



Skywalk Level  
801 Walnut Street, Suite 200  
Des Moines, IA 50309-3513  
515.281.1000  
800.544.3452  
www.fhlbdm.com

February 23, 2007

By e-mail to [comments@fhfb.gov](mailto:comments@fhfb.gov)

Federal Housing Finance Board  
1625 Eye Street NW  
Washington DC 20006

Attn: Public Comments

Re: Federal Housing Finance Board. Interim Final Rule: Federal Home Loan Bank Appointive Directors. RIN Number 3069-AB-33. Docket Number 2007-01.

Ladies and Gentlemen:

The Federal Home Loan Bank of Des Moines is pleased to submit comments on the interim final rule on Appointive Directors ("Rule") published in the *Federal Register* on January 24, 2007.

We appreciate the Finance Board's efforts to improve corporate governance of the FHLBanks. We believe that involving the FHLBanks and their boards in the process of selecting appointive directors will result in the best utilization of local and regional knowledge. Directors of FHLBanks will have an opportunity to identify individuals with the skills and experience needed to enhance the effectiveness of their boards.

We support the Rule but believe that it can be further enhanced to provide guidance with respect to ensuring that information obtained by the Finance Board in the appointive director process is kept confidential; to further clarify the provisions relating to submitting additional names if the Finance Board does not fill all of the appointive directorships from the list initially submitted by the FHLBank; and changing the deadline for submitting names from a date certain to a range.

First, in order to protect the identity of nominees, the disclosure of which would serve only to embarrass individuals who are recommended but not selected, or individuals who



Federal Housing Finance Board  
February 23, 2007  
Page 2

applied but were not recommended, we recommend that the Finance Board provide in the Rule that the names of nominees and the applications submitted by the FHLBanks on their behalf will be exempt from disclosure under the Freedom of Information Act. We believe that disclosure of the names of applicants and the information contained in applications, or the names of nominees does not serve any substantial public purpose. We believe that ensuring confidentiality will encourage more individuals to consider applying for the appointive director positions because in doing so they can be assured of avoiding the potentially embarrassing prospect of not having been recommended or appointed. Additionally, ensuring confidentiality will aid the FHLBanks in making their recommendations and the FHLB in making its appointments by reducing the possibility of inappropriate interference by third parties in the process.

Second, we note that Section 915.10 (b) of the Rule states that "...if the Finance Board does not fill all of the appointive directorships from the list initially submitted by the Bank, it may require the Bank to submit a supplemental list of nominees for its consideration." The word "may" suggests that the Finance Board might choose not to request additional nominees, which in turn raises the question of whether the Finance Board could proceed to appoint someone not nominated by the FHLBank, or choose not to make any appointment. Both possibilities would be undesirable.

In the first case, an appointment would be made without FHLBank input and thus would fail to take advantage of the local and regional knowledge of the FHLBanks and their directors to assist in identifying individuals with the skills and experience to enhance the effectiveness of their boards. In the second case, if no appointment were made, the Finance Board would fail to comply with the statutory requirement to appoint directors and, moreover, would fail to provide the board of the FHLBank with additional skills and experience that could improve its governance and effectiveness.

We believe a practical solution is to revise Section 915.10 to state that the Finance Board "shall" ask for additional nominees, so that it is clear that the Finance Board will select appointed directors from the candidates screened by the appropriate FHLBank.

Lastly, we appreciate the sense of urgency that the Finance Board has set by establishing a March 31, 2007, deadline for submitting nominees. However, as we have discussed with the Finance Board, that provides a very short time frame for the directors of a FHLBank's board to review nominees and to submit the strongest possible slate to the Finance Board. Recognizing that some FHLBanks may be ahead of others in the selection process and that the Finance Board itself will be challenged to review and select from among the dozens of nominees submitted by the FHLBanks, we recommend changing the date certain deadline of



Federal Housing Finance Board  
February 23, 2007  
Page 3

March 31, 2007 in the Rule to a range from March 31, 2007 to June 30, 2007 so that as long as an FHLBank submits its list of nominees within that three-month period, it will be deemed to be in compliance with the Finance Board's Rule.

We appreciate the opportunity to comment on the Rule and believe that it will improve the process for selecting appointive directors for the boards of directors of the FHLBanks.

Sincerely,

A handwritten signature in black ink that reads "Randy L. Newman". The signature is written in a cursive, flowing style.

Randy L. Newman  
Chair

cc: Richard S. Swanson