N.H. Seat	3 Years.		
Vermont Seat	3 Years.		
Mass. Seat	1 Year	Not Guaranteed (Discretionary Seat).	
Class with Terms Expiring Dec. 31, 2002 (4 seats):			
Mass./Conn./Maine/Rhode Island Seat (board to pick 1 of 4)			
Mass. Seat			
Conn. Seat (not guaranteed by statute)			
Mass. Seat (not guaranteed by statute)			
Class with Terms Expiring Dec. 31, 2003 (3 seats):			
Mass./Conn./Maine/Rhode Island Seat (board to pick 3 of 4)			
Class with Terms Expiring Dec. 31, 2004 (3 seats):			
Mass. Seat			
N.H. Seat			
Vermont Seat			

TABLE 2

N.Y. FHLBank (11 Seats: 9 Guaranteed by Statute and 2 Not Guaranteed)	Term	Non-guaranteed seats	Guaranteed staggering: 3–3–3 Total staggering: 3–4–4
7 Seats to be filled in 2000 election:			
New York Seat	3 Years.		
New Jersey Seat	3 Years.		
Puerto Rico Seat	3 Years.		
New York Seat	3 Years	Not Guaranteed (Stock Seat).	
New York Seat	2 Years.		
New York Seat	2 Years.		
New Jersey Seat	2 Years.		
4 Seats to be filled in 2001 election:			
New York Seat	3 Years.		
New York Seat	3 Years	Not Guaranteed (Stock Seat).	
New Jersey Seat	3 Years.		
New Jersey Seat	3 Years.		
Class with Terms Expiring Dec. 31, 2002 (3 seats):			
New York Seat			
New York Seat			
New Jersey Seat			
Class with Terms Expiring Dec. 31, 2003 (4 seats):			
New York Seat			
New York Seat (not guaranteed by statute)			
New Jersey Seat			
Puerto Rico Seat			
Class with Terms Expiring Dec. 31, 2004 (4 seats):			
New York Seat			
New York Seat (not guaranteed by statute)			
New Jersey Seat			
New Jersey Seat			

TABLE 3

Pitts. FHLBank (8 seats: all guaranteed by statute)	Term	Non-guaranteed seats	Guaranteed staggering: 2–3–3 Total staggering: 2–3–3
4 Seats to be filled in 2000 Election:			
Penn. Seat	3 Years.		
Penn. Seat	3 Years.		
Penn. Seat	3 Years.		
Penn. Seat	2 Years.		
4 Seats to be filled in 2001 Election			
West Va. Seat	3 Years.		
Delaware Seat	3 Years.		
Penn. Seat	3 Years.		
Penn. Seat	1 Year.		

TABLE 3—Continued

Pitts. FHLBank (8 seats: all guaranteed by statute)	Term	Non-guaranteed seats	Guaranteed staggering: 2–3–3 Total staggering: 2–3–3
Class with Terms Expiring Dec. 31, 2002 (2 seats):			
Penn. Seat			
Penn Seat			
Class with Terms Expiring Dec. 31, 2003 (3 seats):			
Penn. Seat			
Penn. Seat			
Penn. Seat			
Class with Terms Expiring Dec. 31, 2004 (3 seats):			
Penn. Seat			
Delaware Seat			
West Va. Seat			

TABLE 4

Atlanta FHLBank (9 Seats: 8 guaranteed by statute and 1 not guaranteed)	Term	Non-guaranteed seats	Guaranteed staggering: 2–3–3 Total staggering: 3–3–3
4 Seats to be filled in 2000 Election:			
	*Board must allocate 1 Seat to a 2-year term.		
D.C. Seat	3/2 Years*.		
Alabama Seat	3/2 Years*.		
Virginia Seat	3/2 Years*.		
S. Carolina Seat	3/2 Years*.		
5 Seats to be filled in 2001 Election:			
	*Board must allocate 1 Seat to a 1-year term		
N. Carolina Seat	3/1 Years*.		
Georgia Seat	3/1 Years*.		
Maryland Seat	3/1 Years*.		
Florida Seat	3/1 Years*.		
N. Carolina Seat	1 Year*.	Not Guaranteed (Discretionary Seat).	
Class with Terms Expiring Dec. 31, 2002 (3 seats):			
North Carolina Seat (not guaranteed by statute)			
D.C./Alabama/Virginia/So. Carolina Seat (board to pick 1 of 4)			
No. Carolina/Georgia/Maryland/Florida Seat (board to pick 1 of 4)			
Class with Terms Expiring Dec. 31, 2003 (3 seats):			
D.C./Alabama/Virginia/So. Carolina Seat (board to pick 3 of 4)			
Class with Terms Expiring Dec. 31, 2004 (3 seats):			
No. Carolina/Georgia/Maryland/Florida Seat (board to pick 3 of 4)			

