

No: 95-39  
Date: November 8, 1995

FEDERAL HOUSING FINANCE BOARD

Amendment to the Financing Corporation's (FICO)  
1995 Non-administrative Budget

WHEREAS, the FICO Directorate has received a proposal by Salomon Brothers, Inc. to swap the U.S. Treasury strip securities currently maintained in FICO's Segregated Account for lower cost U.S. Treasury strips and FICO principal strips in order to better match the maturity of the zero coupon bonds in the Segregated Account with outstanding FICO debt and to realize any market gains embedded in the current assets;

WHEREAS, the FICO Directorate has determined that an independent third party review is necessary to analyze the economic benefits, market implications and mechanics of the transaction, and to identify any risks presented to FICO by the Salomon Brothers proposal;

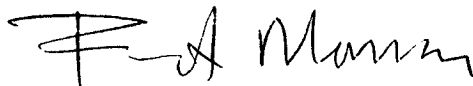
WHEREAS, J.P. Morgan & Company has agreed to provide such an analysis for \$50,000;

WHEREAS, pursuant to section 950.8(d) of the Federal Housing Finance Board (Finance Board) regulations, FICO's Directorate has requested that the Finance Board approve an increase in its 1995 non-administrative budget to cover the \$50,000 cost of the J.P. Morgan & Company analysis.

NOW, THEREFORE, BE IT RESOLVED, that the Finance Board hereby approves the FICO Directorate's request for \$50,000 to fund an independent third party market analysis of the Salomon Brothers proposal by J.P. Morgan and Company;

FURTHER RESOLVED that the Salomon Brothers proposal shall not be implemented without Finance Board approval.

**By the Federal Housing Finance Board**



**Bruce A. Morrison, Chairman**