

FEDERAL RESERVE BANK OF SAN FRANCISCO

101 MARKET STREET, SAN FRANCISCO, CALIFORNIA 94105

September 27, 2005

ELECTION OF DIRECTORS NOMINATION PROCEDURES

To the Member Banks of the Twelfth Federal Reserve District

An election will be held under the provisions of Section 4 of the Federal Reserve Act to choose successors to the following directors of this Bank:

Group One

Class A Director Currently vacant¹

The successor to this position will be chosen by banks in Group One to fill the vacancy for the unexpired portion of the term ending December 31, 2006. Group One consists of banks having capital and surplus of \$250,000,000 or more.

Group Three

Class A Director Ms. Candace H. Wiest
President
Inland Empire National Bank
Riverside, California

Ms. Wiest was elected by banks in Group Three that consists of banks having capital and surplus of less than \$15,000,000. At the conclusion of her present term (December 31, 2005), Ms. Wiest will have served one three-year term and is eligible for reelection.

The banks comprising Groups One and Three are listed on the following pages.

The group in which a member bank will be entitled to vote will be determined by its classification as of the date of preparation of this letter, even though its capital and surplus may subsequently change prior to the date of the election.

Each bank in **Group One** is permitted to nominate one candidate for Class A Director and each bank in **Group Three** is permitted to nominate one candidate for Class A Director, except that when any two or more member banks within the same Federal Reserve District and in the same group are subsidiaries of the same bank holding company, participation by such member banks in any such nomination or election shall be confined to one of such banks, which may be designated for the purpose by said bank holding company. A form of designation will be furnished upon request.

¹ The Group One Class A director position was previously held by Mr. Richard C. Hartnack who, at the time of his election, was Vice Chairman, Union Bank of California, N.A. Due to a change in professional affiliation and residency outside of the Twelfth Federal Reserve District, Mr. Hartnack resigned his position as a director of this Reserve Bank earlier this year.

The nominations for these two Class A positions must be made by resolution of the Board of Directors or other governing body and certified to me and received in my office on or before November 1, 2005. A form and return envelope for this purpose are enclosed. A resolution adopted by a governing body other than the Board of Directors must be supplemented by a duly certified copy of the articles of incorporation, or by-laws, or an extract therefrom, showing the authority of the body to act for the organization.

On **November 15, 2005**, a list of the candidates (including the nominating banks) and a preferential ballot will be mailed to each bank eligible to vote in Groups One and Three. The ballot must be cast within the period the polls are open. The polls will open at 10:00 a.m., on **November 21, 2005**, and close at 2:00 p.m. on **December 5, 2005**. At that time, the ballot box will be opened in the Board Room of this Bank, the votes counted, and the results of the election announced. The candidates are invited to be present or represented on that occasion.

In order to be counted, the ballot must be executed by an officer authorized to cast the vote. The lists of banks in Groups One and Three on the following pages indicates the officers authorized to cast the ballots of such banks. Inasmuch as the authority conferred on these officers continues until revoked, they need not be reappointed. Any bank that desires to change its authorization should do so by resolution of its Board of Directors or other governing body and certify the appointment to me before the polls close. A form for this purpose will be furnished upon request.

While the banks in Group Two will not vote in this election, this circular is sent to them without forms for their information.

Very truly yours,



GEORGE M. SCALISE
Chairman of the Board

Information Concerning Eligibility for Class A Directorships of a Federal Reserve Bank

Reflected below are policy statements and certain statutory requirements that will be pertinent to your selection of a nominee for Class A Director:

Section 4 of the Federal Reserve Act, as amended by the Federal Reserve Reform Act of 1977, reads in part as follows:

“Class A shall consist of three members, without discrimination on the basis of race, creed, color, sex, or national origin, who shall be chosen by and be representative of the stock-holding banks....No officer or director of a member bank shall be eligible to serve as a Class A director unless nominated and elected by banks which are members of the same group as the member bank of which he is an officer or director....Any person who is an officer or director of more than one member bank shall not be eligible for nomination as a Class A director except by banks in the same group as the bank having the largest aggregate resources of any of those of which such person is an officer or director.

“No Senator or Representative in Congress shall be a member of the Board of Governors of the Federal Reserve System or an officer or a director of a Federal Reserve Bank.”

In a policy statement issued on June 2, 1978, the Board of Governors of the Federal Reserve System restated its general position “that, to be consistent with the spirit and underlying principles of the Federal Reserve Act, it is inappropriate, as a general rule, for officers and directors of Federal Reserve Banks and branches to hold partisan political or public office in the service of the United States, or of any State, Territory, county, district, political subdivision, or municipality thereof, or to act as members of political party committees.”

At its meeting of November 10, 1993, the Board of Directors of the Federal Reserve Bank of San Francisco resolved that “all persons who stand for election as Class A or Class B directors of the Federal Reserve Bank of San Francisco shall be citizens of the United States.” In addition, nominees should be residents of the nominating banks’ Federal Reserve Bank District. (In the case of the Twelfth District, that would include Alaska, Arizona, California, Hawaii, Idaho, Nevada, Oregon, Utah, or Washington.)