TABLE 5

Cincinnati FHLBank (9 seats: 8 guaranteed by statute and 1 not guaranteed)	Term	Non-guaranteed seats	Guaranteed staggering: 2–3–3 Total staggering: 3–3–3
4 Seats to be filled in 2000 Election:			
	*Board must allocate 1 Seat to a 2-year term.		
Kentucky Seat	3 Years.		
Ohio Seat	3 Years.		
Kentucky Seat	3/2 Years*.		

TABLE 5—Continued

Cincinnati FHLBank (9 seats: 8 guaranteed by statute and 1 not guaranteed)	Term	Non-guaranteed seats	Guaranteed staggering: 2–3–3 Total staggering: 3–3–3
Ohio Seat	3/2 Years*.		
5 Seats to be filled in 2001 Election:			
	*Board must allocate 1 Seat to a 1-year term.		
Ohio Seat	3 Years.		
Tennessee Seat	3 Years.		
Tennessee Seat	3/1 Years*.		
Ohio Seat	3/1 Years*.		
Ohio Seat	1 Year	Not Guaranteed (Stock Seat).	
Class with Terms Expiring Dec. 31, 2002 (3 seats):			
Kentucky or Ohio Seat (board to decide)			
Ohio Seat (not guaranteed by statute)			
Tennessee or Ohio Seat (board to decide)			
Class with Terms Expiring Dec. 31, 2003 (3 seats):			
Kentucky Seat			
Ohio Seat			
Kentucky or Ohio Seat (board to decide)			
Class with Terms Expiring Dec. 31, 2004 (3 seats):			
Ohio Seat			
Tennessee Seat			
Tennessee or Ohio Seat (board to decide)			

TABLE 6

Indianapolis FHLBank (10 seats: 8 guaranteed by statute and 2 not guaranteed)	Term	Non-guaranteed seats	Guaranteed staggering: 2–3–3 Total staggering: 4–3–3
4 Seats to be filled in 2000 Election:			
Indiana Seat	3 Years.		
Indiana Seat	3 Years.		
Michigan Seat	3 Years.		
Indiana Seat	2 Years.		
6 Seats to be filled in 2001 Election:			
	*Board must allocate 1 Seat to a 1-year term.		
Michigan Seat	3 Years.		
Indiana Seat	3 Years.		
Michigan Seat	3/1 Years*.		
Indiana Seat	3/1 Years*.		
Michigan Seat	1 Year	Not Guaranteed (Stock Seat).	
Michigan Seat	1 Year	Not Guaranteed (Stock Seat).	
Class with Terms Expiring Dec. 31, 2002 (4 seats):			
Indiana Seat.			
Michigan or Indiana Seat (board to decide).			
Michigan Seat (not guaranteed by statute).			
Michigan Seat (not guaranteed by statute).			
Class with Terms Expiring Dec. 31, 2003 (3 seats).			
Indiana Seat.			
Indiana Seat.			
Michigan Seat.			
Class with Terms Expiring Dec. 31, 2004 (3 seats).			
Michigan Seat.			
Indiana Seat.			
Michigan or Indiana Seat (board to decide).			

TABLE 7

Chicago FHLBank (10 seats: 8 guaranteed by statute and 2 not guaranteed)	Term	Non-guaranteed seats	Guaranteed staggering: 2–3–3 Total staggering: 4–3–3
4 Seats to be filled in 2000 Election:			
Illinois Seat	3 Years.		

