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Alfred M. Pollard, Esq.
General Counsel
Federal Housing Finance Agency
Fourth Floor
1700 G Street, N.W.
Washington, D.C. 20552

Attention: Comments/RIN2590 - AA12
Re: Proposed Rule on Executive Compensation

Dear Mr. Pollard:

We are writing to comment on the Federal Housing Finance Agency's ("FHFA") proposed rule on executive compensation published on June 5, 2009 (the "Proposal") and, in particular, the portion of the preamble that identifies the Federal Reserve Banks ("FRBs") and Farm Credit Banks (FCBs") as examples of what the FHFA considers to be appropriate comparators to assess the reasonableness and comparability of executive compensation provided by each of the Federal Home Loan Banks ("FHLBs").

As a preeminent provider of retirement benefits to employees of financial institutions nationwide, we have seen over the years how important it is for employers to provide sufficient compensation packages in order to attract and retain qualified executives. Because of the industry that we serve, we have some specific insights into the FHLBs. We were established by the FHLBs in 1943 as a means by which they could provide retirement benefits to their employees. We have evolved since then into a diversified retirement plan company serving hundreds of banks (including the FHLBs), savings institutions and credit unions, and have assets under management in excess of $5 billion.

FHLB presidents have served as key members on our Boards throughout the course of our 66-year history. The other Director positions have been and are filled by chief executive officers of banks, savings institutions and credit unions. Thus, we have seen firsthand how the FHLB presidents work with, and are held in high regard by, the executives who run the financial institutions which comprise the FHLB membership. By virtue of my position as a senior executive of the FHLB of New York from 1986–1989, I also can attest personally to the diligence and independence of the FHLB directorate in discharging its responsibilities regarding compensation management.

Obviously, we do not have information detailing the compensation levels of the respective FHLBs, FRBs and FCBs. We can offer, however, that in our history we have not observed any movement in executive management among the three groups. For that matter, we cannot recall even one instance wherein we added to our Board a director from an FHLB who previously had been a President of an FRB or FCB. We wonder why that is so if the FHLB compensation levels were somehow "off the market." If they are not, is there a need for the Proposal when the FHLB Boards of Directors are already doing the job well?

We also believe that you should consider the difficulty of assessing compensation comparability of organizations of this type. The comparison would seem to require consideration of both current compensation/benefit information and future compensation opportunities in other industries based upon historical experience. As you know, positions in certain organizations, like government or even the FRBs, can have lower current compensation but an expectation that it will lead to much greater opportunities for future compensation. We suggest that the FHFA consider the difficulty of such analysis in its deliberations.

I will close by stating my belief that I am in a unique position to comment. First, I was a senior officer of an FHLB and witnessed the bank's diligent compensation practices. Second, I was a senior regulator for the Office of Thrift Supervision for over 20 years and saw firsthand the benefits of the FHLB system to banks and the local communities. Finally, I have had the opportunity to work side by side on our Board with FHLB CEOs and have benefited firsthand from the skills and leadership qualities of the people the FHLB system has been able to attract and retain.

Unintended consequences do happen and we ask the FHFA to be extremely careful in any decision to move forward with a rule to remove the compensation responsibilities from Boards of Directors who have been doing an outstanding job for many years.

We hope that this information proves useful to you in assessing whether there is any need to place compensation restrictions on the Federal Home Loan Banks.

Sincerely,

Robert C. Albanese

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