

Order No: 97-OR-11
Date: July 25, 1997

CHAIRMAN OF THE BOARD OF DIRECTORS
FEDERAL HOUSING FINANCE BOARD

Amendment to the Office of Finance's
1997 Controllable Operating Expense Budget

On December 3, 1996, pursuant to section 941.11 (c) of its regulations, the Federal Housing Finance Board (Finance Board) approved by Resolution Number 96-86 the Office of Finance's (OF) 1997 controllable operating expense budget.

On December 4, 1996, subsequent to the approval of its 1997 controllable operating expense budget, the Office of Finance (OF) was named as a defendant in a legal action brought by Orange County, California, which alleged that OF misrepresented and failed to disclose material facts relating to certain consolidated obligations purchased by Orange County.

As a direct result of this legal action, OF expects to incur approximately \$250,000 in legal expenses during 1997. Since this legal action occurred subsequent to the preparation and approval of OF's 1997 budget, the estimated \$250,000 in legal expenses associated with this action was not included in OF's approved 1997 controllable operating expense budget.

OF's board of directors has, therefore, requested that the Finance Board approve an increase in OF's 1997 controllable operating expense budget in the amount of \$250,000 for legal expenses associated with the legal action brought by Orange County, California.

Accordingly, pursuant to authority delegated to me by the Board of Directors of the Finance Board in Resolution Number 93-92, date November 17, 1993, and pursuant to section 941.1 l(c) of Finance Board regulations, OF's controllable operating expense budget is hereby increased by \$250,000, raising the total controllable operating expense budget from \$6,600,652 to \$6,850,652, as reflected in the attached table (Table 1).



Bruce A. Morrison
Chairman

Attachment

Table 1

Office of Finance
Amendment to 1997 Budget

	A	B	C	D	E
	1997 Approved Budget	Budget 'Amendment	1997 Revised Budget	Percent Increase C to A	
				(\$)	(%)
1. Total Controllable Operating Expenses	<u>\$6,600,652</u>	<u>\$250,000</u>	<u>\$6,850,652</u>	<u>\$250,000</u>	<u>3.8%</u>
a. Salaries	2,973,925	0	2,973,925	0	0.0%
b. Benefits	598,870	0	598,870	0	0.0%
c. Cost of Quarters	333,565	0	333,565	0	0.0%
d. Computer Operations	429,207	0	429,207	0	0.0%
e. Other	2,265,085	250,000	2,515,085	250,000	11.0%
I. Total Controllable Capital Expenditures	<u>\$308,600</u>	<u>\$0</u>	<u>\$308,600</u>		0.0%
a. Furniture and Equipment	10,000	0	10,000	0	0.0%
b. LAN	291,100	0	291,100	0	0.0%
c. Land & Bldg Expenses	7,500	0	7,500	0	0.0%
3. Total Controllable Exp. (line 1 + line 2)	\$6,909,252	\$250,000	\$7,159,252	250,000	3.6%
1. Total Uncontrollable Fees	<u>\$2,520,000</u>	so	<u>\$2,520,000</u>	<u>\$0</u>	<u>0.0%</u>
a. Security Processing Fees ;	2,400,000	0	2,400,000	0	0.0%
b. Printing FHFB Financials	120,000	0	120,000	0	0.0%
3. Total Budget (line 3 + line 4)	\$9,429,252	\$250,000	\$9,679,252	250,000	2.7%
i. Total Staff (FTEs)	41.0	0.0	41.0	0	0.0%