TABLE 7—Continued

Chicago FHLBank (10 seats: 8 guaranteed by statute and 2 not guaranteed)	Term	Non-guaranteed seats	Guaranteed staggering: 2–3–3 Total staggering: 4–3–3
Wisconsin Seat	3 Years.		
Wisconsin Seat	3 Years.		
Wisconsin Seat	2 Years.		
6 Seats to be filled in 2001 Election:			
Wisconsin Seat	3 Years.		
Illinois Seat	3 Years.		
Illinois Seat	3 Years.		
Illinois Seat	1 Year.		
Illinois Seat	1 Year.	Not Guaranteed (Stock Seat).	
Illinois Seat	1 Year.	Not Guaranteed (Stock Seat).	

Class with Terms Expiring Dec. 31, 2002 (4 seats)
Wisconsin Seat
Illinois Seat
Illinois Seat (not guaranteed by statute)
Illinois Seat (not guaranteed by statute)
Class with Terms Expiring Dec. 31, 2003 (3 seats)
Illinois Seat
Wisconsin Seat
Wisconsin Seat
Class with Terms Expiring Dec. 31, 2004 (3 seats)
Wisconsin Seat
Illinois Seat
Illinois Seat

TABLE 8

Des Moines Bank (10 seats: 8 guaranteed by statute and 2 not guaranteed)	Term	Non-guaranteed seats	Guaranteed staggering: 2–3–3 Total staggering: 4–3–3
6 Seats to be filled in 2000 Election:			
	*Board must allocate 1 Seat to a 2-year term		
Missouri Seat	3/2 Years*.		
South Dakota Seat	3/2 Years*.		
Iowa Seat	3/2 Years*.		
Minnesota Seat	3/2 Years*.		
Iowa Seat	2 Years.		
Minnesota Seat	2 Years	Not Guaranteed (Stock Seat).	
4 Seats to be filled in 2001 Election:			
Missouri Seat	3 Years.		
Minnesota Seat	3 Years.		
North Dakota Seat	3 Years.		
Missouri Seat	1 Year	Not Guaranteed (Discretionary Seat).	

Class with Terms Expiring Dec. 31, 2002 (4 seats):
Iowa Seat
Missouri/So.Dakota/Iowa/Minnesota Seat (board to pick 1 of 4)
Minnesota Seat (not guaranteed by statute)
Missouri Seat (not guaranteed by statute)
Class with Terms Expiring Dec. 31, 2003 (3 seats):
Missouri/So. Dakota/Iowa/Minnesota Seat (board to pick 3 of 4)
Class with Terms Expiring Dec. 31, 2004 (3 seats):
Missouri Seat
Minnesota Seat
North Dakota Seat

TABLE 9

Dallas FHLBank (9 seats: 8 guaranteed by statute and 1 not guaranteed)	Term	Non-guaranteed seats	Guaranteed staggering: 2–3–3 Total staggering: 3–3–3
4 Seats to be filled in 2000 Election:			
Texas Seat	3 Years.		

TABLE 9—Continued

Dallas FHLBank (9 seats: 8 guaranteed by statute and 1 not guaranteed)	Term	Non-guaranteed seats	Guaranteed staggering: 2–3–3 Total staggering: 3–3–3
Louisiana Seat	3 Years.		
Arkansas Seat	3 Years.		
Louisiana Seat	2 Years.		
5 Seats to be filled in 2001 Election:			
Texas Seat	3 Years.		
Mississippi Seat	3 Years.		
New Mexico Seat	3 Years.		
Texas Seat	1 Year.		
Texas Seat	1 Year	Not Guaranteed (Stock Seat).	
Class with Terms Expiring Dec. 31, 2002 (3 seats):			
Louisiana Seat			
Texas Seat			
Texas Seat (not guaranteed by statute)			
Class with Terms Expiring Dec. 31, 2003 (3 seats):			
Texas Seat			
Louisiana Seat			
Arkansas Seat			
Class with Terms Expiring Dec. 31, 2004 (3 seats):			
Texas Seat			
Mississippi Seat			
New Mexico Seat			

