



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 31, 1997

Lance J. Miller, Esq.
Coudert Brothers
1114 Avenue of the Americas
New York, New York 10036-7703

Dear Mr. Miller:

This is in response to the request submitted by Merita Ltd. ("Merita"), Helsinki, Finland, for a extension of time for compliance with its commitment to conform its indirect investment in Finlandia Center, Inc. ("Finlandia") to the Bank Holding Company Act.

In light of all the facts of record, the Director of the Division of Banking Supervision and Regulation, acting pursuant to authority delegated by the Board under section 265.7(a)(2) of the Board's Rules Regarding Delegation of Authority (12 C.F.R. 265.7(a)(2)), hereby grants Merita the requested relief from this commitment. In accordance with this action, Merita's deadline for conforming its investment in Finlandia is now [October 1, 1997]. In granting this approval, the Director relied on the representations made in Merita's request and other submissions. This authority should not be construed as approving any request other than that specifically set forth in this letter, and does not give relief from any other conditions or commitments or authorize any other activity.

Very truly yours,

A handwritten signature in cursive script that reads "Jennifer J. Johnson".

Jennifer J. Johnson
Deputy Secretary of the Board

cc: John S. Cassidy
Federal Reserve Bank of New York

SMALL AND DISADVANTAGED BUSINESS ACQUISITION PROCEDURES

POLICY STATEMENT

The Board of Governors of the Federal Reserve System has a policy of assisting the interest of small businesses and socially and economically disadvantaged small businesses. The purpose of these guidelines is to establish a program for acquisition of goods, services, and construction from such businesses.

DEFINITIONS

"Contract Representative" means a person with authority to enter into contracts on behalf of the Board.

"Covered company" means a firm qualified as a small business concern under the Small Business Act and regulations thereunder or a firm qualifying as a small business concern eligible for assistance under Section 8(a) of the Small Business Act.

GENERAL PROVISIONS

Small-Company Specialist

The Director of the Division of Support Services shall designate one or more individuals to act as a Small-Company Specialist, whose responsibilities will include--

- compiling and maintaining comprehensive lists of covered companies;
- consulting with the Contract Representative to implement these guidelines;
- making recommendations to Contract Representatives concerning acquisition procedures designed to increase the opportunities for covered companies to do business with the Board; and
- assisting the Contract Representative in developing covered company set-aside preference procedures;
- making available to covered companies material which sets forth: (a) the general nature of the Board's business; (b) Board acquisition procedures; (c) how to obtain information regarding proposed purchases; (d) a listing of types of purchases that may be set aside for covered companies; and (e) the address and telephone number of the Small-Company Specialist who may be contacted for further information.

Source Lists

To encourage maximum participation by covered companies, the Contract Representative shall, after consultation with the Small-Company Specialist, make reasonable efforts to include covered companies on mailing lists of prospective suppliers for goods, services, and construction and add any such company requesting inclusion to such lists.

General Acquisition Procedures

To aid covered companies in competing for Board contracts, the Contract Representative will--

- consider the needs of covered companies in formulating acquisition procedures, including but not limited to, lengthened delivery schedules and time for the submission of offers or bids and, to the extent practicable, dividing proposed acquisitions to permit offers in quantities less than the total requirement; and
- send solicitations to all covered companies on the mailing list, or to a pro rata number of such companies when less than a complete list is used.

SET-ASIDE, PREFERENCE, AND SUBCONTRACTING PROCEDURES

Set-Asides

To further the Board's policy of assisting covered companies, the contract Representative may, at his discretion, set aside for covered companies an acquisition or a class of acquisitions. If such a set-aside results in the receipt of a reasonable quotation from only one responsible covered company, the Contract Representative will make an award to that company. However, if a reasonable quotation is not received from a covered company, the Contract Representative may cancel the set-aside and acquire the goods and services from a noncovered company.

Covered-Company Preference

In the case of all acquisitions except contracts for services that are personal in nature, where a responsible covered company submits a responsive bid, quotation or proposal, the Contract Representative will select such a bid, quotation, or proposal, provided: (a) the bid, quotation, or proposal would be selected under ordinary Board acquisition procedures; or (b) its price, quality, and other features are comparable to the bid, quotation, or proposal that would otherwise be selected.

A bid, quotation, or proposal need not be deemed to be comparable if: (a) for all acquisitions up to \$500,000, the price is more than 3 percent above the price of the lowest responsive bid

quotation, or proposal, or for acquisitions over \$500,000, the price is more than the sum of \$15,000 plus 1 percent of the amount over \$500,000 above the lowest responsive bid, quotation, or proposal; or (b) the quality, maintenance, or other factors evaluated, as set forth in the invitation for bids (IFB) or request for proposal (RFP), are unsatisfactory.

In the case of acquisitions above \$100,000, except contracts for services that are personal in nature, the Contract Representative will include a provision in each solicitation stating that the Board's policy of assisting covered companies will be a consideration in awarding the contract. Any resulting contract will contain a provision substantially similar in effect to the provision stated in Appendix A.

Subcontracting with Small and Disadvantaged Business

Each IFB or RFP which has subcontracting possibilities and which is expected to exceed \$300,000 (\$500,000 for construction) will specify as an evaluation criterion the submission of a subcontracting plan including (a) plans for using covered companies and (b) procedures for documenting compliance with the plan.

In determining whether subcontracting possibilities exist, the Contract Representative may consider whether firms engaged in the business of furnishing the goods, services, or construction to be acquired customarily contract for performance of part of the work or maintain in-house capability, as well as a potential contractor's long-standing relationship with its suppliers. Determinations that no subcontracting possibilities exist will be documented.

Subcontracting plans are not required from covered companies or for contracts for services that are personal in nature.

ANNUAL REVIEW

At least annually, the Contract Representative will consult with the Staff Director for Management concerning possible categories of acquisitions to be wholly or partially set aside for covered companies.

At least annually, the Small-Company Specialist will consult with Board management concerning the Board's acquisition record with covered companies, possible categories of acquisitions to be wholly or partially set aside for covered companies, and ways of increasing covered companies' participation.

Each year, the Small-Company Specialist will document the proportional and dollar amount of the Board's acquisition let to covered companies and its plans for the following year.

RESPONSIBILITY

The Division of Support Services administers and interprets this policy.

This policy will be reviewed and updated at least every two years.

APPENDIX A--COVERED-COMPANIES SUBCONTRACTING CLAUSE

The Board of Governors of the Federal Reserve System (Board) has a policy of assisting small businesses and disadvantaged small businesses in participating in the performance of Board contracts.

The contractor hereby agrees to carry out this policy in the awarding of subcontracts to the fullest extent consistent with the efficient performance of this contract. The contractor further agrees to furnish to the Board, upon request, information demonstrating the contractor's compliance with this clause.

As used in this contract, the term "small business" means a business qualifying as a small business concern under section 3 of the Small Business Act (15 USC 632) and rules and regulations promulgated pursuant thereto, and the term "disadvantaged small business" means a small business--

- at least 51 percent owned by one or more socially and economically disadvantaged individuals; or, in the case of any publicly owned business, at least 51 percent of the stock of the business is owned by one or more socially or economically disadvantaged individuals; and
- whose management and daily business operations are controlled by one or more such individuals.

The contractor shall presume that socially and economically disadvantaged individuals include Black Americans, Hispanic Americans, Native Americans, Asian Pacific Americans, and other minorities, or any other individual found to be disadvantaged by the Small Business Administration pursuant to section 8(a) of the Small Business Act.

Contractors acting in good faith may rely on written representations by their subcontractors regarding their status as either a small business or a socially and economically disadvantaged small business.