TABLE 10

Topeka FHLBank (10 seats: 8 guaranteed by statute and 2 not guaranteed)	Term	Non-Guaranteed seats	Guaranteed staggering: 2–3–3 Total staggering: 4–3–3
5 Seats to be filled in 2000 Election:			
Colorado Seat	3 Years.		
Oklahoma Seat	3 Years.		
Kansas Seat	3 Years.		
Colorado Seat	2 Years.		
Kansas Seat	2 Years.		
5 Seats to be filled in 2001 Election:			
Kansas Seat	3 Years.		
Oklahoma Seat	3 Years.		
Nebraska Seat	3 Years.		
Nebraska Seat	1 Year	Not Guaranteed (Stock Seat).	
Nebraska Seat	1 Year	Not Guaranteed (Stock Seat).	
Class with Terms Expiring Dec. 31, 2002 (4 seats):			
Colorado Seat			
Kansas Seat			
Nebraska Seat (not guaranteed by statute)			
Nebraska Seat (not guaranteed by statute)			
Class with Terms Expiring Dec. 31, 2003 (3 seats):			
Colorado Seat			
Oklahoma Seat			
Kansas Seat			
Class with Terms Expiring Dec. 31, 2004 (3 seats):			
Kansas Seat			
Oklahoma Seat			
Nebraska Seat			

TABLE 11

San Francisco FHLBank (8 seats: 5 guaranteed by statute and 3 not guaranteed)	Terms	Non-guaranteed seats	Guaranteed staggering: 1–2–2 Total staggering: 2–3–3
4 Seats to be filled in 2000 Election:			
California Seat	3 Years.		
California Seat	3 Years.		
California Seat	3 Years	Not Guaranteed (Stock Seat).	
California Seat	2 Years	Not Guaranteed (Stock Seat).	

TABLE 11—Continued

San Francisco FHLBank (8 seats: 5 guaranteed by statute and 3 not guaranteed)	Terms	Non-guaranteed seats	Guaranteed staggering: 1–2–2 Total staggering: 2–3–3
4 Seats to be filled in 2001 Election:			
	*Board must allocate 1 seat to a 1-year term		
California Seat	3/1 Years*.		
Nevada Seat	3/1 Years*.		
Arizona Seat	3/1 Years*.		
California Seat	1 Year	Not Guaranteed (Stock Seat).	
Class with Terms Expiring Dec. 31, 2002 (3 seats):			
California/Nevada/Arizona Seat (board to pick 1 of 3)			
California Seat (not guaranteed by statute)			
California Seat (not guaranteed by statute)			
Class with Terms Expiring Dec. 31, 2003 (3 seats):			
California Seat			
California Seat			
California Seat (not guaranteed by statute)			
Class with Terms Expiring Dec. 31, 2004 (2 seats):			
California/Nevada/Arizona Seat (board to pick 2 of 3)			

TABLE 12

Seattle FHLBank (10 seats: 8 guaranteed by statute and 2 not guaranteed)	Term	Non-guaranteed seats	Guaranteed staggering: 2–3–3 Total staggering: 4–3–3
5 Seats to be filled in 2000 Election:			
Hawaii Seat	3 Years.		
Utah Seat	3 Years.		
Alaska Seat	3 Years.		
Washington Seat	2 Years	Not Guaranteed (Discretionary Seat).	
Washington Seat	2 Years	Not Guaranteed (Discretionary Seat).	
5 Seats to be filled in 2001 Election:			
	*Board must allocate 2 seats to 1-year terms		
Montana Seat	3/1 Years*.		
Oregon Seat	3/1 Years*.		
Washington Seat	3/1 Years*.		
Idaho Seat	3/1 Years*.		
Wyoming Seat	3/1 Years*.		
Class with Terms Expiring Dec. 31, 2002 (4 seats):			
Montana/Oregon/Idaho/Wyoming/Washington Seat (board to pick 2 of 5)			
Washington Seat (not guaranteed by statute)			
Washington Seat (not guaranteed by statute)			
Class with Terms Expiring Dec. 31, 2003 (3 seats):			
Hawaii Seat			
Utah Seat			
Alaska Seat			
Class with Terms Expiring Dec. 31, 2004 (3 seats):			
Montana/Oregon/Idaho/Wyoming/Washington Seat (board to pick 3 of 5)			

Dated: June 23, 2000.

By the Board of Directors of the Federal Housing Finance Board.

Bruce A. Morrison,

Chairman.

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DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 71

[Airspace Docket No. 99–AGL–57]

Realignment of Federal Airways; MI

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: This action realigns five Federal airways in the Marquette, MI, area. This action will realign the affected Federal airways from the Marquette Very High Frequency Omnidirectional Range/Distance Measuring Equipment (VOR/DME) to the Sawyer VOR/DME (previously named Gwinn in the notice). The FAA is taking this action due to the